

# Final Report

## Seattle Affordable Housing Incentive Program Economic Analysis



October 10, 2014



DAVID PAUL ROSEN & ASSOCIATES  
DEVELOPMENT, FINANCE AND POLICY ADVISORS



**SUBMITTED TO:**

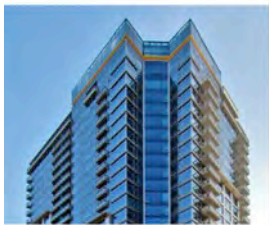
City of Seattle  
Legislative Department  
PO Box 34025  
Seattle, WA 98124-4025



**SUBMITTED BY:**

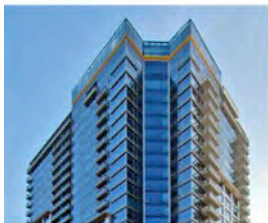
**David Paul Rosen & Associates**

1330 Broadway, Suite 937  
Oakland, CA 94612  
510-451-2552  
510-451-2554 Fax  
david@draconsultants.com  
www.draconsultants.com



3941 Hendrix Street  
Irvine, CA 92614  
949-559-5650  
949-559-5706 Fax  
nora@draconsultants.com  
www.draconsultants.com

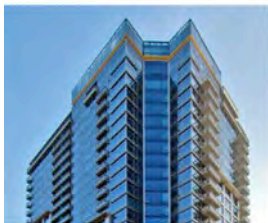
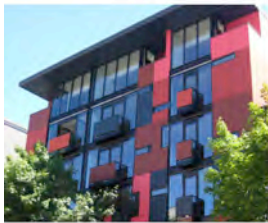




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# Executive Summary

## 1. Background and Introduction

In May 2013, the Seattle City Council adopted Resolution 31444, which sets out a work program for reviewing and potentially revising the current affordable housing incentive program and reviewing best practices for affordable housing production and preservation. Review of national best practices was conducted by Otak and Peninger Consulting.

Pursuant to Resolution 31444, the City of Seattle retained DRA to conduct an economic analysis for the purpose of advising the City on revision and potential expansion of its affordable housing incentive programs for commercial and residential development, currently in place in the Downtown and South Lake Union Urban Centers and other areas of the City that have been upzoned since 2006. The City's current programs provide developers with bonus floor area in exchange for the provision of housing for households with incomes up to 80% of Area Median Income (AMI) for rental housing and up to 100% of AMI for homeownership housing. The payment of a fee in lieu of providing units is allowed in some areas, including the Downtown and South Lake Union (SLU) Urban Centers. For commercial projects in the Downtown and South Lake Union areas and residential development in South Lake Union the program imposes other requirements, including the purchase of transfer of development rights (TDR) and, for commercial development only, payment of a childcare fee.

DRA worked closely with City staff to develop twelve residential and commercial office development prototypes that reflect current underlying zoning designations in the City. Each prototype is examined in a base case "no incentive" version that reflects the requirements of the underlying zoning, and a "with incentive" version that reflects the additional bonus floor area and other guidelines associated with the incentive program. The prototypes include mid- and high-rise residential and office prototypes appropriate to zoning designations in the Downtown and South



Lake Union areas of the City. They also include low- and mid-rise prototypes consistent with zoning designations found in areas surrounding the Downtown and in target Urban Centers and Villages. These 24 prototypes form the basis of DRA's economic analysis of the current incentive program and alternative policies, and were examined under several economic scenarios. The findings of the analysis will assist the City in evaluating alternative policy options for the incentive programs that will generate affordable housing and/or in lieu fees while being sensitive to current and future real estate market conditions.

As part of the assignment, DRA prepared a market subarea analysis that examined residential apartment, residential condominium and commercial market conditions in target geographies in and around Downtown Seattle. The market analysis was used to assist in developing assumptions on rents and sales prices for the development prototypes. In addition to formulating assumptions for the Downtown and South Lake Union prototypes, DRA used the findings of this analysis to develop "low," "middle" and "high" scenarios reflecting the range of rents and land costs encountered in the target areas outside of Downtown and South Lake Union. The six low- and mid-rise prototypes representing these target areas were analyzed under these "low," "middle" and "high" scenarios.

DRA also worked closely with a Technical Advisory Committee (TAC) comprised of local developers and City staff to review the assumptions and methodology used in the analysis. DRA facilitated three meetings with the TAC to obtain their input on review materials provided to members in advance of each meeting. At the first meeting, DRA reviewed the first draft of the prototypes. At the second meeting, DRA reviewed revised prototypes and preliminary development cost and revenue assumptions. The preliminary economic analysis was reviewed at the third and final meeting. DRA incorporated comments received at each meeting into subsequent materials.

## 2. Program Option Scenarios for Analysis

Program options for analysis in this report were provided by the City of Seattle based on input from the Affordable Housing Incentive Program consulting team. The program option scenarios analyzed in this report are summarized in **Table 1** below.





<b>Table 1</b> <b>Affordable Housing Incentive Program</b> <b>Options for Analysis</b>			
<b>Variables</b>	<b>% Set Aside for Residential Development</b>	<b>Affordability Levels</b>	<b>In lieu Fee Payment (Per GSF of Bonus Floor Area)</b>
<b>Current Program: Continuation of Existing Program</b>	14% of bonus GFA (works out to about 5% of units in bldg. fully utilizing bonus Downtown and in SLU)	<ul style="list-style-type: none"> <li>80% AMI Rental</li> <li>100% AMI Ownership</li> </ul>	<ul style="list-style-type: none"> <li>Residential Downtown/ SLU = \$21.68</li> <li>Residential Elsewhere = \$15.15</li> <li>Commercial Downtown/ SLU = \$24.95</li> </ul>
<b>Scenario 1:</b> <b>Residential - Same % Set-aside with Fee Set at Actual Gap Cost</b>  <b>Commercial – Inflation Adjusted 2001 Nexus Gap Cost</b>	14% of bonused GFA (works out to about 5% of units in bldg. fully utilizing bonus downtown and in SLU)	<ul style="list-style-type: none"> <li>80% AMI Rental</li> <li>100% AMI Ownership</li> </ul>	<ul style="list-style-type: none"> <li>Fee Equals Estimated Gap Cost from Analysis</li> <li>Commercial: Downtown / SLU = \$40.00</li> </ul>
<b>Scenario 2: Residential - Increased % Set Aside with Fee Set at Actual Gap Cost</b>	Set aside % = approximately 10% of units in development fully utilizing bonus floor area	<ul style="list-style-type: none"> <li>80% AMI Rental</li> <li>100% AMI Ownership</li> </ul>	

**Gap cost** = the subsidy needed to make market-rate housing affordable to low-income households.

Source: City of Seattle; DRA



### 3. Summary of Recent Market Trends and Conditions

The Seattle/Tacoma economy added 39,300 jobs in 2013, an increase of 2.3%, down slightly from 2.5% in 2012.<sup>1</sup>

Seattle's strong job growth and income growth has fueled a substantial amount of new apartment supply over the past few years. The Seattle-Bellevue-Everett Metropolitan Division (MD), composed of King and Snohomish Counties, is expected to see approximately 8,000 new units come on line in 2014, followed by almost as many again in 2015. In 2013, over 6,200 new units were absorbed, with 72% of those units (4,500) located in the Seattle submarket<sup>2</sup>.

According to the REALFACTS database of Seattle properties, the average asking rent increased 8.2% from the fourth quarter of 2011 to the fourth quarter of 2012, and then another 9.7% by the fourth quarter of 2013. As more new supply enters the market over the coming years, the pace of rent increases is expected to slow. In its 2014 forecast published in January, 2014 Hendricks Berkadia projects an increase in average asking rents of 2.8% in the Seattle-Tacoma metro area by the end of 2014 and 2.3% in 2015. The Downtown/Capitol Hill/Queen Ann submarket is expected to lead all subareas in the metro area in rent increases.

The growth of Amazon.com has had an undeniable effect on the Downtown and South Lake Union apartment markets. Amazon occupies over 3 million square feet of office space and employs about 18,000 people in the Downtown area. Construction has started on the first phase of a three-phase development project that will double the amount of Amazon's office space and employees. Amazon's growth will particularly impact the SLU, Downtown, Capitol Hill and Queen Anne neighborhoods.

Seattle's growth is bringing institutional and international investment to the Seattle landscape, which has provided further competition to purchase development sites

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<sup>1</sup> Hendricks Berkadia Apartment Update Seattle Tacoma January 2014

<sup>2</sup> O'Connor Consulting Group, LLC, Seattle MD Apartment Market Report, Volume 12, Issue 2.

and has increased upward pressure on land prices. International money may have more liberal underwriting standards than many U.S. investors and lenders, leading to the financing of more projects based on speculation of continued increases in rents.

Interest in the condo market appears to be picking up but is generally still in the “talking” phase. From January 2013 through December 2013, the average sale price for condos in King County increased by 17.5%, while sales increased by 22%.<sup>2</sup> With continued employment growth and increases in rents and single-family home prices, condo development will at some point become feasible again on a more widespread basis.

#### 4. Economic Analysis Scenarios for Analysis

DRA worked closely with the Technical Advisory Committee (TAC) to develop assumptions for the analysis. Both costs and rents have been rising in the past several years. Construction costs are rising in large part because of the “hot” market in recent years. The analyses in this report calculate the value of rental prototypes (residential and commercial) at a point in time based on the estimated stabilized net operating income of the prototype upon lease-up and stabilization. Projects beginning construction now will not reach this stabilization point until several years from now.

**Version A:** Version A is intended to represent estimated economic conditions for new projects ready to begin construction in the current market. It uses estimated current construction costs for projects bidding construction contracts recently or currently. It escalates apartment rents at an estimated increase of 5.2% from now until the project is leased up, based on the Hendricks Bercadia forecast through year-end 2015. Apartment operating costs are escalated at 6.0%. Version A escalates office rents by approximately 9.4% until stabilization based on input from the TAC, and condo prices by 5% in a roughly parallel increase to apartment rents. Land prices for the Downtown and South Lake Union prototypes in Version A are slightly lower than the estimated current asking/sales prices reflected in Version B, assuming the sites were purchased a year or more ago.

**Version B:** Version B is intended to represent the underwriting standards of many lenders and investors that require use of current rents. It assumes current land purchase prices and construction costs, and current average contract rents for recently built and leased up apartments developments. Apartment operating costs are not escalated. Using current rents and prices doesn’t account for the potential

for rents to rise by the time projects starting construction now are completed and leasing up, but may be required in underwriting by lenders and investors since future increases are uncertain and speculative. This set of assumptions was most strongly supported by members of the TAC.

**Version C:** Version C uses the same land prices for the Downtown and South Lake Union prototypes as Version B. It increases apartment rents by 9% from now until the project is leased up, a rate that is higher than Version A but approximately one-half of the historical growth in the last two years. Apartment operating costs are increased by 6.0%. Commercial office rents are escalated by 18.7% from estimated current rents, again based on input from the TAC, and condo prices by 7%, a rate slightly lower than the assumed increase in apartment rents.

The key variations in economic assumptions between the scenarios are summarized in **Table 2**.

DRA also used a range of capitalization rates (“cap rates”) in the analysis. Current cap rates for residential development are estimated to be in the 4.00% to 4.50% range, and are historically low as they have been for the last several years. Cap rates in Seattle are projected by CBRE to remain at current levels for at least the next six months.<sup>1</sup> However, lenders and investors underwriting new projects may require higher cap rates because of the potential of future increases. DRA used 4.25% as the “lower” cap rate for the rental residential analysis and 5.00% for the “higher” cap rate scenario. Use of the 5.00% cap rate was most strongly supported by member of the TAC.

For office development, current cap rates are estimated in the 5.00% range, while underwriting new projects again may require a higher cap rate. For the office prototypes, DRA used 5.00% as the “lower” cap rate for the rental residential analysis and 5.50% for the “higher” cap rate scenario.

Cap rate assumptions are based on input from the TAC, local appraisers, and published reports from CBRE and Realty Rates for the Seattle area. The results of the Return on Equity (ROE) and Residual Land Value (RLV) analysis are quite sensitive to the cap rate used. Since the value of the ownership prototypes is based on estimated sales prices, rather than capitalized net operating income, cap rates are irrelevant to the analysis of the condominium prototypes.

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<sup>1</sup> Based on a range of cap rates for Class A Multifamily Infill/Urban properties in Seattle of 4.00% to 4.50%; both current and forecast for the next six months, from “CBRE Cap Rate Survey, First Half 2014.”



<b>Table 2</b> <b>Economic Scenarios</b> <b>Seattle Affordable Housing Incentive Program Economic Analysis</b>			
	<b>Version A</b>	<b>Version B</b>	<b>Version C</b>
<b>Apartment Rents and Operating Costs</b>	Estimated escalation of rents by 5.2% for 2014 through 2015 based on Hendricks Berkadia; operating costs escalated 6.0%	Estimated average monthly contract rents for recently leased up properties; no escalation in operating costs	Estimated escalation of rents by 9%, approximately one-half of the historical growth in last two years; operating costs escalated 6%
By Prototype:			
Downtown 1A	\$3.42/SF	\$3.25/SF	\$3.54/SF
Downtown 1B	\$3.31/SF	\$3.20/SF	\$3.43/SF
SLU 4A	\$3.37/SF	\$3.20/SF	\$3.48/SF
SLU 4B	\$3.00/SF	\$2.85/SF	\$3.11/SF
Low-Rise/Mid-Rise			
Low:	\$2.42/SF	\$2.30/SF	\$2.51/SF
Medium:	\$2.74/SF	\$2.60/SF	\$2.83/SF
High	\$3.00/SF	\$2.85/SF	\$3.11/SF
<b>Office Rents</b>	Estimated escalation of rents by 9.4%	Estimated average monthly contract rents for recently leased up properties	Estimated escalation of rents by 18.7%
By Prototype:			
Downtown 3A/B	\$35/SF	\$32/SF	\$38/SF
SLU 3A/B	\$35/SF	\$32/SF	\$38/SF
<b>Condo Prices</b>	Estimated escalation of prices by 5%.	Estimated current prices.	Estimated escalation of prices by 7%.
<b>Land Costs</b>	Land price of \$800 per SF in Downtown and \$375 per SF in SLU	Land price of \$850 per SF in Downtown and \$400 per SF in SLU	Land price of \$850 per SF in Downtown and \$400 per SF in SLU
<b>Construction Costs</b>	Estimated costs for projects beginning construction in the next several months	Estimated costs for projects beginning construction in the next several months	Estimated costs for projects beginning construction in the next several months

Source: DRA



## 5. Summary of Findings from the Economic Analysis

### a. Definition of Key Terms

The findings of the analysis with respect to the financial feasibility of the prototypes and the impact of program options on financial feasibility based on the economic assumptions used in this analysis are summarized below. General findings are followed by specific findings for the prototypes.

As described further in the Economic Analysis and Methodology Section of this report, project feasibility was measured using both a Return on Equity (ROE) analysis and land residual analysis. For the ROE analysis, feasibility threshold returns are estimated at 6% to 8% for the apartment prototypes and 10% to 12% for the commercial office prototypes. For the land residual analysis, feasibility is measured by residual land values that approach or exceed current market land sales prices. Key terms used in this analysis are defined as follows:

Return on Equity (ROE): For the purposes of this analysis, ROE is measured as net project value (capitalized net operating income for the rental/commercial prototypes or net sales proceeds for the condo prototypes, less total development costs), averaged over the estimated term of the equity investment, divided by the total amount of the equity investment. Equity is assumed to finance 40% of total development costs, including both developer equity and investor equity.

Residual land value (RLV): Land residual analysis calculates the value of a development based on its income potential and subtracts the costs of development and developer profit to yield the underlying value of the land. When evaluating alternative land uses, the alternative that generates the highest value to a site is considered its highest and best use. An alternative that generates a value to the land that is negative, or well below market land sales prices, is financially infeasible. RLV is generally measured as the dollar value per square foot of site area. In this analysis, we also calculate RLV per square foot of bonus gross floor area, where noted.

Cap rate: A capitalization (or “cap”) rate is the ratio of net operating income to project fair market value, or project sales price, exhibited in the market and reflects the rate of return required by investors in rental property. Cap rates are tracked by land use and market area based on observed property sales. This analysis uses cap rates to estimate the fair market value of the prototypes that

involve rents or leases (residential apartment and commercial office). Net operating income for the apartment and office uses is capitalized at estimated cap rates to determine the estimated fair market value of the developed property.

Net project value: For this analysis, net project value is calculated by subtracting total project development costs from the capitalized market value of the prototype (or total combined unit sales prices for the condominium prototypes). Net project value represents the gross return to the developer and equity investor, above the base level of developer overhead assumed in the development costs.

## **b. General Market Findings**

### **Apartment Market**

- A high level of apartment demand is being generated by employment growth in the Seattle/Tacoma Metro Area, with a high capture of employment growth and demand in the Seattle apartment market, particularly the Downtown and South Lake Union areas.
- The high level of apartment demand has led to a substantial increase in the apartment supply, including projects that are already leased up and stabilized and many others currently in the construction pipeline.
- Land prices have been bid up to peak prices.
- Construction and development costs are rising due to an increase in some materials costs and the higher costs general contractors are able to command because of high demand in the “hot” real estate market.
- Rents have been rising rapidly because of high demand but rent increases are expected to slow as the large influx of new supply enters the market over the next few years.
- The combination of higher land and construction costs and slowing rent increases is making it more difficult for new projects to “pencil” based on underwriting assumptions used by lenders and investors who typically require use of current rents and development costs and higher cap rates in their underwriting.

## **Commercial Office Market**

- Employment growth and demand in the Seattle metro area and high capture by City of Seattle submarkets will fuel additional demand for office space in the Downtown and South Lake Union areas.
- Office vacancy rates have been declining since 2012, reaching their lowest level since 2009 and providing some upward pressure on rents. According to Reis Reports, the vacancy rate in the Downtown is projected to decline slightly from 13.6% in the fourth quarter of 2013 to 13.5% by year-end 2014. The average asking rent is projected to increase to \$33.34, up from \$32.09 in the fourth quarter of 2013.
- Since zoning in the Downtown and South Lake Union areas allows both residential and commercial land uses, commercial developers and apartment developers must compete for the same sites. Land prices have been bid up to peak prices due to strong apartment demand and construction.
- As for apartments, construction and development costs are rising due to an increase in some materials costs and the higher costs general contractors are able to command because of high demand in the “hot” real estate market, leading to decreased financial feasibility of new office development based on current rents.

## **Residential Condominium Market**

- The condo market has not rebounded since the Great Recession, and in most areas condo prices do not yet support new construction.
- Warranty and liability issues continue to plague the condo market.
- As home prices and apartment rents continue to rise, condominium prices will rise and new construction will become feasible again.
- Even where condominium prices are at levels that may support new construction, there may be insufficient demand to support large condominium developments at this time.



### **c. Comparison of In Lieu Fees and the Cost of Performance Options**

- As evidenced from the results in Table 9, the estimated cost of the performance option under the current program substantially exceeds the current in lieu fee for all of the Downtown and South Lake Union prototypes, suggesting that development using the incentive program in these areas will virtually always select the in lieu fee option over the on-site performance option. To encourage on-site performance, the in lieu fee would need to be raised substantially.
- For the low and mid-rise rental housing prototypes, the estimated cost of the performance option under the current program also exceeds the current in lieu fee, though at a smaller margin than for the Downtown and South Lake Union prototypes. This suggests that most apartment developments using the incentive program in these areas would also select the in lieu fee over the performance option, if it were available to them.
- Because of the higher target income level of the current program, the reverse is true for the low and mid-rise condominium housing prototypes. For these prototypes, the estimated cost of the performance option is lower than the in lieu fee. This suggests that most condominium developments using the incentive program in these areas would select, and are not disadvantaged by, the current performance requirement. The performance cost is lowest under the “low” scenario, where affordable condominium prices are nearly equal to estimated market prices, and the performance cost is at or near zero for some prototypes.
- Table 9 compares in lieu fees with the cost of performance options using Version A economic assumptions. While the performance option costs for the rental prototypes vary slightly under Version B and Version C assumptions, these results and conclusions hold true for all three economic scenarios.

### **d. Estimated Value of the Incentive**

- As shown in Tables 10, 11, 16, and 17, for most prototypes the estimated value of the incentive does not exceed the cost of the in lieu fee payment under the current program. This suggests that the incentive program will not result in most projects making use of the incentive, thereby limiting the

production of both affordable units and in lieu fee revenue for affordable housing under the program.

- For the downtown rental prototype, the value of the incentive is approximately break-even after the payment of the current in lieu fee, but is negative after the current performance option (Scenario 1) and the 10% performance requirement (Scenario 2).
- One major exception is the downtown condominium prototype, which produces a significant positive value of the incentive after payment of the current in lieu fee and current performance option (Scenario 1), but is negative after the 10% performance requirement (Scenario 2).
- The incentive increases the feasibility of the Downtown commercial prototype, which generates a negative ROE without the incentive but a slightly positive ROE after use of the incentive, assuming either payment of the current in lieu fee or the higher \$40 in lieu fee in Scenario 1. However, none of the prototypes reach threshold feasibility.
- For the low- and mid-rise prototypes, there are a few instances in which the incentive generates a positive value assuming payment of the in lieu fee or under the Scenario 1 performance option.

#### **e. Impact of the Program on Prototype Financial Feasibility**

- The findings of the financial feasibility analysis are mixed, depending on the economic scenario and cap rate assumption used, as described below. In general, using the lower cap rates and the Version A economic assumptions, there is some room to raise the in lieu fee to approximate the performance cost of Scenario 1, but in very few cases do the prototypes remain feasible under the higher performance cost of Scenario 2. Using the higher cap rates and the Version B economic assumptions, nearly all the prototypes fail to reach threshold levels of feasibility based on the ROE or RLV analyses. The only exceptions are the Low to Mid-Rise Prototype 7 and 4- to 6-Story Prototype 9 rental prototypes under the low rent/cost assumptions.

## Findings By Prototype

Downtown High-Rise Apartments, Prototypes 1A, 1B	<ul style="list-style-type: none"> <li>• Under Version A economic assumptions and the lower cap rate, the Downtown apartment prototype falls slightly short of meeting feasibility thresholds.</li> <li>• Under these same assumptions the Downtown apartment prototype with the incentive meets feasibility threshold only without program costs, falling slightly short again assuming payment of the current in lieu fee.</li> <li>• Returns drop well below the feasibility thresholds for the prototype with the incentive assuming the performance options in Scenarios 1 and 2.</li> <li>• Under Version B assumptions and/or higher cap rate, the prototype with the incentive does not meet feasibility thresholds, even before consideration of program costs.</li> <li>• Using the higher rent assumptions in Version C and the lower cap rate, the prototype with the incentive meets feasibility thresholds assuming in lieu fee payment or Scenario 1 performance option, but not under the higher Scenario 2 performance requirement.</li> </ul>
Downtown High-Rise Condos, Prototypes 2A, 2B	<ul style="list-style-type: none"> <li>• Under Version A economic assumptions, the Downtown high-rise apartment prototypes meet threshold feasibility assuming payment of the current in lieu fee or the Scenario 1 performance option.</li> <li>• Returns drop below the feasibility thresholds under the performance options in Scenario 2, at the 10% on-site performance requirement.</li> <li>• The same is true under the Version B and the Version C economic assumptions.</li> </ul>

<p>Downtown Commercial Development, Prototypes 3A, 3B</p>	<ul style="list-style-type: none"> <li>• Under the Version A economic assumptions and lower cap rate, the Downtown commercial prototype is not feasible without the incentive. Returns improve but remain below thresholds with the incentive.</li> <li>• Under the Version B economic assumptions and/or higher cap rate the prototype is not feasible.</li> <li>• Under the higher Version C commercial rents the commercial prototype is not feasible without the incentive but almost reaches threshold feasibility with the incentive assuming payment of the current in lieu fee.</li> </ul>
<p>South Lake Union Mid-Rise and High-Rise Apartment Development, Prototypes 4A, 4B</p>	<ul style="list-style-type: none"> <li>• The South Lake Union mid-rise prototype without the incentive (Prototype 4B) generates the highest returns of the prototypes examined, due to the relatively high rents and lower development costs of this prototype compared to the high-rise prototypes.</li> <li>• Using the 4.25% cap rate and Version A economic assumptions, the prototype with the incentive meets feasibility thresholds under the in lieu fee and both performance options in Scenarios 1 and 2.</li> <li>• Under Version B of the economic assumptions, the prototype meets threshold feasibility with payment of the in lieu fee, falls just short of the threshold under the Scenario 1 performance option, and is well below the threshold under the Scenario 2 performance option.</li> <li>• At the 5.00% cap rate, the prototype is only feasible under Version A or Version C economic assumptions without the incentive.</li> <li>• While development of the SLU rental prototype with the incentive appears feasible under the lower cap rate assumption, the prototype without the incentive is even more profitable based on the economic conditions modeled in this analysis.</li> </ul>



<p>South Lake Union Condo Development, Prototypes 5A, 5B</p>	<ul style="list-style-type: none"> <li>• The SLU condo prototype barely reaches the feasibility threshold under Version A economic assumptions without the incentive. It falls below the threshold with the incentive.</li> <li>• The prototype falls below threshold feasibility under Version B economic assumptions.</li> <li>• Under Version C economic assumptions, the prototype is feasible without the incentive, and with the incentive assuming payment of the in lieu fee or the Scenario 1 performance option. However, it performs better without the incentive than with the incentive.</li> </ul>
<p>South Lake Union Commercial Development, Prototypes 6A, 6B</p>	<ul style="list-style-type: none"> <li>• Findings for the South Lake Union commercial prototype parallel those for the Downtown commercial prototype.</li> <li>• Under the Version A economic assumptions and lower cap rate, the South Lake Union commercial prototype is not feasible without the incentive. Returns improve but remain below thresholds with the incentive.</li> <li>• Only under the higher Version C commercial rents do returns exceed thresholds, assuming payment of the current in lieu fee or the higher Scenario 2 in lieu fee.</li> </ul>
<p>Low- and Mid-Rise Apartment Development (Prototypes 7, 9, 11)</p>	<ul style="list-style-type: none"> <li>• Under the Version A economic assumptions and 4.25% cap rate, rates of return for the low-rise and mid-rise prototypes without the incentive generally exceed threshold returns for the low, middle and high scenarios.</li> <li>• Under Version A, returns for the prototypes with the incentive also exceed thresholds for almost all of the rental prototypes after payment of the in lieu fee or the performance option under Scenarios 1 and 2. The exception is Prototype 11 (6 stories to 7 stories), which drops below feasibility thresholds in some cases assuming the higher Scenario 2 performance requirement, because this prototype offers the smallest incentive in terms of bonus floor area.</li> </ul>

	<ul style="list-style-type: none"> <li>Under Version B and C economic assumptions and the 4.25% cap rate, rates of return exceed threshold rates for the low, middle and high scenarios for many of the prototypes and program options. These prototypes fall below feasibility thresholds at the 5.00% cap rate even under Version C economic assumptions.</li> </ul>
Low- and Mid-Rise Condo Development (Prototypes 8, 10, 12)	<ul style="list-style-type: none"> <li>The Low- and Mid-Rise condo prototypes fail to meet feasibility thresholds under Versions A, B and C of the economic assumptions, indicating that sales prices will need to rise before widespread condominium developments occurs in these zones.</li> </ul>

## e. Conclusions

Based on the findings of the economic analysis, DRA draws the following conclusions regarding the economics of the City of Seattle's current Affordable Housing Incentive Housing Program and its impact on development financial feasibility:

1. The estimated cost of the performance option under the current program substantially exceeds the current in lieu for all of the Downtown and South Lake Union prototypes and all of the Low and Mid-Rise rental prototypes, suggesting that these developments, to the extent they use the incentive program, will virtually always select the in lieu fee option over the on-site performance option. To encourage on-site performance, the in lieu fee would need to be raised substantially.
2. The incentives offered under the current program provide insufficient quantifiable economic value in most cases to stimulate developers to use the program, even when allowed to comply through payment of the current in lieu fee. These conclusions are borne out by the fact that the program has not been widely used. DRA concludes that the program will result in limited production of either affordable units or in lieu fee revenue for affordable housing. This is consistent with DRA's 20 years of experience with voluntary programs, which usually fail to provide adequate incentives

for developer participation and fall short of affordable housing production goals and expectations.

3. The economic analysis shows mixed results in terms of project feasibility, with prototypes generally reaching feasibility thresholds only under Version A or C economic assumptions and the lower cap rates. Under Version B (current underwriting) assumptions and the higher cap rate, virtually all of the prototypes fail to meet feasibility thresholds. These findings highlight the sensitivity of development to current economic conditions and short-term trends.
4. However, even under the economic assumptions and cap rates that generate returns below feasibility thresholds, the economic impact of the current in lieu fee on prototypes with the incentive is approximately a 1% to 2% reduction in ROE compared to the “no program” option. The effect of the current 5% performance option (Scenario 1) is approximately a 1% to 3% reduction in ROE compared to the “no program” option. These results suggest that program requirements will only impact the feasibility of projects at the margin. In contrast, the change in the cap rate from 4.25% to 5.00% generates wide swings in the ROE, sometimes changing the project from threshold feasibility to a negative ROE, indicating that it has a much more material impact on project feasibility than program requirements.
5. Based on DRA’s 20 years of experience with inclusionary housing and similar programs across the U.S. that require the inclusion of affordable units and/or payment of a fee, the Seattle Affordable Housing Incentive Program’s current 5% on-site performance requirement and substantially less costly in lieu fee is a modest requirement that will not have a long-term impact on development feasibility.



# Economic Analysis Methodology and Assumptions

## A. Background

The City of Seattle retained DRA to advise the City on revision and potential expansion of its affordable housing incentive programs for commercial and residential development, currently in place in the Downtown, South Lake Union and other Urban Villages that have been upzoned since 2006. The City's current programs provide developers with bonus floor area in exchange for the provision of housing for households with incomes up to 80% of Area Median Income (AMI) for rental housing and up to 100% of AMI for homeownership housing. The payment of a fee in lieu of providing units is allowed in some areas, including the Downtown and South Lake Union Urban Centers. For commercial projects in the Downtown and South Lake Union areas and residential development in South Lake Union the program imposes other requirements, including the purchase of transfer of development rights (TDR) and, for commercial development only, payment of a childcare fee.

This study describes the economic analysis prepared by DRA to compare the value of additional "bonus" floor area provided by the program with the costs of the program, both under current program requirements and policy options under consideration by the City.

DRA worked closely with a Technical Advisory Committee (TAC) of local developers and City staff to review the assumptions and methodology used in the analysis. DRA facilitated three meetings with the TAC to obtain their input on review materials provided to members in advance of each meeting. At the first meeting, DRA reviewed the first draft of the prototypes. At the second meeting, DRA reviewed preliminary development cost and revenue assumptions. The preliminary economic analysis was reviewed at the third and final meeting. DRA incorporated comments received at each meeting into subsequent materials.

## B. Methodology and Data Sources

This economic analysis uses twelve residential and commercial office development prototypes that reflect current underlying zoning designations in the City. Each prototype is examined in a base case "no incentive" version that reflects the requirements of the underlying zoning, and in a "with incentive" version that





reflects the additional bonus floor area and other requirements provided by the incentive program.

The methodology used for the economic analysis of the prototypes is outlined below.

### **1. Calculate bonus floor area**

The bonus floor area provided by the incentive is calculated by subtracting the total gross square feet of building area above grade, excluding parking, for each prototype “with the incentive” from the gross square feet of the same prototype “without the incentive”.

### **2. Determine performance requirements for residential prototypes**

The housing performance requirement under the current program is calculated for each residential prototype, based on the program’s requirement of 14% of bonus gross floor area for housing. This results in an affordable housing requirement of approximately 5% of total units in the project.

The housing performance requirement is also calculated for other policy option scenarios analyzed in this study.

### **3. Calculate in lieu fees, transfer of development rights costs, and childcare costs**

DRA calculated affordable housing in lieu fees under current program requirements. In addition, transfer of development rights (TDR) costs are calculated under current requirements for the commercial prototypes and the South Lake Union residential prototypes. In addition, required childcare fees are calculated for the commercial prototypes.

### **4. Calculate on-site performance costs for residential prototypes**

For the residential prototypes, DRA calculated the estimated cost of the performance option for providing on-site affordable housing units under current program requirements. The cost of providing the affordable units on-site is calculated using an affordability “gap” analysis approach that measures the difference between what households at targeted income levels can afford to pay for renter and ownership housing and what it costs to produce such housing in the City of Seattle.

## 5. Estimate economic impact of program requirements on the prototypes “with incentives”

DRA calculated the impact of paying an in lieu fee versus absorbing the costs of on-site performance on the economic feasibility of the development prototypes under current economic assumptions.

DRA calculated the income from each land use prototype based on estimated market rents and condominium sales prices. Net operating income for the apartment and office uses is capitalized at estimated current capitalization rates to determine the value of the developed property. The capitalization rate is the ratio of net operating income to project fair market value, or sales price, observed in property sales in the market and reflects the rate of return required by investors in rental property. Total development costs are then subtracted from the capitalized value to yield the estimated net project value, representing the gross return to the developer and equity investors. For the condominium prototypes, projected market sales prices of the condo units are used to determine the market value of the prototypes.

## C. Development Prototypes

DRA worked closely with City staff to develop twelve residential and commercial office development prototypes that reflect current underlying zoning designations in the City. Each prototype is further examined in a base case “no incentive” version that reflects the requirements of the underlying zoning, and a “with incentive” version that reflects the additional bonus floor area provided by the incentive program. The prototypes include mid- and high-rise residential and office prototypes appropriate to zoning designations in the Downtown and South Lake Union areas of the City. They also include low- and mid-rise prototypes consistent with zoning designations found in areas surrounding the Downtown and in target Urban Centers and Urban Villages.

The twelve development prototypes used in the analysis with and without incentives are summarized in **Table 3** by zoning and the estimated stories.

The “A” version of each prototype assumes use of the incentive, while the “B” versions assume no incentive



**Table 3**  
**Summary of Development Prototypes**  
**Affordable Housing Incentive Program Economic Analysis**  
**City of Seattle**  
**2014**

Prototype			Zoning	Stories
Residential Rental	1A	With Incentive	DMC 240/290-400 and HR	40
	1B	Without Incentive	DMC 240/290-400 and HR	24
Residential Ownership	2A	With Incentive	DMC 240/290-400 and HR	40
	2B	Without Incentive	DMC 240/290-400 and HR	24
Commercial Office	3A	With Incentive	DMC 340/290-400	8
	3B	Without Incentive	DMC 340/290-400	4
Residential Rental	4A	With Incentive	SM 160/85-240	24
	4B	Without Incentive	SM 160/85-240	7
Residential Ownership	5A	With Incentive	SM 160/85-240	24
	5B	Without Incentive	SM 160/85-240	7
Commercial Office	6A	With Incentive	SM 160/85-240	8
	6B	Without Incentive	SM 160/85-240	7
Residential Rental	7A	With Incentive	MR	7
	7B	Without Incentive	LR3	4
Residential Ownership	8A	With Incentive	MR	7
	8B	Without Incentive	LR3	4
Residential Rental	9A	With Incentive	NC 65	6
	9B	Without Incentive	NC 40	4
Residential Ownership	10A	With Incentive	NC 65	6
	10B	Without Incentive	NC 40	4
Residential Rental	11A	With Incentive	NC 85	7
	11B	Without Incentive	NC 65	6
Residential Ownership	12A	With Incentive	NC 85	7
	12B	Without Incentive	NC 65	6

Source: City of Seattle; DRA.

**Table 4** (included with the remaining tables at the end of the text) provides detailed characteristics of the development prototypes, including net and gross building square footage and required number of parking spaces by land use, floors of underground and above-grade structured parking, construction type, site and building efficiency assumptions, and the number of housing units by bedroom count and unit size for the residential prototypes. The number of parking spaces provided is based on zoning requirements or, in zones where they are no parking requirements, represents the amount of parking typically required by tenants/buyers and investors, based on input from the TAC. The number of underground parking levels is based on zoning requirements and incentives provided by FAR calculations.

## **D. Analysis of Program Incentives and Requirements**

### **1. Bonus Floor Area**

The Incentive Housing Program provides bonus floor area for developments that agree to meet program requirements. The “A” version prototypes are intended to approximate the maximum building envelope that can be built under existing program requirements with the incentive, while the “B” version prototypes are intended to approximate the maximum building envelope that can be built under existing zoning without the incentive.

The amount of the bonus floor area provided by the incentive is estimated by subtracting the gross square feet of floor area above grade, excluding parking, for the no-incentive “B” version prototypes from the “A” versions with the incentive.

**Table 5** shows the bonus floor area calculations for each prototype. It shows the bonus gross square feet and then applies the assumed efficiency ratio for the prototype with the incentive to calculate the bonus net square feet.

### **2. Affordable Housing Performance Requirements**

For residential development, program requirements may be met by providing affordable units on-site or by paying an in lieu fee.

The program currently requires 14% of bonus floor be dedicated to affordable housing. Assuming affordable housing unit sizes are equivalent to those for market-rate housing units, this translates into a requirement that approximately 5% of total residential units be affordable. **Table 6** calculates affordable housing performance requirements for the residential prototypes at 14% of bonus floor area and at 5% of total units.

For the South Lake Union prototypes, the bonus floor area is split 60% for housing and 40% for regional transfer of development rights (TDR) before the 14% factor is applied. Therefore, for the SLU prototypes the performance requirement for housing is calculated at 14% of 60% of bonus floor area.

### **3. Estimated Housing In Lieu Fees, Child Care Fees and Transfer of Development Rights Costs under Current Program**

**Table 7** calculates estimated affordable housing in lieu fees, childcare fees, and transfer of development rights costs under the current program.

Housing in lieu fees are calculated by multiplying current in lieu fees by the estimated bonus floor area for housing by prototype. Current in lieu fees are assessed per gross square foot of bonus floor area for housing and equal: \$21.68 per gross square foot for residential development in the Downtown and South Lake Union areas; \$24.95 per gross square foot for commercial development in the Downtown and South Lake Union areas; and \$15.15 for residential development in other areas.

For commercial development in the Downtown and SLU, there is a 75% split of gross floor area for housing and 25% for transfer of development rights (TDR). Therefore, the calculation of the affordable housing in lieu fee for commercial development is 75% of the bonus floor area times the per square foot in lieu fee.

Commercial development in the Downtown and SLU must also pay a childcare fee of \$4.32 per gross square foot. This fee is applied to the 75% split of bonus floor area for childcare. Therefore, the calculation of the childcare fee for commercial development is 75% of the bonus floor area times the per square foot childcare fee.

Residential development in SLU must also purchase TDR. The cost is applied to the 40% split of bonus floor area for TDR. Therefore, the calculation of the total TDR cost is 40% of the bonus floor area times the estimated TDR cost per square foot.

Downtown commercial development must purchase various types of TDR, such as Landmark TDR, while residential and commercial development in SLU must purchase Regional TDR. For the purposes of this analysis, the cost of both types of TDR has been estimated at \$18.00 per square foot. The cost of TDR is set by the market, and therefore varies based on the demand for TDR.

#### 4. Estimated Total Costs of Program Requirements

**Table 8** calculates the estimated total costs of program requirements associated with the bonus floor area under the options for analysis described above. It summarizes the estimated total cost of the bonus, including affordable housing costs plus TDR costs, as applicable. Affordable housing costs are calculated based on in lieu fees under the current program, and the estimated performance costs of complying with affordable housing requirements under Scenarios 1 and 2. Performance costs equal the estimated gap cost of providing the required affordable housing.

#### 5. Comparison of Affordable Housing Fees and Gap Cost of Performance Requirements

**Table 9** compares in lieu fees under the current program with estimated costs of complying with the performance option (performance costs) under Scenarios 1 and 2, including child care fees and TDR costs as applicable.

Column 1 summarizes the bonus gross SF provided by the incentive. Column 2 shows the calculated total in lieu fee for each prototype (including child care fees and TDR costs, as applicable) under the current program, and Column 3 shows current in lieu fee costs (including child care fees and TDR costs, as applicable) per gross square foot of bonus floor area.

Column 4 shows the required number of affordable units for residential prototypes choosing the performance option under the current program (Scenario 1), which equates to approximately 5% of total units. Column 5 shows the estimated total “gap” cost of meeting that performance requirement for the residential prototypes. The “gap” cost represents the estimated cost of providing the affordable units on-site, as represented by the total development cost of the unit less the mortgage supportable from affordable rents (rental prototypes) or the affordable sales price. The gap methodology is further described and the assumptions detailed in Section H of this report. For the commercial prototypes, Column 5 shows total in lieu fees



at a rate of \$40.00 per gross square foot plus estimated TDR costs. Column 6 shows the performance cost or fee per gross square foot of bonus floor area.

Column 7 shows the required number of affordable units for residential prototypes choosing the performance option under Scenario 2, which equals 10% of total units. Column 8 shows the estimated total “gap” cost of meeting the performance requirement for the residential prototypes under Scenario 2. Column 9 shows the gap cost per gross square foot of bonus floor area.

## 6. Results of Return on Equity and Land Residual Analysis

DRA evaluated the financial feasibility of the prototypes with and without the incentives under the various program options using two methods of assessment: return on equity analysis and land residual analysis. The return on equity approach calculates the value of a development based on its stabilized income potential and subtracts the costs of development to use the net value of the investment, or developer/investor profit. The financial feasibility of the prototypes, under a certain set of economic assumptions, is measured by the rate of the return on equity the resulting net investment value (or profit) represents. Under this approach, land costs are held fixed at an estimated market sales price and the economic impact of the program is shown as a change in the dollar amount of the net value of investment in the prototype and as a change in the ROE.

Land residual analysis methodology, in contrast, calculates the value of a development based on its income potential and subtracts the costs of development and developer profit (excluding land) to yield the underlying value of the land. When evaluating alternative land uses, the alternative that generates the highest value to a site is considered its highest and best use. An alternative that generates a value to the land that is negative, or well below market land sales prices, is financially infeasible.

Both the ROE and RLV analyses calculate the value of rental prototypes (residential and commercial) at a point in time based on the estimated stabilized net operating income of the prototype.

**Tables 10** through **15** summarize the results of the return on equity analysis and land residual analysis. They show return on equity (ROE) and residual land value (RLV) estimates for the prototypes with and without the incentive. The ROE and RLV is calculated for prototypes with the incentive for the scenarios described above: 1) before any program costs; 2) with payment of the current in lieu fee; 3)

under the current performance requirement or a \$40 commercial fee (Scenario 1); and 4) under the Scenario 2 performance requirement (10% affordable units).

Underneath each ROE and RLV is a “yes” or a “no” indicating whether the value above meets the ROE or RLV minimum feasibility thresholds selected by DRA for this analysis. For the ROE analysis, DRA used minimum feasibility thresholds of 6% for the residential prototypes and 10% for the commercial office prototypes. For the land residual analysis, feasibility is measured by residual land values that approach or exceed current market land sales prices per square foot of site area.

Tables 10 through 15 also show the estimated net value of the incentive using the results of the residual land value analysis. The net value of the incentive is estimated as the residual land value per square foot of site area for the prototype with the incentive less the residual land value per square foot of site area for the prototype without the incentive. This analysis is intended to help assess the net benefits of the program and whether it provides adequate incentive for developers to use the program.

The results for the Version A are shown in **Table 10** using the lower cap rates and **Table 11** using the higher cap rates. The results for Version B are shown in **Table 12** and **Table 13** for the lower and higher cap rates, respectively. The results for Version C are shown in **Table 14** and **Table 15** for the lower and higher cap rates, respectively.

## 7. Estimated Net Value of Incentive Using Return on Equity Approach

DRA also estimated the net value of the incentive using the ROE approach, as a second measure of whether the program provides adequate incentive for developers to use the program. **Table 16** estimates the net value of the incentive using this approach for the Version A economic assumptions using the lower cap rates under payment of the current in lieu fee, as well as based on the performance costs of Scenarios 1 and 2.

The first column (Column 1) of this table shows the bonus floor area of the prototypes with the incentive. The next column to the right (Column 2) shows the estimated ROE for the prototypes WITHOUT the incentive, at an assumed cap rate of 4.25% for residential prototypes and 5.00% for the commercial prototypes. Column 3 shows the estimated dollar amount of the equity investment required for the prototypes WITH the incentive. Using the cap rate from the prototypes without the incentive and the equity investment required for the prototype with the



incentive, Column 4 calculates what the net value of the investment in the prototype without the incentive at the same rate of return generated by the prototype with the incentive. Columns 5, 7, and 9 show the estimated net value of the investment in the prototype without the incentive (in dollars. Columns 6, 8 and 9 represent the difference between the projected return on investment for the prototypes with the incentives (Columns 5, 7, and 9, respectively) and the return the prototypes with the incentives that would have been earned if they yielded the same ROE as the prototypes without the incentive (Column 2). It should be noted that were the ROE for the prototype without the incentive is very low or negative, the value of the incentive may not be meaningful.

**Table 17** repeats these calculations for the Version A economic assumptions, using the higher cap rates (5.0% for the apartment prototypes and 5.50% for the commercial prototypes) to estimate the market value of the prototypes. Since the value of the condominium prototypes is based on sales prices rather than capitalized NOI, the value for the condominium prototypes is the same in both cap rate scenarios.

**Table 18** and **Table 19** show the results of this analysis for the Version A economic assumptions per square foot of bonus floor area, using the lower and higher cap rates, respectively. Tables 16 through 19 are all calculated using the Version A Version of the economic assumptions.

## E. Return on Equity and Land Residual Analyses

### 1. Return on Equity Analysis

For the rental residential and commercial prototypes, projected net operating income (NOI) is divided by an assumed cap rate, to estimate the market value of the property upon completion and stabilization. For the owner residential prototypes, the market value of the prototype equals the sum of the estimated sales prices for the individual units, net of sales costs.

The estimated development cost for each prototype, excluding the estimated costs of program requirements, is subtracted from its estimated market value to determine the net value of the investment before consideration of program costs. The estimated costs of program requirements (payment of the current in lieu fee; estimated gap costs under the current performance requirement or a \$40 commercial fee under Scenario 1; or the estimated gap costs under the Scenario 2

performance requirement of 10% affordable units) are subtracted to determine the net value of the investment after program costs.

**Tables 20 through 23** detail the return on equity analysis calculations for the prototypes using the Version A economic assumptions, with and without the incentive. Tables 20 and 21 show the calculations for the Downtown and South Lake Union prototypes, at the lower and higher cap rates, respectively. Tables 22 and 23 show the calculations for the low-rise and mid-rise prototypes, at the lower and higher cap rates, respectively.

## **2. Land Residual Analysis**

Land residual analysis methodology calculates the value attributed to land from proposed development on that site. It is commonly used by real estate developers and investors to evaluate development financial feasibility and select among alternative uses for a piece of property.

For the commercial prototypes (apartment and office), DRA calculated net operating income from each prototype based on estimated market rents for the apartment, office and retail land uses, less operating costs. Net operating income is then capitalized at estimated market capitalization rates for each land use to determine the value of the developed property. The capitalization rate is the ratio of net operating income to project fair market value, or sales price, exhibited in the market and reflects the rate of return required by investors in cash flow property. Total development costs are then subtracted from the capitalized value to yield the estimated residual land value.

For the condominium housing prototypes, DRA estimated gross sales revenues and subtracted total development costs (which include selling costs, sales commissions, developer overhead and profit), to derive the residual value to the land.

**Tables 24 through 27** detail the land residual analysis calculations for the prototypes using the Version A economic assumptions, with and without the incentive. Tables 24 and 25 show the calculations for the Downtown and South Lake Union prototypes, at the lower and higher cap rates, respectively. Tables 26 and 27 show the calculations for the low-rise and mid-rise prototypes, at the lower and higher cap rates, respectively.



**Tables 28** and **29** summarize the results of the land residual analysis for the prototypes using the Version A economic assumptions with and without the incentive. Residual land value is shown per square foot of site area and per square foot of bonus gross floor area. Table 28 shows the analysis using the lower cap rates and Table 29 employs the higher cap rates.

## **F. Estimated Prototype Development Costs**

DRA estimated development costs for each of the twelve prototypes, including land acquisition costs, hard construction costs, soft or indirect costs, sales/marketing costs, and developer administration and overhead, as described below. The development cost assumptions used in this analysis are detailed in **Table 30** for the Downtown and South Lake Union Prototypes and in **Table 31** for the low- and mid-rise prototypes.

### **1. Land Acquisition Costs**

Land acquisition costs were estimated for the prototypes based on interviews with TAC members and a review of land sales comparables data. The costs are intended to reflect recent purchases in the market. Land costs are estimated on a per site square foot basis. Since both residential and commercial development is allowed on many sites in South Lake Union and Downtown, residential and commercial developers compete for the same sites. Similarly, developers intending to use the Incentive Housing Program compete with those who do not intend to use the incentives. Therefore, the same land acquisition price is assumed for both commercial and residential uses and for the prototypes with and without incentives. For the Version A analysis (Version A) DRA has assumed a land acquisition cost of \$800 per square foot for the Downtown prototypes and \$400 per square foot for the South Lake Union prototypes.

The low- and mid-rise prototypes are analyzed under low, middle and high land acquisition cost assumptions, reflecting market conditions in various areas of the City. DRA started with an assumed land acquisition cost for the rental housing prototypes without the incentive of \$25,000 for the low scenario; \$40,000 for the middle scenario; and \$60,000 for the high scenario. These land acquisition costs were translated into a per square foot land cost for the rental prototypes without the incentive. The resulting per square foot land cost was used for the corresponding rental prototypes with the incentive and for the corresponding

condominium prototypes with and without the incentive, under the assumption that developers of these prototypes would be competing for the same sites.

## **2. Hard Construction Costs**

Hard construction costs were estimated for the prototypes based on interviews with TAC members and other developers and general contractors active in the Seattle market, as well as review of project development cost pro formas for recent or proposed projects. Hard building construction costs are assumed to reflect costs for projects beginning construction in the current market. Hard costs include on-site improvements, building and parking costs expressed per gross square foot of building area including parking. An allowance for typical demolition costs is also included.

For the low- and mid-rise prototypes, hard construction costs are varied for the low, middle and high scenarios based on the higher level of finish and amenities typically offered by higher-priced apartments. Condominium costs are assumed to be approximately 5% higher than rental apartment costs for the same prototype due to the higher level of finishes and amenities typically found in condominiums.

Hard costs also include a 5% contingency and the 9.5% Washington State sales tax.

Since the Seattle neighborhoods where new development is occurring are largely built-out, new development typically requires demolition of existing structures. Development cost budgets also assume typical demolition costs of \$150,000 (total cost) for the Downtown and South Lake Union prototypes and \$50,000 (total cost) for the low- and mid-rise prototypes.

## **3. Soft (Indirect) Development Costs**

Soft or indirect costs were estimated based on DRA's experience with development throughout the West Coast, as well as interviews with TAC members. Estimated soft costs include:

- Architectural, engineering and design fees;
- Legal and closing costs;
- Taxes and insurance (during the construction period);





- Interest during construction (land and construction loans);
- Financing fees;
- Marketing and leasing (for the rental prototypes);
- Marketing and sales costs (for the owner prototypes)

Total soft costs are estimated to total 16% of hard costs. An additional 2% in soft costs is added for the residential condominium prototypes for additional insurance and warranty expenses required for condos. An allowance for developer overhead is included, calculated at 3% of total development costs excluding land and sales taxes.

#### 4. Total Development Costs

Total development costs, as defined for the purposes of this report, equal the sum of the above categories of development costs plus developer overhead and project management. Developer overhead and project management costs are estimated at 12 percent of development costs. The 40% of equity assumed to finance the prototypes includes both developer equity and investor equity. Therefore, return on equity to the developer is included in the overall return on equity calculations.

**Tables 30** and **31** present the development and financing cost assumptions for the Downtown and South Lake Union prototypes and low-rise and mid-rise prototypes, respectively. **Tables 32** through **33** present the estimated prototype development cost budgets, with and without land costs, for the Downtown and South Lake Union prototypes and low-rise and mid-rise prototypes, respectively.

### G. Estimated Prototype Rents, Sales Prices and Market Value

#### 1. Apartment Rents and Operating Costs

DRA developed apartment rent and operating cost assumptions for the rental residential developments based on an analysis of market data, interviews with TAC members, and interviews with other professionals involved in the Seattle rental market.

DRA prepared a residential market analysis provided under separate cover (see DRA memo “Market Subarea Evaluation” dated April 10, 2014. This analysis



summarizes the characteristics of the market-rate apartment inventory by selected zip codes covering the Downtown, South Lake Union, and other neighborhoods surrounding the Downtown area, based on data from REALFACTS and DRA's survey of current market rents at selected recently-built Seattle apartment properties. It should be noted that the market rent survey identified rents for available units that, for properties that are already leased up, tend to be some of the higher priced units and/or reflect the latest market rents. In a market with rising rents, such as Seattle, these asking rents will be higher than the average contract rent for the property.

Additional data sources reviewed for this analysis include Realty Rates, Reis Reports, Hendricks-Berkadia and Dupre & Scott.

Based on the analysis of rent data and interviews, DRA developed "low," "middle" and "high" rent scenarios for the low- and mid-rise prototypes.

DRA developed per unit stabilized operating costs for the rental properties based on review of available operating cost data from Dupre & Scott, interviews with TAC members, and interviews with Brian O'Connor from O'Connor Consulting Group, a well-known appraiser and market analyst expertly familiar with the Seattle rental market. Operating costs vary depending upon the level of services and amenities expected with a certain rental level and the property taxes associated with the location of the property. The highest operating costs are for the Downtown properties, which offer a high level of services and amenities and have the highest property taxes because of the high land values.

For the Version A economic assumptions, apartment rents are escalated 5.2% from estimated current rents to represent the estimated increase in rents from the start of construction through lease up.

The analysis assumes a stabilized vacancy rate of 5.0% for the rental properties.

The income and operating cost assumptions and projected net operating income for each rental residential prototype are summarized in **Table 34** for the Downtown and South Lake Union prototypes and **Table 35** for the low- and mid-rise prototypes.

Rent and operating cost assumptions used in the "Version A" economic scenario are summarized below.



<b>Summary of Key Rental Residential Rent and Operating Cost Assumptions            Seattle Affordable Housing Incentive Program Economic Analysis            “Version A” Economic Scenario</b>			
<b>Prototype</b>	<b>Average Rent/Unit</b>	<b>Average Rent/SF<sup>1</sup></b>	<b>Annual Operating Cost/Unit</b>
1A Downtown High-Rise with Incentive	\$2,477	\$3.42	\$11,000
1B Downtown High-Rise without Incentive	\$2,401	\$3.31	\$10,500
4A South Lake Union High- Rise with Incentive	\$2,454	\$3.37	\$9,800
4B South Lake Union Mid- Rise without Incentive	\$2,174	\$3.00	\$8,500
Low-Rise and Mid-Rise Prototypes: Low Scenario	\$1,573	\$2.42	\$6,500
Low-Rise and Mid-Rise Prototypes: Middle Scenario	\$1,781	\$2.74	\$6,500
Low-Rise and Mid-Rise Prototypes: High Scenario	\$1,950	\$3.00	\$7,000

Source: DRA

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<sup>1</sup> Assumes average unit size of 725 SF for Downtown and South Lake Union prototypes and 650 SF for low- and mid-rise prototypes

## 2. Condominium Sales Prices

The DRA memo “Market Subarea Evaluation” dated April 10, 2014 also analyzed condominium sales data by zip code within Downtown Seattle and surrounding areas, based on data from Dataquick. Given that there are few new condos selling in Seattle today, DRA focused on current resale prices for the most recently built units in developing its condo sales price assumptions, summarized below. For the Version A economic assumptions, condo prices, summarized below, are escalated 5% from estimated current rents to represent the estimated increase in prices from the start of construction through sales of the units.

<b>Summary of Key Residential Condominium Sales Price Assumptions Seattle Affordable Housing Incentive Program Economic Analysis “Version A” Economic Scenario</b>		
<b>Prototype</b>	<b>Average Sales Price/Unit</b>	<b>Average Sales Price/SF<sup>1</sup></b>
1A Downtown High-Rise with Incentive	\$641,300	\$778
1B Downtown High-Rise without Incentive	\$610,900	\$741
4A South Lake Union High-Rise with Incentive	\$570,900	\$673
4B South Lake Union Mid-Rise without Incentive	\$479,400	\$565
Low-Rise and Mid-Rise Prototypes: Low Scenario	\$258,300	\$315
Low-Rise and Mid-Rise Prototypes: Middle Scenario	\$344,400	\$420
Low-Rise and Mid-Rise Prototypes: High Scenario	\$430,500	\$525

<sup>1</sup> Assumes average unit size of 825 SF for Downtown condo prototypes, 849 SF for South Lake Union condo prototypes, and 820 SF for low- and mid-rise prototypes.

Condominium sales costs are estimated at 5% of gross sales prices. Detailed assumptions for the condominium sales prices and projected net sales income are shown in **Table 36** for the Downtown and South Lake Union prototypes and **Table 37** for the low- and mid-rise prototypes.

### 3. Office Income and Operating Costs

DRA developed office income and operating cost assumptions for the prototypes through review of published data and interviews with TAC members. Data reviewed for this analysis include recent office market updates, sales comparables and projections from CBRE, the Downtown Seattle Association, Loop Net, Realty Rates and Reis Reports.

Based on these data and interviews, DRA estimates current office rents in Downtown and South Lake Union at approximately \$32.00 per square foot, and operating costs at \$10.00 per square foot. DRA assumed a stabilized vacancy rate of 10% for its analysis. For the Version A economic assumptions, the office rent is escalated approximately 9% to \$35 to represent the estimated increase in rents from the start of construction through lease up.

Detailed assumptions on office income and operating costs, parking income, and projected net operating income from the commercial prototypes are shown in **Table 38**.

### 4. Capitalization Rates

Recent capitalization rates (or “cap” rates) for the rental residential prototypes and commercial office prototypes are based on review of the data sources described above and input from the TAC. Current cap rates for residential development are in the 4.25% range, which is historically low as it has been for the last several years. However, lenders and investors underwriting new projects typically require higher cap rates. DRA used 4.25% as the “low” cap rate for the rental residential analysis and 5.00% for the “high” cap rate scenario.

For office development, current cap rates are estimated in the 5.00% range, while underwriting new projects again is likely to require a higher cap rate. For the office prototypes, DRA used 5.00% as the “low” cap rate for the rental residential analysis and 5.50% for the “high” cap rate scenario.



## H. Affordability Gap Analysis

### 1. Affordability Gap Analysis Methodology

DRA estimated the cost of meeting Affordable Housing Incentive Program performance requirements by providing affordable housing on-site within the development prototypes. A “gap” analysis approach was used to measure the difference between what households at the Program’s target income levels can afford to pay for renter and ownership housing and the costs of producing such housing in the City of Seattle. This gap represents the “affordability cost” or “gap cost” to the private developer of providing affordable units on-site.

The gap analysis contains four main steps:

1. define affordability standards for the affordable units;
2. calculate the amount of mortgage supported by the net operating income from affordable rental units and estimate the affordable sales prices for owner units;
3. estimate housing development costs for each prototype; and
4. determine the “gap” between the supportable mortgages or affordable sales prices household incomes can support and the total cost of developing the housing.

Income limits for the analysis are based on the U.S. Department of Housing and Urban Development published 2014 income limits for the Seattle-Bellevue HMFA, adjusted by household size. HUD reports a median household income of \$88,200 for a family of four for 2014.

Affordable housing cost is defined at 30 percent of gross income for renters, including rent plus utilities. The City’s affordable housing incentive programs and most federal affordability standards for renters are now established at 30 percent. DRA used current utility allowances from the Seattle Housing Authority, effective November 1, 2013. DRA used the “tenant pays all utilities,” allowance, which includes electricity, heating, water and garbage.

Affordable housing cost for owners is defined at 35 percent of gross income and includes monthly loan principal and interest, property taxes, property fire and



casualty insurance, and homeowner association (HOA) dues. This standard is based on typical affordable housing ownership program and lender underwriting requirements.

## 2. Rental Housing Affordability Gap Analysis

**Table 39** calculates the affordable rents and supportable mortgage per unit for the Downtown and South Lake Union high-rise prototypes with the incentive. As for the market-rate units, the affordable units in Downtown will require higher operating costs due to the level of services in the building and the higher property taxes associated with a Downtown location.

**Table 40** calculates affordable rents and supportable mortgage per unit for the low- and mid-rise prototypes with the incentive.

DRA calculates affordable monthly net rents for units ranging from studios to four-bedroom units. Affordable monthly housing expense is adjusted by household size based on an assumed occupancy standard of 1 person for a studio and 1.5 persons per bedroom for the larger units. These figures indicate that a family of three at 80 percent of area median income should have to spend no more than \$1,588 per month for rent plus utilities. A three-person renter household earning 80 percent of area median income can afford \$1,428 per month for rent after estimated utility costs of \$160 per month.

DRA also calculated the estimated per unit mortgage supportable from affordable net rents. Net operating income from the affordable units is calculated assuming the annual operating costs for the market-rate prototypes described above, and assuming a 3 percent vacancy rate for the affordable units. The affordable mortgage is calculated based on a 30-year term and apartment mortgage interest rate of 6.5 percent. The affordability gap is determined by subtracting the affordable mortgage from the total development cost for the unit.

A debt coverage ratio of 1.0 is used for the supportable mortgage analysis. While lenders typically require a debt coverage ratio of 1.20 to 1.30 in sizing a permanent mortgage loan for rental properties, the additional 20% to 30% of cash flow not counted toward sizing the mortgage would provide a return on equity for the remaining equity requirement. In this case, DRA is using the gap approach to model the market value of the unit at affordable rents; hence the full cash flow is used (with the 1.0 debt coverage ratio) as an approximation of the debt and equity supportable by the cash flow from affordable rents.

**Table 41** calculates the rental affordable housing gap cost by prototype. Per unit supportable mortgages by unit bedroom count are averaged based on the prototype's bedroom count distribution. The average supportable mortgage is subtracted from the average per unit development cost for the prototype, to develop the average gap per unit. The average per unit gap is multiplied by the required number of affordable units to estimate the total gap cost of the performance housing requirement under Scenario 1 (current program requirement of approximately 5% of total units) and Scenario 2 (10% of affordable units).

### 3. Owner Housing Affordability Gap Analysis

For owners, the affordability gap is calculated by subtracting total development costs for the affordable units from the affordable sales prices for these units. Affordable mortgage principal and interest is calculated from the income limits and affordable housing cost expense ratio, less estimated HOA/maintenance expense of \$325 per month for high-rise prototypes and \$225 for low- and mid-rise prototypes; property insurance expense of \$75 per month for high-rise prototypes and \$50 per month for low- and mid-rise prototypes; and property taxes at 1.2 percent of the affordable mortgage. The affordable mortgage is calculated assuming a mortgage interest rate of 5.5% and a 30-year mortgage term. The affordable sales price equals the affordable mortgage plus a 5% downpayment.

**Tables 42** and **43** present the affordable home sales price assumptions and calculations for the high-rise and low-/mid-rise prototypes, respectively.

**Table 44** calculates the owner affordable housing gap cost by prototype. Per unit affordable home sales prices by unit bedroom count are averaged based on the prototype's bedroom count distribution. The average affordable sales price is subtracted from the average per unit development cost for the prototype, to derive the average gap per unit. The average per unit gap is multiplied by the required number of affordable units to estimate the total gap cost of the performance housing requirement under Scenario 1 (current program requirement of approximately 5% of total units) and Scenario 2 (10% of affordable units).

## I. Sensitivity Analysis

DRA conducted a sensitivity analysis of several of the key Version A economic assumptions described above. The variation in these assumptions for the sensitivity analysis in Version B and Version C are described in the Executive Summary, Summary of Findings.



**Tables 45** through **65** present the return on equity and land residual analyses calculations, revised development costs and net operating income estimates for Version B of the sensitivity analysis. **Tables 66** through **86** present the revised tables for Version C of the sensitivity analysis.



**Table 4**  
**Development Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Zoning	In DMC 240/290-400 and HR	In DMC 240/290-400 and HR	In DMC 240/290-400 and HR	In DMC 240/290-400 and HR	In DMC 340/290-400	In DMC 340/290-400
Zip Code(s)	98121/ 98191 / 98101	98121/ 98191 / 98101	98121/ 98191 / 98101	98121/ 98191 / 98101	98121 / 98101	98121 / 98101
Neighborhood/Geographic Subarea	Downtown Urban Center / First Hill	Downtown Urban Center / First Hill	Downtown Urban Center / First Hill	Downtown Urban Center / First Hill	Downtown Urban Center	Downtown Urban Center
Primary Land Use(s)	Residential	Residential	Residential	Residential	Commercial - Office	Commercial - Office
Residential Tenure (Renter/Owner)	Renter	Renter	Owner	Ownership	0	0
Total Site Area (Acre)	0.34 Acres	0.34 Acres	0.34 Acres	0.34 Acres	0.74 Acres	0.74 Acres
Total Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Construction Type	Type I	Type I	Type I	Type I	Type I	Type I
Approximate Building Stories	40 Stories	24 Stories	40 Stories	24 Stories	8 Stories	4 Stories
Total Gross Building SF, Including Parking (1)	509,500	323,300	524,500	323,300	447,000	224,000
Total Gross Building SF Above Ground (Incl. Pkg.) (2)	449,500	278,300	449,500	278,300	324,000	162,000
Floor Area Ratio (Gross Bldg SF, Incl. Pkg.) (2)	29.97	18.55	29.97	18.55	10.00	5.00
Total Gross Building SF (Excluding All Parking) (3)	344,500 SF	211,300 SF	296,500 SF	184,300 SF	201,000 SF	100,000 SF
Total Gross Building SF Above Ground	449,500	278,300	449,500	278,300	324,000	162,000
Total Gross Parking SF Above Ground	45,000	22,000	78,000	49,000	0	0
Total Gross SF Above Ground Excluding Parking	404,500	256,300	371,500	229,300	324,000	162,000
Total Net Building SF Excluding Parking	311,000	197,000	286,000	177,000	249,000	130,000
Office Space (Gross SF)	0	0	0	0	324,000	162,000
Ground Floor Retail Space (Gross SF)	3,000	3,000	3,000	3,000	3,000	3,000
Ground Floor Service/Lobby Space	12,000	12,000	12,000	12,000	32,400	0
Residential Space (Gross SF)	389,500	241,300	356,500	214,300	0	0
Building Efficiency Ratio (%)	77%	77%	77%	77%	77%	80%
Site Coverage (Bldg. Footprint) (%)	100%	100%	100%	100%	100%	100%
Max. Bldg Footprint, Ground Floor (Gross SF)	15,000	15,000	15,000	15,000	32,400	32,400
Max. Tower Floor Plate (Gross SF)	10,700	10,700	10,700	10,700	N/A	N/A
Assumed Floor Plate for Commercial (Gross SF)					25,000	25,000
Levels Underground Parking	4.0	3.0	5.0	3.0	4.0	2.0
Levels Structured Parking Above Grade	3.0	1.4	5.2	3.3	0.0	0.0
Stories of Ground Floor Retail/Lobby/Service Space	1.0	1.0	1.0	1.0	1.0	0.1
Stories of Office Space	0.0	0.0	0.0	0.0	10.0	5.0
Stories of Residential Space	36.0	21.6	33.8	19.7	0.0	0.0
Total Stories Above Ground	40.0	24.0	40.0	24.0	11.0	5.1
Net Rentable SF Retail	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF
Net Rentable SF Office	0 SF	0 SF	0 SF	0 SF	249,480 SF	129,600 SF
Net SF Residential	308,900 SF	194,900 SF	283,900 SF	174,900 SF	0 SF	0 SF
Net SF Total	311,000 SF	197,000 SF	286,000 SF	177,000 SF	251,580 SF	131,700 SF
Unit Bedroom Count Distribution						
Studio	25%	25%	33%	33%	0	0
One Bedroom	50%	50%	50%	50%	0	0
Two Bedroom	25%	25%	15%	15%	0	0
Three Bedroom	0%	0%	2%	2%	0	0
Total	100%	100%	100%	100%	0	0
<b>Units by BR Count</b>						
Studio	107	67	114	70	0	0
One Bedroom	213	135	172	106	0	0
Two Bedroom	106	67	52	32	0	0
Three Bedroom	0	0	6	4	0	0
<b>Total Residential Units</b>	<b>426</b>	<b>269</b>	<b>344</b>	<b>212</b>	<b>0</b>	<b>0</b>
<b>Residential Density (units per acre) (1)</b>	<b>1237 du/a</b>	<b>781 du/a</b>	<b>999 du/a</b>	<b>616 du/a</b>	<b>0 du/a</b>	<b>0 du/a</b>
Unit Size (Net SF)						
Studio	500 SF	500 SF	650 SF	650 SF	0 SF	0 SF
One Bedroom	700 SF	700 SF	800 SF	800 SF	0 SF	0 SF
Two Bedroom	1,000 SF	1,000 SF	1,200 SF	1,200 SF	0 SF	0 SF
Three Bedroom	0 SF	0 SF	1,500 SF	1,500 SF	0 SF	0 SF
<i>Average Unit Size</i>	<i>725 SF</i>	<i>725 SF</i>	<i>825 SF</i>	<i>825 SF</i>	<i>0 SF</i>	<i>0 SF</i>
<b>Parking Ratio - Residential (Spaces/Unit)</b>	<b>0.65</b>	<b>0.65</b>	<b>1.17</b>	<b>1.17</b>	<b>0</b>	<b>0</b>
<b>Parking Ratio - Office (Spaces/1000 GSF)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Parking Spaces Per Floor	39 Spaces/Floor	39 Spaces/Floor	39 Spaces/Floor	39 Spaces/Floor	85 Spaces/Floor	85 Spaces/Floor
No. of Underground Parking Spaces	158 Spaces	118 Spaces	197 Spaces	118 Spaces	324 Spaces	162 Spaces
No. of Above-Ground Parking Spaces	119 Spaces	57 Spaces	205 Spaces	130 Spaces	0 Spaces	0 Spaces
<b>Total Parking Spaces Provided</b>	<b>277 Spaces</b>	<b>175 Spaces</b>	<b>402 Spaces</b>	<b>248 Spaces</b>	<b>324 Spaces</b>	<b>162 Spaces</b>
<b>Total Parking Spaces Required</b>	<b>277 Spaces</b>	<b>175 Spaces</b>	<b>402 Spaces</b>	<b>248 Spaces</b>	<b>324 Spaces</b>	<b>162 Spaces</b>
Gross SF/Parking Space (Incl. Circulation)	380 SF	380 SF	380 SF	380 SF	380 SF	380 SF
Total Parking SF	105,000 SF	67,000 SF	153,000 SF	94,000 SF	123,000 SF	62,000 SF
Total Underground Parking SF	60,000 SF	45,000 SF	75,000 SF	45,000 SF	123,000 SF	62,000 SF
Total Parking SF Above Grade	45,000 SF	22,000 SF	78,000 SF	49,000 SF	0 SF	0 SF

(1) Includes below-grade and above-grade parking.

(2) Includes above-grade parking; excludes underground parking. Excludes modest ground floor retail for commercial prototypes.

(3) Excludes above-grade and below-grade parking.

Source: City of Seattle Department of Planning and Development; DRA

**Table 4**  
**Development Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Zoning	in SM 160/85-240	in SM 160/85-240	in SM 160/85-240	in SM 160/85-240	in SM 160/85-240	in SM 160/85-240
Zip Code(s)	98109	98109	98109	98109	98109	98109
Neighborhood/Geographic Subarea	SLU Urban Center	SLU Urban Center	SLU Urban Center	SLU Urban Center	SLU Urban Center	SLU Urban Center
Primary Land Use(s)	Residential	Residential	Residential	Residential	Commercial	Commercial
Residential Tenure (Renter/Owner)	Renter	Renter	Ownership	Ownership	n/a	n/a
Total Site Area (Acre)	0.48 Acres	0.48 Acres	0.48 Acres	0.48 Acres	0.99 Acres	0.99 Acres
Total Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Construction Type	Type I	Type V over Type I	Type I	Type V over Type I	Type I	Type I
Approximate Building Stories	24 Stories	7 Stories	24 Stories	7 Stories	8 Stories	5 Stories
Total Gross Building SF, Including Parking (1)	341,250	153,000	341,250	148,000	414,000	267,000
Total Gross Building SF Above Ground (Incl. Pkg.) (2)	278,250	132,000	278,250	119,000	301,000	194,000
Floor Area Ratio (Gross Bldg SF, Incl. Pkg.) (2)	13.25	6.29	13.25	5.67	7.00	4.51
Total Gross Building SF (Excluding All Parking) (3)	204,250 SF	99,000 SF	179,250 SF	76,000 SF	188,000 SF	121,000 SF
Total Gross Building SF Above Ground	278,250	132,000	278,250	119,000	301,000	194,000
Total Gross Parking SF Above Ground	12,000	12,000	36,000	13,000	0	0
Total Gross SF Above Ground Excluding Parking	266,250	120,000	242,250	106,000	301,000	194,000
Total Net Building SF Excluding Parking	205,000	92,000	187,000	82,000	241,000	155,000
Office Space (Gross SF)	0	0	0	0	298,000	191,000
Ground Floor Retail Space (Gross SF)	3,000	3,000	3,000	3,000	3,000	3,000
Ground Floor Service/Lobby Space	12,750	0	12,750	0	43,000	0
Residential Space (Gross SF)	250,500	117,000	226,500	103,000	0	0
Building Efficiency Ratio (%)	77%	77%	77%	77%	80%	80%
Site Coverage (Bldg. Footprint) (%)	75%	100%	75%	100%	100%	100%
Max. Bldg Footprint, Ground Floor (Gross SF)	15,750	21,000	15,750	21,000	43,000	43,000
Max. Tower Floor Plate (Gross SF)	10,500	N/A	10,500	N/A	N/A	N/A
Assumed Floor Plate for Commercial (Gross SF)					25,000	25,000
Levels Underground Parking	3.0	1.0	3.0	1.4	3.0	3.0
Levels Structured Parking Above Grade	0.6	0.6	1.7	0.6	0.0	0.0
Stories of Ground Floor Retail/Lobby/Service Space	1.0	0.1	1.0	0.1	1.0	0.1
Stories of Office Space	0.0	0.0	0.0	0.0	6.9	4.4
Stories of Residential Space	22.4	5.6	21.3	4.9	0.0	0.0
Total Stories Above Ground	24.0	6.3	24.0	5.7	7.9	4.5
Net Rentable SF Retail	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF
Net Rentable SF Office	0 SF	0 SF	0 SF	0 SF	238,400 SF	152,800 SF
Net SF Residential	202,900 SF	89,900 SF	184,900 SF	79,900 SF	0 SF	0 SF
Net SF Total	205,000 SF	92,000 SF	187,000 SF	82,000 SF	240,500 SF	154,900 SF
Unit Bedroom Count Distribution						
Studio	25%	25%	25%	25%	0	0
One Bedroom	50%	50%	55%	55%	0	0
Two Bedroom	25%	25%	18%	18%	0	0
Three Bedroom	0%	0%	2%	2%	0	0
Total	100%	100%	100%	100%	0	0
<b>Units by BR Count</b>						
Studio	70	31	55	24	0	0
One Bedroom	140	62	120	52	0	0
Two Bedroom	70	31	39	17	0	0
Three Bedroom	0	0	4	1	0	0
<b>Total Residential Units</b>	<b>280</b>	<b>124</b>	<b>218</b>	<b>94</b>	<b>0</b>	<b>0</b>
<b>Residential Density (units per acre) (1)</b>	<b>581 du/a</b>	<b>257 du/a</b>	<b>452 du/a</b>	<b>195 du/a</b>	<b>0 du/a</b>	<b>0 du/a</b>
Unit Size (Net SF)						
Studio	500 SF	500 SF	650 SF	650 SF	0 SF	0 SF
One Bedroom	700 SF	700 SF	800 SF	800 SF	0 SF	0 SF
Two Bedroom	1,000 SF	1,000 SF	1,200 SF	1,200 SF	0 SF	0 SF
Three Bedroom	0 SF	0 SF	1,500 SF	1,500 SF	0 SF	0 SF
<i>Average Unit Size</i>	<i>725 SF</i>	<i>725 SF</i>	<i>849 SF</i>	<i>849 SF</i>	<i>0 SF</i>	<i>0 SF</i>
<b>Parking Ratio - Residential (Spaces/Unit)</b>	<b>0.70</b>	<b>0.70</b>	<b>1.20</b>	<b>1.19</b>	<b>0</b>	<b>0</b>
<b>Parking Ratio - Office (Spaces/1000 GSF)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Max 1</b>	<b>Max 1</b>
Parking Spaces Per Floor	55 Spaces/Floor	55 Spaces/Floor	55 Spaces/Floor	55 Spaces/Floor	113 Spaces/Floor	113 Spaces/Floor
No. of Underground Parking Spaces	166 Spaces	55 Spaces	166 Spaces	77 Spaces	298 Spaces	191 Spaces
No. of Above-Ground Parking Spaces	30 Spaces	32 Spaces	95 Spaces	35 Spaces	0 Spaces	0 Spaces
<b>Total Parking Spaces Provided</b>	<b>196 Spaces</b>	<b>87 Spaces</b>	<b>261 Spaces</b>	<b>112 Spaces</b>	<b>298 Spaces</b>	<b>191 Spaces</b>
<b>Total Parking Spaces Required</b>	<b>196 Spaces</b>	<b>87 Spaces</b>	<b>261 Spaces</b>	<b>112 Spaces</b>	<b>298 Spaces</b>	<b>191 Spaces</b>
Gross SF/Parking Space (Incl. Circulation)	380 SF	380 SF	380 SF	380 SF	380 SF	380 SF
Total Parking SF	74,000 SF	33,000 SF	99,000 SF	43,000 SF	113,000 SF	73,000 SF
Total Underground Parking SF	63,000 SF	21,000 SF	63,000 SF	29,000 SF	113,000 SF	73,000 SF
Total Parking SF Above Grade	11,000 SF	12,000 SF	36,000 SF	13,000 SF	0 SF	0 SF

(1) Includes below-grade and above-grade parking.

(2) Includes above-grade parking; excludes underground parking.

(3) Excludes above-grade and below-grade parking.

Source: City of Seattle Department of Planning and Development

**Table 4**  
**Development Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise			
	Residential Rental		Residential Ownership	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive
Zoning	in MR	in LR3	in MR	in LR3
Zip Code(s)	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.
Neighborhood/Geographic Subarea	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide
Primary Land Use(s)	Residential	Residential	Residential	Residential
Residential Tenure (Renter/Owner)	Renter	Renter	Ownership	Ownership
Total Site Area (Acre)	0.33 Acres	0.33 Acres	0.33 Acres	0.33 Acres
Total Site Area (SF)	14,400	14,400	14,400	14,400
Construction Type	Type V over Type I	Type V	Type V over Type I	Type V
Approximate Building Stories	7 Stories	4 Stories	7 Stories	4 Stories
Total Gross Building SF, Including Parking (1)	77,200	36,800	82,200	38,800
Total Gross Building SF Above Ground (Incl. Pkg) (2)	61,200	28,800	61,200	28,800
Floor Area Ratio (Gross Bldg SF, Incl. Pkg.) (2)	4.25	2.00	4.25	2.00
Total Gross Building SF (Excluding All Parking) (3)	45,200 SF	20,800 SF	40,200 SF	18,800 SF
Total Gross Building SF Above Ground	61,200	28,800	61,200	28,800
Total Gross Parking SF Above Ground	0	0	0	0
Total Gross SF Above Ground Excluding Parking	61,200	28,800	61,200	28,800
Total Net Building SF Excluding Parking	46,000	22,000	46,000	22,000
Office Space (Gross SF)	0	0	0	0
Ground Floor Retail Space (Gross SF)	0	0	0	0
Ground Floor Service/Lobby Space				
Residential Space (Gross SF)	61,200	28,800	61,200	28,800
Building Efficiency Ratio (%)	75%	75%	75%	75%
Site Coverage (Bldg. Footprint) (%)	66%	50%	66%	50%
Max. Bldg Footprint, Ground Floor (Gross SF)	9,540	7,200	9,540	7,200
Max. Tower Floor Plate (Gross SF)	N/A	N/A	N/A	N/A
Assumed Floor Plate for Commercial (Gross SF)				
Levels Underground Parking	1.1	0.5	1.5	0.7
Levels Structured Parking Above Grade	0.0	0.0	0.0	0.0
Stories of Ground Floor Retail/Lobby/Service Space	0.0	0.0	0.0	0.0
Stories of Office Space	0.0	0.0	0.0	0.0
Stories of Residential Space	6.4	4.0	6.4	4.0
Total Stories Above Ground	6.4	4.0	6.4	4.0
Net Rentable SF Retail	0 SF	0 SF	0 SF	0 SF
Net Rentable SF Office	0 SF	0 SF	0 SF	0 SF
Net SF Residential	46,000 SF	22,000 SF	46,000 SF	22,000 SF
Net SF Total	46,000 SF	22,000 SF	46,000 SF	22,000 SF
Unit Bedroom Count Distribution				
Studio	25%	25%	0%	0%
One Bedroom	50%	50%	50%	50%
Two Bedroom	25%	25%	40%	40%
Three Bedroom	0%	0%	10%	10%
Total	100%	100%	100%	100%
<b>Units by BR Count</b>				
Studio	18	9	0	0
One Bedroom	36	17	28	14
Two Bedroom	17	8	22	11
Three Bedroom	0	0	6	3
<b>Total Residential Units</b>	<b>71</b>	<b>34</b>	<b>56</b>	<b>27</b>
<b>Residential Density (units per acre) (1)</b>	<b>215 du/a</b>	<b>103 du/a</b>	<b>169 du/a</b>	<b>82 du/a</b>
Unit Size (Net SF)				
Studio	450 SF	450 SF	0 SF	0 SF
One Bedroom	650 SF	650 SF	700 SF	700 SF
Two Bedroom	850 SF	850 SF	900 SF	900 SF
Three Bedroom	0 SF	0 SF	1,100 SF	1,100 SF
<i>Average Unit Size</i>	<i>650 SF</i>	<i>650 SF</i>	<i>820 SF</i>	<i>820 SF</i>
<b>Parking Ratio - Residential (Spaces/Unit)</b>	0.60	0.60	1.0	1.0
<b>Parking Ratio - Office (Spaces/1000 GSF)</b>	0	0	0	0
Parking Spaces Per Floor	38 Spaces/Floor	38 Spaces/Floor	38 Spaces/Floor	38 Spaces/Floor
No. of Underground Parking Spaces	43 Spaces	20 Spaces	56 Spaces	27 Spaces
No. of Above-Ground Parking Spaces	0 Spaces	0 Spaces	0 Spaces	0 Spaces
<b>Total Parking Spaces Provided</b>	<b>43 Spaces</b>	<b>20 Spaces</b>	<b>56 Spaces</b>	<b>27 Spaces</b>
<b>Total Parking Spaces Required</b>	<b>43 Spaces</b>	<b>20 Spaces</b>	<b>56 Spaces</b>	<b>27 Spaces</b>
Gross SF/Parking Space (Incl. Circulation)	380 SF	380 SF	380 SF	380 SF
Total Parking SF	16,000 SF	8,000 SF	21,000 SF	10,000 SF
Total Underground Parking SF	16,000 SF	8,000 SF	21,000 SF	10,000 SF
Total Parking SF Above Grade	0 SF	0 SF	0 SF	0 SF

(1) Includes below-grade and above-grade parking.

(2) Includes above-grade parking; excludes underground parking.

(3) Excludes above-grade and below-grade parking.

Source: City of Seattle Department of Planning and Development



**Table 4**  
**Development Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories				6 Stories to 7 Stories			
	Residential Rental		Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Zoning	in NC 65	in NC 40	in NC 65	in NC 40	in NC 85	in NC 65	in NC 85	in NC 65
Zip Code(s)	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.	Zips throughout the city except downtown and SLU.
Neighborhood/Geographic Subarea	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide	Urban Centers Outside Downtown and Urban Villages Citywide
Primary Land Use(s)	Res over Retail	Res over Retail	Res over Retail	Res over Retail	Res over Retail	Res over Retail	Res over Retail	Res over Retail
Residential Tenure (Renter/Owner)	Renter	Renter	Ownership	Ownership	Renter	Renter	Ownership	Ownership
Total Site Area (Acre)	0.46 Acres	0.46 Acres	0.46 Acres	0.46 Acres	0.46 Acres	0.46 Acres	0.46 Acres	0.46 Acres
Total Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Construction Type	Type V over Type I	Type V	Type V over Type I	Type V	Type V over Type I	Type V over Type I	Type V over Type I	Type V over Type I
Approximate Building Stories	6 Stories	4 Stories	6 Stories	4 Stories	7 Stories	6 Stories	7 Stories	6 Stories
Total Gross Building SF, Including Parking (1)	119,000	81,000	127,000	87,000	171,000	121,000	161,000	127,000
Total Gross Building SF Above Ground (Incl. Pkg) (2)	95,000	65,000	95,000	65,000	120,000	95,000	120,000	95,000
Floor Area Ratio (Gross Bldg SF, Incl. Pkg.) (2)	4.75	3.25	4.75	3.25	6.00	4.75	6.00	4.75
Total Gross Building SF (Excluding All Parking) (3)	71,000 SF	49,000 SF	63,000 SF	43,000 SF	69,000 SF	69,000 SF	79,000 SF	63,000 SF
Total Gross Building SF Above Ground	95,000	65,000	95,000	65,000	120,000	95,000	120,000	95,000
Total Gross Parking SF Above Ground	0	0	0	0	0	0	0	0
Total Gross SF Above Ground Excluding Parking	95,000	65,000	95,000	65,000	120,000	95,000	120,000	95,000
Total Net Building SF Excluding Parking	71,000	49,000	71,000	49,000	90,000	71,000	90,000	71,000
Office Space (Gross SF)	0	0	0	0	0	0	0	0
Ground Floor Retail Space (Gross SF)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Ground Floor Service/Lobby Space								
Residential Space (Gross SF)	92,000	62,000	92,000	62,000	117,000	92,000	117,000	92,000
Building Efficiency Ratio (%)	75%	75%	75%	75%	75%	75%	75%	75%
Site Coverage (Bldg. Footprint) (%)	100%	100%	100%	100%	100%	100%	100%	100%
Max. Bldg Footprint, Ground Floor (Gross SF)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Max. Tower Floor Plate (Gross SF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assumed Floor Plate for Commercial (Gross SF)								
Levels Underground Parking	1.2	0.8	1.6	1.1	2.6	1.3	2.0	1.6
Levels Structured Parking Above Grade	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stories of Ground Floor Retail/Lobby/Service Space	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Stories of Office Space	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stories of Residential Space	4.6	3.1	4.6	3.1	5.9	4.6	5.9	4.6
Total Stories Above Ground	5.8	3.3	4.8	3.3	6.0	4.8	6.0	4.8
Net Rentable SF Retail	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF	2,100 SF
Net Rentable SF Office	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF
Net SF Residential	68,900 SF	46,900 SF	68,900 SF	46,900 SF	87,900 SF	68,900 SF	87,900 SF	68,900 SF
Net SF Total	71,000 SF	49,000 SF	71,000 SF	49,000 SF	90,000 SF	71,000 SF	90,000 SF	71,000 SF
Unit Bedroom Count Distribution								
Studio	25%	25%	0%	0%	25%	25%	0%	0%
One Bedroom	50%	50%	50%	50%	50%	50%	50%	50%
Two Bedroom	25%	25%	40%	40%	25%	25%	40%	40%
Three Bedroom	0%	0%	10%	10%	0%	0%	10%	10%
Total	100%	100%	100%	100%	100%	100%	100%	100%
<b>Units by BR Count</b>								
Studio	27	18	0	0	34	27	0	0
One Bedroom	53	36	42	29	68	53	54	42
Two Bedroom	26	18	34	23	33	26	43	34
Three Bedroom	0	0	8	5	0	0	10	8
<b>Total Residential Units</b>	<b>106</b>	<b>72</b>	<b>84</b>	<b>57</b>	<b>135</b>	<b>106</b>	<b>107</b>	<b>84</b>
<b>Residential Density (units per acre) (1)</b>	<b>231 du/a</b>	<b>157 du/a</b>	<b>183 du/a</b>	<b>124 du/a</b>	<b>294 du/a</b>	<b>231 du/a</b>	<b>233 du/a</b>	<b>183 du/a</b>
Unit Size (Net SF)								
Studio	450 SF	450 SF	0 SF	0 SF	450 SF	450 SF	0 SF	0 SF
One Bedroom	650 SF	650 SF	700 SF	700 SF	650 SF	650 SF	700 SF	700 SF
Two Bedroom	850 SF	850 SF	900 SF	900 SF	850 SF	850 SF	900 SF	900 SF
Three Bedroom	0 SF	0 SF	1,100 SF	1,100 SF	0 SF	0 SF	1,100 SF	1,100 SF
<i>Average Unit Size</i>	<i>650 SF</i>	<i>650 SF</i>	<i>820 SF</i>	<i>820 SF</i>	<i>650 SF</i>	<i>650 SF</i>	<i>820 SF</i>	<i>820 SF</i>
<b>Parking Ratio - Residential (Spaces/Unit)</b>	0.60	0.60	1.0	1.0	1.0	0.64	1.0	1.0
<b>Parking Ratio - Office (Spaces/1000 GSF)</b>	0	0	0	0	0	0	0	0
Parking Spaces Per Floor	53 Spaces/Floor	53 Spaces/Floor	53 Spaces/Floor	53 Spaces/Floor	53 Spaces/Floor	53 Spaces/Floor	53 Spaces/Floor	53 Spaces/Floor
No. of Underground Parking Spaces	64 Spaces	43 Spaces	84 Spaces	57 Spaces	135 Spaces	68 Spaces	107 Spaces	84 Spaces
No. of Above-Ground Parking Spaces	0 Spaces	0 Spaces	0 Spaces	0 Spaces	0 Spaces	0 Spaces	0 Spaces	0 Spaces
<b>Total Parking Spaces Provided</b>	<b>64 Spaces</b>	<b>43 Spaces</b>	<b>84 Spaces</b>	<b>57 Spaces</b>	<b>135 Spaces</b>	<b>68 Spaces</b>	<b>107 Spaces</b>	<b>84 Spaces</b>
<b>Total Parking Spaces Required</b>	<b>64 Spaces</b>	<b>43 Spaces</b>	<b>84 Spaces</b>	<b>57 Spaces</b>	<b>135 Spaces</b>	<b>68 Spaces</b>	<b>107 Spaces</b>	<b>84 Spaces</b>
Gross SF/Parking Space (Incl. Circulation)	380 SF	380 SF	380 SF	380 SF	380 SF	380 SF	380 SF	380 SF
Total Parking SF	24,000 SF	16,000 SF	32,000 SF	22,000 SF	51,000 SF	26,000 SF	41,000 SF	32,000 SF
Total Underground Parking SF	24,000 SF	16,000 SF	32,000 SF	22,000 SF	51,000 SF	26,000 SF	41,000 SF	32,000 SF
Total Parking SF Above Grade	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF	0 SF

(1) Includes below-grade and above-grade parking.  
(2) Includes above-grade parking; excludes underground parking.  
(3) Excludes above-grade and below-grade parking.  
Source: City of Seattle Department of Planning and Development

**Table 5**  
**Bonus Floor Area**  
**Development Prototypes with Incentives**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Total Project Gross SF (1)		Bonus GSF
		A -- With Incentive	B -- No Incentive	
<b>DOWNTOWN PROTOTYPES</b>				
Residential Rental	Prototype 1	404,500	256,300	148,200
Residential Ownership	Prototype 2	371,500	229,300	142,200
Commercial	Prototype 3	324,000	162,000	162,000
<b>SOUTH LAKE UNION PROTOTYPES</b>				
Residential Rental	Prototype 4	266,250	120,000	146,250
Residential Ownership	Prototype 5	242,250	106,000	136,250
Commercial	Prototype 6	301,000	194,000	107,000
<b>LOWRISE TO MIDRISE</b>				
Residential Rental	Prototype 7	61,200	28,800	32,400
Residential Ownership	Prototype 8	61,200	28,800	32,400
<b>4 STORIES TO 6 STORIES</b>				
Residential Rental	Prototype 9	95,000	65,000	30,000
Residential Ownership	Prototype 10	95,000	65,000	30,000
<b>6 STORIES TO 7 STORIES</b>				
Residential Rental	Prototype 11	120,000	95,000	25,000
Residential Ownership	Prototype 12	120,000	95,000	25,000

(1) Total gross square feet above grade excluding parking.

Source: DRA

**Table 6**  
**Affordable Housing Performance Requirements**  
**Prototypes Under Current Program**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

HOUSING PROTOTYPES (1)	Based on % Floor Area							Based on % of Total Units	
	Total Bonus Gross Floor Area (GFA) (2)	Split of Bonus GFA for Housing	Housing GFA Required (3)	Efficiency Ratio	Net Floor Area Required	Aver. Unit Size (Net SF)	No. of Units Required	Total Units	Units Req'd at 5% of Total Units
<b>DOWNTOWN PROTOTYPES</b>									
Residential Rental      Prototype 1	148,200	100%	20,748	77%	15,976	725	22	426	21
Residential Ownership      Prototype 2	142,200	100%	19,908	77%	15,329	825	19	344	17
<b>SOUTH LAKE UNION PROTOTYPES</b>									
Residential Rental      Prototype 4	146,250	60%	12,285	77%	9,459	725	13	280	14
Residential Ownership      Prototype 5	136,250	60%	11,445	77%	8,813	849	10	218	11
<b>LOWRISE TO MIDRISE</b>									
Residential Rental      Prototype 7	32,400	100%	4,536	75%	3,402	650	5	71	4
Residential Ownership      Prototype 8	32,400	100%	4,536	75%	3,402	820	4	56	3
<b>4 STORIES TO 6 STORIES</b>									
Residential Rental      Prototype 9	30,000	100%	4,200	75%	3,150	650	5	106	5
Residential Ownership      Prototype 10	30,000	100%	4,200	75%	3,150	820	4	84	4
<b>6 STORIES TO 7 STORIES</b>									
Residential Rental      Prototype 11	25,000	100%	3,500	75%	2,625	650	4	135	7
Residential Ownership      Prototype 12	25,000	100%	3,500	75%	2,625	820	3	107	5

(1) Prototypes with incentive.

(2) Based on total gross square feet above grade; excludes underground parking.

(3) At the following percentage of bonus GFA for housing: 14.00%

Source: City of Seattle; DRA

**Table 7**  
**Estimated Housing In Lieu Fees, Child Care Fees, and Transfer of Development Rights Costs**  
**Prototypes Under Current Program**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

HOUSING PROTOTYPES (1)	Total Bonus Gross Floor Area (GSF)	Housing In Lieu Fees and Child Care Costs, Current Program							Total Hsg. and Child Care Fees	Landmark or Regional Transfer of Development Rights (TDR) Costs				
		Split of Bonus GFA for Housing	Housing GFA Required	Current Housing Fee/GSF Hsg.	Housing Fee Required	Child Care Fee/GSF Hsg.	Child Care Fee Required	Split of Bonus GFA for TDR		TDR GSF Required	Type of TDR Required	Est. TDR Cost Per TDR GSF	Total TDR Cost	
DOWNTOWN PROTOTYPES														
Residential Rental	Prototype 1	148,200	100%	148,200	\$21.68	\$3,212,976	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
Residential Ownership	Prototype 2	142,200	100%	142,200	\$21.68	\$3,082,896	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
Commercial	Prototype 3	162,000	75%	121,500	\$24.95	\$3,031,425	\$4.32	\$524,880	\$3,556,305	25%	40,500	Landmark	\$18.00	\$729,000
SOUTH LAKE UNION PROTOTYPES														
Residential Rental	Prototype 4	146,250	60%	87,750	\$21.68	\$1,902,420	N/A	N/A	N/A	40%	58,500	Regional	\$18.00	\$1,053,000
Residential Ownership	Prototype 5	136,250	60%	81,750	\$21.68	\$1,772,340	N/A	N/A	N/A	40%	54,500	Regional	\$18.00	\$981,000
Commercial	Prototype 6	107,000	75%	80,250	\$24.95	\$2,002,238	\$4.32	\$346,680	\$2,348,918	25%	26,750	Regional	\$18.00	\$481,500
LOWRISE TO MIDRISE														
Residential Rental	Prototype 7	32,400	100%	32,400	\$15.15	\$490,860	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
Residential Ownership	Prototype 8	32,400	100%	32,400	\$15.15	\$490,860	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
4 STORIES TO 6 STORIES														
Residential Rental	Prototype 9	30,000	100%	30,000	\$15.15	\$454,500	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
Residential Ownership	Prototype 10	30,000	100%	30,000	\$15.15	\$454,500	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
6 STORIES TO 7 STORIES														
Residential Rental	Prototype 11	25,000	100%	25,000	\$15.15	\$378,750	N/A	N/A	N/A	0%	0	N/A	N/A	N/A
Residential Ownership	Prototype 12	25,000	100%	25,000	\$15.15	\$378,750	N/A	N/A	N/A	0%	0	N/A	N/A	N/A

Source: DRA

**Table 8**  
**Total Cost of Bonus (Housing Plus TDR)**  
**Development Prototypes with Incentives**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Bonus Floor Area (GSF)	TDR Cost		Housing In Lieu and Child Care Fees: Current Program		Housing Affordability Gap Cost				Total Cost of Bonus (Including Housing and TDR)					
							Scenario 1: Current Hsg Set- Asides; \$40 Commercial Fee		Scenario 2: 10% of Units		Current In Lieu Fee Payment		Scenario 1: Gap Cost of Current Set-Asides/ \$40 Commercial Fee		Scenario 2: Gap Cost With 10% Affordable Units	
			Total	Per GSF Bonus	Total Fee	Per GSF Bonus	Total	Per GSF Bonus	Total	Per GSF Bonus	Total	Per GSF Bonus	Total	Per GSF Bonus	Total	Per GSF Bonus
HOUSING PROTOTYPES (1)																
DOWNTOWN PROTOTYPES																
Residential Rental	Prototype 1	148,200	N/A	N/A	\$3,212,976	\$21.68	\$7,549,604	\$50.94	\$14,756,045	\$99.57	\$3,212,976	\$21.68	\$7,549,604	\$50.94	\$14,756,045	\$99.57
Residential Ownership	Prototype 2	142,200	N/A	N/A	\$3,082,896	\$21.68	\$4,923,432	\$34.62	\$8,810,352	\$61.96	\$3,082,896	\$21.68	\$4,923,432	\$34.62	\$8,810,352	\$61.96
Commercial	Prototype 3	162,000	\$729,000	\$4.50	\$3,556,305	\$21.95	\$4,860,000	\$30.00	N/A	N/A	\$4,285,305	\$26.45	\$7,209,000	\$44.50	N/A	N/A
SOUTH LAKE UNION PROTOTYPES																
Residential Rental	Prototype 4	146,250	\$1,053,000	\$7.20	\$1,902,420	\$13.01	\$4,360,853	\$29.82	\$9,392,606	\$64.22	\$2,955,420	\$20.21	\$5,413,853	\$37.02	\$10,445,606	\$71.42
Residential Ownership	Prototype 5	136,250	\$981,000	\$7.20	\$1,772,340	\$13.01	\$2,473,575	\$18.15	\$5,441,865	\$39.94	\$2,753,340	\$20.21	\$3,454,575	\$25.35	\$6,422,865	\$47.14
Commercial	Prototype 6	107,000	\$481,500	\$4.50	\$2,348,918	\$21.95	\$3,210,000	\$30.00	N/A	N/A	\$2,830,418	\$26.45	\$4,761,500	\$44.50	N/A	N/A
LOWRISE TO MIDRISE																
Residential Rental	Prototype 7	32,400	N/A	N/A	\$490,860	\$15.15					\$490,860	\$15.15				
Low Scenario							\$617,215	\$19.05	\$864,102	\$26.67			\$617,215	\$19.05	\$864,102	\$26.67
Middle Scenario							\$762,900	\$23.55	\$1,068,060	\$32.96			\$762,900	\$23.55	\$1,068,060	\$32.96
High Scenario							\$924,865	\$28.55	\$1,294,811	\$39.96			\$924,865	\$28.55	\$1,294,811	\$39.96
Residential Ownership	Prototype 8	32,400	N/A	N/A	\$490,860	\$15.15					\$490,860	\$15.15				
Low Scenario							\$25,040	\$0.77	\$37,560	\$1.16			\$25,040	\$0.77	\$37,560	\$1.16
Middle Scenario							\$189,040	\$5.83	\$283,560	\$8.75			\$189,040	\$5.83	\$283,560	\$8.75
High Scenario							\$369,440	\$11.40	\$554,160	\$17.10			\$369,440	\$11.40	\$554,160	\$17.10
4 STORIES TO 6 STORIES																
Residential Rental	Prototype 9	30,000	N/A	N/A	\$454,500	\$15.15					\$454,500	\$15.15				
Low Scenario							\$713,309	\$23.78	\$1,569,279	\$52.31			\$713,309	\$23.78	\$1,569,279	\$52.31
Middle Scenario							\$877,587	\$29.25	\$1,930,691	\$64.36			\$877,587	\$29.25	\$1,930,691	\$64.36
High Scenario							\$1,064,960	\$35.50	\$2,342,912	\$78.10			\$1,064,960	\$35.50	\$2,342,912	\$78.10
Residential Ownership	Prototype 10	30,000	N/A	N/A	\$454,500	\$15.15					\$454,500	\$15.15				
Low Scenario							\$90,640	\$3.02	\$181,280	\$6.04			\$90,640	\$3.02	\$181,280	\$6.04
Middle Scenario							\$267,760	\$8.93	\$535,520	\$17.85			\$267,760	\$8.93	\$535,520	\$17.85
High Scenario							\$464,560	\$15.49	\$929,120	\$30.97			\$464,560	\$15.49	\$929,120	\$30.97
6 STORIES TO 7 STORIES																
Residential Rental	Prototype 11	25,000	N/A	N/A	\$378,750	\$15.15					\$378,750	\$15.15				
Low Scenario							\$663,043	\$26.52	\$1,326,085	\$53.04			\$663,043	\$26.52	\$1,326,085	\$53.04
Middle Scenario							\$812,453	\$32.50	\$1,624,907	\$65.00			\$812,453	\$32.50	\$1,624,907	\$65.00
High Scenario							\$983,220	\$39.33	\$1,966,440	\$78.66			\$983,220	\$39.33	\$1,966,440	\$78.66
Residential Ownership	Prototype 12	25,000	N/A	N/A	\$378,750	\$15.15					\$378,750	\$15.15				
Low Scenario							\$45,840	\$1.83	\$168,080	\$6.72			\$45,840	\$1.83	\$168,080	\$6.72
Middle Scenario							\$183,600	\$7.34	\$673,200	\$26.93			\$183,600	\$7.34	\$673,200	\$26.93
High Scenario							\$343,500	\$13.74	\$1,259,500	\$50.38			\$343,500	\$13.74	\$1,259,500	\$50.38

(1) Prototypes with incentive.  
(2) At the following percentages of bonus GFA for housing:

Source: DRA

**Table 9**  
**Comparison of Affordable Housing Fees and Gap Cost of Performance Requirements, Preliminary Program Options**  
**Development Prototypes with Incentives**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Housing Prototypes		Bonus Gross SF	Payment of Current In Lieu Fee Under Current Program (Includes Housing In Lieu Fee Plus TDR Fee Plus Child Care Fee)		Scenario 1: Residential - Cost of Performance Under Current Housing Set-Asides; Commercial - \$40.00 per GSF Fee			Scenario 2: Residential - Cost of Performance With 10% Affordable Units (2)		
			Total Fee	Per Bonus GSF	Aff. Units	Gap Cost or Fee	Per Bonus GSF	Aff. Units	Total Gap Cost	Per Bonus GSF
DOWNTOWN PROTOTYPES										
Residential Rental	Prototype 1	148,200	\$3,212,976	\$21.68	22	\$7,549,604	\$50.94	43	\$14,756,045	\$99.57
Residential Ownership	Prototype 2	142,200	\$3,082,896	\$21.68	19	\$4,923,432	\$34.62	34	\$8,810,352	\$61.96
Commercial	Prototype 3	162,000	\$4,285,305	\$26.45	N/A	\$7,209,000	\$40.00	N/A	N/A	N/A
SOUTH LAKE UNION PROTOTYPES										
Residential Rental	Prototype 4	146,250	\$2,955,420	\$20.21	13	\$5,413,853	\$37.02	28	\$10,445,606	\$71.42
Residential Ownership	Prototype 5	136,250	\$2,753,340	\$20.21	10	\$3,454,575	\$25.35	22	\$6,422,865	\$47.14
Commercial	Prototype 6	107,000	\$2,830,418	\$26.45	N/A	\$4,761,500	\$40.00	N/A	N/A	N/A
LOWRISE TO MIDRISE										
Residential Rental	Prototype 7	32,400	\$490,860	\$15.15	5			7		
Low Scenario						\$617,215	\$19.05		\$864,102	\$26.67
Middle Scenario						\$762,900	\$23.55		\$1,068,060	\$32.96
High Scenario						\$924,865	\$28.55		\$1,294,811	\$39.96
Residential Ownership	Prototype 8	32,400	\$490,860	\$15.15	4			6		
Low Scenario						\$25,040	\$0.77		\$37,560	\$1.16
Middle Scenario						\$189,040	\$5.83		\$283,560	\$8.75
High Scenario						\$369,440	\$11.40		\$554,160	\$17.10
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9	30,000	\$454,500	\$15.15	5			11		
Low Scenario						\$713,309	\$23.78		\$1,569,279	\$52.31
Middle Scenario						\$877,587	\$29.25		\$1,930,691	\$64.36
High Scenario						\$1,064,960	\$35.50		\$2,342,912	\$78.10
Residential Ownership	Prototype 10	30,000	\$454,500	\$15.15	4			8		
Low Scenario						\$90,640	\$3.02		\$181,280	\$6.04
Middle Scenario						\$267,760	\$8.93		\$535,520	\$17.85
High Scenario						\$464,560	\$15.49		\$929,120	\$30.97
6 STORIES TO 7 STORIES										
Residential Rental	Prototype 11	25,000	\$378,750	\$15.15	4			14		
Low Scenario						\$663,043	\$26.52		\$1,326,085	\$53.04
Middle Scenario						\$812,453	\$32.50		\$1,624,907	\$65.00
High Scenario						\$983,220	\$39.33		\$1,966,440	\$78.66
Residential Ownership	Prototype 12	25,000	\$378,750	\$15.15	3			11		
Low Scenario						\$45,840	\$1.83		\$168,080	\$6.72
Middle Scenario						\$183,600	\$7.34		\$673,200	\$26.93
High Scenario						\$343,500	\$13.74		\$1,259,500	\$50.38

(1) Prototype without incentive

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

Source: DRA



**Table 10**  
**Summary of Return on Equity and Land Residual Analysis Results**  
**Development Prototypes with and without Incentives**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**  
**25-Sep-14**

4.25% Cap Rate	Residential
5.00% Cap Rate	Commercial

		Prototypes Without Incentives		Prototypes With Incentives											
				Before Program Costs			After Payment of Current In Lieu Fee			After Performance Costs/Fee: Scenario 1			After Performance Costs/Fee: Scenario 2		
		ROE (1)	RLV (2)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)
DOWNTOWN PROTOTYPES															
Residential Rental	Prototype 1	5% no	\$638 no	6% yes	\$810 yes	\$172	5% no	\$596 no	(\$42)	3% no	\$307 no	(\$331)	1% no	(\$18) no	(\$655)
Residential Ownership	Prototype 2	8% yes	\$965 yes	11% yes	\$1,779 yes	\$814	10% yes	\$1,574 yes	\$609	10% yes	\$1,451 yes	\$486	8% yes	\$126 no	(\$839)
Commercial	Prototype 3	-5% no	\$213 no	5% no	\$479 no	\$267	3% no	\$347 no	\$134	1% no	\$257 no	\$44	N/A	N/A	N/A
SOUTH LAKE UNION PROTOTYPES															
Residential Rental	Prototype 4	20% yes	\$788 yes	12% yes	\$819 yes	\$31	10% yes	\$678 yes	(\$110)	9% yes	\$307 no	(\$481)	6% no	\$561 yes	(\$227)
Residential Ownership	Prototype 5	6% yes	\$381 yes	4% no	\$193 no	(\$189)	2% no	\$62 no	(\$320)	2% no	\$28 no	(\$353)	0% no	\$28 no	(\$353)
Commercial	Prototype 6	1% no	\$138 no	8% yes	\$300 no	\$163	6% yes	\$234 no	\$97	5% no	\$189 no	\$52	N/A	N/A	N/A
LOWRISE TO MIDRISE															
Residential Rental	Prototype 7	22% yes	\$238 yes	10% yes	\$131 yes	(\$107)	8% yes	\$97 yes	(\$141)	8% yes	\$89 yes	(\$149)	5% no	\$42 no	(\$196)
Middle Scenario		15% yes	\$242 yes	15% yes	\$280 yes	\$37	14% yes	\$246 yes	\$3	13% yes	\$227 yes	(\$16)	11% yes	\$190 yes	(\$52)
High Scenario		11% yes	\$265 yes	14% yes	\$316 yes	\$51	12% yes	\$282 yes	\$17	11% yes	\$252 yes	(\$13)	10% yes	\$226 yes	(\$39)
Residential Ownership	Prototype 8	-12% no	(\$49) no	-15% no	(\$235) no	(\$186)	-16% no	(\$269) no	(\$220)	-15% no	(\$237) no	(\$188)	-17% no	(\$274) no	(\$225)
Middle Scenario		-5% no	\$45 no	-6% no	(\$40) no	(\$85)	-7% no	(\$74) no	(\$119)	-7% no	(\$53) no	(\$98)	-8% no	(\$78) no	(\$123)
High Scenario		-1% no	\$136 no	0% no	\$152 yes	\$16	-1% no	\$118 no	(\$18)	-1% no	\$126 no	(\$9)	-1% no	\$113 no	(\$22)
4 STORIES TO 6 STORIES															
Residential Rental	Prototype 9	23% yes	\$389 yes	15% yes	\$392 yes	\$3	14% yes	\$370 yes	(\$19)	13% yes	\$357 yes	(\$32)	9% yes	\$275 yes	(\$114)
Middle Scenario		17% yes	\$394 yes	11% yes	\$399 yes	\$5	10% yes	\$376 yes	(\$17)	9% yes	\$355 yes	(\$39)	6% no	\$282 yes	(\$112)
High Scenario		12% yes	\$426 yes	9% yes	\$450 yes	\$23	8% yes	\$427 yes	\$1	7% yes	\$396 yes	(\$30)	4% no	\$332 yes	(\$94)
Residential Ownership	Prototype 10	-14% no	(\$112) no	-18% no	(\$338) no	(\$226)	-19% no	(\$361) no	(\$249)	-19% no	(\$343) no	(\$231)	-20% no	(\$385) no	(\$273)
Middle Scenario		-7% no	\$28 no	-10% no	(\$132) no	(\$159)	-11% no	\$154 yes	\$126	-11% no	(\$145) no	(\$173)	-12% no	(\$178) no	(\$206)
High Scenario		-3% no	\$162 no	-5% no	\$69 no	(\$93)	-6% no	\$46 no	(\$116)	-6% no	\$46 no	(\$116)	-6% no	\$22 no	(\$139)
6 STORIES TO 7 STORIES															
Residential Rental	Prototype 11	11% yes	\$372 yes	8% yes	\$356 yes	(\$17)	7% yes	\$337 yes	(\$36)	7% yes	\$322 yes	(\$50)	7% yes	\$338 yes	(\$34)
Middle Scenario		7% yes	\$377 yes	4% no	\$345 yes	(\$32)	3% no	\$326 yes	(\$51)	3% no	\$305 yes	(\$72)	4% no	\$328 yes	(\$49)
High Scenario		4% no	\$422 yes	2% no	\$389 yes	(\$33)	1% no	\$370 yes	(\$52)	1% no	\$340 yes	(\$82)	1% no	\$372 yes	(\$50)
Residential Ownership	Prototype 12	-20% no	(\$338) no	-17% no	(\$362) no	(\$24)	-18% no	(\$381) no	(\$43)	-19% no	(\$428) no	(\$90)	-19% no	(\$425) no	(\$87)
Middle Scenario		-12% no	(\$131) no	-9% no	(\$97) no	\$35	-10% no	(\$115) no	\$16	-12% no	(\$178) no	(\$47)	-11% no	(\$160) no	(\$28)
High Scenario		-8% no	\$66 no	-4% no	\$159 no	\$93	-5% no	\$140 no	\$74	-7% no	\$61 no	(\$6)	-6% no	\$96 no	\$30

Note: The "yes" or "no" under each value indicate whether the ROE or RLV meet or exceed the following minimum thresholds for feasibility:

- ROE: 6% for residential; 10% for commercial. RLV: the per square foot land acquisition cost assumption for that prototype.  
 (1) ROE = Return On Equity. Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.  
 (2) RLV = Residual Land Value per square foot site area.  
 (3) Value of incentive per SF site area measured as residual land value of prototype with incentive less residual land value of prototype without the incentive.  
 Source: DRA

Table 11

Summary of Return on Equity and Land Residual Analysis Results  
Development Prototypes with and without Incentives

## Higher Cap Rates Version A

Seattle Affordable Housing Incentive Program

Economic Analysis

2014

5.00% Cap Rate	Residential
5.50% Cap Rate	Commercial

		Prototypes Without Incentives		Prototypes With Incentives											
				Before Program Costs			After Payment of Current In Lieu Fee			After Performance Costs/Fee: Scenario 1			After Performance Costs/Fee: Scenario 2		
		ROE (1)	RLV (2)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)
DOWNTOWN PROTOTYPES															
Residential Rental	Prototype 1	-5% no	(\$476) no	-4% no	(\$981) no	(\$506)	-5% no	(\$1,195) no	(\$720)	-7% no	(\$1,485) no	(\$1,009)	-10% no	(\$199) no	\$277
Residential Ownership	Prototype 2	-8% no	\$965 yes	11% yes	\$1,779 yes	\$814	10% yes	\$1,574 yes	\$609	10% yes	\$1,451 yes	\$486	8% yes	\$126 no	(\$839)
Commercial	Prototype 3	-11% no	\$170 no	-1% no	\$357 no	\$187	-3% no	\$225 no	\$55	-5% no	\$135 no	(\$36)	N/A	N/A	N/A
SOUTH LAKE UNION PROTOTYPES															
Residential Rental	Prototype 4	8% yes	\$428 yes	1% no	(\$68) no	(\$495)	-1% no	(\$209) no	(\$636)	-3% no	(\$1,485) no	(\$1,912)	-6% no	(\$326) no	(\$753)
Residential Ownership	Prototype 5	6% yes	\$381 yes	4% no	\$193 no	(\$189)	2% no	\$62 no	(\$320)	2% no	\$28 no	(\$353)	0% no	\$28 no	(\$353)
Commercial	Prototype 6	-5% no	\$90 no	2% no	\$210 no	\$120	0% no	\$144 no	\$54	-1% no	\$99 no	\$9	N/A	N/A	N/A
LOWRISE TO MIDRISE															
Residential Rental	Prototype 7														
Low Scenario		9% yes	\$135 yes	-1% no	(\$62) no	(\$196)	-3% no	(\$96) no	(\$231)	-3% no	(\$105) no	(\$239)	-6% no	(\$152) no	(\$286)
Middle Scenario		4% no	\$131 yes	4% no	\$46 no	(\$85)	2% no	\$12 no	(\$119)	1% no	(\$7) no	(\$138)	-1% no	(\$44) no	(\$175)
High Scenario		0% no	\$141 no	2% no	\$58 no	(\$84)	1% no	\$23 no	(\$118)	-1% no	(\$7) no	(\$148)	-2% no	(\$32) no	(\$174)
Residential Ownership	Prototype 8														
Low Scenario		-12% no	(\$49) no	-15% no	(\$235) no	(\$186)	-16% no	(\$269) no	(\$220)	-15% no	(\$237) no	(\$188)	-17% no	(\$274) no	(\$225)
Middle Scenario		-5% no	\$45 no	-6% no	(\$40) no	(\$85)	-7% no	(\$74) no	(\$119)	-7% no	(\$53) no	(\$98)	-8% no	(\$78) no	(\$123)
High Scenario		-1% no	\$136 no	0% no	\$152 yes	\$16	-1% no	\$118 no	(\$18)	-1% no	\$126 no	(\$9)	-1% no	\$113 no	(\$22)
4 STORIES TO 6 STORIES															
Residential Rental	Prototype 9														
Low Scenario		10% yes	\$224 yes	3% no	\$153 yes	(\$71)	2% no	\$130 yes	(\$94)	1% no	\$117 yes	(\$107)	-3% no	\$36 no	(\$188)
Middle Scenario		5% no	\$216 yes	0% no	\$141 no	(\$75)	-1% no	\$118 no	(\$98)	-2% no	\$97 no	(\$119)	-5% no	\$24 no	(\$192)
High Scenario		1% no	\$230 yes	-2% no	\$165 no	(\$66)	-3% no	\$142 no	(\$88)	-4% no	\$111 no	(\$119)	-6% no	\$47 no	(\$183)
Residential Ownership	Prototype 10														
Low Scenario		-14% no	(\$112) no	-18% no	(\$338) no	(\$226)	-19% no	(\$361) no	(\$249)	-19% no	(\$343) no	(\$231)	-20% no	(\$385) no	(\$273)
Middle Scenario		-7% no	\$28 no	-10% no	(\$132) no	(\$159)	-11% no	(\$154) no	(\$182)	-11% no	(\$145) no	(\$173)	-12% no	(\$178) no	(\$206)
High Scenario		-3% no	\$162 no	-5% no	\$69 no	(\$93)	-6% no	\$46 no	(\$116)	-6% no	\$46 no	(\$116)	-6% no	\$22 no	(\$139)
6 STORIES TO 7 STORIES															
Residential Rental	Prototype 11														
Low Scenario		0% no	\$133 yes	-3% no	\$52 no	(\$81)	-3% no	\$33 no	\$114	-4% no	\$18 no	(\$95)	-3% no	\$34 no	\$130
Middle Scenario		-4% no	\$119 no	-6% no	\$17 no	(\$102)	-7% no	(\$2) no	\$100	-7% no	(\$24) no	(\$123)	-6% no	(\$0) no	\$123
High Scenario		-6% no	\$137 no	-8% no	\$27 no	(\$110)	-8% no	\$8 no	\$118	-9% no	(\$22) no	(\$141)	-8% no	\$10 no	\$150
Residential Ownership	Prototype 12														
Low Scenario		-20% no	(\$338) no	-17% no	(\$362) no	(\$24)	-18% no	(\$381) no	(\$357)	-19% no	(\$428) no	(\$71)	-19% no	(\$425) no	(\$354)
Middle Scenario		-12% no	(\$131) no	-9% no	(\$97) no	\$35	-10% no	(\$115) no	(\$150)	-12% no	(\$178) no	(\$28)	-11% no	(\$160) no	(\$132)
High Scenario		-8% no	\$66 no	-4% no	\$159 no	\$93	-5% no	\$140 no	\$48	-7% no	\$61 no	\$13	-6% no	\$96 no	\$83

Note: The "yes" or "no" under each value indicate whether the ROE or RLV meet or exceed the following minimum thresholds for feasibility:

ROE: 6% for residential; 10% for commercial. RLV: the per square foot land acquisition cost assumption for that prototype.

(1) ROE = Return On Equity. Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

(2) RLV = Residual Land Value per square foot site area.

(3) Value of incentive per SF site area measured as residual land value of prototype with incentive less residual land value of prototype without the incentive.

Source: DRA

**Table 12**  
**Summary of Return on Equity and Land Residual Analysis Results**  
**Development Prototypes with and without Incentives**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

4.25% Cap Rate	Residential
5.00% Cap Rate	Commercial

		Prototypes Without Incentives		Prototypes With Incentives											
				Before Program Costs			After Payment of Current In Lieu Fee			After Performance Costs/Fee: Scenario 1			After Performance Costs/Fee: Scenario 2		
		ROE (1)	RLV (2)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)
<b>DOWNTOWN PROTOTYPES</b>															
Residential Rental	Prototype 1	2% no	\$325 no	3% no	\$312 no	(\$13)	2% no	\$98 no	(\$227)	0% no	(\$181) no	(\$506)	-2% no	(\$66) no	(\$391)
Residential Ownership	Prototype 2	7% yes	\$923 yes	11% yes	\$1,683 yes	\$760	10% yes	\$1,478 yes	\$555	9% yes	\$1,381 yes	\$458	8% yes	\$121 no	(\$802)
Commercial	Prototype 3	-13% no	(\$13) no	-3% no	\$54 no	\$67	-5% no	(\$79) no	(\$65)	-7% no	(\$169) no	(\$156)	\$69.40	\$45.00	N/A
<b>SOUTH LAKE UNION PROTOTYPES</b>															
Residential Rental	Prototype 4	16% yes	\$685 yes	8% yes	\$557 yes	(\$128)	6% yes	\$417 yes	(\$268)	5% no	(\$181) no	(\$866)	2% no	\$304 no	(\$381)
Residential Ownership	Prototype 5	4% no	\$355 no	3% no	\$189 no	(\$166)	2% no	\$58 no	(\$297)	2% no	\$34 no	(\$320)	0% no	\$34 no	(\$320)
Commercial	Prototype 6	-7% no	(\$59) no	-1% no	(\$4) no	\$55	-2% no	(\$70) no	(\$11)	-4% no	(\$115) no	(\$56)	N/A	N/A	N/A
<b>LOWRISE TO MIDRISE</b>															
Residential Rental	Prototype 7	19% yes	\$211 yes	7% yes	\$74 yes	(\$136)	5% no	\$40 no	(\$171)	5% no	\$33 no	(\$178)	2% no	(\$13) no	(\$224)
Middle Scenario		12% yes	\$209 yes	12% yes	\$209 yes	\$1	10% yes	\$175 yes	(\$34)	9% yes	\$158 yes	(\$51)	7% yes	\$122 yes	(\$87)
High Scenario		8% yes	\$228 yes	10% yes	\$238 yes	\$10	9% yes	\$204 yes	(\$24)	7% yes	\$175 yes	(\$52)	6% yes	\$150 yes	(\$77)
Residential Ownership	Prototype 8	-12% no	(\$47) no	-15% no	(\$224) no	(\$177)	-17% no	(\$258) no	(\$212)	-15% no	(\$224) no	(\$177)	-16% no	(\$255) no	(\$208)
Middle Scenario		-5% no	\$43 no	-6% no	(\$38) no	(\$81)	-8% no	(\$72) no	(\$115)	-7% no	(\$46) no	(\$90)	-8% no	(\$69) no	(\$112)
High Scenario		-1% no	\$129 no	0% no	\$144 yes	\$16	-1% no	\$110 no	(\$18)	-1% no	\$124 no	(\$5)	-1% no	\$113 no	(\$15)
<b>4 STORIES TO 6 STORIES</b>															
Residential Rental	Prototype 9	20% yes	\$347 yes	12% yes	\$330 yes	(\$16)	11% yes	\$308 yes	(\$39)	10% yes	\$296 yes	(\$51)	6% yes	\$216 yes	(\$131)
Middle Scenario		13% yes	\$342 yes	8% yes	\$323 yes	(\$19)	7% yes	\$300 yes	(\$42)	6% yes	\$280 yes	(\$62)	3% yes	\$209 yes	(\$133)
High Scenario		9% yes	\$369 yes	6% yes	\$365 yes	(\$4)	5% yes	\$342 yes	(\$26)	4% yes	\$313 yes	(\$56)	1% yes	\$251 yes	(\$118)
Residential Ownership	Prototype 10	-14% no	(\$107) no	-18% no	(\$322) no	(\$215)	-20% no	(\$345) no	(\$238)	-19% no	(\$324) no	(\$217)	-20% no	(\$362) no	(\$255)
Middle Scenario		-7% no	\$27 no	-11% no	(\$125) no	(\$152)	-12% no	\$148 yes	\$122	-11% no	(\$135) no	(\$162)	-12% no	(\$165) no	(\$191)
High Scenario		-3% no	\$154 no	-5% no	\$65 no	(\$88)	-6% no	\$43 no	(\$111)	-6% no	\$46 no	(\$108)	-7% no	\$26 no	(\$128)
<b>6 STORIES TO 7 STORIES</b>															
Residential Rental	Prototype 11	8% yes	\$310 yes	5% no	\$276 yes	(\$34)	4% no	\$258 yes	(\$53)	4% no	\$244 yes	(\$66)	4% yes	\$262 yes	(\$48)
Middle Scenario		4% no	\$301 yes	1% no	\$248 yes	(\$53)	1% no	\$229 yes	(\$72)	0% no	\$208 yes	(\$92)	1% no	\$233 yes	(\$67)
High Scenario		1% no	\$338 yes	-1% no	\$281 no	(\$57)	-1% no	\$262 no	(\$76)	-2% no	\$233 no	(\$105)	-1% no	\$267 no	(\$71)
Residential Ownership	Prototype 12	-20% no	(\$322) no	-17% no	(\$345) no	(\$23)	-18% no	(\$364) no	(\$42)	-20% no	(\$409) no	(\$87)	-19% no	(\$398) no	(\$76)
Middle Scenario		-13% no	(\$125) no	-10% no	(\$92) no	\$33	-10% no	(\$111) no	\$14	-12% no	(\$171) no	(\$46)	-11% no	(\$145) no	(\$20)
High Scenario		-8% no	\$63 no	-5% no	\$151 no	\$88	-5% no	\$132 no	\$69	-7% no	\$55 no	(\$8)	-6% no	\$98 no	\$35

Note: The "yes" or "no" under each value indicate whether the ROE or RLV meet or exceed the following minimum thresholds for feasibility:

ROE: 6% for residential; 10% for commercial. RLV: the per square foot land acquisition cost assumption for that prototype.

(1) ROE = Return On Equity. Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

(2) RLV = Residual Land Value per square foot site area.

(3) Value of incentive per SF site area measured as residual land value of prototype with incentive less residual land value of prototype without the incentive.

Source: DRA

Table 13

**Summary of Return on Equity and Land Residual Analysis Results**  
**Development Prototypes with and without Incentives**

**Higher Cap Rates Version B**

Seattle Affordable Housing Incentive Program

Economic Analysis

2014

5.00% Cap Rate	Residential
5.50% Cap Rate	Commercial

		Prototypes Without Incentives		Prototypes With Incentives											
				Before Program Costs			After Payment of Current In Lieu Fee			After Performance Costs/Fee: Scenario 1			After Performance Costs/Fee: Scenario 2		
		ROE (1)	RLV (2)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)
<b>DOWNTOWN PROTOTYPES</b>															
Residential Rental	Prototype 1	-8% no	(\$743) no	-7% no	(\$1,405) no	(\$663)	-8% no	(\$1,620) no	(\$877)	-9% no	(\$1,899) no	(\$1,156)	-12% no	(\$240) no	\$503
Residential Ownership	Prototype 2	-7% no	\$923 yes	11% yes	\$1,683 yes	\$760	10% yes	\$1,478 yes	\$555	9% yes	\$1,381 yes	\$458	8% yes	\$121 no	(\$802)
Commercial	Prototype 3	-17% no	(\$32) no	-8% no	(\$27) no	\$5	-11% no	(\$159) no	(\$127)	-12% no	(\$250) no	(\$217)	\$69.40	\$45.00	N/A
<b>SOUTH LAKE UNION PROTOTYPES</b>															
Residential Rental	Prototype 4	4% no	\$340 no	-3% no	(\$290) no	(\$630)	-4% no	(\$431) no	(\$771)	-6% no	(\$1,899) no	(\$2,238)	-9% no	(\$544) no	(\$883)
Residential Ownership	Prototype 5	4% no	\$355 no	3% no	\$189 no	(\$166)	2% no	\$58 no	(\$297)	2% no	\$34 no	(\$320)	0% no	\$34 no	(\$320)
Commercial	Prototype 6	-12% no	(\$88) no	-6% no	(\$65) no	\$22	-8% no	(\$131) no	(\$43)	-9% no	(\$176) no	(\$88)	N/A	N/A	N/A
<b>LOWRISE TO MIDRISE</b>															
Residential Rental	Prototype 7														
Low Scenario		6% yes	\$111 yes	-4% no	(\$110) no	(\$222)	-5% no	(\$144) no	(\$256)	-6% no	(\$151) no	(\$263)	-8% no	(\$198) no	(\$309)
Middle Scenario		1% no	\$102 yes	1% no	(\$14) no	(\$116)	-1% no	(\$48) no	(\$150)	-2% no	(\$65) no	(\$167)	-4% no	(\$101) no	(\$203)
High Scenario		-3% no	\$110 no	-1% no	(\$9) no	(\$119)	-2% no	(\$43) no	(\$153)	-3% no	(\$71) no	(\$181)	-5% no	(\$96) no	(\$206)
Residential Ownership	Prototype 8														
Low Scenario		-12% no	(\$47) no	-15% no	(\$224) no	(\$177)	-17% no	(\$258) no	(\$212)	-15% no	(\$224) no	(\$177)	-16% no	(\$255) no	(\$208)
Middle Scenario		-5% no	\$43 no	-6% no	(\$38) no	(\$81)	-8% no	(\$72) no	(\$115)	-7% no	(\$46) no	(\$90)	-8% no	(\$69) no	(\$112)
High Scenario		-1% no	\$129 no	0% no	\$144 yes	\$16	-1% no	\$110 no	(\$18)	-1% no	\$124 no	(\$5)	-1% no	\$113 no	(\$15)
<b>4 STORIES TO 6 STORIES</b>															
Residential Rental	Prototype 9														
Low Scenario		8% yes	\$188 yes	0% no	\$100 yes	(\$88)	-1% no	\$78 no	(\$111)	-1% no	\$66 no	(\$122)	-5% no	(\$14) no	(\$202)
Middle Scenario		2% no	\$172 yes	-3% no	\$76 no	(\$96)	-4% no	\$53 no	(\$119)	-5% no	\$33 no	(\$138)	-8% no	(\$38) no	(\$210)
High Scenario		-2% no	\$181 no	-5% no	\$93 no	(\$89)	-5% no	\$70 no	(\$111)	-7% no	\$41 no	(\$140)	-9% no	(\$22) no	(\$203)
Residential Ownership	Prototype 10														
Low Scenario		-14% no	(\$107) no	-18% no	(\$322) no	(\$215)	-20% no	(\$345) no	(\$238)	-19% no	(\$324) no	(\$217)	-20% no	(\$362) no	(\$255)
Middle Scenario		-7% no	\$27 no	-11% no	(\$125) no	(\$152)	-12% no	(\$148) no	(\$175)	-11% no	(\$135) no	(\$162)	-12% no	(\$165) no	(\$191)
High Scenario		-3% no	\$154 no	-5% no	\$65 no	(\$88)	-6% no	\$43 no	(\$111)	-6% no	\$46 no	(\$108)	-7% no	\$26 no	(\$128)
<b>6 STORIES TO 7 STORIES</b>															
Residential Rental	Prototype 11														
Low Scenario		-2% no	\$80 no	-5% no	(\$16) no	(\$96)	-6% no	(\$35) no	\$61	-6% no	(\$48) no	(\$109)	-6% no	(\$30) no	\$79
Middle Scenario		-6% no	\$54 no	-8% no	(\$66) no	(\$120)	-9% no	(\$85) no	\$35	-10% no	(\$105) no	(\$140)	-9% no	(\$80) no	\$60
High Scenario		-9% no	\$65 no	-10% no	(\$65) no	(\$130)	-11% no	(\$84) no	\$46	-11% no	(\$113) no	(\$160)	-11% no	(\$80) no	\$80
Residential Ownership	Prototype 12														
Low Scenario		-20% no	(\$322) no	-17% no	(\$345) no	(\$23)	-18% no	(\$364) no	(\$341)	-20% no	(\$409) no	(\$68)	-19% no	(\$398) no	(\$330)
Middle Scenario		-13% no	(\$125) no	-10% no	(\$92) no	\$33	-10% no	(\$111) no	(\$144)	-12% no	(\$171) no	(\$27)	-11% no	(\$145) no	(\$118)
High Scenario		-8% no	\$63 no	-5% no	\$151 no	\$88	-5% no	\$132 no	\$44	-7% no	\$55 no	\$11	-6% no	\$98 no	\$87

Note: The "yes" or "no" under each value indicate whether the ROE or RLV meet or exceed the following minimum thresholds for feasibility:

ROE: 6% for residential; 10% for commercial. RLV: the per square foot land acquisition cost assumption for that prototype.

(1) ROE = Return On Equity. Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

(2) RLV = Residual Land Value per square foot site area.

(3) Value of incentive per SF site area measured as residual land value of prototype with incentive less residual land value of prototype without the incentive.

Source: DRA

**Table 14**  
**Summary of Return on Equity and Land Residual Analysis Results**  
**Development Prototypes with and without Incentives**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

4.25% Cap Rate	Residential
5.00% Cap Rate	Commercial

		Prototypes Without Incentives		Prototypes With Incentives											
				Before Program Costs			After Payment of Current In Lieu Fee			After Performance Costs/Fee: Scenario 1			After Performance Costs/Fee: Scenario 2		
		ROE (1)	RLV (2)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)
DOWNTOWN PROTOTYPES															
Residential Rental	Prototype 1	8% yes	\$1,046 yes	10% yes	\$1,487 yes	\$441	9% yes	\$1,273 yes	\$226	7% yes	\$981 yes	(\$65)	4% no	\$50 no	(\$996)
Residential Ownership	Prototype 2	12% yes	\$1,470 yes	16% yes	\$2,616 yes	\$1,145	15% yes	\$2,410 yes	\$940	14% yes	\$2,313 yes	\$843	13% yes	\$219 no	(\$1,251)
Commercial	Prototype 3	-1% no	\$419 no	11% yes	\$885 yes	\$467	9% yes	\$753 no	\$334	8% yes	\$663 no	\$244	\$69.40	\$45.00	N/A
SOUTH LAKE UNION PROTOTYPES															
Residential Rental	Prototype 4	23% yes	\$909 yes	15% yes	\$1,120 yes	\$211	13% yes	\$979 yes	\$70	12% yes	\$981 yes	\$72	9% yes	\$861 yes	(\$48)
Residential Ownership	Prototype 5	9% yes	\$491 yes	8% yes	\$564 yes	\$73	6% yes	\$433 yes	(\$58)	6% yes	\$410 yes	(\$81)	5% no	\$410 yes	(\$81)
Commercial	Prototype 6	7% yes	\$325 no	15% yes	\$595 yes	\$270	13% yes	\$529 yes	\$204	12% yes	\$484 yes	\$159	N/A	N/A	N/A
LOWRISE TO MIDRISE															
Residential Rental Low Scenario	Prototype 7	26% yes	\$274 yes	14% yes	\$206 yes	(\$67)	12% yes	\$172 yes	(\$102)	12% yes	\$163 yes	(\$110)	9% yes	\$116 yes	(\$157)
Middle Scenario		20% yes	\$283 yes	19% yes	\$364 yes	\$82	18% yes	\$330 yes	\$48	17% yes	\$312 yes	\$29	15% yes	\$275 yes	(\$8)
High Scenario		15% yes	\$309 yes	18% yes	\$409 yes	\$99	16% yes	\$375 yes	\$65	15% yes	\$344 yes	\$35	14% yes	\$319 yes	\$9
Residential Ownership Low Scenario	Prototype 8	-9% no	(\$16) no	-11% no	(\$161) no	(\$144)	-13% no	(\$195) no	(\$178)	-11% no	(\$161) no	(\$144)	-13% no	(\$192) no	(\$175)
Middle Scenario		-1% no	\$84 no	-2% no	\$47 no	(\$37)	-4% no	\$13 no	(\$71)	-3% no	\$39 no	(\$45)	-4% no	\$16 no	(\$68)
High Scenario		3% no	\$179 yes	4% no	\$251 yes	\$71	3% no	\$216 yes	\$37	4% no	\$230 yes	\$50	3% no	\$220 yes	\$40
4 STORIES TO 6 STORIES															
Residential Rental Low Scenario	Prototype 9	28% yes	\$444 yes	19% yes	\$473 yes	\$29	17% yes	\$450 yes	\$6	17% yes	\$437 yes	(\$7)	13% yes	\$356 yes	(\$88)
Middle Scenario		21% yes	\$456 yes	15% yes	\$491 yes	\$34	14% yes	\$468 yes	\$12	13% yes	\$447 yes	(\$9)	10% yes	\$373 yes	(\$83)
High Scenario		16% yes	\$494 yes	13% yes	\$550 yes	\$55	12% yes	\$527 yes	\$32	11% yes	\$496 yes	\$2	8% yes	\$432 yes	(\$62)
Residential Ownership Low Scenario	Prototype 10	-11% no	(\$60) no	-15% no	(\$254) no	(\$193)	-16% no	(\$276) no	(\$216)	-15% no	(\$255) no	(\$195)	-17% no	(\$293) no	(\$233)
Middle Scenario		-3% no	\$89 no	-7% no	(\$34) no	(\$123)	-8% no	\$56 no	(\$32)	-7% no	(\$44) no	(\$133)	-9% no	(\$73) no	(\$162)
High Scenario		1% no	\$232 yes	-1% no	\$180 no	(\$52)	-2% no	\$157 no	(\$75)	-2% no	\$160 no	(\$71)	-3% no	\$141 no	(\$91)
6 STORIES TO 7 STORIES															
Residential Rental Low Scenario	Prototype 11	15% yes	\$453 yes	11% yes	\$459 yes	\$6	11% yes	\$440 yes	(\$13)	10% yes	\$425 yes	(\$27)	11% yes	\$444 yes	(\$9)
Middle Scenario		10% yes	\$468 yes	8% yes	\$462 yes	(\$7)	7% yes	\$443 yes	(\$25)	6% yes	\$421 yes	(\$47)	7% yes	\$447 yes	(\$21)
High Scenario		7% yes	\$522 yes	5% no	\$517 yes	(\$6)	5% yes	\$498 yes	(\$25)	4% no	\$468 yes	(\$55)	5% yes	\$502 yes	(\$20)
Residential Ownership Low Scenario	Prototype 12	-17% no	(\$253) no	-14% no	(\$257) no	(\$4)	-15% no	(\$276) no	(\$23)	-16% no	(\$323) no	(\$70)	-16% no	(\$310) no	(\$57)
Middle Scenario		-9% no	(\$33) no	-6% no	\$25 no	\$58	-7% no	\$6 no	\$39	-8% no	(\$56) no	(\$23)	-8% no	(\$28) no	\$5
High Scenario		-5% no	\$177 no	-1% no	\$297 no	\$120	-1% no	\$278 no	\$101	-3% no	\$199 no	\$22	-2% no	\$244 no	\$67

Note: The "yes" or "no" under each value indicate whether the ROE or RLV meet or exceed the following minimum thresholds for feasibility:  
 ROE: 6% for residential; 10% for commercial. RLV: the per square foot land acquisition cost assumption for that prototype.  
 (1) ROE = Return On Equity. Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.  
 (2) RLV = Residual Land Value per square foot site area.  
 (3) Value of incentive per SF site area measured as residual land value of prototype with incentive less residual land value of prototype without the incentive.  
 Source: DRA

Table 15

**Summary of Return on Equity and Land Residual Analysis Results**  
**Development Prototypes with and without Incentives**

**Higher Cap Rates Version C**

Seattle Affordable Housing Incentive Program

Economic Analysis

2014

5.00% Cap Rate	Residential
5.50% Cap Rate	Commercial

		Prototypes Without Incentives		Prototypes With Incentives											
				Before Program Costs			After Payment of Current In Lieu Fee			After Performance Costs/Fee: Scenario 1			After Performance Costs/Fee: Scenario 2		
		ROE (1)	RLV (2)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)	ROE (1)	RLV (2)	Value of Incentive (3)
DOWNTOWN PROTOTYPES															
Residential Rental	Prototype 1	-2% no	(\$129) no	-1% no	(\$407) no	(\$277)	-2% no	(\$621) no	(\$492)	-4% no	(\$913) no	(\$783)	-7% no	(\$141) no	(\$12)
Residential Ownership	Prototype 2	-12% no	\$1,470 yes	16% yes	\$2,616 yes	\$1,145	15% yes	\$2,410 yes	\$940	14% yes	\$2,313 yes	\$843	13% yes	\$219 no	(\$1,251)
Commercial	Prototype 3	-6% no	\$360 no	5% no	\$729 no	\$368	2% no	\$597 no	\$236	1% no	\$506 no	\$146	\$69.40	\$45.00	N/A
SOUTH LAKE UNION PROTOTYPES															
Residential Rental	Prototype 4	10% yes	\$530 yes	3% no	\$188 no	(\$342)	2% no	\$47 no	(\$483)	0% no	(\$913) no	(\$1,443)	-3% no	(\$71) no	(\$601)
Residential Ownership	Prototype 5	9% yes	\$491 yes	8% yes	\$564 yes	\$73	6% yes	\$433 yes	(\$58)	6% yes	\$410 yes	(\$81)	5% no	\$410 yes	(\$81)
Commercial	Prototype 6	1% no	\$261 no	8% yes	\$479 yes	\$218	6% yes	\$413 yes	\$152	5% no	\$368 no	\$107	N/A	N/A	N/A
LOWRISE TO MIDRISE															
Residential Rental	Prototype 7	13% yes	\$165 yes	3% no	\$2 no	(\$163)	1% no	(\$32) no	(\$197)	0% no	(\$41) no	(\$206)	-2% no	(\$88) no	(\$253)
Middle Scenario		7% yes	\$165 yes	7% yes	\$118 yes	(\$47)	5% no	\$84 no	(\$81)	5% no	\$65 no	(\$100)	3% no	\$28 no	(\$137)
High Scenario		3% no	\$179 yes	6% no	\$136 no	(\$43)	4% no	\$102 no	(\$77)	3% no	\$72 no	(\$107)	2% no	\$47 no	(\$133)
Residential Ownership	Prototype 8	-9% no	(\$16) no	-11% no	(\$161) no	(\$144)	-13% no	(\$195) no	(\$178)	-11% no	(\$161) no	(\$144)	-13% no	(\$192) no	(\$175)
Middle Scenario		-1% no	\$84 no	-2% no	\$47 no	(\$37)	-4% no	\$13 no	(\$71)	-3% no	\$39 no	(\$45)	-4% no	\$16 no	(\$68)
High Scenario		3% no	\$179 yes	4% no	\$251 yes	\$71	3% no	\$216 yes	\$37	4% no	\$230 yes	\$50	3% no	\$220 yes	\$40
4 STORIES TO 6 STORIES															
Residential Rental	Prototype 9	14% yes	\$271 yes	6% yes	\$222 yes	(\$49)	5% no	\$199 yes	(\$72)	5% no	\$186 yes	(\$85)	1% no	\$104 yes	(\$166)
Middle Scenario		8% yes	\$269 yes	3% no	\$218 yes	(\$50)	2% no	\$196 yes	(\$73)	1% no	\$174 yes	(\$94)	-2% no	\$101 no	(\$168)
High Scenario		4% no	\$288 yes	1% no	\$250 yes	(\$38)	0% no	\$227 yes	(\$61)	-1% no	\$196 no	(\$92)	-3% no	\$132 no	(\$156)
Residential Ownership	Prototype 10	-11% no	(\$60) no	-15% no	(\$254) no	(\$193)	-16% no	(\$276) no	(\$216)	-15% no	(\$255) no	(\$195)	-17% no	(\$293) no	(\$233)
Middle Scenario		-3% no	\$89 no	-7% no	(\$34) no	(\$123)	-8% no	(\$56) no	(\$145)	-7% no	(\$44) no	(\$133)	-9% no	(\$73) no	(\$162)
High Scenario		1% no	\$232 yes	-1% no	\$180 no	(\$52)	-2% no	\$157 no	(\$75)	-2% no	\$160 no	(\$71)	-3% no	\$141 no	(\$91)
6 STORIES TO 7 STORIES															
Residential Rental	Prototype 11	3% no	\$201 yes	0% no	\$139 yes	(\$62)	0% no	\$120 no	\$182	-1% no	\$106 no	(\$76)	0% no	\$125 no	\$201
Middle Scenario		-1% no	\$196 no	-3% no	\$116 no	(\$80)	-3% no	\$97 no	\$177	-4% no	\$75 no	(\$102)	-3% no	\$101 no	\$203
High Scenario		-3% no	\$222 no	-5% no	\$135 no	(\$87)	-5% no	\$116 no	\$203	-6% no	\$86 no	(\$117)	-5% no	\$121 no	\$238
Residential Ownership	Prototype 12	-17% no	(\$253) no	-14% no	(\$257) no	(\$4)	-15% no	(\$276) no	(\$272)	-16% no	(\$323) no	(\$51)	-16% no	(\$310) no	(\$259)
Middle Scenario		-9% no	(\$33) no	-6% no	\$25 no	\$58	-7% no	\$6 no	(\$52)	-8% no	(\$56) no	(\$4)	-8% no	(\$28) no	(\$24)
High Scenario		-5% no	\$177 no	-1% no	\$297 no	\$120	-1% no	\$278 no	\$158	-3% no	\$199 no	\$41	-2% no	\$244 no	\$204

Note: The "yes" or "no" under each value indicate whether the ROE or RLV meet or exceed the following minimum thresholds for feasibility:

ROE: 6% for residential; 10% for commercial. RLV: the per square foot land acquisition cost assumption for that prototype.

(1) ROE = Return On Equity. Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

(2) RLV = Residual Land Value per square foot site area.

(3) Value of incentive per SF site area measured as residual land value of prototype with incentive less residual land value of prototype without the incentive.

Source: DRA

**Table 16**  
**Estimated Net Value of Incentive**  
**Development Prototypes with Incentives**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Housing Prototypes		Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Prototypes with Incentives									
				Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
						Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
DOWNTOWN PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	148,200	5%	\$65,048,298	\$12,957,812	\$16,513,307	\$3,555,495	\$13,300,331	\$342,519	\$8,963,703	(\$3,994,109)	\$1,757,262	(\$11,200,550)
Residential Ownership	Prototype 2	142,200	8%	\$70,929,852	\$22,254,297	\$32,464,582	\$10,210,285	\$29,381,686	\$7,127,389	\$27,541,150	\$5,286,853	\$23,654,230	\$1,399,933
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 3	162,000	-5%	\$45,843,333	(\$9,739,292)	\$9,565,928	\$19,305,221	\$5,280,623	\$15,019,916	\$2,356,928	\$12,096,221	N/A	N/A
SOUTH LAKE UNION PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	146,250	20%	\$41,890,823	\$33,878,002	\$19,369,271	(\$14,508,731)	\$16,413,851	(\$17,464,151)	\$13,955,419	(\$19,922,584)	\$8,923,665	(\$24,954,337)
Residential Ownership	Prototype 5	136,250	6%	\$44,533,347	\$11,066,592	\$6,857,913	(\$4,208,678)	\$4,104,573	(\$6,962,018)	\$3,403,338	(\$7,663,253)	\$435,048	(\$10,631,543)
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	107,000	1%	\$40,184,256	\$1,782,178	\$12,856,941	\$11,074,763	\$10,026,524	\$8,244,346	\$8,095,441	\$6,313,263	N/A	N/A
LOWRISE TO MIDRISE			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7	32,400	22%	\$6,387,673	\$5,606,905	\$2,575,951	(\$3,030,953)	\$2,085,091	(\$3,521,813)	\$1,958,736	(\$3,648,169)	\$1,281,140	(\$4,325,764)
Low Scenario			15%	\$7,215,164	\$4,472,473	\$4,401,358	(\$71,115)	\$3,910,498	(\$561,975)	\$3,638,458	(\$834,015)	\$3,106,547	(\$1,365,926)
Middle Scenario			11%	\$8,135,134	\$3,581,264	\$4,461,131	\$879,867	\$3,970,271	\$389,007	\$3,536,266	(\$44,998)	\$3,166,320	(\$414,944)
Residential Ownership	Prototype 8	32,400	-12%	\$7,202,023	(\$3,442,057)	(\$4,239,556)	(\$797,500)	(\$4,730,416)	(\$1,288,360)	(\$4,264,596)	(\$822,540)	(\$4,793,716)	(\$1,351,660)
Low Scenario			-5%	\$8,113,756	(\$1,511,402)	(\$1,930,390)	(\$418,988)	(\$2,421,250)	(\$909,848)	(\$2,119,430)	(\$608,028)	(\$2,484,550)	(\$973,148)
Middle Scenario			-1%	\$9,117,969	(\$182,530)	\$147,577	\$330,107	(\$343,283)	(\$160,753)	(\$221,863)	(\$39,333)	(\$406,583)	(\$224,053)
4 STORIES TO 6 STORIES													
Residential Rental	Prototype 9	30,000	23%	\$10,351,397	\$9,658,788	\$6,046,661	(\$3,612,127)	\$5,592,161	(\$4,066,627)	\$5,333,352	(\$4,325,435)	\$3,703,749	(\$5,955,039)
Low Scenario			17%	\$11,744,477	\$7,833,309	\$5,104,460	(\$2,728,849)	\$4,649,960	(\$3,183,349)	\$4,226,873	(\$3,606,436)	\$2,761,548	(\$5,071,761)
Middle Scenario			12%	\$13,333,396	\$6,387,805	\$4,670,890	(\$1,716,915)	\$4,216,390	(\$2,171,415)	\$3,605,930	(\$2,781,875)	\$2,327,978	(\$4,059,827)
High Scenario													
Residential Ownership	Prototype 10	30,000	-14%	\$11,675,167	(\$6,531,877)	(\$8,569,592)	(\$2,037,715)	(\$9,024,092)	(\$2,492,215)	(\$8,660,232)	(\$2,128,355)	(\$9,498,712)	(\$2,966,835)
Low Scenario			-7%	\$13,200,623	(\$3,641,132)	(\$5,510,458)	(\$1,869,326)	(\$5,964,958)	(\$2,323,826)	(\$5,778,218)	(\$2,137,086)	(\$6,439,578)	(\$2,798,446)
Middle Scenario			-3%	\$14,921,920	(\$1,653,200)	(\$2,940,925)	(\$1,287,725)	(\$3,395,425)	(\$1,742,225)	(\$3,405,485)	(\$1,752,285)	(\$3,870,045)	(\$2,216,845)
High Scenario													
6 STORIES TO 7 STORIES													
Residential Rental	Prototype 11	25,000	11%	\$14,430,724	\$6,372,867	\$4,460,940	(\$1,911,927)	\$4,082,190	(\$2,290,677)	\$3,797,898	(\$2,574,969)	\$4,117,440	(\$2,255,427)
Low Scenario			7%	\$16,447,771	\$4,354,348	\$2,666,561	(\$1,687,787)	\$2,287,811	(\$2,066,537)	\$1,854,107	(\$2,500,241)	\$2,323,061	(\$2,031,287)
Middle Scenario			4%	\$18,753,139	\$2,721,547	\$1,420,596	(\$1,300,951)	\$1,041,846	(\$1,679,701)	\$437,376	(\$2,284,171)	\$1,077,096	(\$1,644,451)
High Scenario													
Residential Ownership	Prototype 12	25,000	-20%	\$14,480,467	(\$11,344,030)	(\$9,886,917)	\$1,457,113	(\$10,265,667)	\$1,078,363	(\$11,213,002)	\$131,028	(\$11,146,417)	\$197,613
Low Scenario			-12%	\$16,502,660	(\$8,238,086)	(\$6,170,983)	\$2,067,103	(\$6,549,733)	\$1,688,353	(\$7,795,890)	\$442,196	(\$7,430,483)	\$807,603
Middle Scenario			-8%	\$18,813,173	(\$6,004,324)	(\$3,175,849)	\$2,828,475	(\$3,554,599)	\$2,449,725	(\$5,142,289)	\$862,035	(\$4,435,349)	\$1,568,975
High Scenario													

(1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).

(2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).

(3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.

(5) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.

Source: DRA



**Table 17**  
**Estimated Net Value of Incentive**  
**Development Prototypes with Incentives**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
				Prototypes with Incentives									
Housing Prototypes	Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2		
					Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)	
DOWNTOWN PROTOTYPES													
Residential Rental	Prototype 1	148,200		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Ownership	Prototype 2	142,200	\$65,048,298	(\$13,378,971)	(\$10,356,801)	\$3,022,171	(\$13,569,777)	(\$190,805)	(\$17,906,405)	(\$4,527,434)	(\$25,112,845)	(\$11,733,874)	
			\$70,929,852	\$22,254,297	\$32,464,582	\$10,210,285	\$29,381,686	\$7,127,389	\$27,541,150	\$5,286,853	\$23,654,230	\$1,399,933	
				5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial	Prototype 3	162,000	\$45,843,333	(\$19,272,841)	(\$1,722,641)	\$17,550,200	(\$6,007,946)	\$13,264,895	(\$8,931,641)	\$10,341,200	N/A	N/A	
SOUTH LAKE UNION PROTOTYPES													
				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 4	146,250	\$41,890,823	\$13,087,243	\$754,822	(\$12,332,421)	(\$2,200,598)	(\$15,287,841)	(\$4,659,031)	(\$17,746,274)	(\$9,690,784)	(\$22,778,027)	
Residential Ownership	Prototype 5	136,250	\$44,533,347	\$11,066,592	\$6,857,913	(\$4,208,678)	\$4,104,573	(\$6,962,018)	\$3,403,338	(\$7,663,253)	\$435,048	(\$10,631,543)	
				5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial	Prototype 6	107,000	\$40,184,256	(\$7,512,624)	\$2,555,343	\$10,067,967	(\$275,075)	\$7,237,549	(\$2,206,157)	\$5,306,467	N/A	N/A	
LOWRISE TO MIDRISE													
				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 7	32,400											
Low Scenario			\$6,387,673	\$2,370,491	(\$205,819)	(\$2,576,310)	(\$696,679)	(\$3,067,170)	(\$823,034)	(\$3,193,526)	(\$1,500,630)	(\$3,871,121)	
Middle Scenario			\$7,215,164	\$1,095,915	\$1,035,468	(\$60,447)	\$544,608	(\$551,307)	\$272,568	(\$823,348)	(\$259,343)	(\$1,355,258)	
High Scenario			\$8,135,134	(\$6,601)	\$741,286	\$747,887	\$250,426	\$257,027	(\$183,579)	(\$176,978)	(\$553,525)	(\$546,924)	
Residential Ownership	Prototype 8	32,400											
Low Scenario			\$7,202,023	(\$3,442,057)	(\$4,239,556)	(\$797,500)	(\$4,730,416)	(\$1,288,360)	(\$4,264,596)	(\$822,540)	(\$4,793,716)	(\$1,351,660)	
Middle Scenario			\$8,113,756	(\$1,511,402)	(\$1,930,390)	(\$418,988)	(\$2,421,250)	(\$909,848)	(\$2,119,430)	(\$608,028)	(\$2,484,550)	(\$973,148)	
High Scenario			\$9,117,969	(\$182,530)	\$147,577	\$330,107	(\$343,283)	(\$160,753)	(\$221,863)	(\$39,333)	(\$406,583)	(\$224,053)	
4 STORIES TO 6 STORIES													
Residential Rental	Prototype 9	30,000											
Low Scenario			\$10,351,397	\$4,328,196	\$1,257,888	(\$3,070,308)	\$803,388	(\$3,524,808)	\$544,579	(\$3,783,616)	(\$1,085,024)	(\$5,413,220)	
Middle Scenario			\$11,744,477	\$2,254,134	(\$65,388)	(\$2,319,521)	(\$519,888)	(\$2,774,021)	(\$942,975)	(\$3,197,108)	(\$2,408,300)	(\$4,662,433)	
High Scenario			\$13,333,396	\$429,610	(\$1,029,768)	(\$1,459,378)	(\$1,484,268)	(\$1,913,878)	(\$2,094,728)	(\$2,524,338)	(\$3,372,680)	(\$3,802,290)	
Residential Ownership	Prototype 10	30,000											
Low Scenario			\$11,675,167	(\$6,531,877)	(\$8,569,592)	(\$2,037,715)	(\$9,024,092)	(\$2,492,215)	(\$8,660,232)	(\$2,128,355)	(\$9,498,712)	(\$2,966,835)	
Middle Scenario			\$13,200,623	(\$3,641,132)	(\$5,510,458)	(\$1,869,326)	(\$5,964,958)	(\$2,323,826)	(\$5,778,218)	(\$2,137,086)	(\$6,439,578)	(\$2,798,446)	
High Scenario			\$14,921,920	(\$1,653,200)	(\$2,940,925)	(\$1,287,725)	(\$3,395,425)	(\$1,742,225)	(\$3,405,485)	(\$1,752,285)	(\$3,870,045)	(\$2,216,845)	
6 STORIES TO 7 STORIES													
Residential Rental	Prototype 11	25,000											
Low Scenario			\$14,430,724	\$5,415	(\$1,619,722)	(\$1,625,138)	(\$1,998,472)	(\$2,003,888)	(\$2,282,765)	(\$2,288,180)	(\$1,963,222)	(\$1,968,638)	
Middle Scenario			\$16,447,771	(\$2,466,719)	(\$3,901,338)	(\$1,434,619)	(\$4,280,088)	(\$1,813,369)	(\$4,713,791)	(\$2,247,073)	(\$4,244,838)	(\$1,778,119)	
High Scenario			\$18,753,139	(\$4,719,112)	(\$5,824,920)	(\$1,105,808)	(\$6,203,670)	(\$1,484,558)	(\$6,808,140)	(\$2,089,028)	(\$6,168,420)	(\$1,449,308)	
Residential Ownership	Prototype 12	25,000											
Low Scenario			\$14,480,467	(\$11,344,030)	(\$9,886,917)	\$1,457,113	(\$10,265,667)	\$1,078,363	(\$11,213,002)	\$131,028	(\$11,146,417)	\$197,613	
Middle Scenario			\$16,502,660	(\$8,238,086)	(\$6,170,983)	\$2,067,103	(\$6,549,733)	\$1,688,353	(\$7,795,890)	\$442,196	(\$7,430,483)	\$807,603	
High Scenario			\$18,813,173	(\$6,004,324)	(\$3,175,849)	\$2,828,475	(\$3,554,599)	\$2,449,725	(\$5,142,289)	\$862,035	(\$4,435,349)	\$1,568,975	

- (1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).
- (2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).
- (3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).
- (4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.
- (4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.
- Source: DRA

**Table 18**  
**Estimated Net Value of Incentive Per SF of Bonus Floor Area**  
**Development Prototypes with Incentives**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
		Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Prototypes with Incentives							
						Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
Housing Prototypes						Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
DOWNTOWN PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	148,200	4.98%	\$439	\$87	\$111	\$24	\$90	\$2	\$60	(\$27)	\$12	(\$76)
Residential Ownership	Prototype 2	142,200	7.84%	\$499	\$156	\$228	\$72	\$207	\$50	\$194	\$37	\$166	\$10
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 3	162,000	-5.31%	\$283	(\$60)	\$59	\$119	\$33	\$93	\$15	\$75	N/A	N/A
SOUTH LAKE UNION PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	146,250	20.22%	\$286	\$232	\$135	(\$97)	\$114	(\$117)	\$98	(\$134)	\$63	(\$168)
Residential Ownership	Prototype 5	136,250	6.21%	\$327	\$81	\$50	(\$31)	\$30	(\$51)	\$25	(\$56)	\$3	(\$78)
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	107,000	1.11%	\$376	\$17	\$120	\$104	\$94	\$77	\$76	\$59	N/A	N/A
LOWRISE TO MIDRISE			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7	32,400											
Low Scenario			21.94%	\$197	\$173	\$79.50	(\$94)	\$64.35	(\$109)	\$60.45	(\$113)	\$40	(\$134)
Middle Scenario			15.50%	\$223	\$138	\$136	(\$2)	\$121	(\$17)	\$112	(\$26)	\$96	(\$42)
High Scenario			11.01%	\$251	\$111	\$138	\$27	\$123	\$12	\$109	(\$1)	\$98	(\$13)
Residential Ownership	Prototype 8	32,400											
Low Scenario			-11.95%	\$222	(\$106)	(\$131)	(\$25)	(\$146)	(\$40)	(\$132)	(\$25)	(\$148)	(\$42)
Middle Scenario			-4.66%	\$250	(\$47)	(\$60)	(\$13)	(\$75)	(\$28)	(\$65)	(\$19)	(\$77)	(\$30)
High Scenario			-0.50%	\$281	(\$6)	\$5	\$10.19	(\$11)	(\$5)	(\$7)	(\$1)	(\$13)	(\$7)
4 STORIES TO 6 STORIES													
Residential Rental	Prototype 9	30,000											
Low Scenario			23.33%	\$345	\$322	\$202	(\$120)	\$186	(\$136)	\$178	(\$144)	\$123	(\$199)
Middle Scenario			16.67%	\$391	\$261	\$170	(\$91)	\$155	(\$106)	\$140.90	(\$120)	\$92	(\$169)
High Scenario			11.98%	\$444	\$213	\$156	(\$57)	\$141	(\$72)	\$120	(\$93)	\$78	(\$135)
Residential Ownership	Prototype 10	30,000											
Low Scenario			-13.99%	\$389	(\$218)	(\$286)	(\$68)	(\$301)	(\$83)	(\$289)	(\$71)	(\$317)	(\$99)
Middle Scenario			-6.90%	\$440	(\$121)	(\$184)	(\$62)	(\$199)	(\$77)	(\$193)	(\$71)	(\$215)	(\$93)
High Scenario			-2.77%	\$497	(\$55)	(\$98)	(\$43)	(\$113)	(\$58)	(\$114)	(\$58)	(\$129)	(\$74)
6 STORIES TO 7 STORIES													
Residential Rental	Prototype 11	25,000											
Low Scenario			11.04%	\$577	\$255	\$178	(\$76)	\$163	(\$92)	\$152	(\$103)	\$165	(\$90)
Middle Scenario			6.62%	\$658	\$174	\$107	(\$68)	\$92	(\$83)	\$74	(\$100)	\$93	(\$81)
High Scenario			3.63%	\$750	\$109	\$57	(\$52)	\$42	(\$67)	\$17	(\$91)	\$43	(\$66)
Residential Ownership	Prototype 12	25,000											
Low Scenario			-19.59%	\$579	(\$454)	(\$395)	\$58	(\$411)	\$43	(\$449)	\$5	(\$446)	\$8
Middle Scenario			-12.48%	\$660	(\$330)	(\$247)	\$83	(\$262)	\$68	(\$312)	\$18	(\$297)	\$32
High Scenario			-7.98%	\$753	(\$240)	(\$127)	\$113	(\$142)	\$98	(\$206)	\$34	(\$177)	\$63

(1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).

(2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).

(3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.

(5) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.

Source: DRA

**Table 19**  
**Estimated Net Value of Incentive Per SF of Bonus Floor Area**  
**Development Prototypes with Incentives**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
							Prototypes with Incentives					
Housing Prototypes	Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
					Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
<b>DOWNTOWN PROTOTYPES</b>		5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental Prototype 1	148,200	-5.14%	\$438.92	(\$90)	(\$70)	\$20	(\$92)	(\$1)	(\$121)	(\$31)	(\$169)	(\$79)
Residential Ownership Prototype 2	142,200	7.84%	\$498.80	\$156	\$228	\$72	\$207	\$50	\$194	\$37	\$166	\$10
		5.50%		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial Prototype 3	162,000	-10.51%	\$282.98	(\$119)	(\$11)	\$108	(\$37)	\$82	(\$55.13)	\$64	N/A	N/A
<b>SOUTH LAKE UNION PROTOTYPES</b>		5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental Prototype 4	146,250	7.81%	\$286.43	\$89	\$7	(\$82)	(\$13)	(\$103)	(\$30)	(\$119)	(\$64)	(\$154)
Residential Ownership Prototype 5	136,250	6.21%	\$326.85	\$81	\$50	(\$31)	\$30	(\$51)	\$25	(\$56)	\$3	(\$78)
		5.50%		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial Prototype 6	107,000	-4.67%	\$375.55	(\$70)	\$23.88	\$94	(\$3)	\$68	(\$21)	\$50	N/A	N/A
<b>LOWRISE TO MIDRISE</b>		5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental Low Scenario Prototype 7	32,400	9.28%	\$197.15	\$73	(\$6)	(\$80)	(\$22)	(\$95)	(\$25)	(\$99)	(\$46)	(\$119)
Middle Scenario		3.80%	\$222.69	\$34	\$32	(\$2)	\$17	(\$17)	\$8	(\$25)	(\$8)	(\$42)
High Scenario		-0.02%	\$251.08	(\$0)	\$23	\$23	\$8	\$8	(\$6)	(\$5)	(\$17)	(\$17)
Residential Ownership Low Scenario Prototype 8	32,400	-11.95%	\$222.28	(\$106)	(\$131)	(\$25)	(\$146)	(\$40)	(\$132)	(\$25)	(\$148)	(\$42)
Middle Scenario		-4.66%	\$250.42	(\$47)	(\$60)	(\$13)	(\$75)	(\$28)	(\$65)	(\$19)	(\$77)	(\$30)
High Scenario		-0.50%	\$281.42	(\$6)	\$5	\$10	(\$11)	(\$5)	(\$7)	(\$1)	(\$13)	(\$7)
<b>4 STORIES TO 6 STORIES</b>												
Residential Rental Low Scenario Prototype 9	30,000	10.45%	\$345.05	\$144	\$42	(\$102)	\$27	(\$117)	\$18	(\$126)	(\$36)	(\$180)
Middle Scenario		4.80%	\$391.48	\$75	(\$2)	(\$77)	(\$92)	(\$92)	(\$31)	(\$107)	(\$80)	(\$155)
High Scenario		0.81%	\$444.45	\$14	(\$34)	(\$49)	(\$49)	(\$64)	(\$70)	(\$84)	(\$112)	(\$127)
Residential Ownership Low Scenario Prototype 10	30,000	-13.99%	\$389.17	(\$218)	(\$286)	(\$68)	(\$301)	(\$83)	(\$289)	(\$71)	(\$317)	(\$99)
Middle Scenario		-6.90%	\$440.02	(\$121)	(\$184)	(\$62)	(\$199)	(\$77)	(\$193)	(\$71)	(\$215)	(\$93)
High Scenario		-2.77%	\$497.40	(\$55)	(\$98)	(\$43)	(\$113)	(\$58)	(\$114)	(\$58)	(\$129)	(\$74)
<b>6 STORIES TO 7 STORIES</b>												
Residential Rental Low Scenario Prototype 11	25,000	0.01%	\$577.23	\$0	(\$65)	(\$65)	(\$80)	(\$80)	(\$91)	(\$92)	(\$79)	(\$79)
Middle Scenario		-3.75%	\$657.91	(\$99)	(\$156)	(\$57)	(\$171)	(\$73)	(\$189)	(\$90)	(\$170)	(\$71)
High Scenario		-6.29%	\$750.13	(\$189)	(\$233)	(\$44)	(\$248)	(\$59)	(\$272)	(\$84)	(\$247)	(\$58)
Residential Ownership Low Scenario Prototype 12	25,000	-19.59%	\$579.22	(\$454)	(\$395)	\$58	(\$411)	\$43	(\$449)	\$5	(\$446)	\$8
Middle Scenario		-12.48%	\$660.11	(\$330)	(\$247)	\$83	(\$262)	\$68	(\$312)	\$18	(\$297)	\$32
High Scenario		-7.98%	\$752.53	(\$240)	(\$127)	\$113	(\$142)	\$98	(\$206)	\$34	(\$177)	\$63

(1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).

(2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).

(3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.

Source: DRA

**Table 20**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Total Annual Net Operating Income, Rental Uses	\$7,613,197	\$4,732,241			\$6,208,713	\$3,252,159
NOI Per NSF	\$24.48	\$24.02			\$24.68	\$24.69
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$179,134,052	\$111,346,842			\$124,174,260	\$65,043,180
Net Condo Sales Proceeds			\$209,789,213	\$123,116,438		
Total Market Value	\$179,134,052	\$111,346,842	\$209,789,213	\$123,116,438	\$124,174,260	\$65,043,180
Total Value Per NSF	\$576	\$565	\$734	\$696	\$494	\$494
Less: Total Development Cost, Incl. Land	\$162,620,745	\$103,129,373	\$177,324,631	\$109,388,186	\$114,608,332	\$71,083,805
Total Development Cost Per NSF	\$523	\$523	\$620	\$618	\$456	\$540
Net Value of Investment Before Program Costs	\$16,513,307	\$8,217,470	\$32,464,582	\$13,728,252	\$9,565,928	(\$6,040,625)
Net Value/SF Site Area	\$1,100.89	\$547.83	\$2,164.31	\$915.22	\$295.24	(\$186.44)
Net Value/Dwelling Unit	\$38,764	\$30,548	\$94,374	\$64,756	N/A	N/A
Equity Investment @ 40% of TDC	\$65,048,297.80	\$41,251,749	\$70,929,852	\$43,755,274	\$45,843,333	\$28,433,522
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity (1)	6%	5%	11%	8%	5%	-5%
Increase in Net Project Value from Bonus Before Program Costs	\$8,295,838		\$18,736,330		\$15,606,553	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,549,604		\$4,923,432		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,756,045		\$8,810,352		N/A	
Net Value of Investment After Program Costs						
1. Current In-Lieu Fee	\$13,300,331		\$29,381,686		\$5,280,623	
Return on Equity (1)	5%		10%		3%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$8,963,703		\$27,541,150		\$2,356,928	
Return on Equity (1)	3%		10%		1%	
3. Gap Cost Scenario 2: 10% Units (4)	\$1,757,262		\$23,654,230		N/A	
Return on Equity (1)	1%		8%		N/A	
Cash Flow Summary, Permanent Loan						
Debt 60%	\$97,572,447	\$61,877,623.59			\$68,764,999	\$42,650,283
Equity 40%	\$65,048,298	\$41,251,749			\$45,843,333	\$28,433,522
Annual Debt Service 5% 20 Yrs	\$7,727,220	\$4,900,379			\$5,445,823	\$3,377,676
Net Cash Flow	(\$114,022)	(\$168,138)			\$762,890	(\$125,517)
Annual Return on Equity (Annual NOI/Equity) (2)	-0.2%	-0.4%			1.7%	

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 20**  
**Return on Equity Analysis, Incentive Program |**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Total Annual Net Operating Income, Rental Uses	\$5,274,094	\$2,144,626			\$5,665,879	\$3,652,139
NOI Per NSF	\$25.60	\$23.31			\$23.56	\$23.58
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$124,096,329	\$50,461,798			\$113,317,580	\$73,042,780
Net Condo Sales Proceeds			\$118,191,281	\$42,887,513		
<b>Total Market Value</b>	<b>\$124,096,329</b>	<b>\$50,461,798</b>	<b>\$118,191,281</b>	<b>\$42,887,513</b>	<b>\$113,317,580</b>	<b>\$73,042,780</b>
Total Value Per NSF	\$602	\$548	\$632	\$523	\$471	\$472
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$104,727,058</b>	<b>\$38,127,869</b>	<b>\$111,333,368</b>	<b>\$39,009,908</b>	<b>\$100,460,639</b>	<b>\$71,769,583</b>
Total Development Cost Per NSF	\$508	\$414	\$595	\$476	\$418	\$463
<b>Net Value of Investment Before Program Costs</b>	<b>\$19,369,271</b>	<b>\$12,333,928</b>	<b>\$6,857,913</b>	<b>\$3,877,604</b>	<b>\$12,856,941</b>	<b>\$1,273,197</b>
Net Value/SF Site Area	\$922.35	\$587.33	\$326.57	\$184.65	\$299.00	\$29.61
Net Value/Dwelling Unit	\$68,930	\$99,467	\$31,458	\$41,251	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$41,890,823</b>	<b>\$15,251,148</b>	<b>\$44,533,347</b>	<b>\$15,603,963</b>	<b>\$40,184,256</b>	<b>\$28,707,833</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity (1)	12%	20%	4%	6%	8%	1%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>\$7,035,343</b>		<b>\$2,980,309</b>		<b>\$11,583,744</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,413,853		\$3,454,575		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,445,606		\$6,422,865		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	\$16,413,851		\$4,104,573		\$10,026,524	
Return on Equity (1)	10%		2%		6%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$13,955,419		\$3,403,338		\$8,095,441	
Return on Equity (1)	8%		2%		5%	
3. Gap Cost Scenario 2: 10% Units (4)	\$8,923,665		\$435,048		N/A	
Return on Equity (1)	5%		0%		N/A	
<b>Cash Flow Summary, Permanent Loan</b>						
Debt 60%	\$62,836,235	\$22,876,722			\$60,276,383	\$43,061,750
Equity 40%	\$41,890,823	\$15,251,148			\$40,184,256	\$28,707,833
Annual Debt Service 5% 20 Yrs	\$4,976,296	\$1,811,715			\$4,773,569	\$3,410,262
Net Cash Flow	\$297,798	\$332,912			\$892,310	\$241,877
Annual Return on Equity (Annual NOI/Equity) (2)	0.7%	2.2%			2.2%	0.8%

(1) Return on equity measured as net project value divided by equity  
(2) Annual net cash flow (NOI less debt service) divided by equity  
(3) Gap cost for current housing set-asides for residential  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 21**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Total Annual Net Operating Income, Rental Uses	\$7,613,197	\$4,732,241			\$6,208,713	\$3,252,159
NOI Per NSF	\$24.48	\$24.02			\$24.68	\$24.69
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$152,263,944	\$94,644,816			\$112,885,691	\$59,130,164
Net Condo Sales Proceeds			\$209,789,213	\$123,116,438		
<b>Total Market Value</b>	<b>\$152,263,944</b>	<b>\$94,644,816</b>	<b>\$209,789,213</b>	<b>\$123,116,438</b>	<b>\$112,885,691</b>	<b>\$59,130,164</b>
Total Value Per NSF	\$490	\$480	\$734	\$696	\$449	\$449
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$162,620,745</b>	<b>\$103,129,373</b>	<b>\$177,324,631</b>	<b>\$109,388,186</b>	<b>\$114,608,332</b>	<b>\$71,083,805</b>
Total Development Cost Per NSF	\$523	\$523	\$620	\$618	\$456	\$540
<b>Net Value of Investment Before Program Costs</b>	<b>(\$10,356,801)</b>	<b>(\$8,484,557)</b>	<b>\$32,464,582</b>	<b>\$13,728,252</b>	<b>(\$1,722,641)</b>	<b>(\$11,953,641)</b>
Net Value/SF Site Area	(\$690.45)	(\$565.64)	\$2,164.31	\$915.22	(\$53.17)	(\$368.94)
Net Value/Dwelling Unit	(\$24,312)	(\$31,541)	\$94,374	\$64,756	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,048,298</b>	<b>\$41,251,749</b>	<b>\$70,929,852</b>	<b>\$43,755,274</b>	<b>\$45,843,333</b>	<b>\$28,433,522</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity Before Program Costs (1)	-4%	-5%	11%	8%	-1%	-11%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>(\$1,872,244)</b>		<b>\$18,736,330</b>		<b>\$10,231,001</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,549,604		\$4,923,432		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,756,045		\$8,810,352		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	(\$13,569,777)		\$29,381,686		(\$6,007,946)	
Return on Equity (1)	-5%		10%		-3%	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$17,906,405)		\$27,541,150		(\$8,931,641)	
Return on Equity (1)	-7%		10%		-5%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$25,112,845)		\$23,654,230		N/A	
Return on Equity (1)	-10%		8%		N/A	
<b>Cash Flow Summary</b>						
Debt 60%	\$97,572,447	\$61,877,623.59			\$68,764,999	\$42,650,283
Equity 40%	\$65,048,298	\$41,251,749			\$45,843,333	\$28,433,522
Annual Debt Service 5% 20 Yrs	\$7,727,220	\$4,900,379			\$5,445,823	\$3,377,676
Net Cash Flow	(\$114,022)	(\$168,138)			\$762,890	(\$125,517)
Annual Return on Equity (Annual NOI/Equity) (2)	-0.2%	-0.4%			1.7%	

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 21**  
**Return on Equity Analysis, Incentive Program |**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Total Annual Net Operating Income, Rental Uses	\$5,274,094	\$2,144,626			\$5,665,879	\$3,652,139
NOI Per NSF	\$25.60	\$23.31			\$23.56	\$23.58
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$105,481,880	\$42,892,528			\$103,015,982	\$66,402,527
Net Condo Sales Proceeds			\$118,191,281	\$42,887,513		
Total Market Value	<b>\$105,481,880</b>	<b>\$42,892,528</b>	<b>\$118,191,281</b>	<b>\$42,887,513</b>	<b>\$103,015,982</b>	<b>\$66,402,527</b>
Total Value Per NSF	\$512	\$466	\$632	\$523	\$428	\$429
Less: Total Development Cost, Incl. Land	\$104,727,058	\$38,127,869	\$111,333,368	\$39,009,908	\$100,460,639	\$71,769,583
Total Development Cost Per NSF	\$508	\$414	\$595	\$476	\$418	\$463
Net Value of Investment Before Program Costs	<b>\$754,822</b>	<b>\$4,764,659</b>	<b>\$6,857,913</b>	<b>\$3,877,604</b>	<b>\$2,555,343</b>	<b>(\$5,367,056)</b>
Net Value/SF Site Area	\$35.94	\$226.89	\$326.57	\$184.65	\$59.43	(\$124.82)
Net Value/Dwelling Unit	\$2,686	\$38,425	\$31,458	\$41,251	N/A	N/A
Equity Investment @ 40% of TDC	\$41,890,823	\$15,251,148	\$44,533,347	\$15,603,963	\$40,184,256	\$28,707,833
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity Before Program Costs (1)	0%	8%	4%	6%	2%	-5%
Increase in Net Project Value from Bonus Before Program Costs	(\$4,009,837)		\$2,980,309		\$7,922,399	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,413,853		\$3,454,575		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,445,606		\$6,422,865		N/A	
Net Value of Investment After Program Costs						
1. Current In-Lieu Fee	(\$2,200,598)		\$4,104,573		(\$275,075)	
Return on Equity (1)	-1%		2%		0%	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$4,659,031)		\$3,403,338		(\$2,206,157)	
Return on Equity (1)	-3%		2%		-1%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$9,690,784)		\$435,048		N/A	
Return on Equity (1)	-6%		0%		N/A	
Cash Flow Summary						
Debt 60%	\$62,836,235	\$22,876,722			\$60,276,383	\$43,061,750
Equity 40%	\$41,890,823	\$15,251,148			\$40,184,256	\$28,707,833
Annual Debt Service 5% 20 Yrs	\$4,976,296	\$1,811,715			\$4,773,569	\$3,410,262
Net Cash Flow	\$297,798	\$332,912			\$892,310	\$241,877
Annual Return on Equity (Annual NOI/Equity) (2)	0.7%	2.2%			2.2%	0.8%

(1) Return on equity measured as net project value divided by equity

(2) Annual net cash flow (NOI less debt service) divided by equity

(3) Gap cost for current housing set-asides for residential

(4) Gap cost for 10% affordable units for residential (planned)

Source: DRA.



**Table 22**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$788,168	\$421,536			\$1,356,819	\$935,283
NOI Per NSF	\$17.13	\$19.16			\$19.11	\$19.09
Middle Scenario	\$953,669	\$455,808			\$1,464,790	\$1,008,982
NOI Per NSF	\$20.73	\$20.72			\$20.63	\$20.59
High Scenario	\$1,053,956	\$503,749			\$1,615,186	\$1,111,438
NOI Per NSF	\$22.91	\$22.90			\$22.75	\$22.68
Cap Rate	4.25%	4.25%			4.25%	4.25%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$18,545,135	\$9,918,487	\$13,765,500	\$6,583,500	\$31,925,153	\$22,006,667
Per NSF	\$403	\$451	\$299	\$299	\$463	\$469
Middle Scenario	\$22,439,268	\$10,724,898	\$18,354,000	\$8,778,000	\$34,465,652	\$23,740,754
Per NSF	\$488	\$487	\$399	\$399	\$500	\$506
High Scenario	\$24,798,967	\$11,852,907	\$22,942,500	\$10,972,500	\$38,004,381	\$26,151,473
Per NSF	\$539	\$539	\$499	\$499	\$552	\$558
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$15,969,184	\$7,341,003	\$18,005,056	\$8,139,552	\$25,878,493	\$16,025,407
Per NSF	\$347	\$334	\$391	\$370	\$364	\$327
Middle Scenario	\$18,037,910	\$8,594,023	\$20,284,390	\$9,484,712	\$29,361,192	\$18,740,857
Per NSF	\$392	\$391	\$441	\$431	\$414	\$382
High Scenario	\$20,337,836	\$10,078,242	\$22,794,923	\$11,061,071	\$33,333,491	\$21,945,908
Per NSF	\$442	\$458	\$496	\$503	\$469	\$448
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	\$2,575,951	\$2,577,483	(\$4,239,556)	(\$1,556,052)	\$6,046,661	\$5,981,260
Per SF Site Area	\$178.89	\$178.99	(\$294.41)	(\$108.06)	\$302.33	\$299.06
Per Dwelling Unit	\$36,281	\$75,808	(\$75,706)	(\$57,632)	\$57,044	\$83,073
Return on Equity (1)	10%	22%	-15%	-12%	15%	23%
Middle Scenario	\$4,401,358	\$2,130,875	(\$1,930,390)	(\$706,712)	\$5,104,460	\$4,999,896
Per SF Site Area	\$305.65	\$147.98	(\$134.05)	(\$49.08)	\$255.22	\$249.99
Per Dwelling Unit	\$61,991	\$62,673	(\$34,471)	(\$26,175)	\$48,155	\$69,443
Return on Equity (1)	15%	15%	-6%	-5%	11%	17%
High Scenario	\$4,461,131	\$1,774,665	\$147,577	(\$88,571)	\$4,670,890	\$4,205,565
Per SF Site Area	\$309.80	\$123.24	\$10.25	(\$6.15)	\$233.54	\$210.28
Per Dwelling Unit	\$62,833	\$52,196	\$2,635	(\$3,280)	\$44,065	\$58,411
Return on Equity (1)	14%	11%	0%	-1%	9%	12%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,387,673	\$2,936,401	\$7,202,023	\$3,255,821	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$8,113,756	\$3,793,885	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$9,117,969	\$4,424,429	\$13,333,396	\$8,778,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,946,202		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,319,871		\$4,248,134	
High Scenario	\$4,103,837		\$4,693,541		\$4,555,033	

**Table 22**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$25,040		\$713,309	
Middle Scenario	\$762,900		\$189,040		\$877,587	
High Scenario	\$924,865		\$369,440		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$37,560		\$1,569,279	
Middle Scenario	\$1,068,060		\$283,560		\$1,930,691	
High Scenario	\$1,294,811		\$554,160		\$2,342,912	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$2,085,091		(\$4,730,416)		\$5,592,161	
Return on Equity (1)	8%		-16%		14%	
Middle Scenario	\$3,910,498		(\$2,421,250)		\$4,649,960	
Return on Equity (1)	14%		-7%		10%	
High Scenario	\$3,970,271		(\$343,283)		\$4,216,390	
Return on Equity (1)	12%		-1%		8%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$1,958,736		(\$4,264,596)		\$5,333,352	
Return on Equity (1)	8%		-15%		13%	
Middle Scenario	\$3,638,458		(\$2,119,430)		\$4,226,873	
Return on Equity (1)	13%		-7%		9%	
High Scenario	\$3,536,266		(\$221,863)		\$3,605,930	
Return on Equity (1)	11%		-1%		7%	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$1,281,140		(\$4,793,716)		\$3,703,749	
Return on Equity (1)	5%		-17%		9%	
Middle Scenario	\$3,106,547		(\$2,484,550)		\$2,761,548	
Return on Equity (1)	11%		-8%		6%	
High Scenario	\$3,166,320		(\$406,583)		\$2,327,978	
Return on Equity (1)	10%		-1%		4%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%	\$9,581,510	\$4,404,602			\$15,527,095.50	\$9,615,244
Equity                    40%	\$6,387,673	\$2,936,401			\$10,351,397	\$6,410,163
Middle Scenario						
Debt                    60%	\$10,822,746	\$5,156,414			\$17,616,715	\$11,244,514
Equity                   40%	\$7,215,164	\$3,437,609			\$11,744,477	\$7,496,343
High Scenario						
Debt                    60%	\$12,202,701	\$6,046,945			\$20,000,095	\$13,167,545
Equity                   40%	\$8,135,134	\$4,031,297			\$13,333,396	\$8,778,363
Annual Debt Service      5%      20 Yrs						
Low Scenario	\$758,805	\$348,821			\$1,229,663	\$761,476
Middle Scenario	\$857,104	\$408,361			\$1,395,150	\$890,506
High Scenario	\$966,389	\$478,886			\$1,583,901	\$1,042,800
<b>Net Cash Flow</b>						
Low Scenario	\$29,364	\$72,715			\$127,156	\$173,807
Annual Return on Equity (2)	0.5%	2.5%			1.2%	2.7%
Middle Scenario	\$96,565	\$47,448			\$69,640	\$118,476
Annual Return on Equity (2)	1.3%	1.4%			0.6%	1.6%
High Scenario	\$87,567	\$24,863			\$31,285	\$68,638
Annual Return on Equity (2)	0.7%	0.4%			0.2%	0.5%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 22**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,722,854	\$1,356,819		
NOI Per NSF			\$19.14	\$19.11		
Middle Scenario			\$1,860,905	\$1,464,790		
NOI Per NSF			\$20.68	\$20.63		
High Scenario			\$2,052,896	\$1,615,186		
NOI Per NSF			\$22.81	\$22.75		
Cap Rate			4.25%	4.25%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$20,618,325	\$14,034,825	\$40,537,750	\$31,925,153	\$26,314,250	\$20,625,208
Per NSF	\$299	\$299	\$461	\$463	\$299	\$299
Middle Scenario	\$27,491,100	\$18,713,100	\$43,785,989	\$34,465,652	\$35,085,666	\$27,500,277
Per NSF	\$399	\$399	\$498	\$500	\$399	\$399
High Scenario	\$34,363,875	\$23,391,375	\$48,303,442	\$38,004,381	\$43,857,083	\$34,375,346
Per NSF	\$499	\$499	\$550	\$552	\$499	\$499
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$29,187,917	\$18,081,152	\$36,076,810	\$27,132,308	\$36,201,166	\$30,037,917
Per NSF	\$411	\$369	\$401	\$382	\$402	\$423
Middle Scenario	\$33,001,558	\$21,033,804	\$41,119,428	\$31,165,388	\$41,256,649	\$34,361,558
Per NSF	\$465	\$429	\$457	\$439	\$458	\$484
High Scenario	\$37,304,800	\$24,476,056	\$46,882,846	\$35,919,269	\$47,032,932	\$39,406,000
Per NSF	\$525	\$500	\$521	\$506	\$523	\$555
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$8,569,592)	(\$4,046,327)	\$4,460,940	\$4,792,846	(\$9,886,917)	(\$9,412,709)
Per SF Site Area	(\$428.48)	(\$202.32)	\$223.05	\$239.64	(\$494.35)	(\$470.64)
Per Dwelling Unit	(\$102,019)	(\$70,988)	\$33,044	\$45,216	(\$92,401)	(\$112,056)
Return on Equity (1)	-18%	-14%	8%	11%	-17%	-20%
Middle Scenario	(\$5,510,458)	(\$2,320,704)	\$2,666,561	\$3,300,263	(\$6,170,983)	(\$6,861,281)
Per SF Site Area	(\$275.52)	(\$116.04)	\$133.33	\$165.01	(\$308.55)	(\$343.06)
Per Dwelling Unit	(\$65,601)	(\$40,714)	\$19,752	\$31,135	(\$57,673)	(\$81,682)
Return on Equity (1)	-10%	-7%	4%	7%	-9%	-12%
High Scenario	(\$2,940,925)	(\$1,084,681)	\$1,420,596	\$2,085,112	(\$3,175,849)	(\$5,030,654)
Per SF Site Area	(\$147.05)	(\$54.23)	\$71.03	\$104.26	(\$158.79)	(\$251.53)
Per Dwelling Unit	(\$35,011)	(\$19,029)	\$10,523	\$19,671	(\$29,681)	(\$59,889)
Return on Equity (1)	-5%	-3%	2%	4%	-4%	-8%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$11,675,167	\$7,232,461	\$14,430,724	\$10,852,923	\$14,480,467	\$12,015,167
Middle Scenario	\$13,200,623	\$8,413,522	\$16,447,771	\$12,466,155	\$16,502,660	\$13,744,623
High Scenario	\$14,921,920	\$9,790,423	\$18,753,139	\$14,367,708	\$18,813,173	\$15,762,400
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,442,706		\$3,577,801		\$2,465,300	
Middle Scenario	\$4,787,102		\$3,981,616		\$2,758,036	
High Scenario	\$5,131,497		\$4,385,431		\$3,050,773	

**Table 22**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$90,640		\$663,043		\$1,326,085	
Middle Scenario	\$267,760		\$812,453		\$1,624,907	
High Scenario	\$464,560		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$181,280		\$45,840		\$168,080	
Middle Scenario	\$535,520		\$183,600		\$673,200	
High Scenario	\$929,120		\$343,500		\$1,259,500	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$9,024,092)		\$4,082,190		(\$10,265,667)	
Return on Equity (1)	-19%		7%		-18%	
Middle Scenario	(\$5,964,958)		\$2,287,811		(\$6,549,733)	
Return on Equity (1)	-11%		3%		-10%	
High Scenario	(\$3,395,425)		\$1,041,846		(\$3,554,599)	
Return on Equity (1)	-6%		1%		-5%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$8,660,232)		\$3,797,898		(\$11,213,002)	
Return on Equity (1)	-19%		7%		-19%	
Middle Scenario	(\$5,778,218)		\$1,854,107		(\$7,795,890)	
Return on Equity (1)	-11%		3%		-12%	
High Scenario	(\$3,405,485)		\$437,376		(\$5,142,289)	
Return on Equity (1)	-6%		1%		-7%	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$9,498,712)		\$4,117,440		(\$11,146,417)	
Return on Equity (1)	-20%		7%		-19%	
Middle Scenario	(\$6,439,578)		\$2,323,061		(\$7,430,483)	
Return on Equity (1)	-12%		4%		-11%	
High Scenario	(\$3,870,045)		\$1,077,096		(\$4,435,349)	
Return on Equity (1)	-6%		1%		-6%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%			\$21,646,086	\$16,279,385		
Equity                    40%			\$14,430,724	\$10,852,923		
Middle Scenario						
Debt                      60%			\$24,671,657	\$18,699,233		
Equity                    40%			\$16,447,771	\$12,466,155		
High Scenario						
Debt                      60%			\$28,129,708	\$21,551,561		
Equity                    40%			\$18,753,139	\$14,367,708		
Annual Debt Service      5%      20 Yrs						
Low Scenario			\$1,714,255	\$1,289,241		
Middle Scenario			\$1,953,864	\$1,480,880		
High Scenario			\$2,227,723	\$1,706,769		
<b>Net Cash Flow</b>						
Low Scenario			\$8,599	\$67,578		
Annual Return on Equity (2)			0.1%	0.6%		
Middle Scenario			(\$92,960)	(\$16,090)		
Annual Return on Equity (2)			-0.6%	-0.1%		
High Scenario			(\$174,827)	(\$91,583)		
Annual Return on Equity (2)			-0.6%	-0.4%		

(1) Return on equity measured as net project value divi

(2) Annual net cash flow (NOI less debt service) divide

(3) Gap cost for current housing set-asides for residenti

(4) Gap cost for 10% affordable units for residential (pl

Source: DRA.

**Table 23**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$788,168	\$421,536			\$1,356,819	\$935,283
NOI Per NSF	\$17.13	\$19.16			\$19.11	\$19.09
Middle Scenario	\$953,669	\$455,808			\$1,464,790	\$1,008,982
NOI Per NSF	\$20.73	\$20.72			\$20.63	\$20.59
High Scenario	\$1,053,956	\$503,749			\$1,615,186	\$1,111,438
NOI Per NSF	\$22.91	\$22.90			\$22.75	\$22.68
Cap Rate	5.00%	5.00%			5.00%	5.00%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$15,763,365	\$8,430,714	\$13,765,500	\$6,583,500	\$27,136,380	\$18,705,667
Per NSF	\$343	\$383	\$299	\$299	\$394	\$399
Middle Scenario	\$19,073,378	\$9,116,163	\$18,354,000	\$8,778,000	\$29,295,804	\$20,179,641
Per NSF	\$415	\$414	\$399	\$399	\$425	\$430
High Scenario	\$21,079,122	\$10,074,971	\$22,942,500	\$10,972,500	\$32,303,723	\$22,228,752
Per NSF	\$458	\$458	\$499	\$499	\$469	\$474
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$15,969,184	\$7,341,003	\$18,005,056	\$8,139,552	\$25,878,493	\$16,025,407
Per NSF	\$347	\$334	\$391	\$370	\$364	\$327
Middle Scenario	\$18,037,910	\$8,594,023	\$20,284,390	\$9,484,712	\$29,361,192	\$18,740,857
Per NSF	\$392	\$391	\$441	\$431	\$414	\$382
High Scenario	\$20,337,836	\$10,078,242	\$22,794,923	\$11,061,071	\$33,333,491	\$21,945,908
Per NSF	\$442	\$458	\$496	\$503	\$469	\$448
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$205,819)	\$1,089,710	(\$4,239,556)	(\$1,556,052)	\$1,257,888	\$2,680,260
Per NSF	(\$14.29)	\$75.67	(\$294.41)	(\$108.06)	\$62.89	\$134.01
Per Dwelling Unit	(\$2,899)	\$32,050	(\$75,706)	(\$57,632)	\$11,867	\$37,226
Return on Equity (1)	-1%	9%	-15%	-12%	3%	10%
Middle Scenario	\$1,035,468	\$522,140	(\$1,930,390)	(\$706,712)	(\$65,388)	\$1,438,783
Per NSF	\$71.91	\$36.26	(\$134.05)	(\$49.08)	(\$3.27)	\$71.94
Per Dwelling Unit	\$14,584	\$15,357	(\$34,471)	(\$26,175)	(\$617)	\$19,983
Return on Equity (1)	4%	4%	-6%	-5%	0%	5%
High Scenario	\$741,286	(\$3,271)	\$147,577	(\$88,571)	(\$1,029,768)	\$282,844
Per NSF	\$51.48	(\$0.23)	\$10.25	(\$6.15)	(\$51.49)	\$14.14
Per Dwelling Unit	\$10,441	(\$96)	\$2,635	(\$3,280)	(\$9,715)	\$3,928
Return on Equity (1)	2%	0%	0%	-1%	-2%	1%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,387,673	\$2,936,401	\$7,202,023	\$3,255,821	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$8,113,756	\$3,793,885	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$9,117,969	\$4,424,429	\$13,333,396	\$8,778,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,946,202		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,319,871		\$4,248,134	
High Scenario	\$4,103,837		\$4,693,541		\$4,555,033	

**Table 23**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$25,040		\$713,309	
Middle Scenario	\$762,900		\$189,040		\$877,587	
High Scenario	\$924,865		\$369,440		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$37,560		\$1,569,279	
Middle Scenario	\$1,068,060		\$283,560		\$1,930,691	
High Scenario	\$1,294,811		\$554,160		\$2,342,912	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$696,679)		(\$4,730,416)		\$803,388	
Return on Equity (1)	-3%		-16%		2%	
Middle Scenario	\$544,608		(\$2,421,250)		(\$519,888)	
Return on Equity (1)	2%		-7%		-1%	
High Scenario	\$250,426		(\$343,283)		(\$1,484,268)	
Return on Equity (1)	1%		-1%		-3%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$823,034)		(\$4,264,596)		\$544,579	
Return on Equity (1)	-3%		-15%		1%	
Middle Scenario	\$272,568		(\$2,119,430)		(\$942,975)	
Return on Equity (1)	1%		-7%		-2%	
High Scenario	(\$183,579)		(\$221,863)		(\$2,094,728)	
Return on Equity (1)	-1%		-1%		-4%	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$1,500,630)		(\$4,793,716)		(\$1,085,024)	
Return on Equity (1)	-6%		-17%		-3%	
Middle Scenario	(\$259,343)		(\$2,484,550)		(\$2,408,300)	
Return on Equity (1)	-1%		-8%		-5%	
High Scenario	(\$553,525)		(\$406,583)		(\$3,372,680)	
Return on Equity (1)	-2%		-1%		-6%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%	\$9,581,510	\$4,404,602			\$15,527,095.50	\$9,615,244
Equity                    40%	\$6,387,673	\$2,936,401			\$10,351,397	\$6,410,163
Middle Scenario						
Debt                      60%	\$10,822,746	\$5,156,414			\$17,616,715	\$11,244,514
Equity                    40%	\$7,215,164	\$3,437,609			\$11,744,477	\$7,496,343
High Scenario						
Debt                      60%	\$12,202,701	\$6,046,945			\$20,000,095	\$13,167,545
Equity                    40%	\$8,135,134	\$4,031,297			\$13,333,396	\$8,778,363
Annual Debt Service      5%      20 Yrs						
Low Scenario	\$758,805	\$348,821			\$1,229,663	\$761,476
Middle Scenario	\$857,104	\$408,361			\$1,395,150	\$890,506
High Scenario	\$966,389	\$478,886			\$1,583,901	\$1,042,800
<b>Net Cash Flow</b>						
Low Scenario	\$29,364	\$72,715			\$127,156	\$173,807
Annual Return on Equity (2)	0.5%	2.5%			1.2%	2.7%
Middle Scenario	\$96,565	\$47,448			\$69,640	\$118,476
Annual Return on Equity (2)	1.3%	1.4%			0.6%	1.6%
High Scenario	\$87,567	\$24,863			\$31,285	\$68,638
Annual Return on Equity (2)	0.7%	0.4%			0.2%	0.5%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 23**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,722,854	\$1,356,819		
NOI Per NSF			\$19.14	\$19.11		
Middle Scenario			\$1,860,905	\$1,464,790		
NOI Per NSF			\$20.68	\$20.63		
High Scenario			\$2,052,896	\$1,615,186		
NOI Per NSF			\$22.81	\$22.75		
Cap Rate			5.00%	5.00%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$20,618,325	\$14,034,825	\$34,457,088	\$27,136,380	\$26,314,250	\$20,625,208
Per NSF	\$299	\$299	\$392	\$394	\$299	\$299
Middle Scenario	\$27,491,100	\$18,713,100	\$37,218,090	\$29,295,804	\$35,085,666	\$27,500,277
Per NSF	\$399	\$399	\$423	\$425	\$399	\$399
High Scenario	\$34,363,875	\$23,391,375	\$41,057,926	\$32,303,723	\$43,857,083	\$34,375,346
Per NSF	\$499	\$499	\$467	\$469	\$499	\$499
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$29,187,917	\$18,081,152	\$36,076,810	\$27,132,308	\$36,201,166	\$30,037,917
Per NSF	\$411	\$369	\$401	\$382	\$402	\$423
Middle Scenario	\$33,001,558	\$21,033,804	\$41,119,428	\$31,165,388	\$41,256,649	\$34,361,558
Per NSF	\$465	\$429	\$457	\$439	\$458	\$484
High Scenario	\$37,304,800	\$24,476,056	\$46,882,846	\$35,919,269	\$47,032,932	\$39,406,000
Per NSF	\$525	\$500	\$521	\$506	\$523	\$555
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$8,569,592)	(\$4,046,327)	(\$1,619,722)	\$4,073	(\$9,886,917)	(\$9,412,709)
Per NSF	(\$428.48)	(\$202.32)	(\$80.99)	\$0.20	(\$494.35)	(\$470.64)
Per Dwelling Unit	(\$102,019)	(\$70,988)	(\$11,998)	\$38	(\$92,401)	(\$112,056)
Return on Equity (1)	-18%	-14%	-3%	0%	-17%	-20%
Middle Scenario	(\$5,510,458)	(\$2,320,704)	(\$3,901,338)	(\$1,869,584)	(\$6,170,983)	(\$6,861,281)
Per NSF	(\$275.52)	(\$116.04)	(\$195.07)	(\$93.48)	(\$308.55)	(\$343.06)
Per Dwelling Unit	(\$65,601)	(\$40,714)	(\$28,899)	(\$17,638)	(\$57,673)	(\$81,682)
Return on Equity (1)	-10%	-7%	-6%	-4%	-9%	-12%
High Scenario	(\$2,940,925)	(\$1,084,681)	(\$5,824,920)	(\$3,615,546)	(\$3,175,849)	(\$5,030,654)
Per NSF	(\$147.05)	(\$54.23)	(\$291.25)	(\$180.78)	(\$158.79)	(\$251.53)
Per Dwelling Unit	(\$35,011)	(\$19,029)	(\$43,148)	(\$34,109)	(\$29,681)	(\$59,889)
Return on Equity (1)	-5%	-3%	-8%	-6%	-4%	-8%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$11,675,167	\$7,232,461	\$14,430,724	\$10,852,923	\$14,480,467	\$12,015,167
Middle Scenario	\$13,200,623	\$8,413,522	\$16,447,771	\$12,466,155	\$16,502,660	\$13,744,623
High Scenario	\$14,921,920	\$9,790,423	\$18,753,139	\$14,367,708	\$18,813,173	\$15,762,400
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,442,706		\$3,577,801		\$2,465,300	
Middle Scenario	\$4,787,102		\$3,981,616		\$2,758,036	
High Scenario	\$5,131,497		\$4,385,431		\$3,050,773	



**Table 23**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$90,640		\$663,043		\$1,326,085	
Middle Scenario	\$267,760		\$812,453		\$1,624,907	
High Scenario	\$464,560		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$181,280		\$45,840		\$168,080	
Middle Scenario	\$535,520		\$183,600		\$673,200	
High Scenario	\$929,120		\$343,500		\$1,259,500	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$9,024,092)		(\$1,998,472)		(\$10,265,667)	
Return on Equity (1)	-19%		-3%		-18%	
Middle Scenario	(\$5,964,958)		(\$4,280,088)		(\$6,549,733)	
Return on Equity (1)	-11%		-7%		-10%	
High Scenario	(\$3,395,425)		(\$6,203,670)		(\$3,554,599)	
Return on Equity (1)	-6%		-8%		-5%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$8,660,232)		(\$2,282,765)		(\$11,213,002)	
Return on Equity (1)	-19%		-4%		-19%	
Middle Scenario	(\$5,778,218)		(\$4,713,791)		(\$7,795,890)	
Return on Equity (1)	-11%		-7%		-12%	
High Scenario	(\$3,405,485)		(\$6,808,140)		(\$5,142,289)	
Return on Equity (1)	-6%		-9%		-7%	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$9,498,712)		(\$1,963,222)		(\$11,146,417)	
Return on Equity (1)	-20%		-3%		-19%	
Middle Scenario	(\$6,439,578)		(\$4,244,838)		(\$7,430,483)	
Return on Equity (1)	-12%		-6%		-11%	
High Scenario	(\$3,870,045)		(\$6,168,420)		(\$4,435,349)	
Return on Equity (1)	-6%		-8%		-6%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%			\$21,646,086	\$16,279,385		
Equity                    40%			\$14,430,724	\$10,852,923		
Middle Scenario						
Debt                      60%			\$24,671,657	\$18,699,233		
Equity                    40%			\$16,447,771	\$12,466,155		
High Scenario						
Debt                      60%			\$28,129,708	\$21,551,561		
Equity                    40%			\$18,753,139	\$14,367,708		
Annual Debt Service      5%      20 Yrs						
Low Scenario			\$1,714,255	\$1,289,241		
Middle Scenario			\$1,953,864	\$1,480,880		
High Scenario			\$2,227,723	\$1,706,769		
<b>Net Cash Flow</b>						
Low Scenario			\$8,599	\$67,578		
Annual Return on Equity (2)			0.1%	0.6%		
Middle Scenario			(\$92,960)	(\$16,090)		
Annual Return on Equity (2)			-0.6%	-0.1%		
High Scenario			(\$174,827)	(\$91,583)		
Annual Return on Equity (2)			-0.6%	-0.4%		

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.

**Table 24**  
**Land Residual Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Bonus Gross Floor Area (GSF)	148,200		142,200		162,000	
Total Annual Net Operating Income, Rental Uses	\$7,613,197	\$4,732,241			\$6,208,713	\$3,252,159
NOI Per NSF	\$24.48	\$24.02			\$24.68	\$24.69
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$179,134,052	\$111,346,842			\$124,174,260	\$65,043,180
Net Condo Sales Proceeds			\$209,789,213	\$123,116,438		
Total Market Value	\$179,134,052	\$111,346,842	\$209,789,213	\$123,116,438	\$124,174,260	\$65,043,180
Total Value Per NSF	\$576	\$565	\$734	\$696	\$494	\$494
Less: Total Development Cost, Excl. Land	\$151,370,745	\$91,879,373	\$166,074,631	\$98,138,186	\$90,308,332	\$46,783,805
Total Development Cost Per NSF	\$487	\$466	\$581	\$554	\$359	\$355
Less: Assumed Return on Equity (See Below)	\$15,611,591	\$9,900,420	\$17,023,165	\$10,501,266	\$18,337,333	\$11,373,409
Residual Land Value Before Program Costs	\$12,151,716	\$9,567,050	\$26,691,417	\$14,476,986	\$15,528,595	\$6,885,966
Resid. Value/SF Site Area	\$810.11	\$637.80	\$1,779.43	\$965.13	\$479.28	\$212.53
Resid. Value/Dwelling Unit	\$28,525	\$35,565	\$77,591	\$68,288	N/A	N/A
Resid. Value/SF Bonus GFA	\$82.00		\$187.70		\$95.86	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,549,604		\$4,923,432		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,756,045		\$8,810,352		N/A	
Residual Land Value After Program Costs						
1. Current In-Lieu Fee	\$8,938,740		\$23,608,521		\$11,243,290	
Resid. Value/SF Site Area	\$596		\$1,574		\$347	
Resid. Value/SF Bonus GFA	\$60.32		\$166.02		\$69.40	
2. Gap Cost/Com Fee Scenario 1 (3)	\$4,602,111		\$21,767,985		\$8,319,595	
Resid. Value/SF Site Area	\$307		\$1,451		\$257	
Resid. Value/SF Bonus GFA	\$31.05		\$153.08		\$51.36	
3. Gap Cost Scenario 2: 10% Units (4)	(\$2,604,329)		\$17,881,065		N/A	
Resid. Value/SF Site Area	(\$174)		\$1,192		N/A	
Resid. Value/SF Bonus GFA	(\$17.57)		\$125.75		N/A	
Equity Investment @ 40% of TDC	\$65,048,298	\$41,251,749	\$70,929,852	\$43,755,274	\$45,843,333	\$28,433,522
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	10%	10%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 24**  
**Land Residual Analysis, Incentive Program Rec**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	202,900	89,900	184,900	79,900	-	-
Total Net SF	205,000	92,000	187,000	82,000	240,500	154,900
Residential Units	280	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Bonus Gross Floor Area (GSF)	146,250		136,250		107,000	
Total Annual Net Operating Income, Rental Uses	\$5,274,094	\$2,144,626			\$5,665,879	\$3,652,139
NOI Per NSF	\$25.73	\$23.31			\$23.56	\$23.58
Cap Rate	4.25%	4.25%			5.00%	5.00%
<b>Capitalized Value, Rental Uses</b>	<b>\$124,096,329</b>	<b>\$50,461,798</b>			<b>\$113,317,580</b>	<b>\$73,042,780</b>
<b>Net Condo Sales Proceeds</b>			\$118,191,281	\$42,887,513		
<b>Total Market Value</b>	<b>\$124,096,329</b>	<b>\$50,461,798</b>	<b>\$118,191,281</b>	<b>\$42,887,513</b>	<b>\$113,317,580</b>	<b>\$73,042,780</b>
Total Value Per NSF	\$605	\$548	\$632	\$523	\$471	\$472
<b>Less: Total Development Cost, Excl. Land</b>	<b>\$96,852,058</b>	<b>\$30,252,869</b>	<b>\$103,458,368</b>	<b>\$31,134,908</b>	<b>\$84,335,639</b>	<b>\$55,644,583</b>
Total Development Cost Per NSF	\$472	\$329	\$553	\$380	\$351	\$359
<b>Less: Assumed Return on Equity (See Below)</b>	<b>\$10,053,798</b>	<b>\$3,660,275</b>	<b>\$10,688,003</b>	<b>\$3,744,951</b>	<b>\$16,073,702</b>	<b>\$11,483,133</b>
<b>Residual Land Value Before Program Costs</b>	<b>\$17,190,474</b>	<b>\$16,548,653</b>	<b>\$4,044,910</b>	<b>\$8,007,653</b>	<b>\$12,908,239</b>	<b>\$5,915,063</b>
Resid. Value/SF Site Area	\$818.59	\$788.03	\$192.61	\$381.32	\$300.19	\$137.56
Resid. Value/Dwelling Unit	\$61,395	\$133,457	\$18,555	\$85,188	N/A	N/A
Resid. Value/SF Bonus GFA	\$117.54		\$29.69		\$120.64	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,413,853		\$3,454,575		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,445,606		\$6,422,865		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	\$14,235,054		\$1,291,570		\$10,077,821	
Resid. Value/SF Site Area	\$678		\$62		\$234	
Resid. Value/SF Bonus GFA	\$97.33		\$9.48		\$94.19	
2. Gap Cost/Com Fee Scenario 1 (3)	\$11,776,621		\$590,335		\$8,146,739	
Resid. Value/SF Site Area	\$561		\$28		\$189	
Resid. Value/SF Bonus GFA	\$80.52		\$4.33		\$76.14	
3. Gap Cost Scenario 2: 10% Units (4)	\$6,744,868		(\$2,377,955)		N/A	
Resid. Value/SF Site Area	\$321		(\$113)		N/A	
Resid. Value/SF Bonus GFA	\$46.12		(\$17.45)		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$41,890,823</b>	<b>\$15,251,148</b>	<b>\$44,533,347</b>	<b>\$15,603,963</b>	<b>\$40,184,256</b>	<b>\$28,707,833</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	10%	10%

(1) Return on equity measured as net project value divi  
(2) Annual net cash flow (NOI less debt service) divide  
(3) Gap cost for current housing set-asides for residenti  
(4) Gap cost for 10% affordable units for residential (pl  
Source: DRA.

**Table 25**  
**Land Residual Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Bonus Gross Floor Area (GSF)	148,200		142,200		162,000	
Total Annual Net Operating Income, Rental Uses	\$7,613,197	\$4,732,241			\$6,208,713	\$3,252,159
NOI Per NSF	\$24.48	\$24.02			\$24.68	\$24.69
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$152,263,944	\$94,644,816			\$112,885,691	\$59,130,164
Net Condo Sales Proceeds			\$209,789,213	\$123,116,438		
Total Market Value	\$152,263,944	\$94,644,816	\$209,789,213	\$123,116,438	\$112,885,691	\$59,130,164
Total Value Per NSF	\$490	\$480	\$734	\$696	\$449	\$449
Less: Total Development Cost, Excl. Land	\$151,370,745	\$91,879,373	\$166,074,631	\$98,138,186	\$90,308,332	\$46,783,805
Total Development Cost Per NSF	\$487	\$466	\$581	\$554	\$359	\$355
Less: Assumed Return on Equity (See Below)	\$15,611,591	\$9,900,420	\$17,023,165	\$10,501,266	\$11,002,400	\$6,824,045
Residual Land Value Before Program Costs	(\$14,718,392)	(\$7,134,976)	\$26,691,417	\$14,476,986	\$11,574,959	\$5,522,313
Resid. Value/SF Site Area	(\$981.23)	(\$475.67)	\$1,779.43	\$965.13	\$357.25	\$170.44
Resid. Value/Dwelling Unit	(\$34,550)	(\$26,524)	\$77,591	\$68,288	N/A	N/A
Resid. Value/SF Bonus GFA	(\$99.31)		\$187.70		\$71.45	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,549,604		\$4,923,432		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,756,045		\$8,810,352		N/A	
Residual Land Value After Program Costs						
1. Current In-Lieu Fee	(\$17,931,368)		\$23,608,521		\$7,289,654	
Resid. Value/SF Site Area	(\$1,195)		\$1,574		\$225	
Resid. Value/SF Bonus GFA	(\$120.99)		\$166.02		\$45.00	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$22,267,996)		\$21,767,985		\$4,365,959	
Resid. Value/SF Site Area	(\$1,485)		\$1,451		\$135	
Resid. Value/SF Bonus GFA	(\$150.26)		\$153.08		\$26.95	
3. Gap Cost Scenario 2: 10% Units (4)	(\$29,474,437)		\$17,881,065		N/A	
Resid. Value/SF Site Area	(\$1,965)		\$1,192		N/A	
Resid. Value/SF Bonus GFA	(\$198.88)		\$125.75		N/A	
Equity Investment @ 40% of TDC	\$65,048,298	\$41,251,749	\$70,929,852	\$43,755,274	\$45,843,333	\$28,433,522
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 25**  
**Land Residual Analysis, Incentive Program Rec**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	202,900	89,900	184,900	79,900	-	-
Total Net SF	205,000	92,000	187,000	82,000	240,500	154,900
Residential Units	280	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Bonus Gross Floor Area (GSF)	146,250		136,250		107,000	
Total Annual Net Operating Income, Rental Uses	\$5,274,094	\$2,144,626			\$5,665,879	\$3,652,139
NOI Per NSF	\$25.73	\$23.31			\$23.56	\$23.58
Cap Rate	5.00%	5.00%			5.50%	5.50%
<b>Capitalized Value, Rental Uses</b>	<b>\$105,481,880</b>	<b>\$42,892,528</b>			<b>\$103,015,982</b>	<b>\$66,402,527</b>
<b>Net Condo Sales Proceeds</b>			\$118,191,281	\$42,887,513		
<b>Total Market Value</b>	<b>\$105,481,880</b>	<b>\$42,892,528</b>	<b>\$118,191,281</b>	<b>\$42,887,513</b>	<b>\$103,015,982</b>	<b>\$66,402,527</b>
Total Value Per NSF	\$515	\$466	\$632	\$523	\$428	\$429
<b>Less: Total Development Cost, Excl. Land</b>	<b>\$96,852,058</b>	<b>\$30,252,869</b>	<b>\$103,458,368</b>	<b>\$31,134,908</b>	<b>\$84,335,639</b>	<b>\$55,644,583</b>
Total Development Cost Per NSF	\$472	\$329	\$553	\$380	\$351	\$359
<b>Less: Assumed Return on Equity (See Below)</b>	<b>\$10,053,798</b>	<b>\$3,660,275</b>	<b>\$10,688,003</b>	<b>\$3,744,951</b>	<b>\$9,644,221</b>	<b>\$6,889,880</b>
<b>Residual Land Value Before Program Costs</b>	<b>(\$1,423,976)</b>	<b>\$8,979,383</b>	<b>\$4,044,910</b>	<b>\$8,007,653</b>	<b>\$9,036,121</b>	<b>\$3,868,064</b>
Resid. Value/SF Site Area	(\$67.81)	\$427.59	\$192.61	\$381.32	\$210.14	\$89.95
Resid. Value/Dwelling Unit	(\$5,086)	\$72,414	\$18,555	\$85,188	N/A	N/A
Resid. Value/SF Bonus GFA	(\$9.74)		\$29.69		\$84.45	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,413,853		\$3,454,575		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,445,606		\$6,422,865		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	(\$4,379,396)		\$1,291,570		\$6,205,704	
Resid. Value/SF Site Area	(\$209)		\$62		\$144	
Resid. Value/SF Bonus GFA	(\$29.94)		\$9.48		\$58.00	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$6,837,828)		\$590,335		\$4,274,621	
Resid. Value/SF Site Area	(\$326)		\$28		\$99	
Resid. Value/SF Bonus GFA	(\$46.75)		\$4.33		\$39.95	
3. Gap Cost Scenario 2: 10% Units (4)	(\$11,869,582)		(\$2,377,955)		N/A	
Resid. Value/SF Site Area	(\$565)		(\$113)		N/A	
Resid. Value/SF Bonus GFA	(\$81.16)		(\$17.45)		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$41,890,823</b>	<b>\$15,251,148</b>	<b>\$44,533,347</b>	<b>\$15,603,963</b>	<b>\$40,184,256</b>	<b>\$28,707,833</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%

(1) Return on equity measured as net project value divided by equity investment  
(2) Annual net cash flow (NOI less debt service) divided by equity investment  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 26**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
Gross SF Bonus GFA	32,400		32,400		30,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$788,168	\$421,536			\$1,356,819	\$935,283
NOI Per NSF	\$17.13	\$19.16			\$19.11	\$19.09
Middle Scenario	\$953,669	\$455,808			\$1,464,790	\$1,008,982
NOI Per NSF	\$20.73	\$20.72			\$20.63	\$20.59
High Scenario	\$1,053,956	\$503,749			\$1,615,186	\$1,111,438
NOI Per NSF	\$22.91	\$22.90			\$22.75	\$22.68
Cap Rate	4.25%	4.25%			4.25%	4.25%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$18,545,135	\$9,918,487	\$13,765,500	\$6,583,500	\$31,925,153	\$22,006,667
Per NSF	\$403	\$451	\$299	\$299	\$463	\$469
Middle Scenario	\$22,439,268	\$10,724,898	\$18,354,000	\$8,778,000	\$34,465,652	\$23,740,754
Per NSF	\$488	\$487	\$399	\$399	\$500	\$506
High Scenario	\$24,798,967	\$11,852,907	\$22,942,500	\$10,972,500	\$38,004,381	\$26,151,473
Per NSF	\$539	\$539	\$499	\$499	\$552	\$558
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$15,119,184	\$6,491,003	\$17,155,056	\$7,289,552	\$24,078,493	\$14,225,407
Per NSF	\$329	\$295	\$373	\$331	\$339	\$290
Middle Scenario	\$16,677,910	\$7,234,023	\$18,924,390	\$8,124,712	\$26,481,192	\$15,860,857
Per NSF	\$363	\$329	\$411	\$369	\$373	\$324
High Scenario	\$18,297,836	\$8,038,242	\$20,754,923	\$9,021,071	\$29,013,491	\$17,625,908
Per NSF	\$398	\$365	\$451	\$410	\$409	\$360
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$1,533,042	\$704,736	\$1,728,485	\$781,397	\$2,484,335	\$1,538,439
Middle Scenario	\$1,731,639	\$825,026	\$1,947,301	\$910,532	\$2,818,674	\$1,799,122
High Scenario	\$1,952,432	\$967,511	\$2,188,313	\$1,061,863	\$3,200,015	\$2,106,807
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	\$1,892,910	\$3,427,483	(\$3,389,556)	(\$706,052)	\$7,846,661	\$7,781,260
Per SF Site Area	\$131	\$238	(\$235)	(\$49)	\$392	\$389
Per Dwelling Unit	\$26,661	\$100,808	(\$60,528)	(\$26,150)	\$74,025	\$108,073
Per SF Bonus GFA	\$58.42		(\$104.62)		\$261.56	
Middle Scenario	\$4,029,719	\$3,490,875	(\$570,390)	\$653,288	\$7,984,460	\$7,879,896
Per SF Site Area	\$280	\$242	(\$40)	\$45	\$399	\$394
Per Dwelling Unit	\$56,757	\$102,673	(\$10,186)	\$24,196	\$75,325	\$109,443
Per SF Bonus GFA	\$124.37		(\$17.60)		\$266.15	
High Scenario	\$4,548,699	\$3,814,665	\$2,187,577	\$1,951,429	\$8,990,890	\$8,525,565
Per SF Site Area	\$316	\$265	\$152	\$136	\$450	\$426
Per Dwelling Unit	\$64,066	\$112,196	\$39,064	\$72,275	\$84,820	\$118,411
Per SF Bonus GFA	\$140.39		\$67.52		\$299.70	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,047,673	\$2,596,401	\$6,862,023	\$2,915,821	\$9,631,397	\$5,690,163
Middle Scenario	\$6,671,164	\$2,893,609	\$7,569,756	\$3,249,885	\$10,592,477	\$6,344,343
High Scenario	\$7,319,134	\$3,215,297	\$8,301,969	\$3,608,429	\$11,605,396	\$7,050,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,946,202		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,319,871		\$4,248,134	
High Scenario	\$4,103,837		\$4,693,541		\$4,555,033	

**Table 26**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$25,040		\$713,309	
Middle Scenario	\$762,900		\$189,040		\$877,587	
High Scenario	\$924,865		\$369,440		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$37,560		\$1,569,279	
Middle Scenario	\$1,068,060		\$283,560		\$1,930,691	
High Scenario	\$1,294,811		\$554,160		\$2,342,912	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$1,402,050		(\$3,880,416)		\$7,392,161	
Per SF Site Area	\$97		(\$269)		\$370	
Per SF Bonus GFA	\$43.27		(\$119.77)		\$246.41	
Middle Scenario	\$3,538,859		(\$1,061,250)		\$7,529,960	
Per SF Site Area	\$246		(\$74)		\$376	
Per SF Bonus GFA	\$109.22		(\$32.75)		\$251.00	
High Scenario	\$4,057,839		\$1,696,717		\$8,536,390	
Per SF Site Area	\$282		\$118		\$427	
Per SF Bonus GFA	\$125.24		\$52.37		\$284.55	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$1,275,694		(\$3,414,596)		\$7,133,352	
Per SF Site Area	\$89		(\$237)		\$357	
Per SF Bonus GFA	\$39.37		(\$105.39)		\$237.78	
Middle Scenario	\$3,266,819		(\$759,430)		\$7,106,873	
Per SF Site Area	\$227		(\$53)		\$355	
Per SF Bonus GFA	\$100.83		(\$23.44)		\$236.90	
High Scenario	\$3,623,834		\$1,818,137		\$7,925,930	
Per SF Site Area	\$252		\$126		\$396	
Per SF Bonus GFA	\$111.85		\$56.12		\$264.20	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$598,099		(\$3,943,716)		\$5,503,749	
Per SF Site Area	\$42		(\$274)		\$275	
Per SF Bonus GFA	\$18.46		(\$121.72)		\$183.46	
Middle Scenario	\$2,734,908		(\$1,124,550)		\$5,641,548	
Per SF Site Area	\$190		(\$78)		\$282	
Per SF Bonus GFA	\$84.41		(\$34.71)		\$188.05	
High Scenario	\$3,253,888		\$1,633,417		\$6,647,978	
Per SF Site Area	\$226		\$113		\$332	
Per SF Bonus GFA	\$100.43		\$50.41		\$221.60	
<b>Equity Investment @              40%              of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$6,387,673	\$2,936,401	\$7,202,023	\$3,255,821	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$8,113,756	\$3,793,885	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$9,117,969	\$4,424,429	\$13,333,396	\$8,778,363

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.



**Table 26**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
Gross SF Bonus GFA	30,000		25,000		25,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,722,854	\$1,356,819		
NOI Per NSF			\$19.14	\$19.11		
Middle Scenario			\$1,860,905	\$1,464,790		
NOI Per NSF			\$20.68	\$20.63		
High Scenario			\$2,052,896	\$1,615,186		
NOI Per NSF			\$22.81	\$22.75		
Cap Rate			4.25%	4.25%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$20,618,325	\$14,034,825	\$40,537,750	\$31,925,153	\$26,314,250	\$20,625,208
Per NSF	\$299	\$299	\$461	\$463	\$299	\$299
Middle Scenario	\$27,491,100	\$18,713,100	\$43,785,989	\$34,465,652	\$35,085,666	\$27,500,277
Per NSF	\$399	\$399	\$498	\$500	\$399	\$399
High Scenario	\$34,363,875	\$23,391,375	\$48,303,442	\$38,004,381	\$43,857,083	\$34,375,346
Per NSF	\$499	\$499	\$550	\$552	\$499	\$499
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$27,387,917	\$16,281,152	\$33,426,810	\$24,482,308	\$33,551,166	\$27,387,917
Per NSF	\$386	\$332	\$371	\$345	\$373	\$386
Middle Scenario	\$30,121,558	\$18,153,804	\$36,879,428	\$26,925,388	\$37,016,649	\$30,121,558
Per NSF	\$424	\$370	\$410	\$379	\$411	\$424
High Scenario	\$32,984,800	\$20,156,056	\$40,522,846	\$29,559,269	\$40,672,932	\$33,046,000
Per NSF	\$465	\$411	\$450	\$416	\$452	\$465
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$2,802,040	\$1,735,791	\$3,463,374	\$2,604,702	\$3,475,312	\$2,883,640
Middle Scenario	\$3,168,150	\$2,019,245	\$3,947,465	\$2,991,877	\$3,960,638	\$3,298,710
High Scenario	\$3,581,261	\$2,349,701	\$4,500,753	\$3,448,250	\$4,515,161	\$3,782,976
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$6,769,592)	(\$2,246,327)	\$7,110,940	\$7,442,846	(\$7,236,917)	(\$6,762,709)
Per SF Site Area	(\$338)	(\$112)	\$356	\$372	(\$362)	(\$338)
Per Dwelling Unit	(\$80,590)	(\$39,409)	\$52,674	\$70,216	(\$67,635)	(\$80,508)
Per SF Bonus GFA	(\$225.65)		\$284.44		(\$289.48)	
Middle Scenario	(\$2,630,458)	\$559,296	\$6,906,561	\$7,540,263	(\$1,930,983)	(\$2,621,281)
Per SF Site Area	(\$132)	\$28	\$345	\$377	(\$97)	(\$131)
Per Dwelling Unit	(\$31,315)	\$9,812	\$51,160	\$71,135	(\$18,047)	(\$31,206)
Per SF Bonus GFA	(\$87.68)		\$276.26		(\$77.24)	
High Scenario	\$1,379,075	\$3,235,319	\$7,780,596	\$8,445,112	\$3,184,151	\$1,329,346
Per SF Site Area	\$69	\$162	\$389	\$422	\$159	\$66
Per Dwelling Unit	\$16,418	\$56,760	\$57,634	\$79,671	\$29,758	\$15,826
Per SF Bonus GFA	\$45.97		\$311.22		\$127.37	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$10,955,167	\$6,512,461	\$13,370,724	\$9,792,923	\$13,420,467	\$10,955,167
Middle Scenario	\$12,048,623	\$7,261,522	\$14,751,771	\$10,770,155	\$14,806,660	\$12,048,623
High Scenario	\$13,193,920	\$8,062,423	\$16,209,139	\$11,823,708	\$16,269,173	\$13,218,400
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,442,706		\$3,577,801		\$2,465,300	
Middle Scenario	\$4,787,102		\$3,981,616		\$2,758,036	
High Scenario	\$5,131,497		\$4,385,431		\$3,050,773	

**Table 26**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$90,640		\$663,043		\$1,326,085	
Middle Scenario	\$267,760		\$812,453		\$1,624,907	
High Scenario	\$464,560		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$181,280		\$45,840		\$168,080	
Middle Scenario	\$535,520		\$183,600		\$673,200	
High Scenario	\$929,120		\$343,500		\$1,259,500	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$7,224,092)		\$6,732,190		(\$7,615,667)	
Per SF Site Area	(\$361)		\$337		(\$381)	
Per SF Bonus GFA	(\$240.80)		\$269.29		(\$304.63)	
Middle Scenario	(\$3,084,958)		\$6,527,811		(\$2,309,733)	
Per SF Site Area	(\$154)		\$326		(\$115)	
Per SF Bonus GFA	(\$102.83)		\$261.11		(\$92.39)	
High Scenario	\$924,575		\$7,401,846		\$2,805,401	
Per SF Site Area	\$46		\$370		\$140	
Per SF Bonus GFA	\$30.82		\$296.07		\$112.22	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$6,860,232)		\$6,447,898		(\$8,563,002)	
Per SF Site Area	(\$343)		\$322		(\$428)	
Per SF Bonus GFA	(\$228.67)		\$257.92		(\$342.52)	
Middle Scenario	(\$2,898,218)		\$6,094,107		(\$3,555,890)	
Per SF Site Area	(\$145)		\$305		(\$178)	
Per SF Bonus GFA	(\$96.61)		\$243.76		(\$142.24)	
High Scenario	\$914,515		\$6,797,376		\$1,217,711	
Per SF Site Area	\$46		\$340		\$61	
Per SF Bonus GFA	\$30.48		\$271.90		\$48.71	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$7,698,712)		\$6,767,440		(\$8,496,417)	
Per SF Site Area	(\$385)		\$338		(\$425)	
Per SF Bonus GFA	(\$256.62)		\$270.70		(\$339.86)	
Middle Scenario	(\$3,559,578)		\$6,563,061		(\$3,190,483)	
Per SF Site Area	(\$178)		\$328		(\$160)	
Per SF Bonus GFA	(\$118.65)		\$262.52		(\$127.62)	
High Scenario	\$449,955		\$7,437,096		\$1,924,651	
Per SF Site Area	\$22		\$372		\$96	
Per SF Bonus GFA	\$15.00		\$297.48		\$76.99	
<b>Equity Investment @      40%      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$11,675,167	\$7,232,461	\$14,430,724	\$10,852,923	\$14,480,467	\$12,015,167
Middle Scenario	\$13,200,623	\$8,413,522	\$16,447,771	\$12,466,155	\$16,502,660	\$13,744,623
High Scenario	\$14,921,920	\$9,790,423	\$18,753,139	\$14,367,708	\$18,813,173	\$15,762,400

(1) Return on equity measured as net project value divi  
(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.

**Table 27**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
Gross SF Bonus GFA	32,400		32,400		30,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$788,168	\$421,536			\$1,356,819	\$935,283
NOI Per NSF	\$17.13	\$19.16			\$19.11	\$19.09
Middle Scenario	\$953,669	\$455,808			\$1,464,790	\$1,008,982
NOI Per NSF	\$20.73	\$20.72			\$20.63	\$20.59
High Scenario	\$1,053,956	\$503,749			\$1,615,186	\$1,111,438
NOI Per NSF	\$22.91	\$22.90			\$22.75	\$22.68
Cap Rate	5.00%	5.00%			5.00%	5.00%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$15,763,365	\$8,430,714	\$13,765,500	\$6,583,500	\$27,136,380	\$18,705,667
Per NSF	\$343	\$383	\$299	\$299	\$394	\$399
Middle Scenario	\$19,073,378	\$9,116,163	\$18,354,000	\$8,778,000	\$29,295,804	\$20,179,641
Per NSF	\$415	\$414	\$399	\$399	\$425	\$430
High Scenario	\$21,079,122	\$10,074,971	\$22,942,500	\$10,972,500	\$32,303,723	\$22,228,752
Per NSF	\$458	\$458	\$499	\$499	\$469	\$474
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$15,119,184	\$6,491,003	\$17,155,056	\$7,289,552	\$24,078,493	\$14,225,407
Per NSF	\$329	\$295	\$373	\$331	\$339	\$290
Middle Scenario	\$16,677,910	\$7,234,023	\$18,924,390	\$8,124,712	\$26,481,192	\$15,860,857
Per NSF	\$363	\$329	\$411	\$369	\$373	\$324
High Scenario	\$18,297,836	\$8,038,242	\$20,754,923	\$9,021,071	\$29,013,491	\$17,625,908
Per NSF	\$398	\$365	\$451	\$410	\$409	\$360
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$1,533,042	\$704,736	\$1,728,485	\$781,397	\$2,484,335	\$1,538,439
Middle Scenario	\$1,731,639	\$825,026	\$1,947,301	\$910,532	\$2,818,674	\$1,799,122
High Scenario	\$1,952,432	\$967,511	\$2,188,313	\$1,061,863	\$3,200,015	\$2,106,807
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$888,861)	\$1,939,710	(\$3,389,556)	(\$706,052)	\$3,057,888	\$4,480,260
Per SF Site Area	(\$62)	\$135	(\$235)	(\$49)	\$153	\$224
Per Dwelling Unit	(\$12,519)	\$57,050	(\$60,528)	(\$26,150)	\$28,848	\$62,226
Per SF Bonus GFA	-\$27.43		-\$104.62		\$101.93	
Middle Scenario	\$663,829	\$1,882,140	(\$570,390)	\$653,288	\$2,814,612	\$4,318,783
Per SF Site Area	\$46	\$131	(\$40)	\$45	\$141	\$216
Per Dwelling Unit	\$9,350	\$55,357	(\$10,186)	\$24,196	\$26,553	\$59,983
Per SF Bonus GFA	\$20.49		-\$17.60		\$93.82	
High Scenario	\$828,854	\$2,036,729	\$2,187,577	\$1,951,429	\$3,290,232	\$4,602,844
Per SF Site Area	\$58	\$141	\$152	\$136	\$165	\$230
Per Dwelling Unit	\$11,674	\$59,904	\$39,064	\$72,275	\$31,040	\$63,928
Per SF Bonus GFA	\$25.58		\$67.52		\$109.67	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,047,673	\$2,596,401	\$6,862,023	\$2,915,821	\$9,631,397	\$5,690,163
Middle Scenario	\$6,671,164	\$2,893,609	\$7,569,756	\$3,249,885	\$10,592,477	\$6,344,343
High Scenario	\$7,319,134	\$3,215,297	\$8,301,969	\$3,608,429	\$11,605,396	\$7,050,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,946,202		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,319,871		\$4,248,134	
High Scenario	\$4,103,837		\$4,693,541		\$4,555,033	

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**Low Rise and Mid Rise Prototypes**  
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**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$25,040		\$713,309	
Middle Scenario	\$762,900		\$189,040		\$877,587	
High Scenario	\$924,865		\$369,440		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$37,560		\$1,569,279	
Middle Scenario	\$1,068,060		\$283,560		\$1,930,691	
High Scenario	\$1,294,811		\$554,160		\$2,342,912	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$1,379,721)		(\$3,880,416)		\$2,603,388	
Per SF Site Area	(\$96)		(\$269)		\$130	
Per SF Bonus GFA	(\$42.58)		(\$119.77)		\$86.78	
Middle Scenario	\$172,969		(\$1,061,250)		\$2,360,112	
Per SF Site Area	\$12		(\$74)		\$118	
Per SF Bonus GFA	\$5.34		(\$32.75)		\$78.67	
High Scenario	\$337,994		\$1,696,717		\$2,835,732	
Per SF Site Area	\$23		\$118		\$142	
Per SF Bonus GFA	\$10.43		\$52.37		\$94.52	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$1,506,076)		(\$3,414,596)		\$2,344,579	
Per SF Site Area	(\$105)		(\$237)		\$117	
Per SF Bonus GFA	(\$46.48)		(\$105.39)		\$78.15	
Middle Scenario	(\$99,072)		(\$759,430)		\$1,937,025	
Per SF Site Area	(\$7)		(\$53)		\$97	
Per SF Bonus GFA	(\$3.06)		(\$23.44)		\$64.57	
High Scenario	(\$96,011)		\$1,818,137		\$2,225,272	
Per SF Site Area	(\$7)		\$126		\$111	
Per SF Bonus GFA	(\$2.96)		\$56.12		\$74.18	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$2,183,672)		(\$3,943,716)		\$714,976	
Per SF Site Area	(\$152)		(\$274)		\$36	
Per SF Bonus GFA	(\$67.40)		(\$121.72)		\$23.83	
Middle Scenario	(\$630,982)		(\$1,124,550)		\$471,700	
Per SF Site Area	(\$44)		(\$78)		\$24	
Per SF Bonus GFA	(\$19.47)		(\$34.71)		\$15.72	
High Scenario	(\$465,957)		\$1,633,417		\$947,320	
Per SF Site Area	(\$32)		\$113		\$47	
Per SF Bonus GFA	(\$14.38)		\$50.41		\$31.58	
<b>Equity Investment @                      40%                      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$6,387,673	\$2,936,401	\$7,202,023	\$3,255,821	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$8,113,756	\$3,793,885	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$9,117,969	\$4,424,429	\$13,333,396	\$8,778,363

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 27**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
Gross SF Bonus GFA	30,000		25,000		25,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,722,854	\$1,356,819		
NOI Per NSF			\$19.14	\$19.11		
Middle Scenario			\$1,860,905	\$1,464,790		
NOI Per NSF			\$20.68	\$20.63		
High Scenario			\$2,052,896	\$1,615,186		
NOI Per NSF			\$22.81	\$22.75		
Cap Rate			5.00%	5.00%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$20,618,325	\$14,034,825	\$34,457,088	\$27,136,380	\$26,314,250	\$20,625,208
Per NSF	\$299	\$299	\$392	\$394	\$299	\$299
Middle Scenario	\$27,491,100	\$18,713,100	\$37,218,090	\$29,295,804	\$35,085,666	\$27,500,277
Per NSF	\$399	\$399	\$423	\$425	\$399	\$399
High Scenario	\$34,363,875	\$23,391,375	\$41,057,926	\$32,303,723	\$43,857,083	\$34,375,346
Per NSF	\$499	\$499	\$467	\$469	\$499	\$499
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$27,387,917	\$16,281,152	\$33,426,810	\$24,482,308	\$33,551,166	\$27,387,917
Per NSF	\$386	\$332	\$371	\$345	\$373	\$386
Middle Scenario	\$30,121,558	\$18,153,804	\$36,879,428	\$26,925,388	\$37,016,649	\$30,121,558
Per NSF	\$424	\$370	\$410	\$379	\$411	\$424
High Scenario	\$32,984,800	\$20,156,056	\$40,522,846	\$29,559,269	\$40,672,932	\$33,046,000
Per NSF	\$465	\$411	\$450	\$416	\$452	\$465
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$2,802,040	\$1,735,791	\$3,463,374	\$2,604,702	\$3,475,312	\$2,883,640
Middle Scenario	\$3,168,150	\$2,019,245	\$3,947,465	\$2,991,877	\$3,960,638	\$3,298,710
High Scenario	\$3,581,261	\$2,349,701	\$4,500,753	\$3,448,250	\$4,515,161	\$3,782,976
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$6,769,592)	(\$2,246,327)	\$1,030,278	\$2,654,073	(\$7,236,917)	(\$6,762,709)
Per SF Site Area	(\$338)	(\$112)	\$52	\$133	(\$362)	(\$338)
Per Dwelling Unit	(\$80,590)	(\$39,409)	\$7,632	\$25,038	(\$67,635)	(\$80,508)
Per SF Bonus GFA	-\$225.65		\$41.21		-\$289.48	
Middle Scenario	(\$2,630,458)	\$559,296	\$338,662	\$2,370,416	(\$1,930,983)	(\$2,621,281)
Per SF Site Area	(\$132)	\$28	\$17	\$119	(\$97)	(\$131)
Per Dwelling Unit	(\$31,315)	\$9,812	\$2,509	\$22,362	(\$18,047)	(\$31,206)
Per SF Bonus GFA	-\$87.68		\$13.55		-\$77.24	
High Scenario	\$1,379,075	\$3,235,319	\$535,080	\$2,744,454	\$3,184,151	\$1,329,346
Per SF Site Area	\$69	\$162	\$27	\$137	\$159	\$66
Per Dwelling Unit	\$16,418	\$56,760	\$3,964	\$25,891	\$29,758	\$15,826
Per SF Bonus GFA	\$45.97		\$21.40		\$127.37	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$10,955,167	\$6,512,461	\$13,370,724	\$9,792,923	\$13,420,467	\$10,955,167
Middle Scenario	\$12,048,623	\$7,261,522	\$14,751,771	\$10,770,155	\$14,806,660	\$12,048,623
High Scenario	\$13,193,920	\$8,062,423	\$16,209,139	\$11,823,708	\$16,269,173	\$13,218,400
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,442,706		\$3,577,801		\$2,465,300	
Middle Scenario	\$4,787,102		\$3,981,616		\$2,758,036	
High Scenario	\$5,131,497		\$4,385,431		\$3,050,773	

**Table 27**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$90,640		\$663,043		\$1,326,085	
Middle Scenario	\$267,760		\$812,453		\$1,624,907	
High Scenario	\$464,560		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$181,280		\$45,840		\$168,080	
Middle Scenario	\$535,520		\$183,600		\$673,200	
High Scenario	\$929,120		\$343,500		\$1,259,500	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$7,224,092)		\$651,528		(\$7,615,667)	
Per SF Site Area	(\$361)		\$33		(\$381)	
Per SF Bonus GFA	(\$240.80)		\$26.06		(\$304.63)	
Middle Scenario	(\$3,084,958)		(\$40,088)		(\$2,309,733)	
Per SF Site Area	(\$154)		(\$2)		(\$115)	
Per SF Bonus GFA	(\$102.83)		(\$1.60)		(\$92.39)	
High Scenario	\$924,575		\$156,330		\$2,805,401	
Per SF Site Area	\$46		\$8		\$140	
Per SF Bonus GFA	\$30.82		\$6.25		\$112.22	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$6,860,232)		\$367,235		(\$8,563,002)	
Per SF Site Area	(\$343)		\$18		(\$428)	
Per SF Bonus GFA	(\$228.67)		\$14.69		(\$342.52)	
Middle Scenario	(\$2,898,218)		(\$473,791)		(\$3,555,890)	
Per SF Site Area	(\$145)		(\$24)		(\$178)	
Per SF Bonus GFA	(\$96.61)		(\$18.95)		(\$142.24)	
High Scenario	\$914,515		(\$448,140)		\$1,217,711	
Per SF Site Area	\$46		(\$22)		\$61	
Per SF Bonus GFA	\$30.48		(\$17.93)		\$48.71	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$7,698,712)		\$686,778		(\$8,496,417)	
Per SF Site Area	(\$385)		\$34		(\$425)	
Per SF Bonus GFA	(\$256.62)		\$27.47		(\$339.86)	
Middle Scenario	(\$3,559,578)		(\$4,838)		(\$3,190,483)	
Per SF Site Area	(\$178)		(\$0)		(\$160)	
Per SF Bonus GFA	(\$118.65)		(\$0.19)		(\$127.62)	
High Scenario	\$449,955		\$191,580		\$1,924,651	
Per SF Site Area	\$22		\$10		\$96	
Per SF Bonus GFA	\$15.00		\$7.66		\$76.99	
<b>Equity Investment @      40%      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$11,675,167	\$7,232,461	\$14,430,724	\$10,852,923	\$14,480,467	\$12,015,167
Middle Scenario	\$13,200,623	\$8,413,522	\$16,447,771	\$12,466,155	\$16,502,660	\$13,744,623
High Scenario	\$14,921,920	\$9,790,423	\$18,753,139	\$14,367,708	\$18,813,173	\$15,762,400

(1) Return on equity measured as net project value divided by equity investment  
(2) Annual net cash flow (NOI less debt service) divided by equity investment

Source: DRA.

**Table 28**  
**Estimated Residual Land Value Per SF Site Area and Per SF Bonus Floor Area**  
**Development Prototypes with and without Incentives**  
**Lower Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Residual Land Value @ Indicated Cap Rate								
		Prototypes without Incentives	Prototypes With Incentives							
			Before Program Costs		After Payment of Current In Lieu Fee		After Performance Costs/Fee Scenario 1		After Performance Costs/Fee Scenario 2	
		Per Square Foot Site Area	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA
Housing Prototypes										
DOWNTOWN PROTOTYPES		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	\$638	\$810	\$82.00	\$596	\$60.32	\$307	\$31.05	(\$174)	(\$17.57)
Residential Ownership	Prototype 2	\$965	\$1,779	\$187.70	\$1,574	\$166.02	\$1,451	\$153.08	\$1,192	\$125.75
		5.00%	5.00%		5.00%		5.00%		5.00%	
Commercial	Prototype 3	\$213	\$479	\$95.86	\$347	\$69.40	\$257	\$51.36	N/A	N/A
SOUTH LAKE UNION PROTOTYPES		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	\$788	\$819	\$117.54	\$678	\$97.33	\$561	\$80.52	\$321	\$46.12
Residential Ownership	Prototype 5	\$381	\$193	\$29.69	\$62	\$9.48	\$28	\$4.33	(\$113)	(\$17.45)
		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	\$138	\$300	\$120.64	\$234	\$60.32	\$189	\$76.14	N/A	N/A
LOWRISE TO MIDRISE		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7	\$238	\$131	\$58.42	\$97	\$43.27	\$89	\$39.37	\$42	\$18
Low Scenario		\$242	\$280	\$124.37	\$246	\$109.22	\$227	\$100.83	\$190	\$84
Middle Scenario		\$265	\$316	\$140.39	\$282	\$125.24	\$252	\$111.85	\$226	\$100
Residential Ownership	Prototype 8	(\$49)	(\$235)	(\$104.62)	(\$269)	\$43.27	(\$237)	(\$105.39)	(\$274)	(\$122)
Low Scenario		\$45	(\$40)	(\$17.60)	(\$74)	\$109.22	(\$53)	(\$23.44)	(\$78)	(\$35)
Middle Scenario		\$136	\$152	\$67.52	\$118	\$125.24	\$126	\$56.12	\$113	\$50
High Scenario										
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9	\$389	\$392	\$261.56	\$370	\$246.41	\$357	\$237.78	\$275	\$183
Low Scenario		\$394	\$399	\$266.15	\$376	\$251.00	\$355	\$236.90	\$282	\$188
Middle Scenario		\$426	\$450	\$299.70	\$427	\$284.55	\$396	\$264.20	\$332	\$222
Residential Ownership	Prototype 10	(\$112)	(\$338)	(\$225.65)	(\$361)	(\$240.80)	(\$343)	(\$228.67)	(\$385)	(\$257)
Low Scenario		\$28	(\$132)	(\$87.68)	(\$154)	(\$102.83)	(\$145)	(\$96.61)	(\$178)	(\$119)
Middle Scenario		\$162	\$69	\$45.97	\$46	\$30.82	\$46	\$30.48	\$22	\$15
High Scenario										
6 STORIES TO 7 STORIES										
Residential Rental	Prototype 11	\$372	\$356	\$284.44	\$337	\$269.29	\$322	\$257.92	\$338	\$271
Low Scenario		\$377	\$345	\$276.26	\$326	\$261.11	\$305	\$243.76	\$328	\$263
Middle Scenario		\$422	\$389	\$311.22	\$370	\$296.07	\$340	\$271.90	\$372	\$297
Residential Ownership	Prototype 12	(\$338)	(\$362)	(\$289.48)	(\$381)	(\$304.63)	(\$428)	(\$343)	(\$425)	(\$340)
Low Scenario		(\$131)	(\$97)	(\$77.24)	(\$115)	(\$92.39)	(\$178)	(\$142)	(\$160)	(\$128)
Middle Scenario		\$66	\$159	\$127.37	\$140	\$112.22	\$61	\$49	\$96	\$77
High Scenario										

(1) Prototypes with incentive.

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

Estimated project ROE of the prototype with the incentive before program costs, and under in lieu fee payment and performance options.

Source: DRA

**Table 29**  
**Estimated Residual Land Value Per SF Site Area and Per SF Bonus Floor Area**  
**Development Prototypes with and without Incentives**  
**Higher Cap Rates Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Residual Land Value @ Indicated Cap Rate								
		Prototypes without Incentives	Prototypes With Incentives							
			Before Program Costs		After Payment of Current In Lieu Fee		After Performance Costs/Fee Scenario 1		After Performance Costs/Fee Scenario 2	
Per Square Foot Site Area		Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	
Housing Prototypes										
DOWNTOWN PROTOTYPES		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Residential Rental	Prototype 1	(\$476)	(\$981)	(\$99.31)	(\$1,195)	(\$121)	(\$1,485)	(\$150.26)	(\$1,965)	
Residential Ownership	Prototype 2	\$965	\$1,779	\$187.70	\$1,574	\$166.02	\$1,451	\$153.08	\$1,192	
		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
Commercial	Prototype 3	\$170	\$357	\$71.45	\$225	\$45.00	\$135	\$26.95	N/A	
SOUTH LAKE UNION PROTOTYPES		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Residential Rental	Prototype 4	\$428	(\$68)	(\$9.74)	(\$209)	(\$29.94)	(\$326)	(\$46.75)	(\$565)	
Residential Ownership	Prototype 5	\$381	\$193	\$29.69	\$62	\$9.48	\$28	\$4.33	(\$113)	
		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
Commercial	Prototype 6	\$90	\$210	\$84.45	\$144	(\$120.99)	\$99	\$39.95	N/A	
LOWRISE TO MIDRISE		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Residential Rental	Prototype 7									
Low Scenario		\$135	(\$62)	(\$27.43)	(\$96)	(\$42.58)	(\$105)	(\$46.48)	(\$152)	
Middle Scenario		\$131	\$46	\$20.49	\$12	\$5.34	(\$7)	(\$3.06)	(\$44)	
High Scenario		\$141	\$58	\$25.58	\$23	\$10.43	(\$7)	(\$2.96)	(\$32)	
Residential Ownership	Prototype 8									
Low Scenario		(\$49)	(\$235)	(\$104.62)	(\$269)	(\$42.58)	(\$237)	(\$105.39)	(\$274)	
Middle Scenario		\$45	(\$40)	(\$17.60)	(\$74)	\$5.34	(\$53)	(\$23.44)	(\$78)	
High Scenario		\$136	\$152	\$67.52	\$118	\$10.43	\$126	\$56.12	\$113	
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9									
Low Scenario		\$224	\$153	\$101.93	\$130	\$86.78	\$117	\$78.15	\$36	
Middle Scenario		\$216	\$141	\$93.82	\$118	\$78.67	\$97	\$64.57	\$24	
High Scenario		\$230	\$165	\$109.67	\$142	\$94.52	\$111	\$74.18	\$47	
Residential Ownership	Prototype 10									
Low Scenario		(\$112)	(\$338)	(\$225.65)	(\$361)	(\$240.80)	(\$343)	(\$228.67)	(\$385)	
Middle Scenario		\$28	(\$132)	(\$87.68)	(\$154)	(\$102.83)	(\$145)	(\$96.61)	(\$178)	
High Scenario		\$162	\$69	\$45.97	\$46	\$30.82	\$46	\$30.48	\$22	
6 STORIES TO 7 STORIES										
Residential Rental	Prototype 11									
Low Scenario		\$133	\$52	\$41.21	\$33	\$26.06	\$18	\$14.69	\$34	
Middle Scenario		\$119	\$17	\$13.55	(\$2)	(\$1.60)	(\$24)	(\$18.95)	(\$0)	
High Scenario		\$137	\$27	\$21.40	\$8	\$6.25	(\$22)	(\$17.93)	\$10	
Residential Ownership	Prototype 12									
Low Scenario		(\$338)	(\$362)	(\$289.48)	(\$381)	(\$304.63)	(\$428)	(\$343)	(\$425)	
Middle Scenario		(\$131)	(\$97)	(\$77.24)	(\$115)	(\$92.39)	(\$178)	(\$142)	(\$160)	
High Scenario		\$66	\$159	\$127.37	\$140	\$112.22	\$61	\$49	\$96	

(1) Prototypes with incentive.

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.  
 Estimated project ROE of the prototype with the incentive before program costs, and under in lieu fee payment and performance options.

Source: DRA



**Table 30**  
**Development and Financing Cost Assumptions**  
**Downtown and South Lake Union Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	0	0
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Total Gross SF Building Area (Including Parking)</i>	509,500	323,300	524,500	323,300	447,000	224,000
<i>Residential Units</i>	426	269	344	212	0	0
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Approximate Building Stories</i>	40	24	40	24	8	4
<b>Hard Cost Assumptions</b>						
Land Price per SF Site Area	\$750	\$750	\$750	\$750	\$750	\$750
Land Price per Unit	\$26,408	\$41,822	\$32,703	\$53,066	N/A	N/A
Building Demolition Costs	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements (Per Site SF)	\$0	\$0	\$0	\$0	\$50	\$50
Hard Construction Cost (Per Gross SF, Incl. Pkg)	\$220	\$210	\$231	\$221	\$145	\$145
Subtotal: Site/Hard Costs Per Gross SF, Incl. Pkg)	\$220	\$210	\$231	\$221	\$151	\$157
Hard Cost Contingency (% of Hard Costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>						
Architecture/Engineering/Consultants	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Financing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Subtotal--Soft Cost %	16.0%	16.0%	18.0%	18.0%	16.0%	16.0%
Developer Overhead (% TDC Less Land & Sales Tax)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, lease-up, permits and fees.

Source: DRA

**Table 30**  
**Development and Financing Cost Assumptions**  
**Downtown and South Lake Union Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	238,400	152,800
<i>Residential Net SF</i>	202,900	89,900	184,900	79,900	0	0
<i>Total Net SF</i>	205,000	92,000	187,000	82,000	240,500	154,900
<i>Total Gross SF Building Area (Including Parking)</i>	341,250	153,000	341,250	148,000	414,000	267,000
<i>Residential Units</i>	280	124	218	94	0	0
<i>Site Area (SF)</i>	21,000	21,000	21,000	21,000	43,000	43,000
<i>Approximate Building Stories</i>	24	7	24	7	8	5
<b>Hard Cost Assumptions</b>						
Land Price per SF Site Area	\$375	\$375	\$375	\$375	\$375	\$375
Land Price per Unit	\$28,125	\$63,508	\$36,124	\$83,777	N/A	N/A
Building Demolition Costs	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements (Per Site SF)	\$0	\$0	\$0	\$0	\$50	\$50
Hard Construction Cost (Per Gross SF, Incl. Pkg)	\$210	\$145	\$221	\$152	\$145	\$145
Subtotal: Site/Hard Costs Per Gross SF, Incl. Pkg)	\$210	\$145	\$221	\$152	\$154	\$159
Hard Cost Contingency (% of Hard Costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>						
Architecture/Engineering/Consultants	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Financing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Subtotal--Soft Cost %	16.0%	16.0%	18.0%	18.0%	16.0%	16.0%
Developer Overhead (% TDC Less Land & Sales Tax)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 31**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise			
	Residential Rental		Residential Ownership	
	Prototype 7A	Prototype 7B	Prototype 8A	Prototype 8B
	With Incentive	No Incentive	With Incentive	No Incentive
Retail Net SF	0	0	0	0
Office Net SF	0	0	0	0
Residential Net SF	46,000	22,000	46,000	22,000
Total Net SF	46,000	22,000	46,000	22,000
Total Gross SF Building Area (Including Parking)	77,200	36,800	82,200	38,800
Total Residential Units	71	34	56	27
Site Area (SF)	14,400	14,400	14,400	14,400
Approximate Building Stories	7	4	7	4
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$11,972	\$25,000	\$15,179
	Per Site SF	\$59	\$59	\$59
Middle Scenario	Per Unit	\$19,155	\$40,000	\$24,286
	Per Site SF	\$94	\$94	\$94
High Scenario	Per Unit	\$28,732	\$60,000	\$36,429
	Per Site SF	\$142	\$142	\$142
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$145	\$130	\$152
Middle Scenario		\$160	\$145	\$168
High Scenario		\$175	\$160	\$184
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, lease-up, permits and fees.

Source: DRA

**Table 31**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories			
	Residential Rental		Residential Ownership	
	Prototype 9A	Prototype 9B	Prototype 10A	Prototype 10B
	With Incentive	No Incentive	With Incentive	No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	68,900	46,900	68,900	46,900
<i>Total Net SF</i>	71,000	49,000	71,000	49,000
<i>Total Gross SF Building Area (Including Parking)</i>	119,000	81,000	127,000	87,000
<i>Total Residential Units</i>	106	72	84	57
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	6	4	6	4
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$16,981	\$25,000	\$21,429
	Per Site SF	\$90	\$90	\$90
Middle Scenario	Per Unit	\$27,170	\$40,000	\$34,286
	Per Site SF	\$144	\$144	\$144
High Scenario	Per Unit	\$40,755	\$60,000	\$51,429
	Per Site SF	\$216	\$216	\$216
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$150	\$130	\$158
Middle Scenario		\$165	\$145	\$173
High Scenario		\$180	\$160	\$189
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 31**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	6 Stories to 7 Stories			
	Residential Rental		Residential Ownership	
	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	87,900	68,900	87,900	68,900
<i>Total Net SF</i>	90,000	71,000	90,000	71,000
<i>Total Gross SF Building Area (Including Parking)</i>	171,000	121,000	161,000	127,000
<i>Total Residential Units</i>	135	106	107	84
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	7	6	7	6
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$19,630	\$25,000	\$24,766
	Per Site SF	\$133	\$133	\$133
Middle Scenario	Per Unit	\$31,407	\$40,000	\$39,626
	Per Site SF	\$212	\$212	\$212
High Scenario	Per Unit	\$47,111	\$60,000	\$59,439
	Per Site SF	\$318	\$318	\$318
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$145	\$150	\$152
Middle Scenario		\$160	\$165	\$168
High Scenario		\$175	\$180	\$184
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 32**  
**Prototype Development Cost Budgets**  
**Downtown and South Lake Union Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Residential Units</i>	426	269	344	212	0	0
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	0	0
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Total Gross SF Building Area (Including Parking)</i>	509,500	323,300	524,500	323,300	447,000	224,000
<i>Residential Units</i>	426	269	344	212	0	0
<i>Average Unit Size (Net SF)</i>	725	725	825	825	N/A	N/A
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Approximate Building Stories</i>	40	24	40	24	8	4
<b>Development Cost Budget</b>						
Land Acquisition	\$11,250,000	\$11,250,000	\$11,250,000	\$11,250,000	\$24,300,000	\$24,300,000
Demolition of Existing Building	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements	\$0	\$0	\$0	\$0	\$1,620,000	\$1,620,000
Hard Construction Costs	\$112,090,000	\$67,893,000	\$121,159,500	\$71,449,300	\$64,815,000	\$32,480,000
Hard Cost Contingency	\$5,604,500	\$3,394,650	\$6,057,975	\$3,572,465	\$3,321,750	\$1,705,000
Washington State Sales Tax	\$11,180,978	\$6,772,327	\$12,085,660	\$7,127,068	\$6,626,891	\$3,401,475
Architecture/Engineering/Consultants	\$8,967,200	\$5,431,440	\$9,692,760	\$5,715,944	\$5,314,800	\$2,728,000
Financing Costs	\$5,604,500	\$3,394,650	\$6,057,975	\$3,572,465	\$3,321,750	\$1,705,000
Other Soft Costs (1)	\$3,362,700	\$2,036,790	\$3,634,785	\$2,143,479	\$1,993,050	\$1,023,000
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$2,423,190	\$1,428,986	\$0	\$0
Developer Overhead/Project Management	\$4,410,867	\$2,806,516	\$4,812,786	\$2,978,479	\$3,145,091	\$1,971,330
<b>Total Development Costs, Including Land</b>	\$162,620,745	\$103,129,373	\$177,324,631	\$109,388,186	\$114,608,332	\$71,083,805
TDC Per Housing Unit	\$381,739	\$378,932	\$511,680	\$509,850	N/A	N/A
TDC per Net Rentable/Saleable SF	\$523	\$523	\$620	\$618	\$456	\$540
TDC Per Gross SF, Including Parking	\$319	\$319	\$338	\$338	\$256	\$317
<b>Total Development Costs Excluding Land</b>	\$151,370,745	\$91,879,373	\$166,074,631	\$98,138,186	\$90,308,332	\$46,783,805

Source: DRA

**Table 32**  
**Prototype Development Cost Budgets**  
**Downtown and South Lake Union Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Residential Units</i>	280	124	218	94	0	0
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	238,400	152,800
<i>Residential Net SF</i>	202,900	89,900	184,900	79,900	0	0
<i>Total Net SF</i>	205,000	92,000	187,000	82,000	240,500	154,900
<i>Total Gross SF Building Area (Including Parking)</i>	341,250	153,000	341,250	148,000	414,000	267,000
<i>Residential Units</i>	280	124	218	94	0	0
<i>Average Unit Size (Net SF)</i>	725	725	848	850	N/A	N/A
<i>Site Area (SF)</i>	21,000	21,000	21,000	21,000	43,000	43,000
<i>Approximate Building Stories</i>	24	7	24	7	8	5
<b>Development Cost Budget</b>						
Land Acquisition	\$7,875,000	\$7,875,000	\$7,875,000	\$7,875,000	\$16,125,000	\$16,125,000
Demolition of Existing Building	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements	\$0	\$0	\$0	\$0	\$2,150,000	\$2,150,000
Hard Construction Costs	\$71,662,500	\$22,185,000	\$75,416,250	\$22,496,000	\$60,030,000	\$38,715,000
Hard Cost Contingency	\$3,583,125	\$1,109,250	\$3,770,813	\$1,124,800	\$3,109,000	\$2,043,250
Washington State Sales Tax	\$7,148,334	\$2,212,954	\$7,522,771	\$2,243,976	\$6,202,455	\$4,076,283.75
Architecture/Engineering/Consultants	\$5,733,000	\$1,774,800	\$6,033,300	\$1,799,680	\$4,974,400	\$3,269,200
Financing Costs	\$3,583,125	\$1,109,250	\$3,770,813	\$1,124,800	\$3,109,000	\$2,043,250
Other Soft Costs (1)	\$2,149,875	\$665,550	\$2,262,488	\$674,880	\$1,865,400	\$1,225,950
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$1,508,325	\$449,920	\$0	\$0
Developer Overhead/Project Management	\$2,842,099	\$1,046,066	\$3,023,610	\$1,070,852	\$2,745,384	\$1,971,650
<b>Total Development Costs, Including Land</b>	<b>\$104,727,058</b>	<b>\$38,127,869</b>	<b>\$111,333,368</b>	<b>\$39,009,908</b>	<b>\$100,460,639</b>	<b>\$71,769,583</b>
TDC Per Housing Unit	\$374,025	\$307,483	\$510,704	\$414,999	N/A	N/A
TDC per Net Rentable/Saleable SF	\$511	\$414	\$595	\$476	\$418	\$463
TDC Per Gross SF, Including Parking	\$307	\$249	\$326	\$264	\$243	\$269
<b>Total Development Costs Excluding Land</b>	<b>\$96,852,058</b>	<b>\$30,252,869</b>	<b>\$103,458,368</b>	<b>\$31,134,908</b>	<b>\$84,335,639</b>	<b>\$55,644,583</b>

Source: DRA

**Table 33**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise			
	Residential Rental		Residential Ownership	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive
<i>Residential Units</i>	71	34	56	27
<i>Retail Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	46,000	22,000	46,000	22,000
<i>Total Net SF</i>	46,000	22,000	46,000	22,000
<i>Total Gross SF Building Area (Including Parking)</i>	77,200	36,800	82,200	38,800
<i>Residential Units</i>	71	34	56	27
<i>Average Unit Size (Net SF)</i>	648	647	821	815
<i>Site Area (SF)</i>	14,400	14,400	14,400	14,400
<i>Approximate Building Stories</i>	7	4	7	4
<b>LOW SCENARIO</b>				
Land Acquisition	\$850,000	\$850,000	\$850,000	\$850,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$11,194,000	\$4,784,000	\$12,514,950	\$5,296,200
Hard Cost Contingency	\$559,700	\$239,200	\$625,748	\$264,810
Washington State Sales Tax	\$1,116,601.50	\$477,204	\$1,248,366	\$528,296
Architecture/Engineering/Consultants	\$895,520	\$382,720	\$1,001,196	\$423,696
Financing Costs	\$559,700	\$239,200	\$625,748	\$264,810
Other Soft Costs (1)	\$335,820	\$143,520	\$375,449	\$158,886
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$250,299	\$105,924
Developer Overhead & Proj. Manage.	\$407,842	\$175,159	\$463,302	\$196,930
<b>Total Development Costs, Including Land</b>	<b>\$15,969,184</b>	<b>\$7,341,003</b>	<b>\$18,005,056</b>	<b>\$8,139,552</b>
TDC Per Housing Unit	\$224,918	\$215,912	\$321,519	\$301,465
TDC per Net Rentable/Saleable SF	\$347	\$334	\$391	\$370
TDC per Gross SF, Including Parking	\$207	\$199	\$219	\$210
<b>Total Development Costs, Excluding Land</b>	<b>\$15,119,184</b>	<b>\$6,491,003</b>	<b>\$17,155,056</b>	<b>\$7,289,552</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$1,360,000	\$1,360,000	\$1,360,000	\$1,360,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$12,352,000	\$5,336,000	\$13,809,600	\$5,907,300
Hard Cost Contingency	\$617,600	\$266,800	\$690,480	\$295,365
Washington State Sales Tax	\$1,232,112	\$532,266	\$1,377,508	\$589,253
Architecture/Engineering/Consultants	\$988,160	\$426,880	\$1,104,768	\$472,584
Financing Costs	\$617,600	\$266,800	\$690,480	\$295,365
Other Soft Costs (1)	\$370,560	\$160,080	\$414,288	\$177,219
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$276,192	\$118,146
Developer Overhead & Proj. Manage.	\$449,878	\$195,197	\$511,074	\$219,479
<b>Total Development Costs, Including Land</b>	<b>\$18,037,910</b>	<b>\$8,594,023</b>	<b>\$20,284,390</b>	<b>\$9,484,712</b>
TDC Per Housing Unit	\$254,055	\$252,765	\$362,221	\$351,286
TDC per Net Rentable/Saleable SF	\$392	\$391	\$441	\$431
TDC per Gross SF, Including Parking	\$234	\$234	\$247	\$244
<b>Total Development Costs, Excluding Land</b>	<b>\$16,677,910</b>	<b>\$7,234,023</b>	<b>\$18,924,390</b>	<b>\$8,124,712</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$2,040,000	\$2,040,000	\$2,040,000	\$2,040,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$13,510,000	\$5,888,000	\$15,104,250	\$6,518,400
Hard Cost Contingency	\$675,500	\$294,400	\$755,213	\$325,920
Washington State Sales Tax	\$1,347,623	\$587,328	\$1,506,649	\$650,210
Architecture/Engineering/Consultants	\$1,080,800	\$471,040	\$1,208,340	\$521,472
Financing Costs	\$675,500	\$294,400	\$755,213	\$325,920
Other Soft Costs (1)	\$405,300	\$176,640	\$453,128	\$195,552
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$302,085	\$130,368
Developer Overhead & Proj. Manage.	\$553,113	\$276,434	\$620,047	\$303,229
<b>Total Development Costs, Including Land</b>	<b>\$20,337,836</b>	<b>\$10,078,242</b>	<b>\$22,794,923</b>	<b>\$11,061,071</b>
TDC Per Housing Unit	\$286,448	\$296,419	\$407,052	\$409,669
TDC per Net Rentable/Saleable SF	\$442	\$458	\$496	\$503
TDC per Gross SF, Including Parking	\$263	\$274	\$277	\$285
<b>Total Development Costs, Excluding Land</b>	<b>\$18,297,836</b>	<b>\$8,038,242</b>	<b>\$20,754,923</b>	<b>\$9,021,071</b>

Source: DRA



**Table 33**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories			
	Residential Rental		Residential Ownership	
	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive
<i>Residential Units</i>	106	72	84	57
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Residential Net SF</i>	68,900	46,900	68,900	46,900
<i>Total Net SF</i>	71,000	49,000	71,000	49,000
<i>Total Gross SF Building Area (Including Parking)</i>	119,000	81,000	127,000	87,000
<i>Residential Units</i>	106	72	84	57
<i>Average Unit Size (Net SF)</i>	650	651	820	823
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	6	4	6	4
<b>LOW SCENARIO</b>				
Land Acquisition	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$17,850,000	\$10,530,000	\$20,002,500	\$11,875,500
Hard Cost Contingency	\$892,500	\$526,500	\$1,000,125	\$593,775
Washington State Sales Tax	\$1,780,538	\$1,050,368	\$1,995,249	\$1,184,581
Architecture/Engineering/Consultants	\$1,428,000	\$842,400	\$1,600,200	\$950,040
Financing Costs	\$892,500	\$526,500	\$1,000,125	\$593,775
Other Soft Costs (1)	\$535,500	\$315,900	\$600,075	\$356,265
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$400,050	\$237,510
Developer Overhead & Proj. Manage.	\$649,455	\$383,739	\$739,592	\$439,706
<b>Total Development Costs, Including Land</b>	<b>\$25,878,493</b>	<b>\$16,025,407</b>	<b>\$29,187,917</b>	<b>\$18,081,152</b>
TDC Per Housing Unit	\$244,137	\$222,575	\$347,475	\$317,213
TDC per Net Rentable/Saleable SF	\$364	\$327	\$411	\$369
TDC per Gross SF, Including Parking	\$217	\$198	\$230	\$208
<b>Total Development Costs, Excluding Land</b>	<b>\$24,078,493</b>	<b>\$14,225,407</b>	<b>\$27,387,917</b>	<b>\$16,281,152</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$19,635,000	\$11,745,000	\$22,002,750	\$13,245,750
Hard Cost Contingency	\$981,750	\$587,250	\$1,100,138	\$662,288
Washington State Sales Tax	\$1,958,591	\$1,171,564	\$2,194,774	\$1,321,264
Architecture/Engineering/Consultants	\$1,570,800	\$939,600	\$1,760,220	\$1,059,660
Financing Costs	\$981,750	\$587,250	\$1,100,138	\$662,288
Other Soft Costs (1)	\$589,050	\$352,350	\$660,083	\$397,373
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$440,055	\$264,915
Developer Overhead & Proj. Manage.	\$714,251	\$427,844	\$813,401	\$490,268
<b>Total Development Costs, Including Land</b>	<b>\$29,361,192</b>	<b>\$18,740,857</b>	<b>\$33,001,558</b>	<b>\$21,033,804</b>
TDC Per Housing Unit	\$276,992	\$260,290	\$392,876	\$369,014
TDC per Net Rentable/Saleable SF	\$414	\$382	\$465	\$429
TDC per Gross SF, Including Parking	\$247	\$231	\$260	\$242
<b>Total Development Costs, Excluding Land</b>	<b>\$26,481,192</b>	<b>\$15,860,857</b>	<b>\$30,121,558</b>	<b>\$18,153,804</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$4,320,000	\$4,320,000	\$4,320,000	\$4,320,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$21,420,000	\$12,960,000	\$24,003,000	\$14,616,000
Hard Cost Contingency	\$1,071,000	\$648,000	\$1,200,150	\$730,800
Washington State Sales Tax	\$2,136,645	\$1,292,760	\$2,394,299	\$1,457,946
Architecture/Engineering/Consultants	\$1,713,600	\$1,036,800	\$1,920,240	\$1,169,280
Financing Costs	\$1,071,000	\$648,000	\$1,200,150	\$730,800
Other Soft Costs (1)	\$642,600	\$388,800	\$720,090	\$438,480
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$480,060	\$292,320
Developer Overhead & Proj. Manage.	\$908,646	\$601,548	\$1,016,811	\$670,430
<b>Total Development Costs, Including Land</b>	<b>\$33,333,491</b>	<b>\$21,945,908</b>	<b>\$37,304,800</b>	<b>\$24,476,056</b>
TDC Per Housing Unit	\$314,467	\$304,804	\$444,105	\$429,404
TDC per Net Rentable/Saleable SF	\$469	\$448	\$525	\$500
TDC per Gross SF, Including Parking	\$280	\$271	\$294	\$281
<b>Total Development Costs, Excluding Land</b>	<b>\$29,013,491</b>	<b>\$17,625,908</b>	<b>\$32,984,800</b>	<b>\$20,156,056</b>

Source: DRA

**Table 33**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	6 Stories to 7 Stories			
	Residential Rental		Residential Ownership	
	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<i>Residential Units</i>	135	106	107	84
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Residential Net SF</i>	87,900	68,900	87,900	68,900
<i>Total Net SF</i>	90,000	71,000	90,000	71,000
<i>Total Gross SF Building Area (Including Parking)</i>	171,000	121,000	161,000	127,000
<i>Residential Units</i>	135	106	107	84
<i>Average Unit Size (Net SF)</i>	651	650	821	820
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	7	6	7	6
<b>LOW SCENARIO</b>				
Land Acquisition	\$2,650,000	\$2,650,000	\$2,650,000	\$2,650,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$24,795,000	\$18,150,000	\$24,512,250	\$20,002,500
Hard Cost Contingency	\$1,239,750	\$907,500	\$1,225,613	\$1,000,125
Washington State Sales Tax	\$2,473,301	\$1,810,463	\$2,445,097	\$1,995,249
Architecture/Engineering/Consultants	\$1,983,600	\$1,452,000	\$1,960,980	\$1,600,200
Financing Costs	\$1,239,750	\$907,500	\$1,225,613	\$1,000,125
Other Soft Costs (1)	\$743,850	\$544,500	\$735,368	\$600,075
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$490,245	\$400,050
Developer Overhead & Proj. Manage.	\$901,559	\$660,345	\$906,002	\$739,592
<b>Total Development Costs, Including Land</b>	<b>\$36,076,810</b>	<b>\$27,132,308</b>	<b>\$36,201,166</b>	<b>\$30,037,917</b>
TDC Per Housing Unit	\$267,236	\$255,965	\$338,329	\$357,594
TDC per Net Rentable/Saleable SF	\$401	\$382	\$402	\$423
TDC per Gross SF, Including Parking	\$211	\$224	\$225	\$237
<b>Total Development Costs, Excluding Land</b>	<b>\$33,426,810</b>	<b>\$24,482,308</b>	<b>\$33,551,166</b>	<b>\$27,387,917</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$4,240,000	\$4,240,000	\$4,240,000	\$4,240,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$27,360,000	\$19,965,000	\$27,048,000	\$22,002,750
Hard Cost Contingency	\$1,368,000	\$998,250	\$1,352,400	\$1,100,138
Washington State Sales Tax	\$2,729,160	\$1,991,508.75	\$2,698,038	\$2,194,774
Architecture/Engineering/Consultants	\$2,188,800	\$1,597,200	\$2,163,840	\$1,760,220
Financing Costs	\$1,368,000	\$998,250	\$1,352,400	\$1,100,138
Other Soft Costs (1)	\$820,800	\$598,950	\$811,440	\$660,083
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$540,960	\$440,055
Developer Overhead & Proj. Manage.	\$994,668	\$726,230	\$999,571	\$813,401
<b>Total Development Costs, Including Land</b>	<b>\$41,119,428</b>	<b>\$31,165,388</b>	<b>\$41,256,649</b>	<b>\$34,361,558</b>
TDC Per Housing Unit	\$304,588	\$294,013	\$385,576	\$409,066
TDC per Net Rentable/Saleable SF	\$457	\$439	\$458	\$484
TDC per Gross SF, Including Parking	\$240	\$258	\$256	\$271
<b>Total Development Costs, Excluding Land</b>	<b>\$36,879,428</b>	<b>\$26,925,388</b>	<b>\$37,016,649</b>	<b>\$30,121,558</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$6,360,000	\$6,360,000	\$6,360,000	\$6,360,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$29,925,000	\$21,780,000	\$29,583,750	\$24,003,000
Hard Cost Contingency	\$1,496,250	\$1,089,000	\$1,479,188	\$1,200,150
Washington State Sales Tax	\$2,985,019	\$2,172,555	\$2,950,979	\$2,394,299
Architecture/Engineering/Consultants	\$2,394,000	\$1,742,400	\$2,366,700	\$1,920,240
Financing Costs	\$1,496,250	\$1,089,000	\$1,479,188	\$1,200,150
Other Soft Costs (1)	\$897,750	\$653,400	\$887,513	\$720,090
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$591,675	\$480,060
Developer Overhead & Proj. Manage.	\$1,278,578	\$982,914	\$1,283,940	\$1,078,011
<b>Total Development Costs, Including Land</b>	<b>\$46,882,846</b>	<b>\$35,919,269</b>	<b>\$47,032,932</b>	<b>\$39,406,000</b>
TDC Per Housing Unit	\$347,280	\$338,861	\$439,560	\$469,119
TDC per Net Rentable/Saleable SF	\$521	\$506	\$523	\$555
TDC per Gross SF, Including Parking	\$274	\$297	\$292	\$310
<b>Total Development Costs, Excluding Land</b>	<b>\$40,522,846</b>	<b>\$29,559,269</b>	<b>\$40,672,932</b>	<b>\$33,046,000</b>

Source: DRA

**Table 34**  
**Estimated Net Operating Income from Apartments**  
**Downtown and South Lake Union Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 4A With Incentive	Prototype 4B No Incentive
<b>Net Rentable SF of Apartment Space</b>	308,900	194,900	202,900	89,900
<b>Net Rentable SF of Retail Space</b>	2,100	2,100	2,100	2,100
<b>Approximate Building Stories</b>	40	24	24	7
<b>Number of Apartment Units</b>				
Studio	107	67	70	31
One Bedroom	213	135	140	62
Two Bedroom	106	67	70	31
Three Bedroom	0	0	0	0
<b>Total</b>	<b>426</b>	<b>269</b>	<b>280</b>	<b>124</b>
<b>Monthly Rent Per Unit</b>				
Studio	\$1,815	\$1,757	\$1,794	\$1,552
One Bedroom	\$2,393	\$2,320	\$2,364	\$2,099
Two Bedroom	\$3,314	\$3,209	\$3,261	\$2,946
Three Bedroom	\$0	\$0	\$0	\$0
Average	\$2,477	\$2,401	\$2,446	\$2,174
<b>Unit Size (Square Feet)</b>				
Studio	500	500	500	500
One Bedroom	700	700	700	700
Two Bedroom	1,000	1,000	1,000	1,000
Three Bedroom	-	-	-	-
Average	725	725	725	725
<b>Monthly Rent Per Square Foot</b>				
Studio	\$3.63	\$3.51	\$3.59	\$3.10
One Bedroom	\$3.42	\$3.31	\$3.38	\$3.00
Two Bedroom	\$3.31	\$3.21	\$3.26	\$2.95
Three Bedroom	\$0.00	\$0.00	\$0.00	\$0.00
Average	\$3.42	\$3.31	\$3.37	\$3.00
<b>Miscellaneous Income (\$/Unit/Year)</b>	\$100	\$100	\$100	\$100
<b>Rental Vacancy Rate</b>	5.0%	5.0%	5.0%	5.0%
<b>Rental Operating Cost/Unit</b>	\$11,660	\$11,130	\$10,388	\$9,010
<b>Retail Income (\$/NSF/Year)</b>	\$20.00	\$20.00	\$20.00	\$20.00
<b>Retail Vacancy Rate (% Gross Retail Income)</b>	5%	5%	5%	5%
<b>Retail Operating Cost (% of Gross Retail Income)</b>	5%	5%	5%	5%
<b>Monthly Gross Income</b>				
Studio	\$194,205	\$117,719	\$125,580	\$48,112
One Bedroom	\$509,709	\$313,200	\$330,960	\$130,138
Two Bedroom	\$351,284	\$215,003	\$228,270	\$91,326
Three Bedroom	\$0	\$0	\$0	\$0
<b>Total Monthly Gross Income</b>	<b>\$1,055,198</b>	<b>\$645,922</b>	<b>\$684,810</b>	<b>\$269,576</b>
<b>Annual Gross Income</b>	<b>\$12,662,376</b>	<b>\$7,751,064</b>	<b>\$8,217,720</b>	<b>\$3,234,912</b>
Less: Vacancy	(\$633,119)	(\$387,553)	(\$410,886)	(\$161,746)
Plus: Misc. Income	\$511,200	\$322,800	\$336,000	\$148,800
Plus: Retail Income	\$42,000	\$42,000	\$42,000	\$42,000
<b>Adjusted Annual Gross Income</b>	<b>\$12,582,457</b>	<b>\$7,728,311</b>	<b>\$8,184,834</b>	<b>\$3,263,966</b>
<b>Operating Costs</b>				
Apartment Operating Costs	(\$4,967,160)	(\$2,993,970)	(\$2,908,640)	(\$1,117,240)
Retail Operating Costs	(\$2,100)	(\$2,100)	(\$2,100)	(\$2,100)
<b>Net Operating Income</b>	<b>\$7,613,197</b>	<b>\$4,732,241</b>	<b>\$5,274,094</b>	<b>\$2,144,626</b>

Source: Hendricks Berkadia; Reis Reports; CBRE; survey of competitive apartment projects; Dupre and Scott; DRA

**Table 35**  
**Estimated Net Operating Income from Apartments**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive
Net Rentable SF of Apartment Space	46,000	22,000	68,900	46,900	87,900	68,900
Net Rentable SF of Retail Space	0	0	2,100	2,100	2,100	2,100
Approximate Building Stories	7	4	6	4	7	6
Number of Apartment Units						
Studio	18	9	27	18	34	27
One Bedroom	36	17	53	36	68	53
Two Bedroom	17	8	26	18	33	26
Three Bedroom	0	0	0	0	0	0
<b>Total</b>	<b>71</b>	<b>34</b>	<b>106</b>	<b>72</b>	<b>135</b>	<b>106</b>
Unit Size (Square Feet)						
Studio	450	450	450	450	450	450
One Bedroom	650	650	650	650	650	650
Two Bedroom	850	850	850	850	850	850
Three Bedroom	-	-	-	-	-	-
Average	650	650	650	650	650	650
Average Monthly Rent Per Square Foot						
Low Scenario	\$2.42	\$2.42	\$2.42	\$2.42	\$2.42	\$2.42
Middle Scenario	\$2.74	\$2.74	\$2.74	\$2.74	\$2.74	\$2.74
High Scenario	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Miscellaneous Income (\$/Unit/Year)	\$120	\$120	\$120	\$120	\$120	\$120
Rental Vacancy Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Rental Operating Cost/Unit						
Low and Middle Scenarios	\$6,890	\$6,890	\$6,890	\$6,890	\$6,890	\$6,890
High Scenario	\$7,420	\$7,420	\$7,420	\$7,420	\$7,420	\$7,420
Retail Income (\$/NSF/Year)	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
Retail Vacancy Rate (% Gross Retail Income)	10%	10%	10%	10%	10%	10%
Retail Operating Cost (% of Gross Retail Income)	40%	40%	40%	40%	40%	40%
<b>LOW SCENARIO</b>						
Total Monthly Gross Income	\$111,302	\$53,231	\$166,710	\$113,479	\$212,683	\$166,710
Annual Gross Income	\$1,335,619.20	\$638,774	\$2,000,525	\$1,361,751	\$2,552,194	\$2,000,525
Less: Vacancy	(\$66,781)	(\$31,939)	(\$100,026)	(\$68,088)	(\$127,610)	(\$100,026)
Plus: Misc. Income	\$8,520	\$48,960	\$152,640	\$103,680	\$194,400	\$152,640
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,277,358	\$655,796	\$2,090,939	\$1,435,143	\$2,656,784	\$2,090,939
Operating Costs						
Apartment Operating Costs	(\$489,190)	(\$234,260)	(\$730,340)	(\$496,080)	(\$930,150)	(\$730,340)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$788,168	\$421,536	\$1,356,819	\$935,283	\$1,722,854	\$1,356,819
<b>MIDDLE SCENARIO</b>						
Total Monthly Gross Income	\$125,819	\$60,174	\$188,455	\$128,281	\$240,424	\$188,455
Annual Gross Income	\$1,509,830	\$722,093	\$2,261,463	\$1,539,371	\$2,885,089	\$2,261,463
Less: Vacancy	(\$75,492)	(\$36,105)	(\$113,073)	(\$76,969)	(\$144,254)	(\$113,073)
Plus: Misc. Income	\$8,520	\$4,080	\$12,720	\$8,640	\$16,200	\$12,720
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,442,859	\$690,068	\$2,198,910	\$1,508,042	\$2,794,835	\$2,198,910
Operating Costs						
Apartment Operating Costs	(\$489,190)	(\$234,260)	(\$730,340)	(\$496,080)	(\$930,150)	(\$730,340)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$953,669	\$455,808	\$1,464,790	\$1,008,982	\$1,860,905	\$1,464,790
<b>HIGH SCENARIO</b>						
Total Monthly Gross Income	\$137,917	\$65,960	\$206,576	\$140,616	\$263,542	\$206,576
Annual Gross Income	\$1,655,006	\$791,525	\$2,478,912	\$1,687,387	\$3,162,501	\$2,478,912
Less: Vacancy	(\$82,750)	(\$39,576)	(\$123,946)	(\$84,369)	(\$158,125)	(\$123,946)
Plus: Misc. Income	\$8,520	\$4,080	\$12,720	\$8,640	\$16,200	\$12,720
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,580,776	\$756,029	\$2,405,486	\$1,649,458	\$3,058,376	\$2,405,486
Operating Costs						
Apartment Operating Costs	(\$526,820)	(\$252,280)	(\$786,520)	(\$534,240)	(\$1,001,700)	(\$786,520)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$1,053,956	\$503,749	\$1,615,186	\$1,111,438	\$2,052,896	\$1,615,186
Capitalization Rate (1)	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Capitalized Market Value	\$24,798,967	\$11,852,907	\$38,004,381	\$26,151,473	\$48,303,442	\$38,004,381
Capitalized Value Per SF	\$31	\$28	\$28	\$28	\$28	\$28
Capitalized Value Per Unit	\$349,281	\$348,615	\$358,532	\$363,215	\$357,803	\$358,532

Source: Hendricks Berkadia; Reis Reports; CBRE; survey of competitive apartment projects; Dupre and Scott; DRA

**Table 36**  
**Estimated Condominium Net Sales Income**  
**Downtown and South Lake Union Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive
<b>Net Saleable SF of Condo Space</b>	283,900	174,900	184,900	79,900
<b>Building Stories</b>	40	24	40	24
<b>Number of Condo Units</b>				
Studio	114	70	55	24
One Bedroom	172	106	120	52
Two Bedroom	52	32	39	17
Three Bedroom	6	4	4	1
<b>Total</b>	<b>344</b>	<b>212</b>	<b>218</b>	<b>94</b>
<b>Sales Price Per Unit</b>				
Studio	\$511,875	\$511,875	\$443,625	\$375,375
One Bedroom	\$630,000	\$588,000	\$546,000	\$462,000
Two Bedroom	\$913,500	\$850,500	\$787,500	\$661,500
Three Bedroom	\$1,102,500	\$1,055,250	\$945,000	\$866,250
Average	\$641,335	\$610,933	\$570,922	\$479,416
<b>Unit Size (Square Feet)</b>				
Studio	650	650	650	650
One Bedroom	800	800	800	800
Two Bedroom	1,200	1,200	1,200	1,200
Three Bedroom	1,500	1,500	1,500	1,500
Average	825	825	849	849
<b>Sales Price Per Square Foot</b>				
Studio	\$788	\$788	\$683	\$578
One Bedroom	\$788	\$735	\$683	\$578
Two Bedroom	\$761	\$709	\$656	\$551
Three Bedroom	\$735	\$704	\$630	\$578
Average Price/SF	\$778	\$741	\$673	\$565
<b>Sales Costs (% of Gross Sales Income)</b>	5%	5%	5%	5%
<b>Gross Sales Income</b>				
Studio	\$58,353,750	\$35,831,250	\$24,399,375	\$9,009,000
One Bedroom	\$108,360,000	\$62,328,000	\$65,520,000	\$24,024,000
Two Bedroom	\$47,502,000	\$27,216,000	\$30,712,500	\$11,245,500
Three Bedroom	\$6,615,000	\$4,221,000	\$3,780,000	\$866,250
<b>Total Gross Sales Income</b>	<b>\$220,830,750</b>	<b>\$129,596,250</b>	<b>\$124,411,875</b>	<b>\$45,144,750</b>
Less: Sales Costs	(\$11,041,538)	(\$6,479,813)	(\$6,220,594)	(\$2,257,238)
<b>Net Sales Income</b>	<b>\$209,789,213</b>	<b>\$123,116,438</b>	<b>\$118,191,281</b>	<b>\$42,887,513</b>
Net Sales Income Per Net Saleable SF	<b>\$739</b>	<b>\$704</b>	<b>\$639</b>	<b>\$537</b>

Source: Dataquick Information System; DRA

**Table 37**  
**Estimated Condominium Net Sales Income**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Net Saleable SF of Condo Space</b>	46,000	22,000	68,900	46,900	87,934	68,923
<b>Number of Condo Units</b>						
Studio	0	0	0	0	0	0
One Bedroom	28	14	42	29	54	42
Two Bedroom	22	11	34	23	43	34
Three Bedroom	6	3	8	5	10	8
<b>Total</b>	<b>56</b>	<b>28</b>	<b>84</b>	<b>57</b>	<b>107</b>	<b>84</b>
<b>Unit Size (Square Feet)</b>						
Studio	-	-	-	-	-	-
One Bedroom	700	700	700	700	700	700
Two Bedroom	900	900	900	900	900	900
Three Bedroom	1,100	1,100	1,100	1,100	1,100	1,100
Average	820	820	820	820	820	820
<b>Average Sales Price Per Square Foot</b>						
Low Scenario	\$315.00	\$315.00	\$315.00	\$315.00	\$315.00	\$315.00
Middle Scenario	\$420.00	\$420.00	\$420.00	\$420.00	\$420.00	\$420.00
High Scenario	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00
<b>Average Sales Price Per Unit</b>						
Low Scenario	\$258,300	\$258,300	\$258,300	\$258,300	\$258,300	\$258,300
Middle Scenario	\$344,400	\$344,400	\$344,400	\$344,400	\$344,400	\$344,400
High Scenario	\$430,500	\$430,500	\$430,500	\$430,500	\$430,500	\$430,500
<b>Sales Costs (% of Gross Sales Income)</b>	5%	5%	5%	5%	5%	5%

**Table 37**  
**Estimated Condominium Net Sales Income**  
**Low Rise and Mid Rise Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>LOW SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$14,490,000</b>	<b>\$6,930,000</b>	<b>\$21,703,500</b>	<b>\$14,773,500</b>	<b>\$27,699,210</b>	<b>\$21,710,745</b>
Less: Sales Costs	(\$724,500)	(\$346,500)	(\$1,085,175)	(\$738,675)	(\$1,384,961)	(\$1,085,537)
<b>Net Sales Income</b>	<b>\$13,765,500</b>	<b>\$6,583,500</b>	<b>\$20,618,325</b>	<b>\$14,034,825</b>	<b>\$26,314,250</b>	<b>\$20,625,208</b>
Net Sales Income Per Net Saleable SF	<b>\$299</b>	<b>\$299</b>	<b>\$299</b>	<b>\$299</b>	<b>\$299</b>	<b>\$299</b>
<b>MIDDLE SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$19,320,000</b>	<b>\$9,240,000</b>	<b>\$28,938,000</b>	<b>\$19,698,000</b>	<b>\$36,932,280</b>	<b>\$28,947,660</b>
Less: Sales Costs	(\$966,000)	(\$462,000)	(\$1,446,900)	(\$984,900)	(\$1,846,614)	(\$1,447,383)
<b>Net Sales Income</b>	<b>\$18,354,000</b>	<b>\$8,778,000</b>	<b>\$27,491,100</b>	<b>\$18,713,100</b>	<b>\$35,085,666</b>	<b>\$27,500,277</b>
Net Sales Income Per Net Saleable SF	<b>\$399</b>	<b>\$399</b>	<b>\$399</b>	<b>\$399</b>	<b>\$399</b>	<b>\$399</b>
<b>HIGH SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$24,150,000</b>	<b>\$11,550,000</b>	<b>\$36,172,500</b>	<b>\$24,622,500</b>	<b>\$46,165,350</b>	<b>\$36,184,575</b>
Less: Sales Costs	(\$1,207,500)	(\$577,500)	(\$1,808,625)	(\$1,231,125)	(\$2,308,268)	(\$1,809,229)
<b>Net Sales Income</b>	<b>\$22,942,500</b>	<b>\$10,972,500</b>	<b>\$34,363,875</b>	<b>\$23,391,375</b>	<b>\$43,857,083</b>	<b>\$34,375,346</b>
Net Sales Income Per Net Saleable SF	<b>\$499</b>	<b>\$499</b>	<b>\$499</b>	<b>\$499</b>	<b>\$499</b>	<b>\$499</b>

Source: Dataquick Information System; DRA

**Table 38**  
**Estimated Net Operating Income from Commercial Prototypes**  
**Version A**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 3A With Incentive	Prototype 3B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Net SF Office</i>	249,480	129,600	238,400	152,800
<i>Net SF Retail</i>	2,100	2,100	2,100	2,100
<i>Parking Spaces--Office</i>	324	162	298	191
<i>Approximate Building Stories</i>	8	4	8	5
<b>Office Income/Operating Assumptions</b>				
Monthly Office Rent Per NSF (NNN)	\$2.92	\$2.92	\$2.92	\$2.92
Annual Office Rent Per NSF (NNN)	\$35.00	\$35.00	\$35.00	\$35.00
Office Vacancy Rate	10.0%	0.10	10.0%	10.0%
Parking Income (\$/Space/Month)	\$350.00	\$350.00	\$225.00	\$225.00
Parking Vacancy Rate	10.0%	10.0%	10.0%	10.0%
Office Operating Expenses Per NSF	\$10	\$10	\$10	\$10
Parking Operating Expense (% of Gross Income)	20%	20%	20%	20%
<b>Retail Income/Operating Assumptions</b>				
Monthly Rent Per NSF (NNN)	\$2.75	\$2.75	\$2.75	\$2.75
Annual Rent Per NSF (NNN)	\$33.00	\$33.00	\$33.00	\$33.00
Vacancy Rate	7.0%	7.0%	7.0%	7.0%
Operating Expense (% of Gross Income)	42%	42%	42%	42%
<b>Stabilized Net Operating Income</b>				
Annual Gross Office Rental Income	\$8,731,800	\$4,536,000	\$8,344,000	\$5,348,000
Plus: Annual Gross Parking Income	\$1,360,800	\$680,400	\$804,600	\$515,700
Plus: Annual Gross Retail Rental Income	\$69,300	\$69,300	\$69,300	\$69,300
Annual Gross Rental Income	\$10,161,900	\$5,285,700	\$9,217,900	\$5,933,000
Less: Rental Vacancies	(\$1,016,190)	(\$528,570)	(\$921,790)	(\$593,300)
Less: Parking Vacancies	(\$136,080)	(\$68,040)	(\$80,460)	(\$51,570)
Less: Retail Vacancies	(\$4,851)	(\$4,851)	(\$4,851)	(\$4,851)
Adjusted Annual Gross Income	\$9,004,779	\$4,684,239	\$8,210,799	\$5,283,279
Less: Office Operating Expenses	(\$2,494,800)	(\$1,296,000)	(\$2,384,000)	(\$1,528,000)
Less: Parking Operating Expenses	(\$272,160)	(\$136,080)	(\$160,920)	(\$103,140)
Less: Retail Operating Expenses	(\$29,106)	(\$29,106)	(\$29,106)	(\$29,106)
<b>Net Operating Income</b>	<b>\$6,208,713</b>	<b>\$3,252,159</b>	<b>\$5,665,879</b>	<b>\$3,652,139</b>
Net Operating Income Per NSF	\$24.89	\$25.09	\$23.77	\$23.90

(1) Based on Class A office stabilized cap rates of 5.00% to 5.75% for Seattle from CBRE Cap Rate Survey, First Half 2013.

Source: CBRE; Reis Reports; Downtown Seattle Association; Realty Rates; DRA.



**Table 39**  
**Supportable Mortgage Calculations, Affordable Rental Housing**  
**High-Rise Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

**Assumptions**

HUD Median Household Income, Seattle-Bellevue HMFA, 2014			\$88,200	
Affordable Housing Expense As a % of Income			30%	
No. of Bedrooms	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
Household Size (Health and Safety)	1.0 Persons	1.5 Persons	3.0 Persons	4.5 Persons
Household Size Income Adjust. Factor	70%	75%	90%	104%
Renter Utility Allowance, City of Seattle (1)				
Tenant Pays All Utilities (2)	\$110	\$110	\$160	\$245
Tenant Pays Heat and Electricity	\$35	\$35	\$60	\$95
Tenant Pays Electricity Only	\$15	\$15	\$20	\$35
Assumed for these calculations:	\$110	\$110	\$160	\$245
Miscellaneous Income Per Unit Per Year	\$100			
Vacancy Rate	3.00%			
Operating Cost Per Unit Per Year				
High-Rise Downtown	\$11,660			
High-Rise South Lake Union	\$11,130			
Low-Rise/Mid-Rise South Lake Union	\$10,388			
Low-Rise/Mid-Rise Other Areas	\$6,890			
Mortgage Interest Rate	6.50%			
Mortgage Amortization (Years)	30			
Debt Coverage Ratio	1.00			

**Per Unit Supportable Mortgage**  
**High-Rise Prototypes, Downtown**

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
<u>80% of Median</u>				
Annual Income Limit	\$49,392	\$52,920	\$63,504	\$73,382
Affordable Monthly Housing Expense	\$1,235	\$1,323	\$1,588	\$1,835
Less: Monthly Utility Allowance	(\$110)	(\$110)	(\$160)	(\$245)
<b>Affordable Monthly Rent</b>	<b>\$1,125</b>	<b>\$1,213</b>	<b>\$1,428</b>	<b>\$1,590</b>
Annual Gross Rental Income Per Unit	\$13,500	\$14,556	\$17,136	\$19,080
Plus: Miscellaneous Income	\$100	\$100	\$100	\$100
Less: Vacancy	(\$405)	(\$437)	(\$514)	(\$572)
Less: Annual Unit Operating Costs (1)	(\$11,660)	(\$11,660)	(\$11,660)	(\$11,660)
Net Operating Income Per Unit	\$1,535	\$2,559	\$5,062	\$6,948
Available for Debt Service	\$1,535	\$2,559	\$5,062	\$6,948
Supportable Mortgage Per Unit	\$20,200	\$33,700	\$66,700	\$91,600

**Per Unit Supportable Mortgage**  
**High-Rise Prototypes, South Lake Union**

<u>80% of Median</u>				
Annual Income Limit	\$49,392	\$52,920	\$63,504	\$73,382
Affordable Monthly Housing Expense	\$1,235	\$1,323	\$1,588	\$1,835
Less: Monthly Utility Allowance	(\$110)	(\$110)	(\$160)	(\$245)
<b>Affordable Monthly Rent</b>	<b>\$1,125</b>	<b>\$1,213</b>	<b>\$1,428</b>	<b>\$1,590</b>
Annual Gross Rental Income Per Unit	\$13,500	\$14,556	\$17,136	\$19,080
Plus: Miscellaneous Income	\$100	\$100	\$100	\$100
Less: Vacancy	(\$405)	(\$437)	(\$514)	(\$572)
Less: Annual Unit Operating Costs (1)	(\$11,130)	(\$11,130)	(\$11,130)	(\$11,130)
Net Operating Income Per Unit	\$2,065	\$3,089	\$5,592	\$7,478
Available for Debt Service	\$2,065	\$3,089	\$5,592	\$7,478
Supportable Mortgage Per Unit	\$27,200	\$40,700	\$73,700	\$98,600

(1) Source: Seattle Housing Authority, effective 11/1/2013.

(2) Includes electricity, heating, water, and garbage.

Source: City of Seattle Department of Planning and Development; Seattle Housing Authority; DRA

**Table 40**  
**Supportable Mortgage Calculations, Affordable Rental Housing**  
**Low-Rise and Mid-Rise Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

**Assumptions**

HUD Median Household Income, Seattle-Bellevue HMFA, 2014	\$88,200				
Affordable Housing Expense As a % of Income	30%				
No. of Bedrooms	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
Household Size (Health and Safety)	1.0 Persons	1.5 Persons	3.0 Persons	4.5 Persons	6.0 Persons
Household Size Income Adjust. Factor	70%	75%	90%	104%	116%
Renter Utility Allowance, City of Seattle (1)					
Tenant Pays All Utilities (2)	\$110	\$110	\$160	\$245	\$325
Tenant Pays Heat and Electricity	\$35	\$35	\$60	\$95	\$155
Tenant Pays Electricity Only	\$15	\$15	\$20	\$35	\$65
Assumed for these calculations:	\$110	\$110	\$160	\$245	\$325
Miscellaneous Income Per Unit Per Year	\$100				
Vacancy Rate	3.00%				
Operating Cost Per Unit Per Year					
High-Rise Downtown	\$11,660				
High-Rise South Lake Union	\$11,130				
Low-Rise/Mid-Rise South Lake Union	\$10,388				
Low-Rise/Mid-Rise Other Areas	\$6,890				
Mortgage Interest Rate	6.50%				
Mortgage Amortization (Years)	30				
Debt Coverage Ratio	1.00				

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
<b>Per Unit Supportable Mortgage</b>					
<b>Low- and Mid-Rise Prototypes</b>					
<u>80% of Median</u>					
Annual Income Limit	\$49,392	\$52,920	\$63,504	\$73,382	\$81,850
Affordable Monthly Housing Expense	\$1,235	\$1,323	\$1,588	\$1,835	\$2,046
Less: Monthly Utility Allowance	(\$110)	(\$110)	(\$160)	(\$245)	(\$325)
Affordable Monthly Rent	\$1,125	\$1,213	\$1,428	\$1,590	\$1,721
Annual Gross Rental Income Per Unit	\$13,500	\$14,556	\$17,136	\$19,080	\$20,652
Plus: Miscellaneous Income	\$100	\$100	\$100	\$100	\$100
Less: Vacancy	(\$405)	(\$437)	(\$514)	(\$572)	(\$620)
Less: Annual Unit Operating Costs (1)	(\$6,890)	(\$6,890)	(\$6,890)	(\$6,890)	(\$6,890)
Net Operating Income Per Unit	\$6,305	\$7,329	\$9,832	\$11,718	\$13,242
Available for Debt Service	\$6,305	\$7,329	\$9,832	\$11,718	\$13,242
Supportable Mortgage Per Unit	\$83,100	\$96,600	\$129,600	\$154,500	\$174,600

(1) Source: Seattle Housing Authority, effective 11/1/2013.

(2) Includes electricity, heating, water, and garbage.

Source: City of Seattle Department of Planning and Development; Seattle Housing Authority; DRA

**Table 41**  
**Rental Housing Gap Costs by Prototype**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	<b>Downtown Prototype 1A With Incentive</b>	<b>South Lake Union Prototype 4A With Incentive</b>	<b>Lowrise to Midrise Prototype 7A With Incentive</b>	<b>4 Stories to 6 Stories Prototype 9A With Incentive</b>	<b>6 Stories to 7 Stories Prototype 11A With Incentive</b>
<b>Total Gross Square Feet, Incl. Parking</b>	509,500	341,250	77,200	119,000	171,000
<b>Net Rentable SF of Apartment Space</b>	308,900	202,900	46,000	68,900	87,900
<b>Net Rentable SF of Retail Space</b>	2,100	2,100	0	2,100	2,100
<b>Approximate Building Stories</b>	40	24	7	6	7
<b>Percent Distribution of Affordable Units</b>					
Studio	25%	25%	25%	25%	25%
One Bedroom	50%	50%	50%	50%	50%
Two Bedroom	25%	25%	25%	25%	25%
Three Bedroom	0%	0%	0%	0%	0%
<b>Per Unit Supportable Mortgage @ 80% AMI</b>					
Studio	\$20,200	\$20,200	\$83,100	\$83,100	\$83,100
One Bedroom	\$33,700	\$33,700	\$96,600	\$96,600	\$96,600
Two Bedroom	\$66,700	\$66,700	\$129,600	\$129,600	\$129,600
Three Bedroom	\$91,600	\$91,600	\$154,500	\$154,500	\$154,500
Weighted Average Per Unit Supportable Mortgage	\$38,575	\$38,575	\$101,475	\$101,475	\$101,475
<b>Per Unit Total Development Cost Per NSF</b>	\$523	\$511			
Low Scenario			\$347	\$364	\$401
Middle Scenario			\$392	\$414	\$457
High Scenario			\$442	\$469	\$521
<b>Average Unit Size (Net SF)</b>	725	725	650	650	650
<b>Average Development Cost Per Unit</b>	\$381,739	\$374,025			
Low Scenario			\$224,918	\$244,137	\$267,236
Middle Scenario			\$254,055	\$276,992	\$304,588
High Scenario			\$286,448	\$314,467	\$347,280
<b>Average Per Unit Gap</b>	\$343,164	\$335,450			
Low Scenario			\$123,443	\$142,662	\$165,761
Middle Scenario			\$152,580	\$175,517	\$203,113
High Scenario			\$184,973	\$212,992	\$245,805
<b>Affordable Units Required</b>					
<b>Scenario 1: Current Set-Aside</b>	22	13	5	5	4
<b>Scenario 2: 10% of Total Units</b>	43	28	7	11	8
<b>Total Prototype Gap Cost</b>					
<b>Scenario 1: Current Set-Aside</b>	\$7,549,604.41	\$4,360,852.70			
Low Scenario			\$617,215	\$713,309	\$663,043
Middle Scenario			\$762,900	\$877,587	\$812,453.42
High Scenario			\$924,865	\$1,064,960	\$983,220
<b>Scenario 2: 10% of Total Units</b>	\$14,756,045	\$9,392,606			
Low Scenario			\$864,102	\$1,569,279	\$1,326,085
Middle Scenario			\$1,068,060	\$1,930,691.13	\$1,624,907
High Scenario			\$1,294,811	\$2,342,912	\$1,966,440

Source: DRA

**Table 42**  
**Affordable Home Sales Price Calculations, Owner Housing**  
**High-Rise Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

**Assumptions**

HUD Median Household Income, Seattle-Bellevue HMFA, 2014				\$88,200
Affordable Housing Expense As a % of Income				35%
No. of Bedrooms	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
Household Size, Health and Safety Code	1 Persons	2 Persons	4 Persons	6 Persons
Household Size Income Adjust. Factor, Tax Credits	70%	80%	100%	116%
Monthly HOA Fee/Maint. Cost				
High-Rise	\$325			
Low/Mid Rise	\$225			
Monthly Property Insurance				
High-Rise	\$75			
Low/Mid Rise	\$50			
Property Tax Rate	1.20%			
Mortgage Interest Rate	5.50%			
Term (Years)	30			
Downpayment (% of Sales Price)	5.00%			

**Per Unit Affordable Sales Price by Unit Bedroom Count**  
**High-Rise Apartment Prototypes**

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
<b>100% AMI</b>				
Annual Income Limit	\$61,740	\$70,560	\$88,200	\$102,312
Affordable Monthly Housing Cost	\$1,801	\$2,058	\$2,573	\$2,984
Less: HOA Dues	(\$325)	(\$325)	(\$325)	(\$325)
Less: Property Insurance	(\$75)	(\$75)	(\$75)	(\$75)
Available for Principal, Interest, Taxes	\$1,401	\$1,658	\$2,173	\$2,584
Less: Property Taxes (1)	1.20% \$260	\$307	\$403	\$479
Supportable Mortgage	\$246,747	\$292,010	\$382,713	\$455,099
Assumed Assessed Value at Sale	95.00% \$259,733	\$307,379	\$402,855	\$479,051
Available for Mortg. Principal and Interest	\$1,141	\$1,351	\$1,770	\$2,105
Supportable Mortgage	\$201,002	\$237,874	\$311,761	\$370,727
Plus: Downpayment @	5.00% \$10,580	\$12,520	\$16,410	\$19,510
<b>Affordable Sales Price (Rounded)</b>	<b>\$211,600</b>	<b>\$250,400</b>	<b>\$328,200</b>	<b>\$390,200</b>

(1) Calculated based on assessed value equal to affordable mortgage plus downpayment.  
Source: DRA

**Table 43**  
**Affordable Home Sales Price Calculations, Owner Housing**  
**Low-Rise and Mid-Rise Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

**Assumptions**

HUD Median Household Income, Seattle-Bellevue HMFA, 2014				\$88,200
Affordable Housing Expense As a % of Income				35%
No. of Bedrooms	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
Household Size, Health and Safety Code	1 Persons	2 Persons	4 Persons	6 Persons
Household Size Income Adjust. Factor, Tax Credits	70%	80%	100%	116%
Monthly HOA Fee/Maint. Cost				
High-Rise	\$300			
Low/Mid Rise	\$200			
Monthly Property Insurance				
High-Rise	\$100			
Low/Mid Rise	\$75			
Property Tax Rate (% of Assessed Value)	1.05%			
Mortgage Interest Rate	5.50%			
Term (Years)	30			
Downpayment (% of Sales Price)	5.00%			

**Per Unit Affordable Sales Price by Unit Bedroom Count**  
**High-Rise Apartment Prototypes**

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
<b>100% AMI</b>				
Annual Income Limit	\$61,740	\$70,560	\$88,200	\$102,312
Affordable Monthly Housing Cost	\$1,801	\$2,058	\$2,573	\$2,984
Less: HOA Fees	(\$200)	(\$200)	(\$200)	(\$200)
Less: Property Insurance	(\$75)	(\$75)	(\$75)	(\$75)
Available for Principal, Interest, Taxes	\$1,526	\$1,783	\$2,298	\$2,709
Less: Property Taxes (1)	1.20% \$283	\$331	\$426	\$502
Supportable Mortgage	\$268,762	\$314,025	\$404,728	\$477,114
Assumed Assessed Value at Sale	95.00% \$282,907	\$330,553	\$426,029	\$502,225
Available for Mortg. Principal and Interest	\$1,243	\$1,452	\$1,872	\$2,207
Supportable Mortgage	\$218,936	\$255,808	\$329,695	\$388,661
Plus: Downpayment @	5.00% \$11,525	\$13,465	\$17,350	\$20,455
<b>Affordable Sales Price (Rounded)</b>	<b>\$230,500</b>	<b>\$269,300</b>	<b>\$347,000</b>	<b>\$409,100</b>

(1) Calculated based on assessed value equal to affordable mortgage plus downpayment.  
Source: DRA

**Table 44**  
**Owner Housing Gap Costs by Prototype**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	<b>Downtown Prototype 2A With Incentive</b>	<b>South Lake Union Prototype 5A With Incentive</b>	<b>Lowrise to Midrise Prototype 8A With Incentive</b>	<b>4 Stories to 6 Stories Prototype 10A With Incentive</b>	<b>6 Stories to 7 Stories Prototype 12A With Incentive</b>
<b>Total Gross Square Feet, Incl. Parking</b>	524,500	341,250	82,200	127,000	161,000
<b>Net Rentable SF of Apartment Space</b>	283,900	184,900	46,000	68,900	87,900
<b>Net Rentable SF of Retail Space</b>	2,100	2,100	0	2,100	2,100
<b>Approximate Building Stories</b>	40	24	7	6	7
<b>Percent Distribution of Affordable Units</b>					
Studio	33%	25%	0%	0%	0%
One Bedroom	50%	55%	50%	50%	50%
Two Bedroom	15%	18%	40%	40%	40%
Three Bedroom	2%	2%	10%	10%	10%
<b>Per Unit Affordable Home Price @ 100% AMI</b>					
Studio	\$211,600	\$211,600	\$230,500	\$230,500	\$230,500
One Bedroom	\$250,400	\$250,400	\$269,300	\$269,300	\$269,300
Two Bedroom	\$328,200	\$328,200	\$347,000	\$347,000	\$347,000
Three Bedroom	\$390,200	\$390,200	\$409,100	\$409,100	\$409,100
Weighted Average Per Unit Supportable Mortgage	\$252,062	\$257,500	\$314,360	\$314,360	\$314,360
<b>Per Unit Total Development Cost Per NSF</b>	\$620	\$595			
Low Scenario			\$391	\$411	\$402
Middle Scenario			\$441	\$465	\$458
High Scenario			\$496	\$525	\$523
<b>Average Unit Size (Net SF)</b>	825	849	820	820	820
<b>Average Development Cost Per Unit</b>	\$511,190	\$504,858			
Low Scenario			\$320,620	\$337,020	\$329,640
Middle Scenario			\$361,620	\$381,300	\$375,560
High Scenario			\$406,720	\$430,500	\$428,860
<b>Average Per Unit Gap</b>	\$259,128	\$247,358			
Low Scenario			\$6,260	\$22,660	\$15,280
Middle Scenario			\$47,260	\$66,940	\$61,200
High Scenario			\$92,360	\$116,140	\$114,500
<b>Affordable Units Required</b>					
<i>Scenario 1: Current Set-Aside</i>	19	10	4	4	3
<i>Scenario 2: 10% of Total Units</i>	34	22	6	8	11
<b>Total Prototype Gap Cost</b>					
<i>Scenario 1: Current Set-Aside</i>	\$4,923,432	\$2,473,575			
Low Scenario			\$25,040	\$90,640	\$45,840
Middle Scenario			\$189,040	\$267,760	\$183,600
High Scenario			\$369,440	\$464,560	\$343,500
<i>Scenario 2: 10% of Total Units</i>	\$8,810,352	\$5,441,865			
Low Scenario			\$37,560	\$181,280	\$168,080
Middle Scenario			\$283,560	\$535,520	\$673,200
High Scenario			\$554,160	\$929,120	\$1,259,500

Source: DRA

**Table 45**  
**Estimated Net Value of Incentive Per SF of Bonus Floor Area**  
**Development Prototypes with Incentives**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
		Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Prototypes with Incentives							
						Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
Housing Prototypes						Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
DOWNTOWN PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	148,200	1.71%	\$441	\$30	\$56	\$26	\$35	\$5	\$7	(\$24)	(\$41)	(\$71)
Residential Ownership	Prototype 2	142,200	7.09%	\$479	\$136	\$208	\$72	\$186	\$51	\$176	\$40	\$151	\$15
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 3	162,000	-12.63%	\$287	(\$145)	(\$34)	\$111	(\$61)	\$84	(\$79)	\$66	N/A	N/A
SOUTH LAKE UNION PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	147,250	15.67%	\$286	\$179	\$92	(\$87)	\$72	(\$107)	\$56	(\$123)	\$23	(\$156)
Residential Ownership	Prototype 5	136,250	4.44%	\$313	\$56	\$43	(\$13)	\$23	(\$33)	\$19	(\$37)	(\$1)	(\$57)
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	107,000	-6.93%	\$380	(\$105)	(\$11)	\$95	(\$37)	\$68	(\$55)	\$50	N/A	N/A
LOWRISE TO MIDRISE			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7	32,400	18.59%	\$197	\$147	\$54.07	(\$93)	\$38.92	(\$108)	\$35.82	(\$111)	\$15	(\$131)
Low Scenario			11.96%	\$223	\$107	\$104	(\$2)	\$89	(\$17)	\$82	(\$25)	\$66	(\$41)
Middle Scenario			7.67%	\$251	\$77	\$103	\$26	\$88	\$11	\$75	(\$2)	\$64	(\$13)
Residential Ownership	Prototype 8	32,400	-12.23%	\$212	(\$104)	(\$126)	(\$22)	(\$141)	(\$37)	(\$126)	(\$22)	(\$140)	(\$36)
Low Scenario			-5.08%	\$239	(\$49)	(\$59)	(\$10)	(\$74)	(\$25)	(\$63)	(\$14)	(\$73)	(\$24)
Middle Scenario			-1.10%	\$269	(\$12)	\$1	\$13.00	(\$14)	(\$2)	(\$8)	\$4	(\$13)	(\$1)
High Scenario													
4 STORIES TO 6 STORIES													
Residential Rental	Prototype 9	30,000	20.04%	\$345	\$277	\$160	(\$116)	\$145	(\$131)	\$137	(\$139)	\$84	(\$192)
Low Scenario			13.21%	\$391	\$207	\$119	(\$88)	\$104	(\$103)	\$90.90	(\$116)	\$43	(\$164)
Middle Scenario			8.69%	\$444	\$155	\$99	(\$55)	\$84	(\$70)	\$65	(\$90)	\$23	(\$131)
Residential Ownership	Prototype 10	30,000	-14.23%	\$372	(\$212)	(\$275)	(\$63)	(\$290)	(\$78)	(\$276)	(\$64)	(\$301)	(\$89)
Low Scenario			-7.28%	\$421	(\$123)	(\$180)	(\$57)	(\$195)	(\$72)	(\$186)	(\$64)	(\$206)	(\$83)
Middle Scenario			-3.31%	\$477	(\$63)	(\$101)	(\$37)	(\$116)	(\$52)	(\$114)	(\$50)	(\$127)	(\$63)
High Scenario													
6 STORIES TO 7 STORIES													
Residential Rental	Prototype 11	25,000	8.19%	\$577	\$189	\$115	(\$74)	\$100	(\$89)	\$90	(\$100)	\$104	(\$85)
Low Scenario			3.56%	\$658	\$94	\$29	(\$65)	\$14	(\$80)	\$3	(\$97)	\$17	(\$77)
Middle Scenario			0.69%	\$750	\$21	(\$30)	(\$50)	(\$45)	(\$65)	(\$68)	(\$89)	(\$41)	(\$62)
High Scenario													
Residential Ownership	Prototype 12	25,000	-19.78%	\$554	(\$438)	(\$382)	\$56	(\$397)	\$41	(\$433)	\$5	(\$424)	\$14
Low Scenario			-12.79%	\$632	(\$323)	(\$243)	\$80	(\$258)	\$65	(\$307)	\$17	(\$286)	\$38
Middle Scenario			-8.43%	\$722	(\$243)	(\$134)	\$110	(\$149)	\$95	(\$211)	\$33	(\$176)	\$67
High Scenario													

(1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).

(2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).

(3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.

(5) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.

Source: DRA

**Table 46**  
**Estimated Net Value of Incentive Per SF of Bonus Floor Area**  
**Development Prototypes with Incentives**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
							Prototypes with Incentives					
Housing Prototypes	Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
					Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
<b>DOWNTOWN PROTOTYPES</b>		5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental Prototype 1	148,200	-7.92%	\$441.01	(\$140)	(\$117)	\$22	(\$139)	\$1	(\$167)	(\$28)	(\$215)	(\$75)
Residential Ownership Prototype 2	142,200	7.09%	\$478.80	\$136	\$208	\$72	\$186	\$51	\$176	\$40	\$151	\$15
		5.50%		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial Prototype 3	162,000	-17.17%	\$287.10	(\$197)	(\$97)	\$101	(\$123)	\$74	(\$141.03)	\$56	N/A	N/A
<b>SOUTH LAKE UNION PROTOTYPES</b>		5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental Prototype 4	147,250	3.95%	\$285.96	\$45	(\$29)	(\$74)	(\$49)	(\$94)	(\$65)	(\$110)	(\$98)	(\$143)
Residential Ownership Prototype 5	136,250	4.44%	\$313.38	\$56	\$43	(\$13)	\$23	(\$33)	\$19	(\$37)	(\$1)	(\$57)
		5.50%		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial Prototype 6	107,000	-11.99%	\$379.69	(\$182)	(\$95.84)	\$86	(\$122)	\$60	(\$140)	\$42	N/A	N/A
<b>LOWRISE TO MIDRISE</b>		5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental Low Scenario Prototype 7	32,400	6.43%	\$197.15	\$51	(\$28)	(\$79)	(\$43)	(\$94)	(\$46)	(\$97)	(\$67)	(\$118)
Middle Scenario		0.79%	\$222.69	\$7	\$5	(\$2)	(\$10)	(\$17)	(\$17)	(\$25)	(\$34)	(\$41)
High Scenario		-2.86%	\$251.08	(\$29)	(\$7)	\$22	(\$22)	\$7	(\$34)	(\$6)	(\$46)	(\$17)
Residential Ownership Low Scenario Prototype 8	32,400	-12.23%	\$212.23	(\$104)	(\$126)	(\$22)	(\$141)	(\$37)	(\$126)	(\$22)	(\$140)	(\$36)
Middle Scenario		-5.08%	\$239.33	(\$49)	(\$59)	(\$10)	(\$74)	(\$25)	(\$63)	(\$14)	(\$73)	(\$24)
High Scenario		-1.10%	\$269.28	(\$12)	\$1	\$13	(\$14)	(\$2)	(\$8)	\$4	(\$13)	(\$1)
<b>4 STORIES TO 6 STORIES</b>												
Residential Rental Low Scenario Prototype 9	30,000	7.66%	\$345.05	\$106	\$7	(\$99)	(\$8)	(\$114)	(\$16)	(\$122)	(\$69)	(\$175)
Middle Scenario		1.85%	\$391.48	\$29	(\$45)	(\$74)	(\$61)	(\$90)	(\$74)	(\$103)	(\$122)	(\$151)
High Scenario		-1.99%	\$444.45	(\$35)	(\$82)	(\$47)	(\$97)	(\$62)	(\$117)	(\$82)	(\$158)	(\$123)
Residential Ownership Low Scenario Prototype 10	30,000	-14.23%	\$371.82	(\$212)	(\$275)	(\$63)	(\$290)	(\$78)	(\$276)	(\$64)	(\$301)	(\$89)
Middle Scenario		-7.28%	\$420.93	(\$123)	(\$180)	(\$57)	(\$195)	(\$72)	(\$186)	(\$64)	(\$206)	(\$83)
High Scenario		-3.31%	\$476.57	(\$63)	(\$101)	(\$37)	(\$116)	(\$52)	(\$114)	(\$50)	(\$127)	(\$63)
<b>6 STORIES TO 7 STORIES</b>												
Residential Rental Low Scenario Prototype 11	25,000	-2.41%	\$577.23	(\$56)	(\$119)	(\$63)	(\$134)	(\$78)	(\$144)	(\$88)	(\$130)	(\$74)
Middle Scenario		-6.35%	\$657.91	(\$167)	(\$222)	(\$55)	(\$237)	(\$70)	(\$254)	(\$87)	(\$234)	(\$67)
High Scenario		-8.79%	\$750.13	(\$264)	(\$306)	(\$43)	(\$322)	(\$58)	(\$345)	(\$81)	(\$318)	(\$54)
Residential Ownership Low Scenario Prototype 12	25,000	-19.78%	\$553.70	(\$438)	(\$382)	\$56	(\$397)	\$41	(\$433)	\$5	(\$424)	\$14
Middle Scenario		-12.79%	\$631.94	(\$323)	(\$243)	\$80	(\$258)	\$65	(\$307)	\$17	(\$286)	\$38
High Scenario		-8.43%	\$721.72	(\$243)	(\$134)	\$110	(\$149)	\$95	(\$211)	\$33	(\$176)	\$67

- (1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).
- (2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).
- (3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).
- (4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.
- (4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.
- Source: DRA



**Table 47**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Total Annual Net Operating Income, Rental Uses	\$7,299,870	\$4,536,831			\$5,535,117	\$2,902,239
NOI Per NSF	\$23.47	\$23.03			\$22.00	\$22.04
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$171,761,647	\$106,748,965			\$110,702,340	\$58,044,780
Net Condo Sales Proceeds			\$199,799,250	\$117,253,750		
<b>Total Market Value</b>	<b>\$171,761,647</b>	<b>\$106,748,965</b>	<b>\$199,799,250</b>	<b>\$117,253,750</b>	<b>\$110,702,340</b>	<b>\$58,044,780</b>
Total Value Per NSF	\$552	\$542	\$699	\$662	\$440	\$441
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$163,393,245</b>	<b>\$103,901,873</b>	<b>\$170,212,244</b>	<b>\$105,300,468</b>	<b>\$116,276,932</b>	<b>\$72,752,405</b>
Total Development Cost Per NSF	\$525	\$527	\$595	\$595	\$462	\$552
<b>Net Value of Investment Before Program Costs</b>	<b>\$8,368,403</b>	<b>\$2,847,092</b>	<b>\$29,587,007</b>	<b>\$11,953,282</b>	<b>(\$5,574,592)</b>	<b>(\$14,707,625)</b>
Net Value/SF Site Area	\$557.89	\$189.81	\$1,972.47	\$796.89	(\$172.06)	(\$453.94)
Net Value/Dwelling Unit	\$19,644	\$10,584	\$86,009	\$56,383	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,297.80</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity (1)	3%	2%	11%	7%	-3%	-13%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>\$5,521,311</b>		<b>\$17,633,725</b>		<b>\$9,133,033</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,398,099		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,459,920		\$8,109,527		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	\$5,155,427		\$26,504,111		(\$9,859,897)	
Return on Equity (1)	2%		10%		-5%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$970,304		\$25,055,212		(\$12,783,592)	
Return on Equity (1)	0%		9%		-7%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$6,091,518)		\$21,477,480		N/A	
Return on Equity (1)	-2%		8%		N/A	
<b>Cash Flow Summary, Permanent Loan</b>						
Debt 60%	\$98,035,947	\$62,341,123.59			\$69,766,159	\$43,651,443
Equity 40%	\$65,357,298	\$41,560,749			\$46,510,773	\$29,100,962
Annual Debt Service 5% 20 Yrs	\$7,763,926	\$4,937,086			\$5,525,109	\$3,456,962
Net Cash Flow	(\$464,056)	(\$400,255)			\$10,008	(\$554,723)
Annual Return on Equity (Annual NOI/Equity) (2)	-0.7%	-1.0%			0.0%	

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 47**  
**Return on Equity Analysis, Incentive Program |**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Total Annual Net Operating Income, Rental Uses	\$5,043,902	\$2,055,551			\$5,022,199	\$3,239,579
NOI Per NSF	\$24.48	\$22.34			\$20.88	\$20.91
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$118,680,047	\$48,365,906			\$100,443,980	\$64,791,580
Net Condo Sales Proceeds			\$112,563,125	\$40,845,250		
<b>Total Market Value</b>	<b>\$118,680,047</b>	<b>\$48,365,906</b>	<b>\$112,563,125</b>	<b>\$40,845,250</b>	<b>\$100,443,980</b>	<b>\$64,791,580</b>
Total Value Per NSF	\$576	\$526	\$602	\$498	\$418	\$418
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$105,267,808</b>	<b>\$38,668,619</b>	<b>\$106,744,056</b>	<b>\$38,134,809</b>	<b>\$101,567,889</b>	<b>\$72,876,833</b>
Total Development Cost Per NSF	\$511	\$420	\$571	\$465	\$422	\$470
<b>Net Value of Investment Before Program Costs</b>	<b>\$13,412,239</b>	<b>\$9,697,287</b>	<b>\$5,819,069</b>	<b>\$2,710,441</b>	<b>(\$1,123,909)</b>	<b>(\$8,085,253)</b>
Net Value/SF Site Area	\$638.68	\$461.78	\$277.10	\$129.07	(\$26.14)	(\$188.03)
Net Value/Dwelling Unit	\$47,730	\$78,204	\$26,693	\$28,834	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$42,107,123</b>	<b>\$15,467,448</b>	<b>\$42,697,622</b>	<b>\$15,253,924</b>	<b>\$40,627,156</b>	<b>\$29,150,733</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity (1)	8%	16%	3%	4%	-1%	-7%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>\$3,714,952</b>		<b>\$3,108,628</b>		<b>\$6,961,344</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,325,859		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,256,081		\$5,974,857		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	\$10,456,819		\$3,065,729		(\$3,954,327)	
Return on Equity (1)	6%		2%		-2%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$8,086,380		\$2,568,134		(\$5,885,409)	
Return on Equity (1)	5%		2%		-4%	
3. Gap Cost Scenario 2: 10% Units (4)	\$3,156,158		(\$155,788)		N/A	
Return on Equity (1)	2%		0%		N/A	
<b>Cash Flow Summary, Permanent Loan</b>						
Debt 60%	\$63,160,685	\$23,201,172			\$60,940,733	\$43,726,100
Equity 40%	\$42,107,123	\$15,467,448			\$40,627,156	\$29,150,733
Annual Debt Service 5% 20 Yrs	\$5,001,991	\$1,837,410			\$4,826,182	\$3,462,875
Net Cash Flow	\$41,911	\$218,141			\$196,017	(\$223,296)
Annual Return on Equity (Annual NOI/Equity) (2)	0.1%	1.4%			0.5%	-0.8%

(1) Return on equity measured as net project value divided by equity  
(2) Annual net cash flow (NOI less debt service) divided by equity  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 48**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Total Annual Net Operating Income, Rental Uses	\$7,299,870	\$4,536,831			\$5,535,117	\$2,902,239
NOI Per NSF	\$23.47	\$23.03			\$22.00	\$22.04
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$145,997,400	\$90,736,620			\$100,638,491	\$52,767,982
Net Condo Sales Proceeds			\$199,799,250	\$117,253,750		
<b>Total Market Value</b>	<b>\$145,997,400</b>	<b>\$90,736,620</b>	<b>\$199,799,250</b>	<b>\$117,253,750</b>	<b>\$100,638,491</b>	<b>\$52,767,982</b>
Total Value Per NSF	\$469	\$461	\$699	\$662	\$400	\$401
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$163,393,245</b>	<b>\$103,901,873</b>	<b>\$170,212,244</b>	<b>\$105,300,468</b>	<b>\$116,276,932</b>	<b>\$72,752,405</b>
Total Development Cost Per NSF	\$525	\$527	\$595	\$595	\$462	\$552
<b>Net Value of Investment Before Program Costs</b>	<b>(\$17,395,845)</b>	<b>(\$13,165,253)</b>	<b>\$29,587,007</b>	<b>\$11,953,282</b>	<b>(\$15,638,441)</b>	<b>(\$19,984,423)</b>
Net Value/SF Site Area	(\$1,159.72)	(\$877.68)	\$1,972.47	\$796.89	(\$482.67)	(\$616.80)
Net Value/Dwelling Unit	(\$40,835)	(\$48,941)	\$86,009	\$56,383	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,298</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity Before Program Costs (1)	-7%	-8%	11%	7%	-8%	-17%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>(\$4,230,592)</b>		<b>\$17,633,725</b>		<b>\$4,345,982</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,398,099		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,459,920		\$8,109,527		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	(\$20,608,821)		\$26,504,111		(\$19,923,746)	
Return on Equity (1)	-8%		10%		-11%	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$24,793,943)		\$25,055,212		(\$22,847,441)	
Return on Equity (1)	-9%		9%		-12%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$31,855,765)		\$21,477,480		N/A	
Return on Equity (1)	-12%		8%		N/A	
<b>Cash Flow Summary</b>						
Debt 60%	\$98,035,947	\$62,341,123.59			\$69,766,159	\$43,651,443
Equity 40%	\$65,357,298	\$41,560,749			\$46,510,773	\$29,100,962
Annual Debt Service 5% 20 Yrs	\$7,763,926	\$4,937,086			\$5,525,109	\$3,456,962
Net Cash Flow	(\$464,056)	(\$400,255)			\$10,008	(\$554,723)
Annual Return on Equity (Annual NOI/Equity) (2)	-0.7%	-1.0%			0.0%	

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 48**  
**Return on Equity Analysis, Incentive Program |**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Total Annual Net Operating Income, Rental Uses	\$5,043,902	\$2,055,551			\$5,022,199	\$3,239,579
NOI Per NSF	\$24.48	\$22.34			\$20.88	\$20.91
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$100,878,040	\$41,111,020			\$91,312,709	\$58,901,436
Net Condo Sales Proceeds			\$112,563,125	\$40,845,250		
<b>Total Market Value</b>	<b>\$100,878,040</b>	<b>\$41,111,020</b>	<b>\$112,563,125</b>	<b>\$40,845,250</b>	<b>\$91,312,709</b>	<b>\$58,901,436</b>
Total Value Per NSF	\$490	\$447	\$602	\$498	\$380	\$380
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$105,267,808</b>	<b>\$38,668,619</b>	<b>\$106,744,056</b>	<b>\$38,134,809</b>	<b>\$101,567,889</b>	<b>\$72,876,833</b>
Total Development Cost Per NSF	\$511	\$420	\$571	\$465	\$422	\$470
<b>Net Value of Investment Before Program Costs</b>	<b>(\$4,389,768)</b>	<b>\$2,442,401</b>	<b>\$5,819,069</b>	<b>\$2,710,441</b>	<b>(\$10,255,180)</b>	<b>(\$13,975,397)</b>
Net Value/SF Site Area	(\$209.04)	\$116.30	\$277.10	\$129.07	(\$238.49)	(\$325.01)
Net Value/Dwelling Unit	(\$15,622)	\$19,697	\$26,693	\$28,834	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$42,107,123</b>	<b>\$15,467,448</b>	<b>\$42,697,622</b>	<b>\$15,253,924</b>	<b>\$40,627,156</b>	<b>\$29,150,733</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity Before Program Costs (1)	-3%	4%	3%	4%	-6%	-12%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>(\$6,832,169)</b>		<b>\$3,108,628</b>		<b>\$3,720,217</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,325,859		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,256,081		\$5,974,857		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	(\$7,345,188)		\$3,065,729		(\$13,085,597)	
Return on Equity (1)	-4%		2%		-8%	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$9,715,627)		\$2,568,134		(\$15,016,680)	
Return on Equity (1)	-6%		2%		-9%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$14,645,849)		(\$155,788)		N/A	
Return on Equity (1)	-9%		0%		N/A	
<b>Cash Flow Summary</b>						
Debt 60%	\$63,160,685	\$23,201,172			\$60,940,733	\$43,726,100
Equity 40%	\$42,107,123	\$15,467,448			\$40,627,156	\$29,150,733
Annual Debt Service 5% 20 Yrs	\$5,001,991	\$1,837,410			\$4,826,182	\$3,462,875
Net Cash Flow	\$41,911	\$218,141			\$196,017	(\$223,296)
Annual Return on Equity (Annual NOI/Equity) (2)	0.1%	1.4%			0.5%	-0.8%

(1) Return on equity measured as net project value divided by equity  
(2) Annual net cash flow (NOI less debt service) divided by equity  
(3) Gap cost for current housing set-asides for residential  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 49**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$753,140	\$404,800			\$1,304,218	\$899,418
NOI Per NSF	\$16.37	\$18.40			\$18.37	\$18.36
Middle Scenario	\$910,460	\$435,160			\$1,399,936	\$964,776
NOI Per NSF	\$19.79	\$19.78			\$19.72	\$19.69
High Scenario	\$1,006,060	\$480,860			\$1,543,301	\$1,062,441
NOI Per NSF	\$21.87	\$21.86			\$21.74	\$21.68
Cap Rate	4.25%	4.25%			4.25%	4.25%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$17,720,941	\$9,524,706	\$13,110,000	\$6,270,000	\$30,687,482	\$21,162,776
Per NSF	\$385	\$433	\$285	\$285	\$445	\$451
Middle Scenario	\$21,422,588	\$10,239,059	\$17,480,000	\$8,360,000	\$32,939,671	\$22,700,612
Per NSF	\$466	\$465	\$380	\$380	\$478	\$484
High Scenario	\$23,672,000	\$11,314,353	\$21,850,000	\$10,450,000	\$36,312,965	\$24,998,612
Per NSF	\$515	\$514	\$475	\$475	\$527	\$533
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$15,969,184	\$7,341,003	\$17,190,601	\$7,794,883	\$25,878,493	\$16,025,407
Per NSF	\$347	\$334	\$374	\$354	\$364	\$327
Middle Scenario	\$18,037,910	\$8,594,023	\$19,385,681	\$9,100,273	\$29,361,192	\$18,740,857
Per NSF	\$392	\$391	\$421	\$414	\$414	\$382
High Scenario	\$20,337,836	\$10,078,242	\$21,811,960	\$10,636,863	\$33,333,491	\$21,945,908
Per NSF	\$442	\$458	\$474	\$483	\$469	\$448
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	\$1,751,757	\$2,183,703	(\$4,080,601)	(\$1,524,883)	\$4,808,990	\$5,137,370
Per SF Site Area	\$121.65	\$151.65	(\$283.38)	(\$105.89)	\$240.45	\$256.87
Per Dwelling Unit	\$24,673	\$64,227	(\$72,868)	(\$56,477)	\$45,368	\$71,352
Return on Equity (1)	7%	19%	-15%	-12%	12%	20%
Middle Scenario	\$3,384,679	\$1,645,036	(\$1,905,681)	(\$740,273)	\$3,578,479	\$3,959,755
Per SF Site Area	\$235.05	\$114.24	(\$132.34)	(\$51.41)	\$178.92	\$197.99
Per Dwelling Unit	\$47,672	\$48,383	(\$34,030)	(\$27,418)	\$33,759	\$54,997
Return on Equity (1)	12%	12%	-6%	-5%	8%	13%
High Scenario	\$3,334,165	\$1,236,111	\$38,040	(\$186,863)	\$2,979,474	\$3,052,704
Per SF Site Area	\$231.54	\$85.84	\$2.64	(\$12.98)	\$148.97	\$152.64
Per Dwelling Unit	\$46,960	\$36,356	\$679	(\$6,921)	\$28,108	\$42,399
Return on Equity (1)	10%	8%	0%	-1%	6%	9%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 49**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$591,215		\$0		\$687,309	
Middle Scenario	\$736,900		\$123,440		\$851,587	
High Scenario	\$898,865		\$297,280		\$1,038,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$827,702		\$0		\$1,512,079	
Middle Scenario	\$1,031,660		\$185,160		\$1,873,491	
High Scenario	\$1,258,411		\$445,920		\$2,285,712	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$1,260,897		(\$4,571,461)		\$4,354,490	
Return on Equity (1)	5%		-17%		11%	
Middle Scenario	\$2,893,819		(\$2,396,541)		\$3,123,979	
Return on Equity (1)	10%		-8%		7%	
High Scenario	\$2,843,305		(\$452,820)		\$2,524,974	
Return on Equity (1)	9%		-1%		5%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$1,160,542		(\$4,080,601)		\$4,121,681	
Return on Equity (1)	5%		-15%		10%	
Middle Scenario	\$2,647,778		(\$2,029,121)		\$2,726,892	
Return on Equity (1)	9%		-7%		6%	
High Scenario	\$2,435,300		(\$259,240)		\$1,940,514	
Return on Equity (1)	7%		-1%		4%	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$493,346		(\$4,526,521)		\$2,523,278	
Return on Equity (1)	2%		-16%		6%	
Middle Scenario	\$2,126,268		(\$2,351,601)		\$1,292,767	
Return on Equity (1)	7%		-8%		3%	
High Scenario	\$2,075,754		(\$407,880)		\$693,762	
Return on Equity (1)	6%		-1%		1%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%	\$9,581,510	\$4,404,602			\$15,527,095.50	\$9,615,244
Equity                    40%	\$6,387,673	\$2,936,401			\$10,351,397	\$6,410,163
Middle Scenario						
Debt                    60%	\$10,822,746	\$5,156,414			\$17,616,715	\$11,244,514
Equity                    40%	\$7,215,164	\$3,437,609			\$11,744,477	\$7,496,343
High Scenario						
Debt                    60%	\$12,202,701	\$6,046,945			\$20,000,095	\$13,167,545
Equity                    40%	\$8,135,134	\$4,031,297			\$13,333,396	\$8,778,363
Annual Debt Service      5%      20 Yrs						
Low Scenario	\$758,805	\$348,821			\$1,229,663	\$761,476
Middle Scenario	\$857,104	\$408,361			\$1,395,150	\$890,506
High Scenario	\$1,610,649	\$798,143			\$2,639,835	\$1,737,999
<b>Net Cash Flow</b>						
Low Scenario	(\$5,665)	\$55,979			\$74,555	\$137,942
Annual Return on Equity (2)	-0.1%	1.9%			0.7%	2.2%
Middle Scenario	\$53,356	\$26,799			\$4,786	\$74,270
Annual Return on Equity (2)	0.7%	0.8%			0.0%	1.0%
High Scenario	(\$604,589)	(\$317,283)			(\$1,096,534)	(\$675,558)
Annual Return on Equity (2)	-5.0%	-5.2%			-5.5%	-5.1%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 49**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,655,658	\$1,304,218		
NOI Per NSF			\$18.40	\$18.37		
Middle Scenario			\$1,778,076	\$1,399,936		
NOI Per NSF			\$19.76	\$19.72		
High Scenario			\$1,961,091	\$1,543,301		
NOI Per NSF			\$21.79	\$21.74		
Cap Rate			4.25%	4.25%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$19,636,500	\$13,366,500	\$38,956,659	\$30,687,482	\$25,061,190	\$19,643,055
Per NSF	\$285	\$285	\$443	\$445	\$285	\$285
Middle Scenario	\$26,182,000	\$17,822,000	\$41,837,082	\$32,939,671	\$33,414,920	\$26,190,740
Per NSF	\$380	\$380	\$476	\$478	\$380	\$380
High Scenario	\$32,727,500	\$22,277,500	\$46,143,318	\$36,312,965	\$41,768,650	\$32,738,425
Per NSF	\$475	\$475	\$525	\$527	\$475	\$475
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$27,886,183	\$17,308,312	\$36,076,810	\$27,132,308	\$34,605,944	\$28,736,183
Per NSF	\$393	\$353	\$401	\$382	\$385	\$405
Middle Scenario	\$31,569,651	\$20,171,790	\$41,119,428	\$31,165,388	\$39,496,404	\$32,929,651
Per NSF	\$445	\$412	\$457	\$439	\$439	\$464
High Scenario	\$35,742,719	\$23,524,868	\$46,882,846	\$35,919,269	\$45,107,664	\$37,843,919
Per NSF	\$503	\$480	\$521	\$506	\$501	\$533
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$8,249,683)	(\$3,941,812)	\$2,879,849	\$3,555,175	(\$9,544,754)	(\$9,093,128)
Per SF Site Area	(\$412.48)	(\$197.09)	\$143.99	\$177.76	(\$477.24)	(\$454.66)
Per Dwelling Unit	(\$98,211)	(\$69,155)	\$21,332	\$33,539	(\$89,203)	(\$108,252)
Return on Equity (1)	-18%	-14%	5%	8%	-17%	-20%
Middle Scenario	(\$5,387,651)	(\$2,349,790)	\$717,654	\$1,774,282	(\$6,081,484)	(\$6,738,911)
Per SF Site Area	(\$269.38)	(\$117.49)	\$35.88	\$88.71	(\$304.07)	(\$336.95)
Per Dwelling Unit	(\$64,139)	(\$41,224)	\$5,316	\$16,739	(\$56,836)	(\$80,225)
Return on Equity (1)	-11%	-7%	1%	4%	-10%	-13%
High Scenario	(\$3,015,219)	(\$1,247,368)	(\$739,529)	\$393,696	(\$3,339,014)	(\$5,105,494)
Per SF Site Area	(\$150.76)	(\$62.37)	(\$36.98)	\$19.68	(\$166.95)	(\$255.27)
Per Dwelling Unit	(\$35,895)	(\$21,884)	(\$5,478)	\$3,714	(\$31,206)	(\$60,780)
Return on Equity (1)	-5%	-3%	-1%	1%	-5%	-8%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 49**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$642,243		\$1,284,485	
Middle Scenario	\$202,160		\$791,653		\$1,583,307	
High Scenario	\$392,400		\$962,420		\$1,924,840	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$8,704,183)		\$2,501,099		(\$9,923,504)	
Return on Equity (1)	-20%		4%		-18%	
Middle Scenario	(\$5,842,151)		\$338,904		(\$6,460,234)	
Return on Equity (1)	-12%		1%		-10%	
High Scenario	(\$3,469,719)		(\$1,118,279)		(\$3,717,764)	
Return on Equity (1)	-6%		-1%		-5%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$8,281,283)		\$2,237,607		(\$10,829,239)	
Return on Equity (1)	-19%		4%		-20%	
Middle Scenario	(\$5,589,811)		(\$73,999)		(\$7,664,791)	
Return on Equity (1)	-11%		0%		-12%	
High Scenario	(\$3,407,619)		(\$1,701,949)		(\$5,263,854)	
Return on Equity (1)	-6%		-2%		-7%	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$9,034,483)		\$2,590,469		(\$10,605,814)	
Return on Equity (1)	-20%		4%		-19%	
Middle Scenario	(\$6,172,451)		\$428,274		(\$7,142,544)	
Return on Equity (1)	-12%		1%		-11%	
High Scenario	(\$3,800,019)		(\$1,028,909)		(\$4,400,074)	
Return on Equity (1)	-7%		-1%		-6%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%			\$21,646,086	\$16,279,385		
Equity                    40%			\$14,430,724	\$10,852,923		
Middle Scenario						
Debt                      60%			\$24,671,657	\$18,699,233		
Equity                    40%			\$16,447,771	\$12,466,155		
High Scenario						
Debt                      60%			\$28,129,708	\$21,551,561		
Equity                    40%			\$18,753,139	\$14,367,708		
Annual Debt Service      5%      20 Yrs						
Low Scenario			\$1,714,255	\$1,289,241		
Middle Scenario			\$1,953,864	\$1,480,880		
High Scenario			\$3,712,872	\$2,844,615		
<b>Net Cash Flow</b>						
Low Scenario			(\$58,597)	\$14,977		
Annual Return on Equity (2)			-0.4%	0.1%		
Middle Scenario			(\$175,788)	(\$80,944)		
Annual Return on Equity (2)			-1.1%	-0.6%		
High Scenario			(\$1,751,781)	(\$1,301,314)		
Annual Return on Equity (2)			-6.2%	-6.0%		

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide  
(3) Gap cost for current housing set-asides for residenti  
(4) Gap cost for 10% affordable units for residential (pl

Source: DRA.



**Table 50**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$753,140	\$404,800			\$1,304,218	\$899,418
NOI Per NSF	\$16.37	\$18.40			\$18.37	\$18.36
Middle Scenario	\$910,460	\$435,160			\$1,399,936	\$964,776
NOI Per NSF	\$19.79	\$19.78			\$19.72	\$19.69
High Scenario	\$1,006,060	\$480,860			\$1,543,301	\$1,062,441
NOI Per NSF	\$21.87	\$21.86			\$21.74	\$21.68
Cap Rate	5.00%	5.00%			5.00%	5.00%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$15,062,800	\$8,096,000	\$13,110,000	\$6,270,000	\$26,084,360	\$17,988,360
Per NSF	\$327	\$368	\$285	\$285	\$379	\$384
Middle Scenario	\$18,209,200	\$8,703,200	\$17,480,000	\$8,360,000	\$27,998,720	\$19,295,520
Per NSF	\$396	\$396	\$380	\$380	\$406	\$411
High Scenario	\$20,121,200	\$9,617,200	\$21,850,000	\$10,450,000	\$30,866,020	\$21,248,820
Per NSF	\$437	\$437	\$475	\$475	\$448	\$453
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$15,969,184	\$7,341,003	\$17,190,601	\$7,794,883	\$25,878,493	\$16,025,407
Per NSF	\$347	\$334	\$374	\$354	\$364	\$327
Middle Scenario	\$18,037,910	\$8,594,023	\$19,385,681	\$9,100,273	\$29,361,192	\$18,740,857
Per NSF	\$392	\$391	\$421	\$414	\$414	\$382
High Scenario	\$20,337,836	\$10,078,242	\$21,811,960	\$10,636,863	\$33,333,491	\$21,945,908
Per NSF	\$442	\$458	\$474	\$483	\$469	\$448
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$906,384)	\$754,997	(\$4,080,601)	(\$1,524,883)	\$205,868	\$1,962,953
Per NSF	(\$62.94)	\$52.43	(\$283.38)	(\$105.89)	\$10.29	\$98.15
Per Dwelling Unit	(\$12,766)	\$22,206	(\$72,868)	(\$56,477)	\$1,942	\$27,263
Return on Equity (1)	-4%	6%	-15%	-12%	0%	8%
Middle Scenario	\$171,290	\$109,177	(\$1,905,681)	(\$740,273)	(\$1,362,472)	\$554,663
Per NSF	\$11.90	\$7.58	(\$132.34)	(\$51.41)	(\$68.12)	\$27.73
Per Dwelling Unit	\$2,413	\$3,211	(\$34,030)	(\$27,418)	(\$12,854)	\$7,704
Return on Equity (1)	1%	1%	-6%	-5%	-3%	2%
High Scenario	(\$216,636)	(\$461,042)	\$38,040	(\$186,863)	(\$2,467,471)	(\$697,088)
Per NSF	(\$15.04)	(\$32.02)	\$2.64	(\$12.98)	(\$123.37)	(\$34.85)
Per Dwelling Unit	(\$3,051)	(\$13,560)	\$679	(\$6,921)	(\$23,278)	(\$9,682)
Return on Equity (1)	-1%	-3%	0%	-1%	-5%	-2%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 50**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$591,215		\$0		\$687,309	
Middle Scenario	\$736,900		\$123,440		\$851,587	
High Scenario	\$898,865		\$297,280		\$1,038,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$827,702		\$0		\$1,512,079	
Middle Scenario	\$1,031,660		\$185,160		\$1,873,491	
High Scenario	\$1,258,411		\$445,920		\$2,285,712	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$1,397,244)		(\$4,571,461)		(\$248,633)	
Return on Equity (1)	-5%		-17%		-1%	
Middle Scenario	(\$319,570)		(\$2,396,541)		(\$1,816,972)	
Return on Equity (1)	-1%		-8%		-4%	
High Scenario	(\$707,496)		(\$452,820)		(\$2,921,971)	
Return on Equity (1)	-2%		-1%		-5%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$1,497,599)		(\$4,080,601)		(\$481,441)	
Return on Equity (1)	-6%		-15%		-1%	
Middle Scenario	(\$565,610)		(\$2,029,121)		(\$2,214,059)	
Return on Equity (1)	-2%		-7%		-5%	
High Scenario	(\$1,115,501)		(\$259,240)		(\$3,506,431)	
Return on Equity (1)	-3%		-1%		-7%	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$2,164,795)		(\$4,526,521)		(\$2,079,845)	
Return on Equity (1)	-8%		-16%		-5%	
Middle Scenario	(\$1,087,121)		(\$2,351,601)		(\$3,648,184)	
Return on Equity (1)	-4%		-8%		-8%	
High Scenario	(\$1,475,047)		(\$407,880)		(\$4,753,183)	
Return on Equity (1)	-5%		-1%		-9%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%	\$9,581,510	\$4,404,602			\$15,527,095.50	\$9,615,244
Equity                    40%	\$6,387,673	\$2,936,401			\$10,351,397	\$6,410,163
Middle Scenario						
Debt                    60%	\$10,822,746	\$5,156,414			\$17,616,715	\$11,244,514
Equity                   40%	\$7,215,164	\$3,437,609			\$11,744,477	\$7,496,343
High Scenario						
Debt                    60%	\$12,202,701	\$6,046,945			\$20,000,095	\$13,167,545
Equity                   40%	\$8,135,134	\$4,031,297			\$13,333,396	\$8,778,363
Annual Debt Service      5%      20 Yrs						
Low Scenario	\$758,805	\$348,821			\$1,229,663	\$761,476
Middle Scenario	\$857,104	\$408,361			\$1,395,150	\$890,506
High Scenario	\$966,389	\$478,886			\$1,583,901	\$1,042,800
<b>Net Cash Flow</b>						
Low Scenario	(\$5,665)	\$55,979			\$74,555	\$137,942
Annual Return on Equity (2)	-0.1%	1.9%			0.7%	2.2%
Middle Scenario	\$53,356	\$26,799			\$4,786	\$74,270
Annual Return on Equity (2)	0.7%	0.8%			0.0%	1.0%
High Scenario	\$39,671	\$1,974			(\$40,600)	\$19,641
Annual Return on Equity (2)	0.3%	0.0%			-0.2%	0.1%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 50**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,655,658	\$1,304,218		
NOI Per NSF			\$18.40	\$18.37		
Middle Scenario			\$1,778,076	\$1,399,936		
NOI Per NSF			\$19.76	\$19.72		
High Scenario			\$1,961,091	\$1,543,301		
NOI Per NSF			\$21.79	\$21.74		
Cap Rate			5.00%	5.00%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$19,636,500	\$13,366,500	\$33,113,160	\$26,084,360	\$25,061,190	\$19,643,055
Per NSF	\$285	\$285	\$377	\$379	\$285	\$285
Middle Scenario	\$26,182,000	\$17,822,000	\$35,561,520	\$27,998,720	\$33,414,920	\$26,190,740
Per NSF	\$380	\$380	\$405	\$406	\$380	\$380
High Scenario	\$32,727,500	\$22,277,500	\$39,221,820	\$30,866,020	\$41,768,650	\$32,738,425
Per NSF	\$475	\$475	\$446	\$448	\$475	\$475
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$27,886,183	\$17,308,312	\$36,076,810	\$27,132,308	\$34,605,944	\$28,736,183
Per NSF	\$393	\$353	\$401	\$382	\$385	\$405
Middle Scenario	\$31,569,651	\$20,171,790	\$41,119,428	\$31,165,388	\$39,496,404	\$32,929,651
Per NSF	\$445	\$412	\$457	\$439	\$439	\$464
High Scenario	\$35,742,719	\$23,524,868	\$46,882,846	\$35,919,269	\$45,107,664	\$37,843,919
Per NSF	\$503	\$480	\$521	\$506	\$501	\$533
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$8,249,683)	(\$3,941,812)	(\$2,963,650)	(\$1,047,948)	(\$9,544,754)	(\$9,093,128)
Per NSF	(\$412.48)	(\$197.09)	(\$148.18)	(\$52.40)	(\$477.24)	(\$454.66)
Per Dwelling Unit	(\$98,211)	(\$69,155)	(\$21,953)	(\$9,886)	(\$89,203)	(\$108,252)
Return on Equity (1)	-18%	-14%	-5%	-2%	-17%	-20%
Middle Scenario	(\$5,387,651)	(\$2,349,790)	(\$5,557,908)	(\$3,166,668)	(\$6,081,484)	(\$6,738,911)
Per NSF	(\$269.38)	(\$117.49)	(\$277.90)	(\$158.33)	(\$304.07)	(\$336.95)
Per Dwelling Unit	(\$64,139)	(\$41,224)	(\$41,170)	(\$29,874)	(\$56,836)	(\$80,225)
Return on Equity (1)	-11%	-7%	-8%	-6%	-10%	-13%
High Scenario	(\$3,015,219)	(\$1,247,368)	(\$7,661,026)	(\$5,053,249)	(\$3,339,014)	(\$5,105,494)
Per NSF	(\$150.76)	(\$62.37)	(\$383.05)	(\$252.66)	(\$166.95)	(\$255.27)
Per Dwelling Unit	(\$35,895)	(\$21,884)	(\$56,748)	(\$47,672)	(\$31,206)	(\$60,780)
Return on Equity (1)	-5%	-3%	-10%	-9%	-5%	-8%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 50**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$642,243		\$1,284,485	
Middle Scenario	\$202,160		\$791,653		\$1,583,307	
High Scenario	\$392,400		\$962,420		\$1,924,840	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$8,704,183)		(\$3,342,400)		(\$9,923,504)	
Return on Equity (1)	-20%		-6%		-18%	
Middle Scenario	(\$5,842,151)		(\$5,936,658)		(\$6,460,234)	
Return on Equity (1)	-12%		-9%		-10%	
High Scenario	(\$3,469,719)		(\$8,039,776)		(\$3,717,764)	
Return on Equity (1)	-6%		-11%		-5%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$8,281,283)		(\$3,605,892)		(\$10,829,239)	
Return on Equity (1)	-19%		-6%		-20%	
Middle Scenario	(\$5,589,811)		(\$6,349,561)		(\$7,664,791)	
Return on Equity (1)	-11%		-10%		-12%	
High Scenario	(\$3,407,619)		(\$8,623,446)		(\$5,263,854)	
Return on Equity (1)	-6%		-11%		-7%	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$9,034,483)		(\$3,253,030)		(\$10,605,814)	
Return on Equity (1)	-20%		-6%		-19%	
Middle Scenario	(\$6,172,451)		(\$5,847,288)		(\$7,142,544)	
Return on Equity (1)	-12%		-9%		-11%	
High Scenario	(\$3,800,019)		(\$7,950,406)		(\$4,400,074)	
Return on Equity (1)	-7%		-11%		-6%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%			\$21,646,086	\$16,279,385		
Equity                    40%			\$14,430,724	\$10,852,923		
Middle Scenario						
Debt                      60%			\$24,671,657	\$18,699,233		
Equity                    40%			\$16,447,771	\$12,466,155		
High Scenario						
Debt                      60%			\$28,129,708	\$21,551,561		
Equity                    40%			\$18,753,139	\$14,367,708		
Annual Debt Service      5%      20 Yrs						
Low Scenario			\$1,714,255	\$1,289,241		
Middle Scenario			\$1,953,864	\$1,480,880		
High Scenario			\$2,227,723	\$1,706,769		
<b>Net Cash Flow</b>						
Low Scenario			(\$58,597)	\$14,977		
Annual Return on Equity (2)			-0.4%	0.1%		
Middle Scenario			(\$175,788)	(\$80,944)		
Annual Return on Equity (2)			-1.1%	-0.6%		
High Scenario			(\$266,632)	(\$163,468)		
Annual Return on Equity (2)			-0.9%	-0.8%		

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.

**Table 51**  
**Land Residual Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Bonus Gross Floor Area (GSF)	148,200		142,200		162,000	
Total Annual Net Operating Income, Rental Uses	\$7,299,870	\$4,536,831			\$5,535,117	\$2,902,239
NOI Per NSF	\$23.47	\$23.03			\$22.00	\$22.04
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$171,761,647	\$106,748,965			\$110,702,340	\$58,044,780
Net Condo Sales Proceeds			\$199,799,250	\$117,253,750		
Total Market Value	<b>\$171,761,647</b>	<b>\$106,748,965</b>	<b>\$199,799,250</b>	<b>\$117,253,750</b>	<b>\$110,702,340</b>	<b>\$58,044,780</b>
Total Value Per NSF	\$552	\$542	\$699	\$662	\$440	\$441
Less: Total Development Cost, Excl. Land	\$151,393,245	\$91,901,873	\$158,212,244	\$93,300,468	\$90,356,932	\$46,832,405
Total Development Cost Per NSF	\$487	\$467	\$553	\$527	\$359	\$356
Less: Assumed Return on Equity (See Below)	\$15,685,751	\$9,974,580	\$16,340,375	\$10,108,845	\$18,604,309	\$11,640,385
<b>Residual Land Value Before Program Costs</b>	<b>\$4,682,651</b>	<b>\$4,872,512</b>	<b>\$25,246,631</b>	<b>\$13,844,437</b>	<b>\$1,741,099</b>	<b>(\$428,010)</b>
Resid. Value/SF Site Area	\$312.18	\$324.83	\$1,683.11	\$922.96	\$53.74	(\$13.21)
Resid. Value/Dwelling Unit	\$10,992	\$18,113	\$73,391	\$65,304	N/A	N/A
Resid. Value/SF Bonus GFA	\$31.60		\$177.54		\$10.75	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,398,099		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,459,920		\$8,109,527		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	\$1,469,675		\$22,163,735		(\$2,544,206)	
Resid. Value/SF Site Area	\$98		\$1,478		(\$79)	
Resid. Value/SF Bonus GFA	\$9.92		\$155.86		(\$15.70)	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$2,715,448)		\$20,714,837		(\$5,467,901)	
Resid. Value/SF Site Area	(\$181)		\$1,381		(\$169)	
Resid. Value/SF Bonus GFA	(\$18.32)		\$145.67		(\$33.75)	
3. Gap Cost Scenario 2: 10% Units (4)	(\$9,777,269)		\$17,137,104		N/A	
Resid. Value/SF Site Area	(\$652)		\$1,142		N/A	
Resid. Value/SF Bonus GFA	(\$65.97)		\$120.51		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,298</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	10%	10%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 51**  
**Land Residual Analysis, Incentive Program Rec**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Bonus Gross Floor Area (GSF)	147,250		136,250		107,000	
Total Annual Net Operating Income, Rental Uses	\$5,043,902	\$2,055,551			\$5,022,199	\$3,239,579
NOI Per NSF	\$24.48	\$22.34			\$20.88	\$20.91
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$118,680,047	\$48,365,906			\$100,443,980	\$64,791,580
Net Condo Sales Proceeds			\$112,563,125	\$40,845,250		
Total Market Value	<b>\$118,680,047</b>	<b>\$48,365,906</b>	<b>\$112,563,125</b>	<b>\$40,845,250</b>	<b>\$100,443,980</b>	<b>\$64,791,580</b>
Total Value Per NSF	\$576	\$526	\$602	\$498	\$418	\$418
Less: Total Development Cost, Excl. Land	\$96,867,808	\$30,268,619	\$98,344,056	\$29,734,809	\$84,367,889	\$55,676,833
Total Development Cost Per NSF	\$470	\$329	\$526	\$363	\$351	\$359
Less: Assumed Return on Equity (See Below)	\$10,105,710	\$3,712,187	\$10,247,429	\$3,660,942	\$16,250,862	\$11,660,293
<b>Residual Land Value Before Program Costs</b>	<b>\$11,706,529</b>	<b>\$14,385,099</b>	<b>\$3,971,640</b>	<b>\$7,449,499</b>	<b>(\$174,771)</b>	<b>(\$2,545,547)</b>
Resid. Value/SF Site Area	\$557.45	\$685.00	\$189.13	\$354.74	(\$4.06)	(\$59.20)
Resid. Value/Dwelling Unit	\$41,660	\$116,009	\$18,219	\$79,250	N/A	N/A
Resid. Value/SF Bonus GFA	\$79.50		\$29.15		(\$1.63)	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,325,859		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,256,081		\$5,974,857		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	\$8,751,109		\$1,218,300		(\$3,005,189)	
Resid. Value/SF Site Area	\$417		\$58		(\$70)	
Resid. Value/SF Bonus GFA	\$59.43		\$8.94		(\$28.09)	
2. Gap Cost/Com Fee Scenario 1 (3)	\$6,380,670		\$720,705		(\$4,936,271)	
Resid. Value/SF Site Area	\$304		\$34		(\$115)	
Resid. Value/SF Bonus GFA	\$43.33		\$5.29		(\$46.13)	
3. Gap Cost Scenario 2: 10% Units (4)	\$1,450,449		(\$2,003,217)		N/A	
Resid. Value/SF Site Area	\$69		(\$95)		N/A	
Resid. Value/SF Bonus GFA	\$9.85		(\$14.70)		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$42,107,123</b>	<b>\$15,467,448</b>	<b>\$42,697,622</b>	<b>\$15,253,924</b>	<b>\$40,627,156</b>	<b>\$29,150,733</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	10%	10%

(1) Return on equity measured as net project value divided by equity investment  
(2) Annual net cash flow (NOI less debt service) divided by equity investment  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 52**  
**Land Residual Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Bonus Gross Floor Area (GSF)	148,200		142,200		162,000	
Total Annual Net Operating Income, Rental Uses	\$7,299,870	\$4,536,831			\$5,535,117	\$2,902,239
NOI Per NSF	\$23.47	\$23.03			\$22.00	\$22.04
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$145,997,400	\$90,736,620			\$100,638,491	\$52,767,982
Net Condo Sales Proceeds			\$199,799,250	\$117,253,750		
Total Market Value	<b>\$145,997,400</b>	<b>\$90,736,620</b>	<b>\$199,799,250</b>	<b>\$117,253,750</b>	<b>\$100,638,491</b>	<b>\$52,767,982</b>
Total Value Per NSF	\$469	\$461	\$699	\$662	\$400	\$401
Less: Total Development Cost, Excl. Land	\$151,393,245	\$91,901,873	\$158,212,244	\$93,300,468	\$90,356,932	\$46,832,405
Total Development Cost Per NSF	\$487	\$467	\$553	\$527	\$359	\$356
Less: Assumed Return on Equity (See Below)	\$15,685,751	\$9,974,580	\$16,340,375	\$10,108,845	\$11,162,585	\$6,984,231
<b>Residual Land Value Before Program Costs</b>	<b>(\$21,081,596)</b>	<b>(\$11,139,832)</b>	<b>\$25,246,631</b>	<b>\$13,844,437</b>	<b>(\$881,026)</b>	<b>(\$1,048,654)</b>
Resid. Value/SF Site Area	(\$1,405.44)	(\$742.66)	\$1,683.11	\$922.96	(\$27.19)	(\$32.37)
Resid. Value/Dwelling Unit	(\$49,487)	(\$41,412)	\$73,391	\$65,304	N/A	N/A
Resid. Value/SF Bonus GFA	(\$142.25)		\$177.54		(\$5.44)	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,398,099		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,459,920		\$8,109,527		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	(\$24,294,572)		\$22,163,735		(\$5,166,331)	
Resid. Value/SF Site Area	(\$1,620)		\$1,478		(\$159)	
Resid. Value/SF Bonus GFA	(\$163.93)		\$155.86		(\$31.89)	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$28,479,695)		\$20,714,837		(\$8,090,026)	
Resid. Value/SF Site Area	(\$1,899)		\$1,381		(\$250)	
Resid. Value/SF Bonus GFA	(\$192.17)		\$145.67		(\$49.94)	
3. Gap Cost Scenario 2: 10% Units (4)	(\$35,541,516)		\$17,137,104		N/A	
Resid. Value/SF Site Area	(\$2,369)		\$1,142		N/A	
Resid. Value/SF Bonus GFA	(\$239.82)		\$120.51		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,298</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 52**  
**Land Residual Analysis, Incentive Program Rec**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Bonus Gross Floor Area (GSF)	147,250		136,250		107,000	
Total Annual Net Operating Income, Rental Uses	\$5,043,902	\$2,055,551			\$5,022,199	\$3,239,579
NOI Per NSF	\$24.48	\$22.34			\$20.88	\$20.91
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$100,878,040	\$41,111,020			\$91,312,709	\$58,901,436
Net Condo Sales Proceeds			\$112,563,125	\$40,845,250		
Total Market Value	<b>\$100,878,040</b>	<b>\$41,111,020</b>	<b>\$112,563,125</b>	<b>\$40,845,250</b>	<b>\$91,312,709</b>	<b>\$58,901,436</b>
Total Value Per NSF	\$490	\$447	\$602	\$498	\$380	\$380
Less: Total Development Cost, Excl. Land	\$96,867,808	\$30,268,619	\$98,344,056	\$29,734,809	\$84,367,889	\$55,676,833
Total Development Cost Per NSF	\$470	\$329	\$526	\$363	\$351	\$359
Less: Assumed Return on Equity (See Below)	\$10,105,710	\$3,712,187	\$10,247,429	\$3,660,942	\$9,750,517	\$6,996,176
Residual Land Value Before Program Costs	<b>(\$6,095,478)</b>	<b>\$7,130,213</b>	<b>\$3,971,640</b>	<b>\$7,449,499</b>	<b>(\$2,805,697)</b>	<b>(\$3,771,573)</b>
Resid. Value/SF Site Area	(\$290.26)	\$339.53	\$189.13	\$354.74	(\$65.25)	(\$87.71)
Resid. Value/Dwelling Unit	(\$21.692)	\$57.502	\$18.219	\$79.250	N/A	N/A
Resid. Value/SF Bonus GFA	(\$41.40)		\$29.15		(\$26.22)	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,325,859		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,256,081		\$5,974,857		N/A	
Residual Land Value After Program Costs						
1. Current In-Lieu Fee	(\$9,050,898)		\$1,218,300		(\$5,636,115)	
Resid. Value/SF Site Area	(\$431)		\$58		(\$131)	
Resid. Value/SF Bonus GFA	(\$61.47)		\$8.94		(\$52.67)	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$11,421,337)		\$720,705		(\$7,567,197)	
Resid. Value/SF Site Area	(\$544)		\$34		(\$176)	
Resid. Value/SF Bonus GFA	(\$77.56)		\$5.29		(\$70.72)	
3. Gap Cost Scenario 2: 10% Units (4)	(\$16,351,559)		(\$2,003,217)		N/A	
Resid. Value/SF Site Area	(\$779)		(\$95)		N/A	
Resid. Value/SF Bonus GFA	(\$111.05)		(\$14.70)		N/A	
Equity Investment @ 40% of TDC	\$42,107,123	\$15,467,448	\$42,697,622	\$15,253,924	\$40,627,156	\$29,150,733
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%

(1) Return on equity measured as net project value divided by equity investment  
(2) Annual net cash flow (NOI less debt service) divided by equity investment  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.



**Table 53**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
Gross SF Bonus GFA	32,400		32,400		30,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$753,140	\$404,800			\$1,304,218	\$899,418
NOI Per NSF	\$16.37	\$18.40			\$18.37	\$18.36
Middle Scenario	\$910,460	\$435,160			\$1,399,936	\$964,776
NOI Per NSF	\$19.79	\$19.78			\$19.72	\$19.69
High Scenario	\$1,006,060	\$480,860			\$1,543,301	\$1,062,441
NOI Per NSF	\$21.87	\$21.86			\$21.74	\$21.68
Cap Rate	4.25%	4.25%			4.25%	4.25%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$17,720,941	\$9,524,706	\$13,110,000	\$6,270,000	\$30,687,482	\$21,162,776
Per NSF	\$385	\$433	\$285	\$285	\$445	\$451
Middle Scenario	\$21,422,588	\$10,239,059	\$17,480,000	\$8,360,000	\$32,939,671	\$22,700,612
Per NSF	\$466	\$465	\$380	\$380	\$478	\$484
High Scenario	\$23,672,000	\$11,314,353	\$21,850,000	\$10,450,000	\$36,312,965	\$24,998,612
Per NSF	\$515	\$514	\$475	\$475	\$527	\$533
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$15,119,184	\$6,491,003	\$16,340,601	\$6,944,883	\$24,078,493	\$14,225,407
Per NSF	\$329	\$295	\$355	\$316	\$339	\$290
Middle Scenario	\$16,677,910	\$7,234,023	\$18,025,681	\$7,740,273	\$26,481,192	\$15,860,857
Per NSF	\$363	\$329	\$392	\$352	\$373	\$324
High Scenario	\$18,297,836	\$8,038,242	\$19,771,960	\$8,596,863	\$29,013,491	\$17,625,908
Per NSF	\$398	\$365	\$430	\$391	\$409	\$360
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$1,533,042	\$704,736	\$1,650,298	\$748,309	\$2,484,335	\$1,538,439
Middle Scenario	\$1,731,639	\$825,026	\$1,861,025	\$873,626	\$2,818,674	\$1,799,122
High Scenario	\$1,952,432	\$967,511	\$2,093,948	\$1,021,139	\$3,200,015	\$2,106,807
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	\$1,068,716	\$3,033,703	(\$3,230,601)	(\$674,883)	\$6,608,990	\$6,937,370
Per SF Site Area	\$74	\$211	(\$224)	(\$47)	\$330	\$347
Per Dwelling Unit	\$15,052	\$89,227	(\$57,689)	(\$24,996)	\$62,349	\$96,352
Per SF Bonus GFA	\$32.99		(\$99.71)		\$220.30	
Middle Scenario	\$3,013,039	\$3,005,036	(\$545,681)	\$619,727	\$6,458,479	\$6,839,755
Per SF Site Area	\$209	\$209	(\$38)	\$43	\$323	\$342
Per Dwelling Unit	\$42,437	\$88,383	(\$9,744)	\$22,953	\$60,929	\$94,997
Per SF Bonus GFA	\$93.00		(\$16.84)		\$215.28	
High Scenario	\$3,421,732	\$3,276,111	\$2,078,040	\$1,853,137	\$7,299,474	\$7,372,704
Per SF Site Area	\$238	\$228	\$144	\$129	\$365	\$369
Per Dwelling Unit	\$48,193	\$96,356	\$37,108	\$68,635	\$68,863	\$102,399
Per SF Bonus GFA	\$105.61		\$64.14		\$243.32	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,047,673	\$2,596,401	\$6,536,241	\$2,777,953	\$9,631,397	\$5,690,163
Middle Scenario	\$6,671,164	\$2,893,609	\$7,210,272	\$3,096,109	\$10,592,477	\$6,344,343
High Scenario	\$7,319,134	\$3,215,297	\$7,908,784	\$3,438,745	\$11,605,396	\$7,050,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 53**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$591,215		\$0		\$687,309	
Middle Scenario	\$736,900		\$123,440		\$851,587	
High Scenario	\$898,865		\$297,280		\$1,038,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$827,702		\$0		\$1,512,079	
Middle Scenario	\$1,031,660		\$185,160		\$1,873,491	
High Scenario	\$1,258,411		\$445,920		\$2,285,712	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$577,856		(\$3,721,461)		\$6,154,490	
Per SF Site Area	\$40		(\$258)		\$308	
Per SF Bonus GFA	\$17.84		(\$114.86)		\$205.15	
Middle Scenario	\$2,522,179		(\$1,036,541)		\$6,003,979	
Per SF Site Area	\$175		(\$72)		\$300	
Per SF Bonus GFA	\$77.85		(\$31.99)		\$200.13	
High Scenario	\$2,930,872		\$1,587,180		\$6,844,974	
Per SF Site Area	\$204		\$110		\$342	
Per SF Bonus GFA	\$90.46		\$48.99		\$228.17	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$477,500		(\$3,230,601)		\$5,921,681	
Per SF Site Area	\$33		(\$224)		\$296	
Per SF Bonus GFA	\$14.74		(\$99.71)		\$197.39	
Middle Scenario	\$2,276,139		(\$669,121)		\$5,606,892	
Per SF Site Area	\$158		(\$46)		\$280	
Per SF Bonus GFA	\$70.25		(\$20.65)		\$186.90	
High Scenario	\$2,522,867		\$1,780,760		\$6,260,514	
Per SF Site Area	\$175		\$124		\$313	
Per SF Bonus GFA	\$77.87		\$54.96		\$208.68	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$189,695)		(\$3,676,521)		\$4,323,278	
Per SF Site Area	(\$13)		(\$255)		\$216	
Per SF Bonus GFA	(\$5.85)		(\$113.47)		\$144.11	
Middle Scenario	\$1,754,628		(\$991,601)		\$4,172,767	
Per SF Site Area	\$122		(\$69)		\$209	
Per SF Bonus GFA	\$54.16		(\$30.60)		\$139.09	
High Scenario	\$2,163,321		\$1,632,120		\$5,013,762	
Per SF Site Area	\$150		\$113		\$251	
Per SF Bonus GFA	\$66.77		\$50.37		\$167.13	
<b>Equity Investment @              40%              of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 53**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
Gross SF Bonus GFA	30,000		25,000		25,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,655,658	\$1,304,218		
NOI Per NSF			\$18.40	\$18.37		
Middle Scenario			\$1,778,076	\$1,399,936		
NOI Per NSF			\$19.76	\$19.72		
High Scenario			\$1,961,091	\$1,543,301		
NOI Per NSF			\$21.79	\$21.74		
Cap Rate			4.25%	4.25%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$19,636,500	\$13,366,500	\$38,956,659	\$30,687,482	\$25,061,190	\$19,643,055
Per NSF	\$285	\$285	\$443	\$445	\$285	\$285
Middle Scenario	\$26,182,000	\$17,822,000	\$41,837,082	\$32,939,671	\$33,414,920	\$26,190,740
Per NSF	\$380	\$380	\$476	\$478	\$380	\$380
High Scenario	\$32,727,500	\$22,277,500	\$46,143,318	\$36,312,965	\$41,768,650	\$32,738,425
Per NSF	\$475	\$475	\$525	\$527	\$475	\$475
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$26,086,183	\$15,508,312	\$33,426,810	\$24,482,308	\$31,955,944	\$26,086,183
Per NSF	\$367	\$316	\$371	\$345	\$355	\$367
Middle Scenario	\$28,689,651	\$17,291,790	\$36,879,428	\$26,925,388	\$35,256,404	\$28,689,651
Per NSF	\$404	\$353	\$410	\$379	\$392	\$404
High Scenario	\$31,422,719	\$19,204,868	\$40,522,846	\$29,559,269	\$38,747,664	\$31,483,919
Per NSF	\$443	\$392	\$450	\$416	\$431	\$443
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$2,677,074	\$1,661,598	\$3,463,374	\$2,604,702	\$3,322,171	\$2,758,674
Middle Scenario	\$3,030,686	\$1,936,492	\$3,947,465	\$2,991,877	\$3,791,655	\$3,161,246
High Scenario	\$3,431,301	\$2,258,387	\$4,500,753	\$3,448,250	\$4,330,336	\$3,633,016
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$6,449,683)	(\$2,141,812)	\$5,529,849	\$6,205,175	(\$6,894,754)	(\$6,443,128)
Per SF Site Area	(\$322)	(\$107)	\$276	\$310	(\$345)	(\$322)
Per Dwelling Unit	(\$76,782)	(\$37,576)	\$40,962	\$58,539	(\$64,437)	(\$76,704)
Per SF Bonus GFA	(\$214.99)		\$221.19		(\$275.79)	
Middle Scenario	(\$2,507,651)	\$530,210	\$4,957,654	\$6,014,282	(\$1,841,484)	(\$2,498,911)
Per SF Site Area	(\$125)	\$27	\$248	\$301	(\$92)	(\$125)
Per Dwelling Unit	(\$29,853)	\$9,302	\$36,723	\$56,739	(\$17,210)	(\$29,749)
Per SF Bonus GFA	(\$83.59)		\$198.31		(\$73.66)	
High Scenario	\$1,304,781	\$3,072,632	\$5,620,471	\$6,753,696	\$3,020,986	\$1,254,506
Per SF Site Area	\$65	\$154	\$281	\$338	\$151	\$63
Per Dwelling Unit	\$15,533	\$53,906	\$41,633	\$63,714	\$28,234	\$14,935
Per SF Bonus GFA	\$43.49		\$224.82		\$120.84	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$10,434,473	\$6,203,325	\$13,370,724	\$9,792,923	\$12,782,378	\$10,434,473
Middle Scenario	\$11,475,860	\$6,916,716	\$14,751,771	\$10,770,155	\$14,102,562	\$11,475,860
High Scenario	\$12,569,088	\$7,681,947	\$16,209,139	\$11,823,708	\$15,499,066	\$12,593,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 53**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$642,243		\$1,284,485	
Middle Scenario	\$202,160		\$791,653		\$1,583,307	
High Scenario	\$392,400		\$962,420		\$1,924,840	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$6,904,183)		\$5,151,099		(\$7,273,504)	
Per SF Site Area	(\$345)		\$258		(\$364)	
Per SF Bonus GFA	(\$230.14)		\$206.04		(\$290.94)	
Middle Scenario	(\$2,962,151)		\$4,578,904		(\$2,220,234)	
Per SF Site Area	(\$148)		\$229		(\$111)	
Per SF Bonus GFA	(\$98.74)		\$183.16		(\$88.81)	
High Scenario	\$850,281		\$5,241,721		\$2,642,236	
Per SF Site Area	\$43		\$262		\$132	
Per SF Bonus GFA	\$28.34		\$209.67		\$105.69	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$6,481,283)		\$4,887,607		(\$8,179,239)	
Per SF Site Area	(\$324)		\$244		(\$409)	
Per SF Bonus GFA	(\$216.04)		\$195.50		(\$327.17)	
Middle Scenario	(\$2,709,811)		\$4,166,001		(\$3,424,791)	
Per SF Site Area	(\$135)		\$208		(\$171)	
Per SF Bonus GFA	(\$90.33)		\$166.64		(\$136.99)	
High Scenario	\$912,381		\$4,658,051		\$1,096,146	
Per SF Site Area	\$46		\$233		\$55	
Per SF Bonus GFA	\$30.41		\$186.32		\$43.85	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$7,234,483)		\$5,240,469		(\$7,955,814)	
Per SF Site Area	(\$362)		\$262		(\$398)	
Per SF Bonus GFA	(\$241.15)		\$209.62		(\$318.23)	
Middle Scenario	(\$3,292,451)		\$4,668,274		(\$2,902,544)	
Per SF Site Area	(\$165)		\$233		(\$145)	
Per SF Bonus GFA	(\$109.75)		\$186.73		(\$116.10)	
High Scenario	\$519,981		\$5,331,091		\$1,959,926	
Per SF Site Area	\$26		\$267		\$98	
Per SF Bonus GFA	\$17.33		\$213.24		\$78.40	
<b>Equity Investment @      40%      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.

**Table 54**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
Gross SF Bonus GFA	32,400		32,400		30,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$753,140	\$404,800			\$1,304,218	\$899,418
NOI Per NSF	\$16.37	\$18.40			\$18.37	\$18.36
Middle Scenario	\$910,460	\$435,160			\$1,399,936	\$964,776
NOI Per NSF	\$19.79	\$19.78			\$19.72	\$19.69
High Scenario	\$1,006,060	\$480,860			\$1,543,301	\$1,062,441
NOI Per NSF	\$21.87	\$21.86			\$21.74	\$21.68
Cap Rate	5.00%	5.00%			5.00%	5.00%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$15,062,800	\$8,096,000	\$13,110,000	\$6,270,000	\$26,084,360	\$17,988,360
Per NSF	\$327	\$368	\$285	\$285	\$379	\$384
Middle Scenario	\$18,209,200	\$8,703,200	\$17,480,000	\$8,360,000	\$27,998,720	\$19,295,520
Per NSF	\$396	\$396	\$380	\$380	\$406	\$411
High Scenario	\$20,121,200	\$9,617,200	\$21,850,000	\$10,450,000	\$30,866,020	\$21,248,820
Per NSF	\$437	\$437	\$475	\$475	\$448	\$453
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$15,119,184	\$6,491,003	\$16,340,601	\$6,944,883	\$24,078,493	\$14,225,407
Per NSF	\$329	\$295	\$355	\$316	\$339	\$290
Middle Scenario	\$16,677,910	\$7,234,023	\$18,025,681	\$7,740,273	\$26,481,192	\$15,860,857
Per NSF	\$363	\$329	\$392	\$352	\$373	\$324
High Scenario	\$18,297,836	\$8,038,242	\$19,771,960	\$8,596,863	\$29,013,491	\$17,625,908
Per NSF	\$398	\$365	\$430	\$391	\$409	\$360
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$1,533,042	\$704,736	\$1,650,298	\$748,309	\$2,484,335	\$1,538,439
Middle Scenario	\$1,731,639	\$825,026	\$1,861,025	\$873,626	\$2,818,674	\$1,799,122
High Scenario	\$1,952,432	\$967,511	\$2,093,948	\$1,021,139	\$3,200,015	\$2,106,807
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$1,589,425)	\$1,604,997	(\$3,230,601)	(\$674,883)	\$2,005,868	\$3,762,953
Per SF Site Area	(\$110)	\$111	(\$224)	(\$47)	\$100	\$188
Per Dwelling Unit	(\$22,386)	\$47,206	(\$57,689)	(\$24,996)	\$18,923	\$52,263
Per SF Bonus GFA	-\$49.06		-\$99.71		\$66.86	
Middle Scenario	(\$200,349)	\$1,469,177	(\$545,681)	\$619,727	\$1,517,528	\$3,434,663
Per SF Site Area	(\$14)	\$102	(\$38)	\$43	\$76	\$172
Per Dwelling Unit	(\$2,822)	\$43,211	(\$9,744)	\$22,953	\$14,316	\$47,704
Per SF Bonus GFA	-\$6.18		-\$16.84		\$50.58	
High Scenario	(\$129,068)	\$1,578,958	\$2,078,040	\$1,853,137	\$1,852,529	\$3,622,912
Per SF Site Area	(\$9)	\$110	\$144	\$129	\$93	\$181
Per Dwelling Unit	(\$1,818)	\$46,440	\$37,108	\$68,635	\$17,477	\$50,318
Per SF Bonus GFA	-\$3.98		\$64.14		\$61.75	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,047,673	\$2,596,401	\$6,536,241	\$2,777,953	\$9,631,397	\$5,690,163
Middle Scenario	\$6,671,164	\$2,893,609	\$7,210,272	\$3,096,109	\$10,592,477	\$6,344,343
High Scenario	\$7,319,134	\$3,215,297	\$7,908,784	\$3,438,745	\$11,605,396	\$7,050,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 54**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$591,215		\$0		\$687,309	
Middle Scenario	\$736,900		\$123,440		\$851,587	
High Scenario	\$898,865		\$297,280		\$1,038,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$827,702		\$0		\$1,512,079	
Middle Scenario	\$1,031,660		\$185,160		\$1,873,491	
High Scenario	\$1,258,411		\$445,920		\$2,285,712	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$2,080,285)		(\$3,721,461)		\$1,551,368	
Per SF Site Area	(\$144)		(\$258)		\$78	
Per SF Bonus GFA	(\$64.21)		(\$114.86)		\$51.71	
Middle Scenario	(\$691,209)		(\$1,036,541)		\$1,063,028	
Per SF Site Area	(\$48)		(\$72)		\$53	
Per SF Bonus GFA	(\$21.33)		(\$31.99)		\$35.43	
High Scenario	(\$619,928)		\$1,587,180		\$1,398,029	
Per SF Site Area	(\$43)		\$110		\$70	
Per SF Bonus GFA	(\$19.13)		\$48.99		\$46.60	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$2,180,641)		(\$3,230,601)		\$1,318,559	
Per SF Site Area	(\$151)		(\$224)		\$66	
Per SF Bonus GFA	(\$67.30)		(\$99.71)		\$43.95	
Middle Scenario	(\$937,249)		(\$669,121)		\$665,941	
Per SF Site Area	(\$65)		(\$46)		\$33	
Per SF Bonus GFA	(\$28.93)		(\$20.65)		\$22.20	
High Scenario	(\$1,027,933)		\$1,780,760		\$813,569	
Per SF Site Area	(\$71)		\$124		\$41	
Per SF Bonus GFA	(\$31.73)		\$54.96		\$27.12	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$2,847,836)		(\$3,676,521)		(\$279,845)	
Per SF Site Area	(\$198)		(\$255)		(\$14)	
Per SF Bonus GFA	(\$87.90)		(\$113.47)		(\$9.33)	
Middle Scenario	(\$1,458,760)		(\$991,601)		(\$768,184)	
Per SF Site Area	(\$101)		(\$69)		(\$38)	
Per SF Bonus GFA	(\$45.02)		(\$30.60)		(\$25.61)	
High Scenario	(\$1,387,479)		\$1,632,120		(\$433,183)	
Per SF Site Area	(\$96)		\$113		(\$22)	
Per SF Bonus GFA	(\$42.82)		\$50.37		(\$14.44)	
<b>Equity Investment @                      40%                      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 54**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
Gross SF Bonus GFA	30,000		25,000		25,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,655,658	\$1,304,218		
NOI Per NSF			\$18.40	\$18.37		
Middle Scenario			\$1,778,076	\$1,399,936		
NOI Per NSF			\$19.76	\$19.72		
High Scenario			\$1,961,091	\$1,543,301		
NOI Per NSF			\$21.79	\$21.74		
Cap Rate			5.00%	5.00%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$19,636,500	\$13,366,500	\$33,113,160	\$26,084,360	\$25,061,190	\$19,643,055
Per NSF	\$285	\$285	\$377	\$379	\$285	\$285
Middle Scenario	\$26,182,000	\$17,822,000	\$35,561,520	\$27,998,720	\$33,414,920	\$26,190,740
Per NSF	\$380	\$380	\$405	\$406	\$380	\$380
High Scenario	\$32,727,500	\$22,277,500	\$39,221,820	\$30,866,020	\$41,768,650	\$32,738,425
Per NSF	\$475	\$475	\$446	\$448	\$475	\$475
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$26,086,183	\$15,508,312	\$33,426,810	\$24,482,308	\$31,955,944	\$26,086,183
Per NSF	\$367	\$316	\$371	\$345	\$355	\$367
Middle Scenario	\$28,689,651	\$17,291,790	\$36,879,428	\$26,925,388	\$35,256,404	\$28,689,651
Per NSF	\$404	\$353	\$410	\$379	\$392	\$404
High Scenario	\$31,422,719	\$19,204,868	\$40,522,846	\$29,559,269	\$38,747,664	\$31,483,919
Per NSF	\$443	\$392	\$450	\$416	\$431	\$443
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$2,677,074	\$1,661,598	\$3,463,374	\$2,604,702	\$3,322,171	\$2,758,674
Middle Scenario	\$3,030,686	\$1,936,492	\$3,947,465	\$2,991,877	\$3,791,655	\$3,161,246
High Scenario	\$3,431,301	\$2,258,387	\$4,500,753	\$3,448,250	\$4,330,336	\$3,633,016
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$6,449,683)	(\$2,141,812)	(\$313,650)	\$1,602,053	(\$6,894,754)	(\$6,443,128)
Per SF Site Area	(\$322)	(\$107)	(\$16)	\$80	(\$345)	(\$322)
Per Dwelling Unit	(\$76,782)	(\$37,576)	(\$2,323)	\$15,114	(\$64,437)	(\$76,704)
Per SF Bonus GFA	-\$214.99		-\$12.55		-\$275.79	
Middle Scenario	(\$2,507,651)	\$530,210	(\$1,317,908)	\$1,073,332	(\$1,841,484)	(\$2,498,911)
Per SF Site Area	(\$125)	\$27	(\$66)	\$54	(\$92)	(\$125)
Per Dwelling Unit	(\$29,853)	\$9,302	(\$9,762)	\$10,126	(\$17,210)	(\$29,749)
Per SF Bonus GFA	-\$83.59		-\$52.72		-\$73.66	
High Scenario	\$1,304,781	\$3,072,632	(\$1,301,026)	\$1,306,751	\$3,020,986	\$1,254,506
Per SF Site Area	\$65	\$154	(\$65)	\$65	\$151	\$63
Per Dwelling Unit	\$15,533	\$53,906	(\$9,637)	\$12,328	\$28,234	\$14,935
Per SF Bonus GFA	\$43.49		-\$52.04		\$120.84	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$10,434,473	\$6,203,325	\$13,370,724	\$9,792,923	\$12,782,378	\$10,434,473
Middle Scenario	\$11,475,860	\$6,916,716	\$14,751,771	\$10,770,155	\$14,102,562	\$11,475,860
High Scenario	\$12,569,088	\$7,681,947	\$16,209,139	\$11,823,708	\$15,499,066	\$12,593,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 54**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$642,243		\$1,284,485	
Middle Scenario	\$202,160		\$791,653		\$1,583,307	
High Scenario	\$392,400		\$962,420		\$1,924,840	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$6,904,183)		(\$692,400)		(\$7,273,504)	
Per SF Site Area	(\$345)		(\$35)		(\$364)	
Per SF Bonus GFA	(\$230.14)		(\$27.70)		(\$290.94)	
Middle Scenario	(\$2,962,151)		(\$1,696,658)		(\$2,220,234)	
Per SF Site Area	(\$148)		(\$85)		(\$111)	
Per SF Bonus GFA	(\$98.74)		(\$67.87)		(\$88.81)	
High Scenario	\$850,281		(\$1,679,776)		\$2,642,236	
Per SF Site Area	\$43		(\$84)		\$132	
Per SF Bonus GFA	\$28.34		(\$67.19)		\$105.69	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$6,481,283)		(\$955,892)		(\$8,179,239)	
Per SF Site Area	(\$324)		(\$48)		(\$409)	
Per SF Bonus GFA	(\$216.04)		(\$38.24)		(\$327.17)	
Middle Scenario	(\$2,709,811)		(\$2,109,561)		(\$3,424,791)	
Per SF Site Area	(\$135)		(\$105)		(\$171)	
Per SF Bonus GFA	(\$90.33)		(\$84.38)		(\$136.99)	
High Scenario	\$912,381		(\$2,263,446)		\$1,096,146	
Per SF Site Area	\$46		(\$113)		\$55	
Per SF Bonus GFA	\$30.41		(\$90.54)		\$43.85	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$7,234,483)		(\$603,030)		(\$7,955,814)	
Per SF Site Area	(\$362)		(\$30)		(\$398)	
Per SF Bonus GFA	(\$241.15)		(\$24.12)		(\$318.23)	
Middle Scenario	(\$3,292,451)		(\$1,607,288)		(\$2,902,544)	
Per SF Site Area	(\$165)		(\$80)		(\$145)	
Per SF Bonus GFA	(\$109.75)		(\$64.29)		(\$116.10)	
High Scenario	\$519,981		(\$1,590,406)		\$1,959,926	
Per SF Site Area	\$26		(\$80)		\$98	
Per SF Bonus GFA	\$17.33		(\$63.62)		\$78.40	
<b>Equity Investment @      40%      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.



**Table 55**  
**Estimated Residual Land Value Per SF Site Area and Per SF Bonus Floor Area**  
**Development Prototypes with and without Incentives**  
**Lower Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Residual Land Value @ Indicated Cap Rate								
		Prototypes without Incentives	Prototypes With Incentives							
			Before Program Costs		After Payment of Current In Lieu Fee		After Performance Costs/Fee Scenario 1		After Performance Costs/Fee Scenario 2	
		Per Square Foot Site Area	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA
Housing Prototypes										
DOWNTOWN PROTOTYPES		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	\$325	\$312	\$31.60	\$98	\$9.92	(\$181)	(\$18.32)	(\$652)	(\$65.97)
Residential Ownership	Prototype 2	\$923	\$1,683	\$177.54	\$1,478	\$155.86	\$1,381	\$145.67	\$1,142	\$120.51
		5.00%	5.00%		5.00%		5.00%		5.00%	
Commercial	Prototype 3	(\$13)	\$54	\$10.75	(\$79)	(\$15.70)	(\$169)	(\$33.75)	N/A	N/A
SOUTH LAKE UNION PROTOTYPES		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	\$685	\$557	\$79.50	\$417	\$59.43	\$304	\$43.33	\$69	\$9.85
Residential Ownership	Prototype 5	\$355	\$189	\$29.15	\$58	\$8.94	\$34	\$5.29	(\$95)	(\$14.70)
		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	(\$59)	(\$4)	(\$1.63)	(\$70)	\$9.92	(\$115)	(\$46.13)	N/A	N/A
LOWRISE TO MIDRISE		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7	\$211	\$74	\$32.99	\$40	\$17.84	\$33	\$14.74	(\$13)	(\$6)
Low Scenario		\$209	\$209	\$93.00	\$175	\$77.85	\$158	\$70.25	\$122	\$54
Middle Scenario		\$228	\$238	\$105.61	\$204	\$90.46	\$175	\$77.87	\$150	\$67
High Scenario	Prototype 8	\$27	(\$125)	(\$83.59)	(\$148)	(\$98.74)	(\$135)	(\$90.33)	(\$165)	(\$110)
Residential Ownership		(\$47)	(\$224)	(\$99.71)	(\$258)	\$17.84	(\$224)	(\$99.71)	(\$255)	(\$113)
Low Scenario		\$43	(\$38)	(\$16.84)	(\$72)	\$77.85	(\$46)	(\$20.65)	(\$69)	(\$31)
Middle Scenario	Prototype 9	\$129	\$144	\$64.14	\$110	\$90.46	\$124	\$54.96	\$113	\$50
High Scenario										
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9	\$347	\$330	\$220.30	\$308	\$205.15	\$296	\$197.39	\$216	\$144
Low Scenario		\$342	\$323	\$215.28	\$300	\$200.13	\$280	\$186.90	\$209	\$139
Middle Scenario		\$369	\$365	\$243.32	\$342	\$228.17	\$313	\$208.68	\$251	\$167
High Scenario	Prototype 10	(\$107)	(\$322)	(\$214.99)	(\$345)	(\$230.14)	(\$324)	(\$216.04)	(\$362)	(\$241)
Residential Ownership		\$27	(\$125)	(\$83.59)	(\$148)	(\$98.74)	(\$135)	(\$90.33)	(\$165)	(\$110)
Low Scenario		\$154	\$65	\$43.49	\$43	\$28.34	\$46	\$30.41	\$26	\$17
Middle Scenario	Prototype 11	\$310	\$276	\$221.19	\$258	\$206.04	\$244	\$195.50	\$262	\$210
High Scenario		\$301	\$248	\$198.31	\$229	\$183.16	\$208	\$166.64	\$233	\$187
		\$338	\$281	\$224.82	\$262	\$209.67	\$233	\$186.32	\$267	\$213
Residential Ownership	Prototype 12	(\$322)	(\$345)	(\$275.79)	(\$364)	(\$290.94)	(\$409)	(\$327)	(\$398)	(\$318)
Low Scenario		(\$125)	(\$92)	(\$73.66)	(\$111)	(\$88.81)	(\$171)	(\$137)	(\$145)	(\$116)
Middle Scenario		\$63	\$151	\$120.84	\$132	\$105.69	\$55	\$44	\$98	\$78
High Scenario										

(1) Prototypes with incentive.

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

Estimated project ROE of the prototype with the incentive before program costs, and under in lieu fee payment and performance options.

Source: DRA

**Table 56**  
**Estimated Residual Land Value Per SF Site Area and Per SF Bonus Floor Area**  
**Development Prototypes with and without Incentives**  
**Higher Cap Rates Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Residual Land Value @ Indicated Cap Rate								
		Prototypes without Incentives	Prototypes With Incentives							
			Before Program Costs		After Payment of Current In Lieu Fee		After Performance Costs/Fee Scenario 1		After Performance Costs/Fee Scenario 2	
Per Square Foot Site Area	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA		
Housing Prototypes										
DOWNTOWN PROTOTYPES		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Residential Rental	Prototype 1	(\$743)	(\$1,405)	(\$142.25)	(\$1,620)	(\$164)	(\$1,899)	(\$192.17)	(\$2,369)	(\$239.82)
Residential Ownership	Prototype 2	\$923	\$1,683	\$177.54	\$1,478	\$155.86	\$1,381	\$145.67	\$1,142	\$120.51
		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
Commercial	Prototype 3	(\$32)	(\$27)	(\$5.44)	(\$159)	(\$31.89)	(\$250)	(\$49.94)	N/A	N/A
SOUTH LAKE UNION PROTOTYPES		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Residential Rental	Prototype 4	\$340	(\$290)	(\$41.40)	(\$431)	(\$61.47)	(\$544)	(\$77.56)	(\$779)	(\$111.05)
Residential Ownership	Prototype 5	\$355	\$189	\$29.15	\$58	\$8.94	\$34	\$5.29	(\$95)	(\$14.70)
		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	
Commercial	Prototype 6	(\$88)	(\$65)	(\$26.22)	(\$131)	(\$163.93)	(\$176)	(\$70.72)	N/A	N/A
LOWRISE TO MIDRISE		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Residential Rental	Prototype 7	\$111	(\$110)	(\$49.06)	(\$144)	(\$64.21)	(\$151)	(\$67.30)	(\$198)	(\$88)
Low Scenario		\$102	(\$14)	(\$6.18)	(\$48)	(\$21.33)	(\$65)	(\$28.93)	(\$101)	(\$45)
Middle Scenario		\$110	(\$9)	(\$3.98)	(\$43)	(\$19.13)	(\$71)	(\$31.73)	(\$96)	(\$43)
High Scenario	Prototype 8									
Residential Ownership		(\$47)	(\$224)	(\$99.71)	(\$258)	(\$64.21)	(\$224)	(\$99.71)	(\$255)	(\$113)
Low Scenario		\$43	(\$38)	(\$16.84)	(\$72)	(\$21.33)	(\$46)	(\$20.65)	(\$69)	(\$31)
Middle Scenario		\$129	\$144	\$64.14	\$110	(\$19.13)	\$124	\$54.96	\$113	\$50
High Scenario										
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9	\$188	\$100	\$66.86	\$78	\$51.71	\$66	\$43.95	(\$14)	(\$9)
Low Scenario		\$172	\$76	\$50.58	\$53	\$35.43	\$33	\$22.20	(\$38)	(\$26)
Middle Scenario		\$181	\$93	\$61.75	\$70	\$46.60	\$41	\$27.12	(\$22)	(\$14)
High Scenario	Prototype 10									
Residential Ownership		(\$107)	(\$322)	(\$214.99)	(\$345)	(\$230.14)	(\$324)	(\$216.04)	(\$362)	(\$241)
Low Scenario		\$27	(\$125)	(\$83.59)	(\$148)	(\$98.74)	(\$135)	(\$90.33)	(\$165)	(\$110)
Middle Scenario		\$154	\$65	\$43.49	\$43	\$28.34	\$46	\$30.41	\$26	\$17
High Scenario										
6 STORIES TO 7 STORIES										
Residential Rental	Prototype 11	\$80	(\$16)	(\$12.55)	(\$35)	(\$27.70)	(\$48)	(\$38.24)	(\$30)	(\$24)
Low Scenario		\$54	(\$66)	(\$52.72)	(\$85)	(\$67.87)	(\$105)	(\$84.38)	(\$80)	(\$64)
Middle Scenario		\$65	(\$65)	(\$52.04)	(\$84)	(\$67.19)	(\$113)	(\$90.54)	(\$80)	(\$64)
High Scenario	Prototype 12									
Residential Ownership		(\$322)	(\$345)	(\$275.79)	(\$364)	(\$290.94)	(\$409)	(\$327)	(\$398)	(\$318)
Low Scenario		(\$125)	(\$92)	(\$73.66)	(\$111)	(\$88.81)	(\$171)	(\$137)	(\$145)	(\$116)
Middle Scenario		\$63	\$151	\$120.84	\$132	\$105.69	\$55	\$44	\$98	\$78
High Scenario										

(1) Prototypes with incentive.

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.  
 Estimated project ROE of the prototype with the incentive before program costs, and under in lieu fee payment and performance options.

Source: DRA

**Table 57**  
**Development and Financing Cost Assumptions**  
**Downtown and South Lake Union Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	0	0
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Total Gross SF Building Area (Including Parking)</i>	509,500	323,300	524,500	323,300	447,000	224,000
<i>Residential Units</i>	426	269	344	212	0	0
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Approximate Building Stories</i>	40	24	40	24	8	4
<b>Hard Cost Assumptions</b>						
Land Price per SF Site Area	\$800	\$800	\$800	\$800	\$800	\$800
Land Price per Unit	\$28,169	\$44,610	\$34,884	\$56,604	N/A	N/A
Building Demolition Costs	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements (Per Site SF)	\$0	\$0	\$0	\$0	\$50	\$50
Hard Construction Cost (Per Gross SF, Incl. Pkg)	\$220	\$210	\$220	\$210	\$145	\$145
Subtotal: Site/Hard Costs Per Gross SF, Incl. Pkg)	\$220	\$210	\$220	\$210	\$151	\$157
Hard Cost Contingency (% of Hard Costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>						
Architecture/Engineering/Consultants	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Financing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Subtotal--Soft Cost %	16.0%	16.0%	18.0%	18.0%	16.0%	16.0%
Developer Overhead (% TDC Less Land & Sales Tax)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, lease-up, permits and fees.

Source: DRA

**Table 57**  
**Development and Financing Cost Assumptions**  
**Downtown and South Lake Union Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	238,400	152,800
<i>Residential Net SF</i>	203,900	89,900	184,900	79,900	0	0
<i>Total Net SF</i>	206,000	92,000	187,000	82,000	240,500	154,900
<i>Total Gross SF Building Area (Including Parking)</i>	341,250	153,000	341,250	148,000	414,000	267,000
<i>Residential Units</i>	281	124	218	94	0	0
<i>Site Area (SF)</i>	21,000	21,000	21,000	21,000	43,000	43,000
<i>Approximate Building Stories</i>	24	7	24	7	8	5
<b>Hard Cost Assumptions</b>						
Land Price per SF Site Area	\$400	\$400	\$400	\$400	\$400	\$400
Land Price per Unit	\$29,893	\$67,742	\$38,532	\$89,362	N/A	N/A
Building Demolition Costs	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements (Per Site SF)	\$0	\$0	\$0	\$0	\$50	\$50
Hard Construction Cost (Per Gross SF, Incl. Pkg)	\$210	\$145	\$210	\$145	\$145	\$145
Subtotal: Site/Hard Costs Per Gross SF, Incl. Pkg)	\$210	\$145	\$210	\$145	\$154	\$159
Hard Cost Contingency (% of Hard Costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>						
Architecture/Engineering/Consultants	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Financing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Subtotal--Soft Cost %	16.0%	16.0%	18.0%	18.0%	16.0%	16.0%
Developer Overhead (% TDC Less Land & Sales Tax)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 58**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise			
	Residential Rental		Residential Ownership	
	Prototype 7A	Prototype 7B	Prototype 8A	Prototype 8B
	With Incentive	No Incentive	With Incentive	No Incentive
Retail Net SF	0	0	0	0
Office Net SF	0	0	0	0
Residential Net SF	46,000	22,000	46,000	22,000
Total Net SF	46,000	22,000	46,000	22,000
Total Gross SF Building Area (Including Parking)	77,200	36,800	82,200	38,800
Total Residential Units	71	34	56	27
Site Area (SF)	14,400	14,400	14,400	14,400
Approximate Building Stories	7	4	7	4
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$11,972	\$25,000	\$15,179
	Per Site SF	\$59	\$59	\$59
Middle Scenario	Per Unit	\$19,155	\$40,000	\$24,286
	Per Site SF	\$94	\$94	\$94
High Scenario	Per Unit	\$28,732	\$60,000	\$36,429
	Per Site SF	\$142	\$142	\$142
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$145	\$130	\$145
Middle Scenario		\$160	\$145	\$160
High Scenario		\$175	\$160	\$175
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, lease-up, permits and fees.

Source: DRA

**Table 58**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories			
	Residential Rental		Residential Ownership	
	Prototype 9A	Prototype 9B	Prototype 10A	Prototype 10B
	With Incentive	No Incentive	With Incentive	No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	68,900	46,900	68,900	46,900
<i>Total Net SF</i>	71,000	49,000	71,000	49,000
<i>Total Gross SF Building Area (Including Parking)</i>	119,000	81,000	127,000	87,000
<i>Total Residential Units</i>	106	72	84	57
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	6	4	6	4
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$16,981	\$25,000	\$21,429
	Per Site SF	\$90	\$90	\$90
Middle Scenario	Per Unit	\$27,170	\$40,000	\$34,286
	Per Site SF	\$144	\$144	\$144
High Scenario	Per Unit	\$40,755	\$60,000	\$51,429
	Per Site SF	\$216	\$216	\$216
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$150	\$130	\$150
Middle Scenario		\$165	\$145	\$165
High Scenario		\$180	\$160	\$180
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 58**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	6 Stories to 7 Stories			
	Residential Rental		Residential Ownership	
	Prototype 11A	Prototype 11B	Prototype 12A	Prototype 12B
	With Incentive	No Incentive	With Incentive	No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	87,900	68,900	87,900	68,900
<i>Total Net SF</i>	90,000	71,000	90,000	71,000
<i>Total Gross SF Building Area (Including Parking)</i>	171,000	121,000	161,000	127,000
<i>Total Residential Units</i>	135	106	107	84
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	7	6	7	6
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$19,630	\$25,000	\$24,766
	Per Site SF	\$133	\$133	\$133
Middle Scenario	Per Unit	\$31,407	\$40,000	\$39,626
	Per Site SF	\$212	\$212	\$212
High Scenario	Per Unit	\$47,111	\$60,000	\$59,439
	Per Site SF	\$318	\$318	\$318
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$145	\$150	\$145
Middle Scenario		\$160	\$165	\$160
High Scenario		\$175	\$180	\$175
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 59**  
**Prototype Development Cost Budgets**  
**Downtown and South Lake Union Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Residential Units</i>	426	269	344	212	0	0
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	0	0
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Total Gross SF Building Area (Including Parking)</i>	509,500	323,300	524,500	323,300	447,000	224,000
<i>Residential Units</i>	426	269	344	212	0	0
<i>Average Unit Size (Net SF)</i>	725	725	825	825	N/A	N/A
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Approximate Building Stories</i>	40	24	40	24	8	4
<b>Development Cost Budget</b>						
Land Acquisition	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$25,920,000	\$25,920,000
Demolition of Existing Building	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements	\$0	\$0	\$0	\$0	\$1,620,000	\$1,620,000
Hard Construction Costs	\$112,090,000	\$67,893,000	\$115,390,000	\$67,893,000	\$64,815,000	\$32,480,000
Hard Cost Contingency	\$5,604,500	\$3,394,650	\$5,769,500	\$3,394,650	\$3,321,750	\$1,705,000
Washington State Sales Tax	\$11,180,978	\$6,772,327	\$11,510,153	\$6,772,327	\$6,626,891	\$3,401,475
Architecture/Engineering/Consultants	\$8,967,200	\$5,431,440	\$9,231,200	\$5,431,440	\$5,314,800	\$2,728,000
Financing Costs	\$5,604,500	\$3,394,650	\$5,769,500	\$3,394,650	\$3,321,750	\$1,705,000
Other Soft Costs (1)	\$3,362,700	\$2,036,790	\$3,461,700	\$2,036,790	\$1,993,050	\$1,023,000
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$2,307,800	\$1,357,860	\$0	\$0
Developer Overhead/Project Management	\$4,433,367	\$2,829,016	\$4,622,391	\$2,869,752	\$3,193,691	\$2,019,930
<b>Total Development Costs, Including Land</b>	<b>\$163,393,245</b>	<b>\$103,901,873</b>	<b>\$170,212,244</b>	<b>\$105,300,468</b>	<b>\$116,276,932</b>	<b>\$72,752,405</b>
TDC Per Housing Unit	\$383,552	\$381,830	\$491,048	\$490,875	N/A	N/A
TDC per Net Rentable/Saleable SF	\$525	\$527	\$595	\$595	\$462	\$552
TDC Per Gross SF, Including Parking	\$321	\$321	\$325	\$326	\$260	\$325
<b>Total Development Costs Excluding Land</b>	<b>\$151,393,245</b>	<b>\$91,901,873</b>	<b>\$158,212,244</b>	<b>\$93,300,468</b>	<b>\$90,356,932</b>	<b>\$46,832,405</b>

Source: DRA



**Table 59**  
**Prototype Development Cost Budgets**  
**Downtown and South Lake Union Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Residential Units</i>	281	124	218	94	0	0
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	238,400	152,800
<i>Residential Net SF</i>	203,900	89,900	184,900	79,900	0	0
<i>Total Net SF</i>	206,000	92,000	187,000	82,000	240,500	154,900
<i>Total Gross SF Building Area (Including Parking)</i>	341,250	153,000	341,250	148,000	414,000	267,000
<i>Residential Units</i>	281	124	218	94	0	0
<i>Average Unit Size (Net SF)</i>	726	725	848	850	N/A	N/A
<i>Site Area (SF)</i>	21,000	21,000	21,000	21,000	43,000	43,000
<i>Approximate Building Stories</i>	24	7	24	7	8	5
<b>Development Cost Budget</b>						
Land Acquisition	\$8,400,000	\$8,400,000	\$8,400,000	\$8,400,000	\$17,200,000	\$17,200,000
Demolition of Existing Building	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements	\$0	\$0	\$0	\$0	\$2,150,000	\$2,150,000
Hard Construction Costs	\$71,662,500	\$22,185,000	\$71,662,500	\$21,460,000	\$60,030,000	\$38,715,000
Hard Cost Contingency	\$3,583,125	\$1,109,250	\$3,583,125	\$1,073,000	\$3,109,000	\$2,043,250
Washington State Sales Tax	\$7,148,334	\$2,212,954	\$7,148,334	\$2,140,635	\$6,202,455	\$4,076,284
Architecture/Engineering/Consultants	\$5,733,000	\$1,774,800	\$5,733,000	\$1,716,800	\$4,974,400	\$3,269,200
Financing Costs	\$3,583,125	\$1,109,250	\$3,583,125	\$1,073,000	\$3,109,000	\$2,043,250
Other Soft Costs (1)	\$2,149,875	\$665,550	\$2,149,875	\$643,800	\$1,865,400	\$1,225,950
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$1,433,250	\$429,200	\$0	\$0
Developer Overhead/Project Management	\$2,857,849	\$1,061,816	\$2,900,846	\$1,048,374	\$2,777,634	\$2,003,900
<b>Total Development Costs, Including Land</b>	\$105,267,808	\$38,668,619	\$106,744,056	\$38,134,809	\$101,567,889	\$72,876,833
TDC Per Housing Unit	\$374,619	\$311,844	\$489,652	\$405,689	N/A	N/A
TDC per Net Rentable/Saleable SF	\$511	\$420	\$571	\$465	\$422	\$470
TDC Per Gross SF, Including Parking	\$308	\$253	\$313	\$258	\$245	\$273
<b>Total Development Costs Excluding Land</b>	\$96,867,808	\$30,268,619	\$98,344,056	\$29,734,809	\$84,367,889	\$55,676,833

Source: DRA

**Table 60**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise			
	Residential Rental		Residential Ownership	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive
<i>Residential Units</i>	71	34	56	27
<i>Retail Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	46,000	22,000	46,000	22,000
<i>Total Net SF</i>	46,000	22,000	46,000	22,000
<i>Total Gross SF Building Area (Including Parking)</i>	77,200	36,800	82,200	38,800
<i>Residential Units</i>	71	34	56	27
<i>Average Unit Size (Net SF)</i>	648	647	821	815
<i>Site Area (SF)</i>	14,400	14,400	14,400	14,400
<i>Approximate Building Stories</i>	7	4	7	4
<b>LOW SCENARIO</b>				
Land Acquisition	\$850,000	\$850,000	\$850,000	\$850,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$11,194,000	\$4,784,000	\$11,919,000	\$5,044,000
Hard Cost Contingency	\$559,700	\$239,200	\$595,950	\$252,200
Washington State Sales Tax	\$1,116,602	\$477,204	\$1,188,920	\$503,139
Architecture/Engineering/Consultants	\$895,520	\$382,720	\$953,520	\$403,520
Financing Costs	\$559,700	\$239,200	\$595,950	\$252,200
Other Soft Costs (1)	\$335,820	\$143,520	\$357,570	\$151,320
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$238,380	\$100,880
Developer Overhead & Proj. Manage.	\$407,842	\$175,159	\$441,311	\$187,624
<b>Total Development Costs, Including Land</b>	<b>\$15,969,184</b>	<b>\$7,341,003</b>	<b>\$17,190,601</b>	<b>\$7,794,883</b>
TDC Per Housing Unit	\$224,918	\$215,912	\$306,975	\$288,699
TDC per Net Rentable/Saleable SF	\$347	\$334	\$374	\$354
TDC per Gross SF, Including Parking	\$207	\$199	\$209	\$201
<b>Total Development Costs, Excluding Land</b>	<b>\$15,119,184</b>	<b>\$6,491,003</b>	<b>\$16,340,601</b>	<b>\$6,944,883</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$1,360,000	\$1,360,000	\$1,360,000	\$1,360,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$12,352,000	\$5,336,000	\$13,152,000	\$5,626,000
Hard Cost Contingency	\$617,600	\$266,800	\$657,600	\$281,300
Washington State Sales Tax	\$1,232,112	\$532,266	\$1,311,912	\$561,194
Architecture/Engineering/Consultants	\$988,160	\$426,880	\$1,052,160	\$450,080
Financing Costs	\$617,600	\$266,800	\$657,600	\$281,300
Other Soft Costs (1)	\$370,560	\$160,080	\$394,560	\$168,780
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$263,040	\$112,520
Developer Overhead & Proj. Manage.	\$449,878	\$195,197	\$486,809	\$209,099
<b>Total Development Costs, Including Land</b>	<b>\$18,037,910</b>	<b>\$8,594,023</b>	<b>\$19,385,681</b>	<b>\$9,100,273</b>
TDC Per Housing Unit	\$254,055	\$252,765	\$346,173	\$337,047
TDC per Net Rentable/Saleable SF	\$392	\$391	\$421	\$414
TDC per Gross SF, Including Parking	\$234	\$234	\$236	\$235
<b>Total Development Costs, Excluding Land</b>	<b>\$16,677,910</b>	<b>\$7,234,023</b>	<b>\$18,025,681</b>	<b>\$7,740,273</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$2,040,000	\$2,040,000	\$2,040,000	\$2,040,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$13,510,000	\$5,888,000	\$14,385,000	\$6,208,000
Hard Cost Contingency	\$675,500	\$294,400	\$719,250	\$310,400
Washington State Sales Tax	\$1,347,623	\$587,328	\$1,434,904	\$619,248
Architecture/Engineering/Consultants	\$1,080,800	\$471,040	\$1,150,800	\$496,640
Financing Costs	\$675,500	\$294,400	\$719,250	\$310,400
Other Soft Costs (1)	\$405,300	\$176,640	\$431,550	\$186,240
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$287,700	\$124,160
Developer Overhead & Proj. Manage.	\$553,113	\$276,434	\$593,507	\$291,775
<b>Total Development Costs, Including Land</b>	<b>\$20,337,836</b>	<b>\$10,078,242</b>	<b>\$21,811,960</b>	<b>\$10,636,863</b>
TDC Per Housing Unit	\$286,448	\$296,419	\$389,499	\$393,958
TDC per Net Rentable/Saleable SF	\$442	\$458	\$474	\$483
TDC per Gross SF, Including Parking	\$263	\$274	\$265	\$274
<b>Total Development Costs, Excluding Land</b>	<b>\$18,297,836</b>	<b>\$8,038,242</b>	<b>\$19,771,960</b>	<b>\$8,596,863</b>

Source: DRA

**Table 60**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories			
	Residential Rental		Residential Ownership	
	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive
<i>Residential Units</i>	106	72	84	57
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Residential Net SF</i>	68,900	46,900	68,900	46,900
<i>Total Net SF</i>	71,000	49,000	71,000	49,000
<i>Total Gross SF Building Area (Including Parking)</i>	119,000	81,000	127,000	87,000
<i>Residential Units</i>	106	72	84	57
<i>Average Unit Size (Net SF)</i>	650	651	820	823
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	6	4	6	4
<b>LOW SCENARIO</b>				
Land Acquisition	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$17,850,000	\$10,530,000	\$19,050,000	\$11,310,000
Hard Cost Contingency	\$892,500	\$526,500	\$952,500	\$565,500
Washington State Sales Tax	\$1,780,538	\$1,050,368	\$1,900,238	\$1,128,173
Architecture/Engineering/Consultants	\$1,428,000	\$842,400	\$1,524,000	\$904,800
Financing Costs	\$892,500	\$526,500	\$952,500	\$565,500
Other Soft Costs (1)	\$535,500	\$315,900	\$571,500	\$339,300
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$381,000	\$226,200
Developer Overhead & Proj. Manage.	\$649,455	\$383,739	\$704,445	\$418,839
<b>Total Development Costs, Including Land</b>	<b>\$25,878,493</b>	<b>\$16,025,407</b>	<b>\$27,886,183</b>	<b>\$17,308,312</b>
TDC Per Housing Unit	\$244,137	\$222,575	\$331,978	\$303,655
TDC per Net Rentable/Saleable SF	\$364	\$327	\$393	\$353
TDC per Gross SF, Including Parking	\$217	\$198	\$220	\$199
<b>Total Development Costs, Excluding Land</b>	<b>\$24,078,493</b>	<b>\$14,225,407</b>	<b>\$26,086,183</b>	<b>\$15,508,312</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$19,635,000	\$11,745,000	\$20,955,000	\$12,615,000
Hard Cost Contingency	\$981,750	\$587,250	\$1,047,750	\$630,750
Washington State Sales Tax	\$1,958,591	\$1,171,564	\$2,090,261	\$1,258,346
Architecture/Engineering/Consultants	\$1,570,800	\$939,600	\$1,676,400	\$1,009,200
Financing Costs	\$981,750	\$587,250	\$1,047,750	\$630,750
Other Soft Costs (1)	\$589,050	\$352,350	\$628,650	\$378,450
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$419,100	\$252,300
Developer Overhead & Proj. Manage.	\$714,251	\$427,844	\$774,740	\$466,994
<b>Total Development Costs, Including Land</b>	<b>\$29,361,192</b>	<b>\$18,740,857</b>	<b>\$31,569,651</b>	<b>\$20,171,790</b>
TDC Per Housing Unit	\$276,992	\$260,290	\$375,829	\$353,891
TDC per Net Rentable/Saleable SF	\$414	\$382	\$445	\$412
TDC per Gross SF, Including Parking	\$247	\$231	\$249	\$232
<b>Total Development Costs, Excluding Land</b>	<b>\$26,481,192</b>	<b>\$15,860,857</b>	<b>\$28,689,651</b>	<b>\$17,291,790</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$4,320,000	\$4,320,000	\$4,320,000	\$4,320,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$21,420,000	\$12,960,000	\$22,860,000	\$13,920,000
Hard Cost Contingency	\$1,071,000	\$648,000	\$1,143,000	\$696,000
Washington State Sales Tax	\$2,136,645	\$1,292,760	\$2,280,285	\$1,388,520
Architecture/Engineering/Consultants	\$1,713,600	\$1,036,800	\$1,828,800	\$1,113,600
Financing Costs	\$1,071,000	\$648,000	\$1,143,000	\$696,000
Other Soft Costs (1)	\$642,600	\$388,800	\$685,800	\$417,600
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$457,200	\$278,400
Developer Overhead & Proj. Manage.	\$908,646	\$601,548	\$974,634	\$644,748
<b>Total Development Costs, Including Land</b>	<b>\$33,333,491</b>	<b>\$21,945,908</b>	<b>\$35,742,719</b>	<b>\$23,524,868</b>
TDC Per Housing Unit	\$314,467	\$304,804	\$425,509	\$412,717
TDC per Net Rentable/Saleable SF	\$469	\$448	\$503	\$480
TDC per Gross SF, Including Parking	\$280	\$271	\$281	\$270
<b>Total Development Costs, Excluding Land</b>	<b>\$29,013,491</b>	<b>\$17,625,908</b>	<b>\$31,422,719</b>	<b>\$19,204,868</b>

Source: DRA

**Table 60**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	6 Stories to 7 Stories			
	Residential Rental		Residential Ownership	
	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<i>Residential Units</i>	135	106	107	84
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Residential Net SF</i>	87,900	68,900	87,900	68,900
<i>Total Net SF</i>	90,000	71,000	90,000	71,000
<i>Total Gross SF Building Area (Including Parking)</i>	171,000	121,000	161,000	127,000
<i>Residential Units</i>	135	106	107	84
<i>Average Unit Size (Net SF)</i>	651	650	821	820
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	7	6	7	6
<b>LOW SCENARIO</b>				
Land Acquisition	\$2,650,000	\$2,650,000	\$2,650,000	\$2,650,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$24,795,000	\$18,150,000	\$23,345,000	\$19,050,000
Hard Cost Contingency	\$1,239,750	\$907,500	\$1,167,250	\$952,500
Washington State Sales Tax	\$2,473,301	\$1,810,463	\$2,328,664	\$1,900,238
Architecture/Engineering/Consultants	\$1,983,600	\$1,452,000	\$1,867,600	\$1,524,000
Financing Costs	\$1,239,750	\$907,500	\$1,167,250	\$952,500
Other Soft Costs (1)	\$743,850	\$544,500	\$700,350	\$571,500
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$466,900	\$381,000
Developer Overhead & Proj. Manage.	\$901,559	\$660,345	\$862,931	\$704,445
<b>Total Development Costs, Including Land</b>	<b>\$36,076,810</b>	<b>\$27,132,308</b>	<b>\$34,605,944</b>	<b>\$28,736,183</b>
TDC Per Housing Unit	\$267,236	\$255,965	\$323,420	\$342,097
TDC per Net Rentable/Saleable SF	\$401	\$382	\$385	\$405
TDC per Gross SF, Including Parking	\$211	\$224	\$215	\$226
<b>Total Development Costs, Excluding Land</b>	<b>\$33,426,810</b>	<b>\$24,482,308</b>	<b>\$31,955,944</b>	<b>\$26,086,183</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$4,240,000	\$4,240,000	\$4,240,000	\$4,240,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$27,360,000	\$19,965,000	\$25,760,000	\$20,955,000
Hard Cost Contingency	\$1,368,000	\$998,250	\$1,288,000	\$1,047,750
Washington State Sales Tax	\$2,729,160	\$1,991,509	\$2,569,560	\$2,090,261
Architecture/Engineering/Consultants	\$2,188,800	\$1,597,200	\$2,060,800	\$1,676,400
Financing Costs	\$1,368,000	\$998,250	\$1,288,000	\$1,047,750
Other Soft Costs (1)	\$820,800	\$598,950	\$772,800	\$628,650
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$515,200	\$419,100
Developer Overhead & Proj. Manage.	\$994,668	\$726,230	\$952,044	\$774,740
<b>Total Development Costs, Including Land</b>	<b>\$41,119,428</b>	<b>\$31,165,388</b>	<b>\$39,496,404</b>	<b>\$32,929,651</b>
TDC Per Housing Unit	\$304,588	\$294,013	\$369,125	\$392,020
TDC per Net Rentable/Saleable SF	\$457	\$439	\$439	\$464
TDC per Gross SF, Including Parking	\$240	\$258	\$245	\$259
<b>Total Development Costs, Excluding Land</b>	<b>\$36,879,428</b>	<b>\$26,925,388</b>	<b>\$35,256,404</b>	<b>\$28,689,651</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$6,360,000	\$6,360,000	\$6,360,000	\$6,360,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$29,925,000	\$21,780,000	\$28,175,000	\$22,860,000
Hard Cost Contingency	\$1,496,250	\$1,089,000	\$1,408,750	\$1,143,000
Washington State Sales Tax	\$2,985,019	\$2,172,555	\$2,810,456	\$2,280,285
Architecture/Engineering/Consultants	\$2,394,000	\$1,742,400	\$2,254,000	\$1,828,800
Financing Costs	\$1,496,250	\$1,089,000	\$1,408,750	\$1,143,000
Other Soft Costs (1)	\$897,750	\$653,400	\$845,250	\$685,800
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$563,500	\$457,200
Developer Overhead & Proj. Manage.	\$1,278,578	\$982,914	\$1,231,958	\$1,035,834
<b>Total Development Costs, Including Land</b>	<b>\$46,882,846</b>	<b>\$35,919,269</b>	<b>\$45,107,664</b>	<b>\$37,843,919</b>
TDC Per Housing Unit	\$347,280	\$338,861	\$421,567	\$450,523
TDC per Net Rentable/Saleable SF	\$521	\$506	\$501	\$533
TDC per Gross SF, Including Parking	\$274	\$297	\$280	\$298
<b>Total Development Costs, Excluding Land</b>	<b>\$40,522,846</b>	<b>\$29,559,269</b>	<b>\$38,747,664</b>	<b>\$31,483,919</b>

Source: DRA

**Table 61**  
**Estimated Net Operating Income from Apartments**  
**Downtown and South Lake Union Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 4A With Incentive	Prototype 4B No Incentive
<b>Net Rentable SF of Apartment Space</b>	308,900	194,900	203,900	89,900
<b>Net Rentable SF of Retail Space</b>	2,100	2,100	2,100	2,100
<b>Approximate Building Stories</b>	40	24	24	7
<b>Number of Apartment Units</b>				
Studio	107	67	70	31
One Bedroom	213	135	140	62
Two Bedroom	106	67	70	31
Three Bedroom	0	0	0	0
<b>Total</b>	<b>426</b>	<b>269</b>	<b>281</b>	<b>124</b>
<b>Monthly Rent Per Unit</b>				
Studio	\$1,725	\$1,670	\$1,705	\$1,475
One Bedroom	\$2,275	\$2,205	\$2,247	\$1,995
Two Bedroom	\$3,150	\$3,050	\$3,100	\$2,800
Three Bedroom	\$0	\$0	\$0	\$0
Average	\$2,355	\$2,282	\$2,316	\$2,066
<b>Unit Size (Square Feet)</b>				
Studio	500	500	500	500
One Bedroom	700	700	700	700
Two Bedroom	1,000	1,000	1,000	1,000
Three Bedroom	-	-	-	-
Average	725	725	725	725
<b>Monthly Rent Per Square Foot</b>				
Studio	\$3.45	\$3.34	\$3.41	\$2.95
One Bedroom	\$3.25	\$3.15	\$3.21	\$2.85
Two Bedroom	\$3.15	\$3.05	\$3.10	\$2.80
Three Bedroom	\$0.00	\$0.00	\$0.00	\$0.00
Average	\$3.25	\$3.20	\$3.20	\$2.85
<b>Miscellaneous Income (\$/Unit/Year)</b>	\$100	\$100	\$100	\$100
<b>Rental Vacancy Rate</b>	5.0%	5.0%	5.0%	5.0%
<b>Rental Operating Cost/Unit</b>	\$11,000	\$10,500	\$9,800	\$8,500
<b>Retail Income (\$/NSF/Year)</b>	\$20.00	\$20.00	\$20.00	\$20.00
<b>Retail Vacancy Rate (% Gross Retail Income)</b>	5%	5%	5%	5%
<b>Retail Operating Cost (% of Gross Retail Income)</b>	5%	5%	5%	5%
<b>Monthly Gross Income</b>				
Studio	\$184,575	\$111,890	\$119,350	\$45,725
One Bedroom	\$484,575	\$297,675	\$314,580	\$123,690
Two Bedroom	\$333,900	\$204,350	\$217,000	\$86,800
Three Bedroom	\$0	\$0	\$0	\$0
<b>Total Monthly Gross Income</b>	<b>\$1,003,050</b>	<b>\$613,915</b>	<b>\$650,930</b>	<b>\$256,215</b>
<b>Annual Gross Income</b>	<b>\$12,036,600</b>	<b>\$7,366,980</b>	<b>\$7,811,160</b>	<b>\$3,074,580</b>
Less: Vacancy	(\$601,830)	(\$368,349)	(\$390,558)	(\$153,729)
Plus: Misc. Income	\$511,200	\$322,800	\$337,200	\$148,800
Plus: Retail Income	\$42,000	\$42,000	\$42,000	\$42,000
<b>Adjusted Annual Gross Income</b>	<b>\$11,987,970</b>	<b>\$7,363,431</b>	<b>\$7,799,802</b>	<b>\$3,111,651</b>
<b>Operating Costs</b>				
Apartment Operating Costs	(\$4,686,000)	(\$2,824,500)	(\$2,753,800)	(\$1,054,000)
Retail Operating Costs	(\$2,100)	(\$2,100)	(\$2,100)	(\$2,100)
<b>Net Operating Income</b>	<b>\$7,299,870</b>	<b>\$4,536,831</b>	<b>\$5,043,902</b>	<b>\$2,055,551</b>

Source: Hendricks Berkadia; Reis Reports; CBRE; survey of competitive apartment projects; Dupre and Scott; DRA

**Table 62**  
**Estimated Net Operating Income from Apartments**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive
Net Rentable SF of Apartment Space	46,000	22,000	68,900	46,900	87,900	68,900
Net Rentable SF of Retail Space	0	0	2,100	2,100	2,100	2,100
Approximate Building Stories	7	4	6	4	7	6
Number of Apartment Units						
Studio	18	9	27	18	34	27
One Bedroom	36	17	53	36	68	53
Two Bedroom	17	8	26	18	33	26
Three Bedroom	0	0	0	0	0	0
<b>Total</b>	<b>71</b>	<b>34</b>	<b>106</b>	<b>72</b>	<b>135</b>	<b>106</b>
Unit Size (Square Feet)						
Studio	450	450	450	450	450	450
One Bedroom	650	650	650	650	650	650
Two Bedroom	850	850	850	850	850	850
Three Bedroom	-	-	-	-	-	-
Average	650	650	650	650	650	650
Average Monthly Rent Per Square Foot						
Low Scenario	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30
Middle Scenario	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60
High Scenario	\$2.85	\$2.85	\$2.85	\$2.85	\$2.85	\$2.85
Miscellaneous Income (\$/Unit/Year)	\$120	\$120	\$120	\$120	\$120	\$120
Rental Vacancy Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Rental Operating Cost/Unit						
Low and Middle Scenarios	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
High Scenario	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Retail Income (\$/NSF/Year)	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
Retail Vacancy Rate (% Gross Retail Income)	10%	10%	10%	10%	10%	10%
Retail Operating Cost (% of Gross Retail Income)	40%	40%	40%	40%	40%	40%
<b>LOW SCENARIO</b>						
Total Monthly Gross Income	\$105,800	\$50,600	\$158,470	\$107,870	\$202,170	\$158,470
Annual Gross Income	\$1,269,600	\$607,200	\$1,901,640	\$1,294,440	\$2,426,040	\$1,901,640
Less: Vacancy	(\$63,480)	(\$30,360)	(\$95,082)	(\$64,722)	(\$121,302)	(\$95,082)
Plus: Misc. Income	\$8,520	\$48,960	\$152,640	\$103,680	\$194,400	\$152,640
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,214,640	\$625,800	\$1,996,998	\$1,371,198	\$2,536,938	\$1,996,998
Operating Costs						
Apartment Operating Costs	(\$461,500)	(\$221,000)	(\$689,000)	(\$468,000)	(\$877,500)	(\$689,000)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$753,140	\$404,800	\$1,304,218	\$899,418	\$1,655,658	\$1,304,218
<b>MIDDLE SCENARIO</b>						
Total Monthly Gross Income	\$119,600	\$57,200	\$179,140	\$121,940	\$228,540	\$179,140
Annual Gross Income	\$1,435,200	\$686,400	\$2,149,680	\$1,463,280	\$2,742,480	\$2,149,680
Less: Vacancy	(\$71,760)	(\$34,320)	(\$107,484)	(\$73,164)	(\$137,124)	(\$107,484)
Plus: Misc. Income	\$8,520	\$4,080	\$12,720	\$8,640	\$16,200	\$12,720
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,371,960	\$656,160	\$2,092,716	\$1,436,556	\$2,659,356	\$2,092,716
Operating Costs						
Apartment Operating Costs	(\$461,500)	(\$221,000)	(\$689,000)	(\$468,000)	(\$877,500)	(\$689,000)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$910,460	\$435,160	\$1,399,936	\$964,776	\$1,778,076	\$1,399,936
<b>HIGH SCENARIO</b>						
Total Monthly Gross Income	\$131,100	\$62,700	\$196,365	\$133,665	\$250,515	\$196,365
Annual Gross Income	\$1,573,200	\$752,400	\$2,356,380	\$1,603,980	\$3,006,180	\$2,356,380
Less: Vacancy	(\$78,660)	(\$37,620)	(\$117,819)	(\$80,199)	(\$150,309)	(\$117,819)
Plus: Misc. Income	\$8,520	\$4,080	\$12,720	\$8,640	\$16,200	\$12,720
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,503,060	\$718,860	\$2,289,081	\$1,570,221	\$2,909,871	\$2,289,081
Operating Costs						
Apartment Operating Costs	(\$497,000)	(\$238,000)	(\$742,000)	(\$504,000)	(\$945,000)	(\$742,000)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$1,006,060	\$480,860	\$1,543,301	\$1,062,441	\$1,961,091	\$1,543,301
Capitalization Rate (1)	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Capitalized Market Value	\$23,672,000	\$11,314,353	\$36,312,965	\$24,998,612	\$46,143,318	\$36,312,965
Capitalized Value Per SF	\$31	\$28	\$28	\$28	\$28	\$28
Capitalized Value Per Unit	\$333,408	\$332,775	\$342,575	\$347,203	\$341,802	\$342,575

Source: Hendricks Berkadia; Reis Reports; CBRE; survey of competitive apartment projects; Dupre and Scott; DRA

**Table 63**  
**Estimated Condominium Net Sales Income**  
**Downtown and South Lake Union Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive
<b>Net Saleable SF of Condo Space</b>	283,900	174,900	184,900	79,900
<b>Building Stories</b>	40	24	40	24
<b>Number of Condo Units</b>				
Studio	114	70	55	24
One Bedroom	172	106	120	52
Two Bedroom	52	32	39	17
Three Bedroom	6	4	4	1
<b>Total</b>	<b>344</b>	<b>212</b>	<b>218</b>	<b>94</b>
<b>Sales Price Per Unit</b>				
Studio	\$487,500	\$487,500	\$422,500	\$357,500
One Bedroom	\$600,000	\$560,000	\$520,000	\$440,000
Two Bedroom	\$870,000	\$810,000	\$750,000	\$630,000
Three Bedroom	\$1,050,000	\$1,005,000	\$900,000	\$825,000
Average	\$610,795	\$581,841	\$543,735	\$456,586
<b>Unit Size (Square Feet)</b>				
Studio	650	650	650	650
One Bedroom	800	800	800	800
Two Bedroom	1,200	1,200	1,200	1,200
Three Bedroom	1,500	1,500	1,500	1,500
Average	825	825	849	849
<b>Sales Price Per Square Foot</b>				
Studio	\$750	\$750	\$650	\$550
One Bedroom	\$750	\$700	\$650	\$550
Two Bedroom	\$725	\$675	\$625	\$525
Three Bedroom	\$700	\$670	\$600	\$550
Average Price/SF	\$741	\$706	\$641	\$538
<b>Sales Costs (% of Gross Sales Income)</b>	5%	5%	5%	5%
<b>Gross Sales Income</b>				
Studio	\$55,575,000	\$34,125,000	\$23,237,500	\$8,580,000
One Bedroom	\$103,200,000	\$59,360,000	\$62,400,000	\$22,880,000
Two Bedroom	\$45,240,000	\$25,920,000	\$29,250,000	\$10,710,000
Three Bedroom	\$6,300,000	\$4,020,000	\$3,600,000	\$825,000
<b>Total Gross Sales Income</b>	<b>\$210,315,000</b>	<b>\$123,425,000</b>	<b>\$118,487,500</b>	<b>\$42,995,000</b>
Less: Sales Costs	(\$10,515,750)	(\$6,171,250)	(\$5,924,375)	(\$2,149,750)
<b>Net Sales Income</b>	<b>\$199,799,250</b>	<b>\$117,253,750</b>	<b>\$112,563,125</b>	<b>\$40,845,250</b>
Net Sales Income Per Net Saleable SF	<b>\$704</b>	<b>\$670</b>	<b>\$609</b>	<b>\$511</b>

Source: Dataquick Information System; DRA

**Table 64**  
**Estimated Condominium Net Sales Income**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Net Saleable SF of Condo Space</b>	46,000	22,000	68,900	46,900	87,934	68,923
<b>Number of Condo Units</b>						
Studio	0	0	0	0	0	0
One Bedroom	28	14	42	29	54	42
Two Bedroom	22	11	34	23	43	34
Three Bedroom	6	3	8	5	10	8
<b>Total</b>	<b>56</b>	<b>28</b>	<b>84</b>	<b>57</b>	<b>107</b>	<b>84</b>
<b>Unit Size (Square Feet)</b>						
Studio	-	-	-	-	-	-
One Bedroom	700	700	700	700	700	700
Two Bedroom	900	900	900	900	900	900
Three Bedroom	1,100	1,100	1,100	1,100	1,100	1,100
Average	820	820	820	820	820	820
<b>Average Sales Price Per Square Foot</b>						
Low Scenario	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Middle Scenario	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
High Scenario	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
<b>Average Sales Price Per Unit</b>						
Low Scenario	\$246,000	\$246,000	\$246,000	\$246,000	\$246,000	\$246,000
Middle Scenario	\$328,000	\$328,000	\$328,000	\$328,000	\$328,000	\$328,000
High Scenario	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000
<b>Sales Costs (% of Gross Sales Income)</b>	5%	5%	5%	5%	5%	5%



**Table 64**  
**Estimated Condominium Net Sales Income**  
**Low Rise and Mid Rise Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>LOW SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$13,800,000</b>	<b>\$6,600,000</b>	<b>\$20,670,000</b>	<b>\$14,070,000</b>	<b>\$26,380,200</b>	<b>\$20,676,900</b>
Less: Sales Costs	(\$690,000)	(\$330,000)	(\$1,033,500)	(\$703,500)	(\$1,319,010)	(\$1,033,845)
<b>Net Sales Income</b>	<b>\$13,110,000</b>	<b>\$6,270,000</b>	<b>\$19,636,500</b>	<b>\$13,366,500</b>	<b>\$25,061,190</b>	<b>\$19,643,055</b>
Net Sales Income Per Net Saleable SF	<b>\$285</b>	<b>\$285</b>	<b>\$285</b>	<b>\$285</b>	<b>\$285</b>	<b>\$285</b>
<b>MIDDLE SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$18,400,000</b>	<b>\$8,800,000</b>	<b>\$27,560,000</b>	<b>\$18,760,000</b>	<b>\$35,173,600</b>	<b>\$27,569,200</b>
Less: Sales Costs	(\$920,000)	(\$440,000)	(\$1,378,000)	(\$938,000)	(\$1,758,680)	(\$1,378,460)
<b>Net Sales Income</b>	<b>\$17,480,000</b>	<b>\$8,360,000</b>	<b>\$26,182,000</b>	<b>\$17,822,000</b>	<b>\$33,414,920</b>	<b>\$26,190,740</b>
Net Sales Income Per Net Saleable SF	<b>\$380</b>	<b>\$380</b>	<b>\$380</b>	<b>\$380</b>	<b>\$380</b>	<b>\$380</b>
<b>HIGH SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$23,000,000</b>	<b>\$11,000,000</b>	<b>\$34,450,000</b>	<b>\$23,450,000</b>	<b>\$43,967,000</b>	<b>\$34,461,500</b>
Less: Sales Costs	(\$1,150,000)	(\$550,000)	(\$1,722,500)	(\$1,172,500)	(\$2,198,350)	(\$1,723,075)
<b>Net Sales Income</b>	<b>\$21,850,000</b>	<b>\$10,450,000</b>	<b>\$32,727,500</b>	<b>\$22,277,500</b>	<b>\$41,768,650</b>	<b>\$32,738,425</b>
Net Sales Income Per Net Saleable SF	<b>\$475</b>	<b>\$475</b>	<b>\$475</b>	<b>\$475</b>	<b>\$475</b>	<b>\$475</b>

Source: Dataquick Information System; DRA

**Table 65**  
**Estimated Net Operating Income from Commercial Prototypes**  
**Version B**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 3A With Incentive	Prototype 3B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Net SF Office</i>	249,480	129,600	238,400	152,800
<i>Net SF Retail</i>	2,100	2,100	2,100	2,100
<i>Parking Spaces--Office</i>	324	162	298	191
<i>Approximate Building Stories</i>	8	4	8	5
<b>Office Income/Operating Assumptions</b>				
Monthly Office Rent Per NSF (NNN)	\$2.67	\$2.67	\$2.67	\$2.67
Annual Office Rent Per NSF (NNN)	\$32.00	\$32.00	\$32.00	\$32.00
Office Vacancy Rate	10.0%	0.10	10.0%	10.0%
Parking Income (\$/Space/Month)	\$350.00	\$350.00	\$225.00	\$225.00
Parking Vacancy Rate	10.0%	10.0%	10.0%	10.0%
Office Operating Expenses Per NSF	\$10	\$10	\$10	\$10
Parking Operating Expense (% of Gross Income)	20%	20%	20%	20%
<b>Retail Income/Operating Assumptions</b>				
Monthly Rent Per NSF (NNN)	\$2.75	\$2.75	\$2.75	\$2.75
Annual Rent Per NSF (NNN)	\$33.00	\$33.00	\$33.00	\$33.00
Vacancy Rate	7.0%	7.0%	7.0%	7.0%
Operating Expense (% of Gross Income)	42%	42%	42%	42%
<b>Stabilized Net Operating Income</b>				
Annual Gross Office Rental Income	\$7,983,360	\$4,147,200	\$7,628,800	\$4,889,600
Plus: Annual Gross Parking Income	\$1,360,800	\$680,400	\$804,600	\$515,700
Plus: Annual Gross Retail Rental Income	\$69,300	\$69,300	\$69,300	\$69,300
Annual Gross Rental Income	\$9,413,460	\$4,896,900	\$8,502,700	\$5,474,600
Less: Rental Vacancies	(\$941,346)	(\$489,690)	(\$850,270)	(\$547,460)
Less: Parking Vacancies	(\$136,080)	(\$68,040)	(\$80,460)	(\$51,570)
Less: Retail Vacancies	(\$4,851)	(\$4,851)	(\$4,851)	(\$4,851)
Adjusted Annual Gross Income	\$8,331,183	\$4,334,319	\$7,567,119	\$4,870,719
Less: Office Operating Expenses	(\$2,494,800)	(\$1,296,000)	(\$2,384,000)	(\$1,528,000)
Less: Parking Operating Expenses	(\$272,160)	(\$136,080)	(\$160,920)	(\$103,140)
Less: Retail Operating Expenses	(\$29,106)	(\$29,106)	(\$29,106)	(\$29,106)
<b>Net Operating Income</b>	<b>\$5,535,117</b>	<b>\$2,902,239</b>	<b>\$5,022,199</b>	<b>\$3,239,579</b>
Net Operating Income Per NSF	\$22.19	\$22.39	\$21.07	\$21.20

(1) Based on Class A office stabilized cap rates of 5.00% to 5.75% for Seattle from CBRE Cap Rate Survey, First Half 2013.

Source: CBRE; Reis Reports; Downtown Seattle Association; Realty Rates; DRA.

**Table 66**  
**Estimated Net Value of Incentive Per SF of Bonus Floor Area**  
**Development Prototypes with Incentives**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
		Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)	Prototypes with Incentives							
						Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
Housing Prototypes						Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
DOWNTOWN PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	148,200	8.22%	\$441	\$145	\$175	\$30	\$154	\$9	\$124	(\$21)	\$75	(\$70)
Residential Ownership	Prototype 2	142,200	11.97%	\$479	\$229	\$306	\$77	\$285	\$56	\$275	\$45	\$249	\$20
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 3	162,000	-0.61%	\$287	(\$7)	\$132	\$139	\$105	\$112	\$87	\$94	N/A	N/A
SOUTH LAKE UNION PROTOTYPES			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	147,250	23.28%	\$286	\$266	\$173	(\$94)	\$153	(\$114)	\$136	(\$130)	\$101	(\$165)
Residential Ownership	Prototype 5	136,250	9.13%	\$313	\$114	\$101	(\$14)	\$80	(\$34)	\$77	(\$38)	\$57	(\$58)
			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	107,000	7.22%	\$380	\$110	\$230	\$120	\$204	\$94	\$186	\$76	N/A	N/A
LOWRISE TO MIDRISE			4.25%		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7	32,400	26.34%	\$197	\$208	\$112.79	(\$95)	\$97.64	(\$110)	\$93.74	(\$114)	\$73	(\$135)
Low Scenario			19.74%	\$223	\$176	\$173	(\$2)	\$158	(\$17)	\$150	(\$26)	\$134	(\$42)
Middle Scenario			14.97%	\$251	\$150	\$179	\$29	\$164	\$13	\$150	\$0	\$139	(\$11)
High Scenario													
Residential Ownership	Prototype 8	32,400	-8.71%	\$212	(\$74)	(\$98)	(\$24)	(\$113)	(\$39)	(\$98)	(\$24)	(\$111)	(\$37)
Low Scenario			-1.07%	\$239	(\$10)	(\$21)	(\$11)	(\$36)	(\$26)	(\$25)	(\$15)	(\$35)	(\$25)
Middle Scenario			3.20%	\$269	\$34	\$48	\$13.91	\$33	(\$1)	\$39	\$5	\$35	\$0
High Scenario													
4 STORIES TO 6 STORIES													
Residential Rental	Prototype 9	30,000	27.62%	\$345	\$381	\$255	(\$126)	\$240	(\$141)	\$232	(\$150)	\$177	(\$204)
Low Scenario			20.82%	\$391	\$326	\$231	(\$95)	\$216	(\$110)	\$201.76	(\$124)	\$153	(\$173)
Middle Scenario			15.86%	\$444	\$282	\$222	(\$59)	\$207	(\$75)	\$187	(\$95)	\$144	(\$138)
High Scenario													
Residential Ownership	Prototype 10	30,000	-10.86%	\$372	(\$161)	(\$229)	(\$68)	(\$244)	(\$83)	(\$230)	(\$69)	(\$255)	(\$94)
Low Scenario			-3.42%	\$421	(\$58)	(\$118)	(\$61)	(\$134)	(\$76)	(\$125)	(\$68)	(\$145)	(\$87)
Middle Scenario			0.83%	\$477	\$16	(\$24)	(\$40)	(\$39)	(\$55)	(\$37)	(\$53)	(\$50)	(\$66)
High Scenario													
6 STORIES TO 7 STORIES													
Residential Rental	Prototype 11	25,000	14.76%	\$577	\$341	\$261	(\$80)	\$246	(\$95)	\$234	(\$106)	\$249	(\$92)
Low Scenario			10.28%	\$658	\$271	\$200	(\$71)	\$185	(\$86)	\$167	(\$103)	\$188	(\$82)
Middle Scenario			7.11%	\$750	\$213	\$159	(\$54)	\$144	(\$70)	\$120	(\$94)	\$147	(\$66)
High Scenario													
Residential Ownership	Prototype 12	25,000	-16.79%	\$554	(\$372)	(\$312)	\$60	(\$327)	\$45	(\$365)	\$7	(\$354)	\$18
Low Scenario			-9.31%	\$632	(\$235)	(\$150)	\$86	(\$165)	\$71	(\$215)	\$21	(\$192)	\$43
Middle Scenario			-4.65%	\$722	(\$134)	(\$17)	\$118	(\$32)	\$102	(\$95)	\$39	(\$59)	\$75
High Scenario													

(1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).

(2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).

(3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.

(5) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.

Source: DRA

Table 67  
Estimated Net Value of Incentive Per SF of Bonus Floor Area  
Development Prototypes with Incentives  
Higher Cap Rates Version C  
Seattle Affordable Housing Incentive Program  
Economic Analysis  
2014

		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
				Prototypes with Incentives									
						Before Program Costs		After Payment of Current In Lieu Fee		After Performance Cost/Fee: Scenario 1		After Performance Costs: Scenario 2	
						Projected Net Value of Investment Before Program Costs (4)	Value of Incentive Before Program Costs (5)	Projected Net Value of Investment After Payment of Current In Lieu Fee (4)	Value of Incentive After Payment of Current In Lieu Fee (5)	Projected Net Value of Investment After Performance Costs: Scenario 1 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 1 (5)	Projected Net Value of Investment After Performance Costs: Scenario 2 (4)	Value of Incentive After After Performance Cost/Fee: Scenario 2 (5)
Housing Prototypes		Bonus Floor Area (GSF) of Incentive	Project ROE of Prototypes without Incentive at Cap Rate of: (1)	Equity Investment Required (2)	Net Value of Investment at ROE of Prototype Without Incentive @ Cap Rate of: (3)								
DOWNTOWN PROTOTYPES			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 1	148,200	-2.39%	\$441.01	(\$42)	(\$16)	\$26	(\$38)	\$4	(\$68)	(\$25)	(\$116)	(\$74)
Residential Ownership	Prototype 2	142,200	11.97%	\$478.80	\$229	\$306	\$77	\$285	\$56	\$275	\$45	\$249	\$20
			5.50%		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial	Prototype 3	162,000	-6.24%	\$287.10	(\$72)	\$55	\$126	\$28	\$100	\$10.17	\$82	N/A	N/A
SOUTH LAKE UNION PROTOTYPES			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 4	147,250	10.41%	\$285.96	\$119	\$40	(\$80)	\$20	(\$100)	\$3	(\$116)	(\$32)	(\$151)
Residential Ownership	Prototype 5	136,250	9.13%	\$313.38	\$114	\$101	(\$14)	\$80	(\$34)	\$77	(\$38)	\$57	(\$58)
			5.50%		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial	Prototype 6	107,000	0.88%	\$379.69	\$13	\$122.91	\$110	\$96	\$83	\$78	\$65	N/A	N/A
LOWRISE TO MIDRISE			5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 7	32,400											
Low Scenario			13.01%	\$197.15	\$103	\$22	(\$81)	\$7	(\$96)	\$3	(\$100)	(\$18)	(\$121)
Middle Scenario			7.40%	\$222.69	\$66	\$64	(\$2)	\$49	(\$17)	\$40	(\$26)	\$24	(\$42)
High Scenario			3.35%	\$251.08	\$34	\$58	\$24	\$43	\$9	\$29	(\$4)	\$18	(\$16)
Residential Ownership	Prototype 8	32,400											
Low Scenario			-8.71%	\$212.23	(\$74)	(\$98)	(\$24)	(\$113)	(\$39)	(\$98)	(\$24)	(\$111)	(\$37)
Middle Scenario			-1.07%	\$239.33	(\$10)	(\$21)	(\$11)	(\$36)	(\$26)	(\$25)	(\$15)	(\$35)	(\$25)
High Scenario			3.20%	\$269.28	\$34	\$48	\$14	\$33	(\$1)	\$39	\$5	\$35	\$0
4 STORIES TO 6 STORIES													
Residential Rental	Prototype 9	30,000											
Low Scenario			14.10%	\$345.05	\$195	\$88	(\$107)	\$73	(\$122)	\$64	(\$131)	\$10	(\$185)
Middle Scenario			8.32%	\$391.48	\$130	\$50	(\$81)	\$34	(\$96)	\$20	(\$110)	(\$29)	(\$159)
High Scenario			4.10%	\$444.45	\$73	\$22	(\$51)	\$7	(\$66)	(\$13)	(\$86)	(\$56)	(\$129)
Residential Ownership	Prototype 10	30,000											
Low Scenario			-10.86%	\$371.82	(\$161)	(\$229)	(\$68)	(\$244)	(\$83)	(\$230)	(\$69)	(\$255)	(\$94)
Middle Scenario			-3.42%	\$420.93	(\$58)	(\$118)	(\$61)	(\$134)	(\$76)	(\$125)	(\$68)	(\$145)	(\$87)
High Scenario			0.83%	\$476.57	\$16	(\$24)	(\$40)	(\$39)	(\$55)	(\$37)	(\$53)	(\$50)	(\$66)
6 STORIES TO 7 STORIES													
Residential Rental	Prototype 11	25,000											
Low Scenario			3.17%	\$577.23	\$73	\$5	(\$68)	(\$10)	(\$83)	(\$21)	(\$94)	(\$6)	(\$80)
Middle Scenario			-0.64%	\$657.91	(\$17)	(\$77)	(\$60)	(\$92)	(\$75)	(\$109)	(\$93)	(\$88)	(\$72)
High Scenario			-3.33%	\$750.13	(\$100)	(\$146)	(\$46)	(\$161)	(\$61)	(\$186)	(\$86)	(\$158)	(\$58)
Residential Ownership	Prototype 12	25,000											
Low Scenario			-16.79%	\$553.70	(\$372)	(\$312)	\$60	(\$327)	\$45	(\$365)	\$7	(\$354)	\$18
Middle Scenario			-9.31%	\$631.94	(\$235)	(\$150)	\$86	(\$165)	\$71	(\$215)	\$21	(\$192)	\$43
High Scenario			-4.65%	\$721.72	(\$134)	(\$17)	\$118	(\$32)	\$102	(\$95)	\$39	(\$59)	\$75

(1) Return on equity calculated as total increase in project value DIVIDED BY equity investment DIVIDED BY average number of years of equity investment. Estimated project ROE of the prototypes without incentives (from return on equity analysis tables: Tables 10 through 13).

(2) Amount of equity investment required for prototypes with incentives, from return on equity analysis tables (Tables 10 through 13).

(3) Equals rate of return on equity of prototype without incentive MULTIPLIED BY the equity required for the prototype with incentive MULTIPLIED BY number of years of assumed investment period (assumed to be 4 years).

(4) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2.

(5) Net value of investment of prototype with incentive from return on equity analysis table (Tables 10 through 13) before program costs, after payment of in-lieu fee, and after estimated performance costs under Scenarios 1 and 2 MINUS net value of investment at ROE of prototype without incentive.

Source: DRA

**Table 68**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Total Annual Net Operating Income, Rental Uses	\$8,048,746	\$4,996,698			\$6,882,309	\$3,602,079
NOI Per NSF	\$25.88	\$25.36			\$27.36	\$27.35
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$189,382,249	\$117,569,365			\$137,646,180	\$72,041,580
Net Condo Sales Proceeds			\$213,785,198	\$125,461,513		
<b>Total Market Value</b>	<b>\$189,382,249</b>	<b>\$117,569,365</b>	<b>\$213,785,198</b>	<b>\$125,461,513</b>	<b>\$137,646,180</b>	<b>\$72,041,580</b>
Total Value Per NSF	\$609	\$597	\$748	\$709	\$547	\$547
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$163,393,245</b>	<b>\$103,901,873</b>	<b>\$170,212,244</b>	<b>\$105,300,468</b>	<b>\$116,276,932</b>	<b>\$72,752,405</b>
Total Development Cost Per NSF	\$525	\$527	\$595	\$595	\$462	\$552
<b>Net Value of Investment Before Program Costs</b>	<b>\$25,989,005</b>	<b>\$13,667,492</b>	<b>\$43,572,954</b>	<b>\$20,161,044</b>	<b>\$21,369,248</b>	<b>(\$710,825)</b>
Net Value/SF Site Area	\$1,732.60	\$911.17	\$2,904.86	\$1,344.07	\$659.54	(\$21.94)
Net Value/Dwelling Unit	\$61,007	\$50,809	\$126,666	\$95,099	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,297.80</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity (1)	10%	8%	16%	12%	11%	-1%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>\$12,321,513</b>		<b>\$23,411,910</b>		<b>\$22,080,073</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,589,499		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,834,020		\$8,109,527		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	\$22,776,029		\$40,490,058		\$17,083,943	
Return on Equity (1)	9%		15%		9%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$18,399,506		\$39,041,160		\$14,160,248	
Return on Equity (1)	7%		14%		8%	
3. Gap Cost Scenario 2: 10% Units (4)	\$11,154,985		\$35,463,427		N/A	
Return on Equity (1)	4%		13%		N/A	
<b>Cash Flow Summary, Permanent Loan</b>						
Debt 60%	\$98,035,947	\$62,341,124			\$69,766,159	\$43,651,443
Equity 40%	\$65,357,298	\$41,560,749			\$46,510,773	\$29,100,962
Annual Debt Service 5% 20 Yrs	\$7,763,926	\$4,937,086			\$5,525,109	\$3,456,962
Net Cash Flow	\$284,819	\$59,612			\$1,357,200	\$145,117
Annual Return on Equity (Annual NOI/Equity) (2)	0.4%	0.1%			2.9%	

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 68**  
**Return on Equity Analysis, Incentive Program |**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Total Annual Net Operating Income, Rental Uses	\$5,545,802	\$2,255,594			\$6,309,559	\$4,064,699
NOI Per NSF	\$26.92	\$24.52			\$26.24	\$26.24
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$130,489,459	\$53,072,800			\$126,191,180	\$81,293,980
Net Condo Sales Proceeds			\$120,442,544	\$43,704,418		
<b>Total Market Value</b>	<b>\$130,489,459</b>	<b>\$53,072,800</b>	<b>\$120,442,544</b>	<b>\$43,704,418</b>	<b>\$126,191,180</b>	<b>\$81,293,980</b>
Total Value Per NSF	\$633	\$577	\$644	\$533	\$525	\$525
<b>Less: Total Development Cost, Incl. Land</b>	<b>\$105,267,808</b>	<b>\$38,668,619</b>	<b>\$106,744,056</b>	<b>\$38,134,809</b>	<b>\$101,567,889</b>	<b>\$72,876,833</b>
Total Development Cost Per NSF	\$511	\$420	\$571	\$465	\$422	\$470
<b>Net Value of Investment Before Program Costs</b>	<b>\$25,221,651</b>	<b>\$14,404,181</b>	<b>\$13,698,488</b>	<b>\$5,569,609</b>	<b>\$24,623,291</b>	<b>\$8,417,147</b>
Net Value/SF Site Area	\$1,201.03	\$685.91	\$652.31	\$265.22	\$572.63	\$195.75
Net Value/Dwelling Unit	\$89,757	\$116,163	\$62,837	\$59,251	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	<b>\$42,107,123</b>	<b>\$15,467,448</b>	<b>\$42,697,622</b>	<b>\$15,253,924</b>	<b>\$40,627,156</b>	<b>\$29,150,733</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity (1)	15%	23%	8%	9%	15%	7%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	<b>\$10,817,470</b>		<b>\$8,128,880</b>		<b>\$16,206,144</b>	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,438,959		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,499,681		\$5,974,857		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	\$22,266,231		\$10,945,148		\$21,792,874	
Return on Equity (1)	13%		6%		13%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$19,782,692		\$10,447,553		\$19,861,791	
Return on Equity (1)	12%		6%		12%	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,721,970		\$7,723,631		N/A	
Return on Equity (1)	9%		5%		N/A	
<b>Cash Flow Summary, Permanent Loan</b>						
Debt 60%	\$63,160,685	\$23,201,172			\$60,940,733	\$43,726,100
Equity 40%	\$42,107,123	\$15,467,448			\$40,627,156	\$29,150,733
Annual Debt Service 5% 20 Yrs	\$5,001,991	\$1,837,410			\$4,826,182	\$3,462,875
Net Cash Flow	\$543,811	\$418,184			\$1,483,377	\$601,824
Annual Return on Equity (Annual NOI/Equity) (2)	1.3%	2.7%			3.7%	2.1%

(1) Return on equity measured as net project value divided by equity  
(2) Annual net cash flow (NOI less debt service) divided by equity  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (planned)  
Source: DRA.

**Table 69**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	-	-	-	-	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	-	-
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Residential Units</i>	426	269	344	212	-	-
<i>Approximate Building Stories</i>	40	24	40	24	8	4
Total Annual Net Operating Income, Rental Uses	\$8,048,746	\$4,996,698			\$6,882,309	\$3,602,079
NOI Per NSF	\$25.88	\$25.36			\$27.36	\$27.35
Cap Rate	5.00%	5.00%			5.50%	5.50%
<b>Capitalized Value, Rental Uses</b>	\$160,974,912	\$99,933,960			\$125,132,891	\$65,492,345
<b>Net Condo Sales Proceeds</b>			\$213,785,198	\$125,461,513		
<b>Total Market Value</b>	<b>\$160,974,912</b>	<b>\$99,933,960</b>	<b>\$213,785,198</b>	<b>\$125,461,513</b>	<b>\$125,132,891</b>	<b>\$65,492,345</b>
Total Value Per NSF	\$518	\$507	\$748	\$709	\$497	\$497
<b>Less: Total Development Cost, Incl. Land</b>	\$163,393,245	\$103,901,873	\$170,212,244	\$105,300,468	\$116,276,932	\$72,752,405
Total Development Cost Per NSF	\$525	\$527	\$595	\$595	\$462	\$552
<b>Net Value of Investment Before Program Costs</b>	<b>(\$2,418,333)</b>	<b>(\$3,967,913)</b>	<b>\$43,572,954</b>	<b>\$20,161,044</b>	<b>\$8,855,959</b>	<b>(\$7,260,060)</b>
Net Value/SF Site Area	(\$161.22)	(\$264.53)	\$2,904.86	\$1,344.07	\$273.33	(\$224.08)
Net Value/Dwelling Unit	(\$5,677)	(\$14,751)	\$126,666	\$95,099	N/A	N/A
<b>Equity Investment @ 40% of TDC</b>	\$65,357,298	\$41,560,749	\$68,084,897	\$42,120,187	\$46,510,773	\$29,100,962
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity Before Program Costs (1)	-1%	-2%	16%	12%	5%	-6%
<b>Increase in Net Project Value from Bonus Before Program Costs</b>	\$1,549,580		\$23,411,910		\$16,116,019	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,589,499		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,834,020		\$8,109,527		N/A	
<b>Net Value of Investment After Program Costs</b>						
1. Current In-Lieu Fee	(\$5,631,309)		\$40,490,058		\$4,570,654	
Return on Equity (1)	-2%		15%		2%	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$10,007,831)		\$39,041,160		\$1,646,959	
Return on Equity (1)	-4%		14%		1%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$17,252,353)		\$35,463,427		N/A	
Return on Equity (1)	-7%		13%		N/A	
<b>Cash Flow Summary</b>						
Debt 60%	\$98,035,947	\$62,341,123.59			\$69,766,159	\$43,651,443
Equity 40%	\$65,357,298	\$41,560,749			\$46,510,773	\$29,100,962
Annual Debt Service 5% 20 Yrs	\$7,763,926	\$4,937,086			\$5,525,109	\$3,456,962
Net Cash Flow	\$284,819	\$59,612			\$1,357,200	\$145,117
Annual Return on Equity (Annual NOI/Equity) (2)	0.4%	0.1%			2.9%	

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 69**  
**Return on Equity Analysis, Incentive Program |**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Total Annual Net Operating Income, Rental Uses	\$5,545,802	\$2,255,594			\$6,309,559	\$4,064,699
NOI Per NSF	\$26.92	\$24.52			\$26.24	\$26.24
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$110,916,040	\$45,111,880			\$114,719,255	\$73,903,618
Net Condo Sales Proceeds			\$120,442,544	\$43,704,418		
Total Market Value	<b>\$110,916,040</b>	<b>\$45,111,880</b>	<b>\$120,442,544</b>	<b>\$43,704,418</b>	<b>\$114,719,255</b>	<b>\$73,903,618</b>
Total Value Per NSF	\$538	\$490	\$644	\$533	\$477	\$477
Less: Total Development Cost, Incl. Land	\$105,267,808	\$38,668,619	\$106,744,056	\$38,134,809	\$101,567,889	\$72,876,833
Total Development Cost Per NSF	\$511	\$420	\$571	\$465	\$422	\$470
Net Value of Investment Before Program Costs	<b>\$5,648,232</b>	<b>\$6,443,261</b>	<b>\$13,698,488</b>	<b>\$5,569,609</b>	<b>\$13,151,366</b>	<b>\$1,026,785</b>
Net Value/SF Site Area	\$268.96	\$306.82	\$652.31	\$265.22	\$305.85	\$23.88
Net Value/Dwelling Unit	\$20,100	\$51,962	\$62,837	\$59,251	N/A	N/A
Equity Investment @ 40% of TDC	\$42,107,123	\$15,467,448	\$42,697,622	\$15,253,924	\$40,627,156	\$29,150,733
Assumed Investment Period (Years)	4	4	4	4	4	4
Return on Equity Before Program Costs (1)	3%	10%	8%	9%	8%	1%
Increase in Net Project Value from Bonus Before Program Costs	(\$795,029)		\$8,128,880		\$12,124,581	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,438,959		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,499,681		\$5,974,857		N/A	
Net Value of Investment After Program Costs						
1. Current In-Lieu Fee	\$2,692,812		\$10,945,148		\$10,320,948	
Return on Equity (1)	2%		6%		6%	
2. Gap Cost/Com Fee Scenario 1 (3)	\$209,273		\$10,447,553		\$8,389,866	
Return on Equity (1)	0%		6%		5%	
3. Gap Cost Scenario 2: 10% Units (4)	(\$4,851,449)		\$7,723,631		N/A	
Return on Equity (1)	-3%		5%		N/A	
Cash Flow Summary						
Debt 60%	\$63,160,685	\$23,201,172			\$60,940,733	\$43,726,100
Equity 40%	\$42,107,123	\$15,467,448			\$40,627,156	\$29,150,733
Annual Debt Service 5% 20 Yrs	\$5,001,991	\$1,837,410			\$4,826,182	\$3,462,875
Net Cash Flow	\$543,811	\$418,184			\$1,483,377	\$601,824
Annual Return on Equity (Annual NOI/Equity) (2)	1.3%	2.7%			3.7%	2.1%

(1) Return on equity measured as net project value divide

(2) Annual net cash flow (NOI less debt service) divide

(3) Gap cost for current housing set-asides for residential

(4) Gap cost for 10% affordable units for residential (pl

Source: DRA.



**Table 70**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$834,001	\$443,456			\$1,425,468	\$982,013
NOI Per NSF	\$18.13	\$20.16			\$20.08	\$20.04
Middle Scenario	\$1,005,480	\$480,587			\$1,542,394	\$1,061,806
NOI Per NSF	\$21.86	\$21.84			\$21.72	\$21.67
High Scenario	\$1,110,749	\$530,910			\$1,700,251	\$1,169,341
NOI Per NSF	\$24.15	\$24.13			\$23.95	\$23.86
Cap Rate	4.25%	4.25%			4.25%	4.25%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$19,623,548	\$10,434,249	\$14,027,700	\$6,708,900	\$33,540,429	\$23,106,179
Per NSF	\$427	\$474	\$305	\$305	\$487	\$493
Middle Scenario	\$23,658,344	\$11,307,934	\$18,703,600	\$8,945,200	\$36,291,615	\$24,983,681
Per NSF	\$514	\$514	\$407	\$407	\$527	\$533
High Scenario	\$26,135,261	\$12,492,005	\$23,379,500	\$11,181,500	\$40,005,917	\$27,513,913
Per NSF	\$568	\$568	\$508	\$508	\$581	\$587
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$15,969,184	\$7,341,003	\$17,190,601	\$7,794,883	\$25,878,493	\$16,025,407
Per NSF	\$347	\$334	\$374	\$354	\$364	\$327
Middle Scenario	\$18,037,910	\$8,594,023	\$19,385,681	\$9,100,273	\$29,361,192	\$18,740,857
Per NSF	\$392	\$391	\$421	\$414	\$414	\$382
High Scenario	\$20,337,836	\$10,078,242	\$21,811,960	\$10,636,863	\$33,333,491	\$21,945,908
Per NSF	\$442	\$458	\$474	\$483	\$469	\$448
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	\$3,654,365	\$3,093,246	(\$3,162,901)	(\$1,085,983)	\$7,661,936	\$7,080,773
Per SF Site Area	\$253.78	\$214.81	(\$219.65)	(\$75.42)	\$383.10	\$354.04
Per Dwelling Unit	\$51,470	\$90,978	(\$56,480)	(\$40,222)	\$72,282	\$98,344
Return on Equity (1)	14%	26%	-11%	-9%	19%	28%
Middle Scenario	\$5,620,434	\$2,713,911	(\$682,081)	(\$155,073)	\$6,930,423	\$6,242,824
Per SF Site Area	\$390.31	\$188.47	(\$47.37)	(\$10.77)	\$346.52	\$312.14
Per Dwelling Unit	\$79,161	\$79,821	(\$12,180)	(\$5,743)	\$65,381	\$86,706
Return on Equity (1)	19%	20%	-2%	-1%	15%	21%
High Scenario	\$5,797,426	\$2,413,762	\$1,567,540	\$544,637	\$6,672,426	\$5,568,005
Per SF Site Area	\$402.60	\$167.62	\$108.86	\$37.82	\$333.62	\$278.40
Per Dwelling Unit	\$81,654	\$70,993	\$27,992	\$20,172	\$62,947	\$77,333
Return on Equity (1)	18%	15%	4%	3%	13%	16%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 70**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$0		\$713,309	
Middle Scenario	\$762,900		\$123,440		\$877,587	
High Scenario	\$924,865		\$297,280		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$0		\$1,569,279	
Middle Scenario	\$1,068,060		\$185,160		\$1,930,691	
High Scenario	\$1,294,811		\$445,920		\$2,342,912	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$3,163,505		(\$3,653,761)		\$7,207,436	
Return on Equity (1)	12%		-13%		17%	
Middle Scenario	\$5,129,574		(\$1,172,941)		\$6,475,923	
Return on Equity (1)	18%		-4%		14%	
High Scenario	\$5,306,566		\$1,076,680		\$6,217,926	
Return on Equity (1)	16%		3%		12%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$3,037,149		(\$3,162,901)		\$6,948,628	
Return on Equity (1)	12%		-11%		17%	
Middle Scenario	\$4,857,534		(\$805,521)		\$6,052,836	
Return on Equity (1)	17%		-3%		13%	
High Scenario	\$4,872,561		\$1,270,260		\$5,607,466	
Return on Equity (1)	15%		4%		11%	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$2,359,554		(\$3,608,821)		\$5,319,024	
Return on Equity (1)	9%		-13%		13%	
Middle Scenario	\$4,325,623		(\$1,128,001)		\$4,587,511	
Return on Equity (1)	15%		-4%		10%	
High Scenario	\$4,502,615		\$1,121,620		\$4,329,514	
Return on Equity (1)	14%		3%		8%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%	\$9,581,510	\$4,404,602			\$15,527,095.50	\$9,615,244
Equity                    40%	\$6,387,673	\$2,936,401			\$10,351,397	\$6,410,163
Middle Scenario						
Debt                    60%	\$10,822,746	\$5,156,414			\$17,616,715	\$11,244,514
Equity                    40%	\$7,215,164	\$3,437,609			\$11,744,477	\$7,496,343
High Scenario						
Debt                    60%	\$12,202,701	\$6,046,945			\$20,000,095	\$13,167,545
Equity                    40%	\$8,135,134	\$4,031,297			\$13,333,396	\$8,778,363
Annual Debt Service      5%      20 Yrs						
Low Scenario	\$758,805	\$348,821			\$1,229,663	\$761,476
Middle Scenario	\$857,104	\$408,361			\$1,395,150	\$890,506
High Scenario	\$966,389	\$478,886			\$1,583,901	\$1,042,800
<b>Net Cash Flow</b>						
Low Scenario	\$75,196	\$94,635			\$195,805	\$220,536
Annual Return on Equity (2)	1.2%	3.2%			1.9%	3.4%
Middle Scenario	\$148,376	\$72,227			\$147,243	\$171,301
Annual Return on Equity (2)	2.1%	2.1%			1.3%	2.3%
High Scenario	\$144,359	\$52,024			\$116,350	\$126,542
Annual Return on Equity (2)	1.2%	0.9%			0.6%	1.0%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 70**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,810,434	\$1,425,468		
NOI Per NSF			\$20.12	\$20.08		
Middle Scenario			\$1,959,908	\$1,542,394		
NOI Per NSF			\$21.78	\$21.72		
High Scenario			\$2,161,419	\$1,700,251		
NOI Per NSF			\$24.02	\$23.95		
Cap Rate			4.25%	4.25%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$21,011,055	\$14,302,155	\$42,598,457	\$33,540,429	\$26,815,473	\$21,018,069
Per NSF	\$305	\$305	\$485	\$487	\$305	\$305
Middle Scenario	\$28,014,740	\$19,069,540	\$46,115,483	\$36,291,615	\$35,753,964	\$28,024,092
Per NSF	\$407	\$407	\$525	\$527	\$407	\$407
High Scenario	\$35,018,425	\$23,836,925	\$50,856,927	\$40,005,917	\$44,692,456	\$35,030,115
Per NSF	\$508	\$508	\$579	\$581	\$508	\$508
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$27,886,183	\$17,308,312	\$36,076,810	\$27,132,308	\$34,605,944	\$28,736,183
Per NSF	\$393	\$353	\$401	\$382	\$385	\$405
Middle Scenario	\$31,569,651	\$20,171,790	\$41,119,428	\$31,165,388	\$39,496,404	\$32,929,651
Per NSF	\$445	\$412	\$457	\$439	\$439	\$464
High Scenario	\$35,742,719	\$23,524,868	\$46,882,846	\$35,919,269	\$45,107,664	\$37,843,919
Per NSF	\$503	\$480	\$521	\$506	\$501	\$533
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$6,875,128)	(\$3,006,157)	\$6,521,647	\$6,408,121	(\$7,790,471)	(\$7,718,114)
Per SF Site Area	(\$343.76)	(\$150.31)	\$326.08	\$320.41	(\$389.52)	(\$385.91)
Per Dwelling Unit	(\$81,847)	(\$52,740)	\$48,308	\$60,454	(\$72,808)	(\$91,882)
Return on Equity (1)	-15%	-11%	11%	15%	-14%	-17%
Middle Scenario	(\$3,554,911)	(\$1,102,250)	\$4,996,055	\$5,126,227	(\$3,742,440)	(\$4,905,559)
Per SF Site Area	(\$177.75)	(\$55.11)	\$249.80	\$256.31	(\$187.12)	(\$245.28)
Per Dwelling Unit	(\$42,320)	(\$19,338)	\$37,008	\$48,361	(\$34,976)	(\$58,400)
Return on Equity (1)	-7%	-3%	8%	10%	-6%	-9%
High Scenario	(\$724,294)	\$312,057	\$3,974,081	\$4,086,648	(\$415,208)	(\$2,813,804)
Per SF Site Area	(\$36.21)	\$15.60	\$198.70	\$204.33	(\$20.76)	(\$140.69)
Per Dwelling Unit	(\$8,623)	\$5,475	\$29,438	\$38,553	(\$3,880)	(\$33,498)
Return on Equity (1)	-1%	1%	5%	7%	-1%	-5%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 70**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$663,043		\$1,326,085	
Middle Scenario	\$202,160		\$812,453		\$1,624,907	
High Scenario	\$392,400		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$7,329,628)		\$6,142,897		(\$8,169,221)	
Return on Equity (1)	-16%		11%		-15%	
Middle Scenario	(\$4,009,411)		\$4,617,305		(\$4,121,190)	
Return on Equity (1)	-8%		7%		-7%	
High Scenario	(\$1,178,794)		\$3,595,331		(\$793,958)	
Return on Equity (1)	-2%		5%		-1%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$6,906,728)		\$5,858,605		(\$9,116,556)	
Return on Equity (1)	-15%		10%		-16%	
Middle Scenario	(\$3,757,071)		\$4,183,602		(\$5,367,346)	
Return on Equity (1)	-7%		6%		-8%	
High Scenario	(\$1,116,694)		\$2,990,861		(\$2,381,648)	
Return on Equity (1)	-2%		4%		-3%	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$7,659,928)		\$6,232,267		(\$8,851,531)	
Return on Equity (1)	-17%		11%		-16%	
Middle Scenario	(\$4,339,711)		\$4,706,675		(\$4,803,500)	
Return on Equity (1)	-9%		7%		-8%	
High Scenario	(\$1,509,094)		\$3,684,701		(\$1,476,268)	
Return on Equity (1)	-3%		5%		-2%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%			\$21,646,086	\$16,279,385		
Equity                    40%			\$14,430,724	\$10,852,923		
Middle Scenario						
Debt                      60%			\$24,671,657	\$18,699,233		
Equity                    40%			\$16,447,771	\$12,466,155		
High Scenario						
Debt                      60%			\$28,129,708	\$21,551,561		
Equity                    40%			\$18,753,139	\$14,367,708		
Annual Debt Service      5%      20 Yrs						
Low Scenario			\$1,714,255	\$1,289,241		
Middle Scenario			\$1,953,864	\$1,480,880		
High Scenario			\$2,227,723	\$1,706,769		
<b>Net Cash Flow</b>						
Low Scenario			\$96,179	\$136,227		
Annual Return on Equity (2)			0.7%	1.3%		
Middle Scenario			\$6,044	\$61,514		
Annual Return on Equity (2)			0.0%	0.5%		
High Scenario			(\$66,304)	(\$6,518)		
Annual Return on Equity (2)			-0.2%	0.0%		

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide  
(3) Gap cost for current housing set-asides for residenti  
(4) Gap cost for 10% affordable units for residential (pl

Source: DRA.

**Table 71**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$834,001	\$443,456			\$1,425,468	\$982,013
NOI Per NSF	\$18.13	\$20.16			\$20.08	\$20.04
Middle Scenario	\$1,005,480	\$480,587			\$1,542,394	\$1,061,806
NOI Per NSF	\$21.86	\$21.84			\$21.72	\$21.67
High Scenario	\$1,110,749	\$530,910			\$1,700,251	\$1,169,341
NOI Per NSF	\$24.15	\$24.13			\$23.95	\$23.86
Cap Rate	5.00%	5.00%			5.00%	5.00%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$16,680,016	\$8,869,112	\$14,027,700	\$6,708,900	\$28,509,364	\$19,640,252
Per NSF	\$363	\$403	\$305	\$305	\$414	\$419
Middle Scenario	\$20,109,592	\$9,611,744	\$18,703,600	\$8,945,200	\$30,847,873	\$21,236,129
Per NSF	\$437	\$437	\$407	\$407	\$448	\$453
High Scenario	\$22,214,972	\$10,618,204	\$23,379,500	\$11,181,500	\$34,005,030	\$23,386,826
Per NSF	\$483	\$483	\$508	\$508	\$494	\$499
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$15,969,184	\$7,341,003	\$17,190,601	\$7,794,883	\$25,878,493	\$16,025,407
Per NSF	\$347	\$334	\$374	\$354	\$364	\$327
Middle Scenario	\$18,037,910	\$8,594,023	\$19,385,681	\$9,100,273	\$29,361,192	\$18,740,857
Per NSF	\$392	\$391	\$421	\$414	\$414	\$382
High Scenario	\$20,337,836	\$10,078,242	\$21,811,960	\$10,636,863	\$33,333,491	\$21,945,908
Per NSF	\$442	\$458	\$474	\$483	\$469	\$448
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	\$710,832	\$1,528,109	(\$3,162,901)	(\$1,085,983)	\$2,630,872	\$3,614,846
Per NSF	\$49.36	\$106.12	(\$219.65)	(\$75.42)	\$131.54	\$180.74
Per Dwelling Unit	\$10,012	\$44,944	(\$56,480)	(\$40,222)	\$24,820	\$50,206
Return on Equity (1)	3%	13%	-11%	-9%	6%	14%
Middle Scenario	\$2,071,682	\$1,017,721	(\$682,081)	(\$155,073)	\$1,486,681	\$2,495,272
Per NSF	\$143.87	\$70.68	(\$47.37)	(\$10.77)	\$74.33	\$124.76
Per Dwelling Unit	\$29,179	\$29,933	(\$12,180)	(\$5,743)	\$14,025	\$34,657
Return on Equity (1)	7%	7%	-2%	-1%	3%	8%
High Scenario	\$1,877,137	\$539,962	\$1,567,540	\$544,637	\$671,539	\$1,440,918
Per NSF	\$130.36	\$37.50	\$108.86	\$37.82	\$33.58	\$72.05
Per Dwelling Unit	\$26,439	\$15,881	\$27,992	\$20,172	\$6,335	\$20,013
Return on Equity (1)	6%	3%	4%	3%	1%	4%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 71**  
**Return on Equity Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$0		\$713,309	
Middle Scenario	\$762,900		\$123,440		\$877,587	
High Scenario	\$924,865		\$297,280		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$0		\$1,569,279	
Middle Scenario	\$1,068,060		\$185,160		\$1,930,691	
High Scenario	\$1,294,811		\$445,920		\$2,342,912	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$219,972		(\$3,653,761)		\$2,176,372	
Return on Equity (1)	1%		-13%		5%	
Middle Scenario	\$1,580,822		(\$1,172,941)		\$1,032,181	
Return on Equity (1)	5%		-4%		2%	
High Scenario	\$1,386,277		\$1,076,680		\$217,039	
Return on Equity (1)	4%		3%		0%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$93,617		(\$3,162,901)		\$1,917,563	
Return on Equity (1)	0%		-11%		5%	
Middle Scenario	\$1,308,782		(\$805,521)		\$609,094	
Return on Equity (1)	5%		-3%		1%	
High Scenario	\$952,272		\$1,270,260		(\$393,421)	
Return on Equity (1)	3%		4%		-1%	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$583,979)		(\$3,608,821)		\$287,960	
Return on Equity (1)	-2%		-13%		1%	
Middle Scenario	\$776,871		(\$1,128,001)		(\$856,231)	
Return on Equity (1)	3%		-4%		-2%	
High Scenario	\$582,326		\$1,121,620		(\$1,671,373)	
Return on Equity (1)	2%		3%		-3%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%	\$9,581,510	\$4,404,602			\$15,527,095.50	\$9,615,244
Equity                    40%	\$6,387,673	\$2,936,401			\$10,351,397	\$6,410,163
Middle Scenario						
Debt                      60%	\$10,822,746	\$5,156,414			\$17,616,715	\$11,244,514
Equity                    40%	\$7,215,164	\$3,437,609			\$11,744,477	\$7,496,343
High Scenario						
Debt                      60%	\$12,202,701	\$6,046,945			\$20,000,095	\$13,167,545
Equity                    40%	\$8,135,134	\$4,031,297			\$13,333,396	\$8,778,363
Annual Debt Service      5%      20 Yrs						
Low Scenario	\$758,805	\$348,821			\$1,229,663	\$761,476
Middle Scenario	\$857,104	\$408,361			\$1,395,150	\$890,506
High Scenario	\$966,389	\$478,886			\$1,583,901	\$1,042,800
<b>Net Cash Flow</b>						
Low Scenario	\$75,196	\$94,635			\$195,805	\$220,536
Annual Return on Equity (2)	1.2%	3.2%			1.9%	3.4%
Middle Scenario	\$148,376	\$72,227			\$147,243	\$171,301
Annual Return on Equity (2)	2.1%	2.1%			1.3%	2.3%
High Scenario	\$144,359	\$52,024			\$116,350	\$126,542
Annual Return on Equity (2)	1.2%	0.9%			0.6%	1.0%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 71**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,810,434	\$1,425,468		
NOI Per NSF			\$20.12	\$20.08		
Middle Scenario			\$1,959,908	\$1,542,394		
NOI Per NSF			\$21.78	\$21.72		
High Scenario			\$2,161,419	\$1,700,251		
NOI Per NSF			\$24.02	\$23.95		
Cap Rate			5.00%	5.00%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$21,011,055	\$14,302,155	\$36,208,688	\$28,509,364	\$26,815,473	\$21,018,069
Per NSF	\$305	\$305	\$412	\$414	\$305	\$305
Middle Scenario	\$28,014,740	\$19,069,540	\$39,198,161	\$30,847,873	\$35,753,964	\$28,024,092
Per NSF	\$407	\$407	\$446	\$448	\$407	\$407
High Scenario	\$35,018,425	\$23,836,925	\$43,228,388	\$34,005,030	\$44,692,456	\$35,030,115
Per NSF	\$508	\$508	\$492	\$494	\$508	\$508
<b>Less: Total Development Cost, Include. Land</b>						
Low Scenario	\$27,886,183	\$17,308,312	\$36,076,810	\$27,132,308	\$34,605,944	\$28,736,183
Per NSF	\$393	\$353	\$401	\$382	\$385	\$405
Middle Scenario	\$31,569,651	\$20,171,790	\$41,119,428	\$31,165,388	\$39,496,404	\$32,929,651
Per NSF	\$445	\$412	\$457	\$439	\$439	\$464
High Scenario	\$35,742,719	\$23,524,868	\$46,882,846	\$35,919,269	\$45,107,664	\$37,843,919
Per NSF	\$503	\$480	\$521	\$506	\$501	\$533
<b>Net Value of Investment Before Program Costs</b>						
Low Scenario	(\$6,875,128)	(\$3,006,157)	\$131,879	\$1,377,057	(\$7,790,471)	(\$7,718,114)
Per NSF	(\$343.76)	(\$150.31)	\$6.59	\$68.85	(\$389.52)	(\$385.91)
Per Dwelling Unit	(\$81,847)	(\$52,740)	\$977	\$12,991	(\$72,808)	(\$91,882)
Return on Equity (1)	-15%	-11%	0%	3%	-14%	-17%
Middle Scenario	(\$3,554,911)	(\$1,102,250)	(\$1,921,267)	(\$317,515)	(\$3,742,440)	(\$4,905,559)
Per NSF	(\$177.75)	(\$55.11)	(\$96.06)	(\$15.88)	(\$187.12)	(\$245.28)
Per Dwelling Unit	(\$42,320)	(\$19,338)	(\$14,232)	(\$2,995)	(\$34,976)	(\$58,400)
Return on Equity (1)	-7%	-3%	-3%	-1%	-6%	-9%
High Scenario	(\$724,294)	\$312,057	(\$3,654,458)	(\$1,914,239)	(\$415,208)	(\$2,813,804)
Per NSF	(\$36.21)	\$15.60	(\$182.72)	(\$95.71)	(\$20.76)	(\$140.69)
Per Dwelling Unit	(\$8,623)	\$5,475	(\$27,070)	(\$18,059)	(\$3,880)	(\$33,498)
Return on Equity (1)	-1%	1%	-5%	-3%	-1%	-5%
<b>Equity Investment @ 40%</b>						
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 71**  
**Return on Equity Analysis, Incentive Program |**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$663,043		\$1,326,085	
Middle Scenario	\$202,160		\$812,453		\$1,624,907	
High Scenario	\$392,400		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Increase in Net Value from Bonus After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$7,329,628)		(\$246,871)		(\$8,169,221)	
Return on Equity (1)	-16%		0%		-15%	
Middle Scenario	(\$4,009,411)		(\$2,300,017)		(\$4,121,190)	
Return on Equity (1)	-8%		-3%		-7%	
High Scenario	(\$1,178,794)		(\$4,033,208)		(\$793,958)	
Return on Equity (1)	-2%		-5%		-1%	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$6,906,728)		(\$531,164)		(\$9,116,556)	
Return on Equity (1)	-15%		-1%		-16%	
Middle Scenario	(\$3,757,071)		(\$2,733,721)		(\$5,367,346)	
Return on Equity (1)	-7%		-4%		-8%	
High Scenario	(\$1,116,694)		(\$4,637,678)		(\$2,381,648)	
Return on Equity (1)	-2%		-6%		-3%	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$7,659,928)		(\$157,501)		(\$8,851,531)	
Return on Equity (1)	-17%		0%		-16%	
Middle Scenario	(\$4,339,711)		(\$2,210,647)		(\$4,803,500)	
Return on Equity (1)	-9%		-3%		-8%	
High Scenario	(\$1,509,094)		(\$3,943,838)		(\$1,476,268)	
Return on Equity (1)	-3%		-5%		-2%	
<b>Cash Flow Summary</b>						
Low Scenario						
Debt                      60%			\$21,646,086	\$16,279,385		
Equity                    40%			\$14,430,724	\$10,852,923		
Middle Scenario						
Debt                      60%			\$24,671,657	\$18,699,233		
Equity                    40%			\$16,447,771	\$12,466,155		
High Scenario						
Debt                      60%			\$28,129,708	\$21,551,561		
Equity                    40%			\$18,753,139	\$14,367,708		
Annual Debt Service      5%      20 Yrs						
Low Scenario			\$1,714,255	\$1,289,241		
Middle Scenario			\$1,953,864	\$1,480,880		
High Scenario			\$2,227,723	\$1,706,769		
<b>Net Cash Flow</b>						
Low Scenario			\$96,179	\$136,227		
Annual Return on Equity (2)			0.7%	1.3%		
Middle Scenario			\$6,044	\$61,514		
Annual Return on Equity (2)			0.0%	0.5%		
High Scenario			(\$66,304)	(\$6,518)		
Annual Return on Equity (2)			-0.2%	0.0%		

(1) Return on equity measured as net project value divide

(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.



**Table 72**  
**Land Residual Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Bonus Gross Floor Area (GSF)	148,200		142,200		162,000	
Total Annual Net Operating Income, Rental Uses	\$8,048,746	\$4,996,698			\$6,882,309	\$3,602,079
NOI Per NSF	\$25.88	\$25.36			\$27.36	\$27.35
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$189,382,249	\$117,569,365			\$137,646,180	\$72,041,580
Net Condo Sales Proceeds			\$213,785,198	\$125,461,513		
Total Market Value	<b>\$189,382,249</b>	<b>\$117,569,365</b>	<b>\$213,785,198</b>	<b>\$125,461,513</b>	<b>\$137,646,180</b>	<b>\$72,041,580</b>
Total Value Per NSF	\$609	\$597	\$748	\$709	\$547	\$547
Less: Total Development Cost, Excl. Land	\$151,393,245	\$91,901,873	\$158,212,244	\$93,300,468	\$90,356,932	\$46,832,405
Total Development Cost Per NSF	\$487	\$467	\$553	\$527	\$359	\$356
Less: Assumed Return on Equity (See Below)	\$15,685,751	\$9,974,580	\$16,340,375	\$10,108,845	\$18,604,309	\$11,640,385
<b>Residual Land Value Before Program Costs</b>	<b>\$22,303,253</b>	<b>\$15,692,912</b>	<b>\$39,232,579</b>	<b>\$22,052,199</b>	<b>\$28,684,939</b>	<b>\$13,568,790</b>
Resid. Value/SF Site Area	\$1,486.88	\$1,046.19	\$2,615.51	\$1,470.15	\$885.34	\$418.79
Resid. Value/Dwelling Unit	\$52,355	\$58,338	\$114,048	\$104,020	N/A	N/A
Resid. Value/SF Bonus GFA	\$150.49		\$275.90		\$177.07	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,589,499		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,834,020		\$8,109,527		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	\$19,090,277		\$36,149,683		\$24,399,634	
Resid. Value/SF Site Area	\$1,273		\$2,410		\$753	
Resid. Value/SF Bonus GFA	\$128.81		\$254.22		\$150.62	
2. Gap Cost/Com Fee Scenario 1 (3)	\$14,713,755		\$34,700,784		\$21,475,939	
Resid. Value/SF Site Area	\$981		\$2,313		\$663	
Resid. Value/SF Bonus GFA	\$99.28		\$244.03		\$132.57	
3. Gap Cost Scenario 2: 10% Units (4)	\$7,469,233		\$31,123,052		N/A	
Resid. Value/SF Site Area	\$498		\$2,075		N/A	
Resid. Value/SF Bonus GFA	\$50.40		\$218.87		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,298</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	10%	10%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 72**  
**Land Residual Analysis, Incentive Program Rec**  
**Downtown and South Lake Union Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Bonus Gross Floor Area (GSF)	147,250		136,250		107,000	
Total Annual Net Operating Income, Rental Uses	\$5,545,802	\$2,255,594			\$6,309,559	\$4,064,699
NOI Per NSF	\$26.92	\$24.52			\$26.24	\$26.24
Cap Rate	4.25%	4.25%			5.00%	5.00%
Capitalized Value, Rental Uses	\$130,489,459	\$53,072,800			\$126,191,180	\$81,293,980
Net Condo Sales Proceeds			\$120,442,544	\$43,704,418		
<b>Total Market Value</b>	<b>\$130,489,459</b>	<b>\$53,072,800</b>	<b>\$120,442,544</b>	<b>\$43,704,418</b>	<b>\$126,191,180</b>	<b>\$81,293,980</b>
Total Value Per NSF	\$633	\$577	\$644	\$533	\$525	\$525
<b>Less: Total Development Cost, Excl. Land</b>	<b>\$96,867,808</b>	<b>\$30,268,619</b>	<b>\$98,344,056</b>	<b>\$29,734,809</b>	<b>\$84,367,889</b>	<b>\$55,676,833</b>
Total Development Cost Per NSF	\$470	\$329	\$526	\$363	\$351	\$359
<b>Less: Assumed Return on Equity (See Below)</b>	<b>\$10,105,710</b>	<b>\$3,712,187</b>	<b>\$10,247,429</b>	<b>\$3,660,942</b>	<b>\$16,250,862</b>	<b>\$11,660,293</b>
<b>Residual Land Value Before Program Costs</b>	<b>\$23,515,941</b>	<b>\$19,091,993</b>	<b>\$11,851,059</b>	<b>\$10,308,667</b>	<b>\$25,572,429</b>	<b>\$13,956,853</b>
Resid. Value/SF Site Area	\$1,119.81	\$909.14	\$564.34	\$490.89	\$594.71	\$324.58
Resid. Value/Dwelling Unit	\$83,687	\$153,968	\$54,363	\$109,667	N/A	N/A
Resid. Value/SF Bonus GFA	\$159.70		\$86.98		\$238.99	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,438,959		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,499,681		\$5,974,857		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	\$20,560,521		\$9,097,719		\$22,742,011	
Resid. Value/SF Site Area	\$979		\$433		\$529	
Resid. Value/SF Bonus GFA	\$139.63		\$66.77		\$212.54	
2. Gap Cost/Com Fee Scenario 1 (3)	\$18,076,982		\$8,600,124		\$20,810,929	
Resid. Value/SF Site Area	\$861		\$410		\$484	
Resid. Value/SF Bonus GFA	\$122.76		\$63.12		\$194.49	
3. Gap Cost Scenario 2: 10% Units (4)	\$13,016,260		\$5,876,202		N/A	
Resid. Value/SF Site Area	\$620		\$280		N/A	
Resid. Value/SF Bonus GFA	\$88.40		\$43.13		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$42,107,123</b>	<b>\$15,467,448</b>	<b>\$42,697,622</b>	<b>\$15,253,924</b>	<b>\$40,627,156</b>	<b>\$29,150,733</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	10%	10%

(1) Return on equity measured as net project value divided by equity investment  
(2) Annual net cash flow (NOI less debt service) divided by equity investment  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 73**  
**Land Residual Analysis, Incentive Program Requirements**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
Site Area (SF)	15,000	15,000	15,000	15,000	32,400	32,400
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	249,480	129,600
Residential Net SF	308,900	194,900	283,900	174,900	-	-
Total Net SF	311,000	197,000	286,000	177,000	251,580	131,700
Residential Units	426	269	344	212	-	-
Approximate Building Stories	40	24	40	24	8	4
Bonus Gross Floor Area (GSF)	148,200		142,200		162,000	
Total Annual Net Operating Income, Rental Uses	\$8,048,746	\$4,996,698			\$6,882,309	\$3,602,079
NOI Per NSF	\$25.88	\$25.36			\$27.36	\$27.35
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$160,974,912	\$99,933,960			\$125,132,891	\$65,492,345
Net Condo Sales Proceeds			\$213,785,198	\$125,461,513		
<b>Total Market Value</b>	<b>\$160,974,912</b>	<b>\$99,933,960</b>	<b>\$213,785,198</b>	<b>\$125,461,513</b>	<b>\$125,132,891</b>	<b>\$65,492,345</b>
Total Value Per NSF	\$518	\$507	\$748	\$709	\$497	\$497
<b>Less: Total Development Cost, Excl. Land</b>	<b>\$151,393,245</b>	<b>\$91,901,873</b>	<b>\$158,212,244</b>	<b>\$93,300,468</b>	<b>\$90,356,932</b>	<b>\$46,832,405</b>
Total Development Cost Per NSF	\$487	\$467	\$553	\$527	\$359	\$356
<b>Less: Assumed Return on Equity (See Below)</b>	<b>\$15,685,751</b>	<b>\$9,974,580</b>	<b>\$16,340,375</b>	<b>\$10,108,845</b>	<b>\$11,162,585</b>	<b>\$6,984,231</b>
<b>Residual Land Value Before Program Costs</b>	<b>(\$6,104,084)</b>	<b>(\$1,942,492)</b>	<b>\$39,232,579</b>	<b>\$22,052,199</b>	<b>\$23,613,374</b>	<b>\$11,675,710</b>
Resid. Value/SF Site Area	(\$406.94)	(\$129.50)	\$2,615.51	\$1,470.15	\$728.81	\$360.36
Resid. Value/Dwelling Unit	(\$14,329)	(\$7,221)	\$114,048	\$104,020	N/A	N/A
Resid. Value/SF Bonus GFA	(\$41.19)		\$275.90		\$145.76	
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$3,212,976		\$3,082,896		\$4,285,305	
2. Gap Cost/Com Fee Scenario 1 (3)	\$7,589,499		\$4,531,795		\$7,209,000	
3. Gap Cost Scenario 2: 10% Units (4)	\$14,834,020		\$8,109,527		N/A	
<b>Residual Land Value After Program Costs</b>						
1. Current In-Lieu Fee	(\$9,317,060)		\$36,149,683		\$19,328,069	
Resid. Value/SF Site Area	(\$621)		\$2,410		\$597	
Resid. Value/SF Bonus GFA	(\$62.87)		\$254.22		\$119.31	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$13,693,583)		\$34,700,784		\$16,404,374	
Resid. Value/SF Site Area	(\$913)		\$2,313		\$506	
Resid. Value/SF Bonus GFA	(\$92.40)		\$244.03		\$101.26	
3. Gap Cost Scenario 2: 10% Units (4)	(\$20,938,104)		\$31,123,052		N/A	
Resid. Value/SF Site Area	(\$1,396)		\$2,075		N/A	
Resid. Value/SF Bonus GFA	(\$141.28)		\$218.87		N/A	
<b>Equity Investment @ 40% of TDC</b>	<b>\$65,357,298</b>	<b>\$41,560,749</b>	<b>\$68,084,897</b>	<b>\$42,120,187</b>	<b>\$46,510,773</b>	<b>\$29,100,962</b>
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.

(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

(3) Gap cost for current housing set-asides for residential; \$40 per GSF bonus commercial housing fee (plus TDR as applicable).

(4) Gap cost for 10% affordable units for residential (plus TDR as applicable).

Source: DRA.

**Table 73**  
**Land Residual Analysis, Incentive Program Rec**  
**Downtown and South Lake Union Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
Site Area (SF)	21,000	21,000	21,000	21,000	43,000	43,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Office Net SF	-	-	-	-	238,400	152,800
Residential Net SF	203,900	89,900	184,900	79,900	-	-
Total Net SF	206,000	92,000	187,000	82,000	240,500	154,900
Residential Units	281	124	218	94	-	-
Approximate Building Stories	24	7	24	7	8	5
Bonus Gross Floor Area (GSF)	147,250		136,250		107,000	
Total Annual Net Operating Income, Rental Uses	\$5,545,802	\$2,255,594			\$6,309,559	\$4,064,699
NOI Per NSF	\$26.92	\$24.52			\$26.24	\$26.24
Cap Rate	5.00%	5.00%			5.50%	5.50%
Capitalized Value, Rental Uses	\$110,916,040	\$45,111,880			\$114,719,255	\$73,903,618
Net Condo Sales Proceeds			\$120,442,544	\$43,704,418		
Total Market Value	<b>\$110,916,040</b>	<b>\$45,111,880</b>	<b>\$120,442,544</b>	<b>\$43,704,418</b>	<b>\$114,719,255</b>	<b>\$73,903,618</b>
Total Value Per NSF	\$538	\$490	\$644	\$533	\$477	\$477
Less: Total Development Cost, Excl. Land	\$96,867,808	\$30,268,619	\$98,344,056	\$29,734,809	\$84,367,889	\$55,676,833
Total Development Cost Per NSF	\$470	\$329	\$526	\$363	\$351	\$359
Less: Assumed Return on Equity (See Below)	\$10,105,710	\$3,712,187	\$10,247,429	\$3,660,942	\$9,750,517	\$6,996,176
Residual Land Value Before Program Costs	<b>\$3,942,522</b>	<b>\$11,131,073</b>	<b>\$11,851,059</b>	<b>\$10,308,667</b>	<b>\$20,600,848</b>	<b>\$11,230,609</b>
Resid. Value/SF Site Area	\$187.74	\$530.05	\$564.34	\$490.89	\$479.09	\$261.18
Resid. Value/Dwelling Unit	\$14,030	\$89,767	\$54,363	\$109,667	N/A	N/A
Resid. Value/SF Bonus GFA	\$26.77		\$86.98		\$192.53	
Less: Cost of Bonus Program						
1. Current In-Lieu Fee	\$2,955,420		\$2,753,340		\$2,830,418	
2. Gap Cost/Com Fee Scenario 1 (3)	\$5,438,959		\$3,250,935		\$4,761,500	
3. Gap Cost Scenario 2: 10% Units (4)	\$10,499,681		\$5,974,857		N/A	
Residual Land Value After Program Costs						
1. Current In-Lieu Fee	\$987,102		\$9,097,719		\$17,770,431	
Resid. Value/SF Site Area	\$47		\$433		\$413	
Resid. Value/SF Bonus GFA	\$6.70		\$66.77		\$166.08	
2. Gap Cost/Com Fee Scenario 1 (3)	(\$1,496,437)		\$8,600,124		\$15,839,348	
Resid. Value/SF Site Area	(\$71)		\$410		\$368	
Resid. Value/SF Bonus GFA	(\$10.16)		\$63.12		\$148.03	
3. Gap Cost Scenario 2: 10% Units (4)	(\$6,557,159)		\$5,876,202		N/A	
Resid. Value/SF Site Area	(\$312)		\$280		N/A	
Resid. Value/SF Bonus GFA	(\$44.53)		\$43.13		N/A	
Equity Investment @ 40% of TDC	\$42,107,123	\$15,467,448	\$42,697,622	\$15,253,924	\$40,627,156	\$29,150,733
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%

(1) Return on equity measured as net project value divided by equity investment  
(2) Annual net cash flow (NOI less debt service) divided by equity investment  
(3) Gap cost for current housing set-asides for residential units  
(4) Gap cost for 10% affordable units for residential (pl)  
Source: DRA.

**Table 74**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
Gross SF Bonus GFA	32,400		32,400		30,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$834,001	\$443,456			\$1,425,468	\$982,013
NOI Per NSF	\$18.13	\$20.16			\$20.08	\$20.04
Middle Scenario	\$1,005,480	\$480,587			\$1,542,394	\$1,061,806
NOI Per NSF	\$21.86	\$21.84			\$21.72	\$21.67
High Scenario	\$1,110,749	\$530,910			\$1,700,251	\$1,169,341
NOI Per NSF	\$24.15	\$24.13			\$23.95	\$23.86
Cap Rate	4.25%	4.25%			4.25%	4.25%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$19,623,548	\$10,434,249	\$14,027,700	\$6,708,900	\$33,540,429	\$23,106,179
Per NSF	\$427	\$474	\$305	\$305	\$487	\$493
Middle Scenario	\$23,658,344	\$11,307,934	\$18,703,600	\$8,945,200	\$36,291,615	\$24,983,681
Per NSF	\$514	\$514	\$407	\$407	\$527	\$533
High Scenario	\$26,135,261	\$12,492,005	\$23,379,500	\$11,181,500	\$40,005,917	\$27,513,913
Per NSF	\$568	\$568	\$508	\$508	\$581	\$587
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$15,119,184	\$6,491,003	\$16,340,601	\$6,944,883	\$24,078,493	\$14,225,407
Per NSF	\$329	\$295	\$355	\$316	\$339	\$290
Middle Scenario	\$16,677,910	\$7,234,023	\$18,025,681	\$7,740,273	\$26,481,192	\$15,860,857
Per NSF	\$363	\$329	\$392	\$352	\$373	\$324
High Scenario	\$18,297,836	\$8,038,242	\$19,771,960	\$8,596,863	\$29,013,491	\$17,625,908
Per NSF	\$398	\$365	\$430	\$391	\$409	\$360
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$1,533,042	\$704,736	\$1,650,298	\$748,309	\$2,484,335	\$1,538,439
Middle Scenario	\$1,731,639	\$825,026	\$1,861,025	\$873,626	\$2,818,674	\$1,799,122
High Scenario	\$1,952,432	\$967,511	\$2,093,948	\$1,021,139	\$3,200,015	\$2,106,807
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	\$2,971,323	\$3,943,246	(\$2,312,901)	(\$235,983)	\$9,461,936	\$8,880,773
Per SF Site Area	\$206	\$274	(\$161)	(\$16)	\$473	\$444
Per Dwelling Unit	\$41,850	\$115,978	(\$41,302)	(\$8,740)	\$89,264	\$123,344
Per SF Bonus GFA	\$91.71		(\$71.39)		\$315.40	
Middle Scenario	\$5,248,795	\$4,073,911	\$677,919	\$1,204,927	\$9,810,423	\$9,122,824
Per SF Site Area	\$364	\$283	\$47	\$84	\$491	\$456
Per Dwelling Unit	\$73,927	\$119,821	\$12,106	\$44,627	\$92,551	\$126,706
Per SF Bonus GFA	\$162.00		\$20.92		\$327.01	
High Scenario	\$5,884,993	\$4,453,762	\$3,607,540	\$2,584,637	\$10,992,426	\$9,888,005
Per SF Site Area	\$409	\$309	\$251	\$179	\$550	\$494
Per Dwelling Unit	\$82,887	\$130,993	\$64,420	\$95,727	\$103,702	\$137,333
Per SF Bonus GFA	\$181.64		\$111.34		\$366.41	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,047,673	\$2,596,401	\$6,536,241	\$2,777,953	\$9,631,397	\$5,690,163
Middle Scenario	\$6,671,164	\$2,893,609	\$7,210,272	\$3,096,109	\$10,592,477	\$6,344,343
High Scenario	\$7,319,134	\$3,215,297	\$7,908,784	\$3,438,745	\$11,605,396	\$7,050,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 74**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$0		\$713,309	
Middle Scenario	\$762,900		\$123,440		\$877,587	
High Scenario	\$924,865		\$297,280		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$0		\$1,569,279	
Middle Scenario	\$1,068,060		\$185,160		\$1,930,691	
High Scenario	\$1,294,811		\$445,920		\$2,342,912	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	\$2,480,463		(\$2,803,761)		\$9,007,436	
Per SF Site Area	\$172		(\$195)		\$450	
Per SF Bonus GFA	\$76.56		(\$86.54)		\$300.25	
Middle Scenario	\$4,757,935		\$187,059		\$9,355,923	
Per SF Site Area	\$330		\$13		\$468	
Per SF Bonus GFA	\$146.85		\$5.77		\$311.86	
High Scenario	\$5,394,133		\$3,116,680		\$10,537,926	
Per SF Site Area	\$375		\$216		\$527	
Per SF Bonus GFA	\$166.49		\$96.19		\$351.26	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$2,354,107		(\$2,312,901)		\$8,748,628	
Per SF Site Area	\$163		(\$161)		\$437	
Per SF Bonus GFA	\$72.66		(\$71.39)		\$291.62	
Middle Scenario	\$4,485,894		\$554,479		\$8,932,836	
Per SF Site Area	\$312		\$39		\$447	
Per SF Bonus GFA	\$138.45		\$17.11		\$297.76	
High Scenario	\$4,960,128		\$3,310,260		\$9,927,466	
Per SF Site Area	\$344		\$230		\$496	
Per SF Bonus GFA	\$153.09		\$102.17		\$330.92	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$1,676,512		(\$2,758,821)		\$7,119,024	
Per SF Site Area	\$116		(\$192)		\$356	
Per SF Bonus GFA	\$51.74		(\$85.15)		\$237.30	
Middle Scenario	\$3,953,984		\$231,999		\$7,467,511	
Per SF Site Area	\$275		\$16		\$373	
Per SF Bonus GFA	\$122.04		\$7.16		\$248.92	
High Scenario	\$4,590,182		\$3,161,620		\$8,649,514	
Per SF Site Area	\$319		\$220		\$432	
Per SF Bonus GFA	\$141.67		\$97.58		\$288.32	
<b>Equity Investment @              40%              of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 74**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
Gross SF Bonus GFA	30,000		25,000		25,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,810,434	\$1,425,468		
NOI Per NSF			\$20.12	\$20.08		
Middle Scenario			\$1,959,908	\$1,542,394		
NOI Per NSF			\$21.78	\$21.72		
High Scenario			\$2,161,419	\$1,700,251		
NOI Per NSF			\$24.02	\$23.95		
Cap Rate			4.25%	4.25%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$21,011,055	\$14,302,155	\$42,598,457	\$33,540,429	\$26,815,473	\$21,018,069
Per NSF	\$305	\$305	\$485	\$487	\$305	\$305
Middle Scenario	\$28,014,740	\$19,069,540	\$46,115,483	\$36,291,615	\$35,753,964	\$28,024,092
Per NSF	\$407	\$407	\$525	\$527	\$407	\$407
High Scenario	\$35,018,425	\$23,836,925	\$50,856,927	\$40,005,917	\$44,692,456	\$35,030,115
Per NSF	\$508	\$508	\$579	\$581	\$508	\$508
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$26,086,183	\$15,508,312	\$33,426,810	\$24,482,308	\$31,955,944	\$26,086,183
Per NSF	\$367	\$316	\$371	\$345	\$355	\$367
Middle Scenario	\$28,689,651	\$17,291,790	\$36,879,428	\$26,925,388	\$35,256,404	\$28,689,651
Per NSF	\$404	\$353	\$410	\$379	\$392	\$404
High Scenario	\$31,422,719	\$19,204,868	\$40,522,846	\$29,559,269	\$38,747,664	\$31,483,919
Per NSF	\$443	\$392	\$450	\$416	\$431	\$443
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$2,677,074	\$1,661,598	\$3,463,374	\$2,604,702	\$3,322,171	\$2,758,674
Middle Scenario	\$3,030,686	\$1,936,492	\$3,947,465	\$2,991,877	\$3,791,655	\$3,161,246
High Scenario	\$3,431,301	\$2,258,387	\$4,500,753	\$3,448,250	\$4,330,336	\$3,633,016
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$5,075,128)	(\$1,206,157)	\$9,171,647	\$9,058,121	(\$5,140,471)	(\$5,068,114)
Per SF Site Area	(\$254)	(\$60)	\$459	\$453	(\$257)	(\$253)
Per Dwelling Unit	(\$60,418)	(\$21,161)	\$67,938	\$85,454	(\$48,042)	(\$60,335)
Per SF Bonus GFA	(\$169.17)		\$366.87		(\$205.62)	
Middle Scenario	(\$674,911)	\$1,777,750	\$9,236,055	\$9,366,227	\$497,560	(\$665,559)
Per SF Site Area	(\$34)	\$89	\$462	\$468	\$25	(\$33)
Per Dwelling Unit	(\$8,035)	\$31,189	\$68,415	\$88,361	\$4,650	(\$7,923)
Per SF Bonus GFA	(\$22.50)		\$369.44		\$19.90	
High Scenario	\$3,595,706	\$4,632,057	\$10,334,081	\$10,446,648	\$5,944,792	\$3,546,196
Per SF Site Area	\$180	\$232	\$517	\$522	\$297	\$177
Per Dwelling Unit	\$42,806	\$81,264	\$76,549	\$98,553	\$55,559	\$42,217
Per SF Bonus GFA	\$119.86		\$413.36		\$237.79	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$10,434,473	\$6,203,325	\$13,370,724	\$9,792,923	\$12,782,378	\$10,434,473
Middle Scenario	\$11,475,860	\$6,916,716	\$14,751,771	\$10,770,155	\$14,102,562	\$11,475,860
High Scenario	\$12,569,088	\$7,681,947	\$16,209,139	\$11,823,708	\$15,499,066	\$12,593,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 74**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$663,043		\$1,326,085	
Middle Scenario	\$202,160		\$812,453		\$1,624,907	
High Scenario	\$392,400		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$5,529,628)		\$8,792,897		(\$5,519,221)	
Per SF Site Area	(\$276)		\$440		(\$276)	
Per SF Bonus GFA	(\$184.32)		\$351.72		(\$220.77)	
Middle Scenario	(\$1,129,411)		\$8,857,305		\$118,810	
Per SF Site Area	(\$56)		\$443		\$6	
Per SF Bonus GFA	(\$37.65)		\$354.29		\$4.75	
High Scenario	\$3,141,206		\$9,955,331		\$5,566,042	
Per SF Site Area	\$157		\$498		\$278	
Per SF Bonus GFA	\$104.71		\$398.21		\$222.64	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$5,106,728)		\$8,508,605		(\$6,466,556)	
Per SF Site Area	(\$255)		\$425		(\$323)	
Per SF Bonus GFA	(\$170.22)		\$340.34		(\$258.66)	
Middle Scenario	(\$877,071)		\$8,423,602		(\$1,127,346)	
Per SF Site Area	(\$44)		\$421		(\$56)	
Per SF Bonus GFA	(\$29.24)		\$336.94		(\$45.09)	
High Scenario	\$3,203,306		\$9,350,861		\$3,978,352	
Per SF Site Area	\$160		\$468		\$199	
Per SF Bonus GFA	\$106.78		\$374.03		\$159.13	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$5,859,928)		\$8,882,267		(\$6,201,531)	
Per SF Site Area	(\$293)		\$444		(\$310)	
Per SF Bonus GFA	(\$195.33)		\$355.29		(\$248.06)	
Middle Scenario	(\$1,459,711)		\$8,946,675		(\$563,500)	
Per SF Site Area	(\$73)		\$447		(\$28)	
Per SF Bonus GFA	(\$48.66)		\$357.87		(\$22.54)	
High Scenario	\$2,810,906		\$10,044,701		\$4,883,732	
Per SF Site Area	\$141		\$502		\$244	
Per SF Bonus GFA	\$93.70		\$401.79		\$195.35	
<b>Equity Investment @      40%      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568

(1) Return on equity measured as net project value divide  
(2) Annual net cash flow (NOI less debt service) divide

Source: DRA.



**Table 75**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
Site Area (SF)	14,400	14,400	14,400	14,400	20,000	20,000
Retail Net SF	-	-	-	-	2,100	2,100
Residential Net SF	46,000	22,000	46,000	22,000	68,900	46,900
Total Net SF	46,000	22,000	46,000	22,000	71,000	49,000
Residential Units	71	34	56	27	106	72
Approximate Building Stories	7	4	7	4	6	4
Gross SF Bonus GFA	32,400		32,400		30,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario	\$834,001	\$443,456			\$1,425,468	\$982,013
NOI Per NSF	\$18.13	\$20.16			\$20.08	\$20.04
Middle Scenario	\$1,005,480	\$480,587			\$1,542,394	\$1,061,806
NOI Per NSF	\$21.86	\$21.84			\$21.72	\$21.67
High Scenario	\$1,110,749	\$530,910			\$1,700,251	\$1,169,341
NOI Per NSF	\$24.15	\$24.13			\$23.95	\$23.86
Cap Rate	5.00%	5.00%			5.00%	5.00%
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$16,680,016	\$8,869,112	\$14,027,700	\$6,708,900	\$28,509,364	\$19,640,252
Per NSF	\$363	\$403	\$305	\$305	\$414	\$419
Middle Scenario	\$20,109,592	\$9,611,744	\$18,703,600	\$8,945,200	\$30,847,873	\$21,236,129
Per NSF	\$437	\$437	\$407	\$407	\$448	\$453
High Scenario	\$22,214,972	\$10,618,204	\$23,379,500	\$11,181,500	\$34,005,030	\$23,386,826
Per NSF	\$483	\$483	\$508	\$508	\$494	\$499
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$15,119,184	\$6,491,003	\$16,340,601	\$6,944,883	\$24,078,493	\$14,225,407
Per NSF	\$329	\$295	\$355	\$316	\$339	\$290
Middle Scenario	\$16,677,910	\$7,234,023	\$18,025,681	\$7,740,273	\$26,481,192	\$15,860,857
Per NSF	\$363	\$329	\$392	\$352	\$373	\$324
High Scenario	\$18,297,836	\$8,038,242	\$19,771,960	\$8,596,863	\$29,013,491	\$17,625,908
Per NSF	\$398	\$365	\$430	\$391	\$409	\$360
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$1,533,042	\$704,736	\$1,650,298	\$748,309	\$2,484,335	\$1,538,439
Middle Scenario	\$1,731,639	\$825,026	\$1,861,025	\$873,626	\$2,818,674	\$1,799,122
High Scenario	\$1,952,432	\$967,511	\$2,093,948	\$1,021,139	\$3,200,015	\$2,106,807
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	\$27,791	\$2,378,109	(\$2,312,901)	(\$235,983)	\$4,430,872	\$5,414,846
Per SF Site Area	\$2	\$165	(\$161)	(\$16)	\$222	\$271
Per Dwelling Unit	\$391	\$69,944	(\$41,302)	(\$8,740)	\$41,801	\$75,206
Per SF Bonus GFA	\$0.86		-\$71.39		\$147.70	
Middle Scenario	\$1,700,043	\$2,377,721	\$677,919	\$1,204,927	\$4,366,681	\$5,375,272
Per SF Site Area	\$118	\$165	\$47	\$84	\$218	\$269
Per Dwelling Unit	\$23,944	\$69,933	\$12,106	\$44,627	\$41,195	\$74,657
Per SF Bonus GFA	\$52.47		\$20.92		\$145.56	
High Scenario	\$1,964,704	\$2,579,962	\$3,607,540	\$2,584,637	\$4,991,539	\$5,760,918
Per SF Site Area	\$136	\$179	\$251	\$179	\$250	\$288
Per Dwelling Unit	\$27,672	\$75,881	\$64,420	\$95,727	\$47,090	\$80,013
Per SF Bonus GFA	\$60.64		\$111.34		\$166.38	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$6,047,673	\$2,596,401	\$6,536,241	\$2,777,953	\$9,631,397	\$5,690,163
Middle Scenario	\$6,671,164	\$2,893,609	\$7,210,272	\$3,096,109	\$10,592,477	\$6,344,343
High Scenario	\$7,319,134	\$3,215,297	\$7,908,784	\$3,438,745	\$11,605,396	\$7,050,363
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$3,451,272		\$3,758,288		\$3,941,234	
Middle Scenario	\$3,777,555		\$4,114,163		\$4,248,134	
High Scenario	\$4,103,837		\$4,470,039		\$4,555,033	

**Table 75**  
**Land Residual Analysis, Incentive Program Requirements**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise				4 to 6 Stories	
	Residential Rental		Residential Ownership		Residential Rental	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$490,860		\$490,860		\$454,500	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$617,215		\$0		\$713,309	
Middle Scenario	\$762,900		\$123,440		\$877,587	
High Scenario	\$924,865		\$297,280		\$1,064,960	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	\$864,102		\$0		\$1,569,279	
Middle Scenario	\$1,068,060		\$185,160		\$1,930,691	
High Scenario	\$1,294,811		\$445,920		\$2,342,912	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$463,069)		(\$2,803,761)		\$3,976,372	
Per SF Site Area	(\$32)		(\$195)		\$199	
Per SF Bonus GFA	(\$14.29)		(\$86.54)		\$132.55	
Middle Scenario	\$1,209,183		\$187,059		\$3,912,181	
Per SF Site Area	\$84		\$13		\$196	
Per SF Bonus GFA	\$37.32		\$5.77		\$130.41	
High Scenario	\$1,473,844		\$3,116,680		\$4,537,039	
Per SF Site Area	\$102		\$216		\$227	
Per SF Bonus GFA	\$45.49		\$96.19		\$151.23	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$589,425)		(\$2,312,901)		\$3,717,563	
Per SF Site Area	(\$41)		(\$161)		\$186	
Per SF Bonus GFA	(\$18.19)		(\$71.39)		\$123.92	
Middle Scenario	\$937,143		\$554,479		\$3,489,094	
Per SF Site Area	\$65		\$39		\$174	
Per SF Bonus GFA	\$28.92		\$17.11		\$116.30	
High Scenario	\$1,039,839		\$3,310,260		\$3,926,579	
Per SF Site Area	\$72		\$230		\$196	
Per SF Bonus GFA	\$32.09		\$102.17		\$130.89	
3. Gap Cost                      Scenario 2: 10% Units (4)						
Low Scenario	(\$1,267,020)		(\$2,758,821)		\$2,087,960	
Per SF Site Area	(\$88)		(\$192)		\$104	
Per SF Bonus GFA	(\$39.11)		(\$85.15)		\$69.60	
Middle Scenario	\$405,232		\$231,999		\$2,023,769	
Per SF Site Area	\$28		\$16		\$101	
Per SF Bonus GFA	\$12.51		\$7.16		\$67.46	
High Scenario	\$669,893		\$3,161,620		\$2,648,627	
Per SF Site Area	\$47		\$220		\$132	
Per SF Bonus GFA	\$20.68		\$97.58		\$88.29	
<b>Equity Investment @                      40%                      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$6,387,673	\$2,936,401	\$6,876,241	\$3,117,953	\$10,351,397	\$6,410,163
Middle Scenario	\$7,215,164	\$3,437,609	\$7,754,272	\$3,640,109	\$11,744,477	\$7,496,343
High Scenario	\$8,135,134	\$4,031,297	\$8,724,784	\$4,254,745	\$13,333,396	\$8,778,363

(1) Return on equity measured as net project value divided by the number of years equity investment divided by total equity investment.  
(2) Annual net cash flow (NOI less debt service) divided by total equity investment.

Source: DRA.

**Table 75**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
Site Area (SF)	20,000	20,000	20,000	20,000	20,000	20,000
Retail Net SF	2,100	2,100	2,100	2,100	2,100	2,100
Residential Net SF	68,900	46,900	87,900	68,900	87,900	68,900
Total Net SF	71,000	49,000	90,000	71,000	90,000	71,000
Residential Units	84	57	135	106	107	84
Approximate Building Stories	6	4	7	6	7	6
Gross SF Bonus GFA	30,000		25,000		25,000	
<b>Total Annual Net Operating Income, Rental Uses</b>						
Low Scenario			\$1,810,434	\$1,425,468		
NOI Per NSF			\$20.12	\$20.08		
Middle Scenario			\$1,959,908	\$1,542,394		
NOI Per NSF			\$21.78	\$21.72		
High Scenario			\$2,161,419	\$1,700,251		
NOI Per NSF			\$24.02	\$23.95		
Cap Rate			5.00%	5.00%		
<b>Total Market Value (Capitalized NOI for Rental; Net Sales Proceeds for Ownership)</b>						
Low Scenario	\$21,011,055	\$14,302,155	\$36,208,688	\$28,509,364	\$26,815,473	\$21,018,069
Per NSF	\$305	\$305	\$412	\$414	\$305	\$305
Middle Scenario	\$28,014,740	\$19,069,540	\$39,198,161	\$30,847,873	\$35,753,964	\$28,024,092
Per NSF	\$407	\$407	\$446	\$448	\$407	\$407
High Scenario	\$35,018,425	\$23,836,925	\$43,228,388	\$34,005,030	\$44,692,456	\$35,030,115
Per NSF	\$508	\$508	\$492	\$494	\$508	\$508
<b>Less: Total Development Cost, Excluding Land</b>						
Low Scenario	\$26,086,183	\$15,508,312	\$33,426,810	\$24,482,308	\$31,955,944	\$26,086,183
Per NSF	\$367	\$316	\$371	\$345	\$355	\$367
Middle Scenario	\$28,689,651	\$17,291,790	\$36,879,428	\$26,925,388	\$35,256,404	\$28,689,651
Per NSF	\$404	\$353	\$410	\$379	\$392	\$404
High Scenario	\$31,422,719	\$19,204,868	\$40,522,846	\$29,559,269	\$38,747,664	\$31,483,919
Per NSF	\$443	\$392	\$450	\$416	\$431	\$443
<b>Less: Assumed Return on Equity (See Below)</b>						
Low Scenario	\$2,677,074	\$1,661,598	\$3,463,374	\$2,604,702	\$3,322,171	\$2,758,674
Middle Scenario	\$3,030,686	\$1,936,492	\$3,947,465	\$2,991,877	\$3,791,655	\$3,161,246
High Scenario	\$3,431,301	\$2,258,387	\$4,500,753	\$3,448,250	\$4,330,336	\$3,633,016
<b>Residual Land Value Before Program Costs</b>						
Low Scenario	(\$5,075,128)	(\$1,206,157)	\$2,781,879	\$4,027,057	(\$5,140,471)	(\$5,068,114)
Per SF Site Area	(\$254)	(\$60)	\$139	\$201	(\$257)	(\$253)
Per Dwelling Unit	(\$60,418)	(\$21,161)	\$20,607	\$37,991	(\$48,042)	(\$60,335)
Per SF Bonus GFA	-\$169.17		\$111.28		-\$205.62	
Middle Scenario	(\$674,911)	\$1,777,750	\$2,318,733	\$3,922,485	\$497,560	(\$665,559)
Per SF Site Area	(\$34)	\$89	\$116	\$196	\$25	(\$33)
Per Dwelling Unit	(\$8,035)	\$31,189	\$17,176	\$37,005	\$4,650	(\$7,923)
Per SF Bonus GFA	-\$22.50		\$92.75		\$19.90	
High Scenario	\$3,595,706	\$4,632,057	\$2,705,542	\$4,445,761	\$5,944,792	\$3,546,196
Per SF Site Area	\$180	\$232	\$135	\$222	\$297	\$177
Per Dwelling Unit	\$42,806	\$81,264	\$20,041	\$41,941	\$55,559	\$42,217
Per SF Bonus GFA	\$119.86		\$108.22		\$237.79	
<b>Equity Investment @ 40%</b>						
Low Scenario	\$10,434,473	\$6,203,325	\$13,370,724	\$9,792,923	\$12,782,378	\$10,434,473
Middle Scenario	\$11,475,860	\$6,916,716	\$14,751,771	\$10,770,155	\$14,102,562	\$11,475,860
High Scenario	\$12,569,088	\$7,681,947	\$16,209,139	\$11,823,708	\$15,499,066	\$12,593,568
Assumed Investment Period (Months)	4	4	4	4	4	4
<b>Increase in Net Value from Bonus Before Prog. Costs</b>						
Low Scenario	\$4,231,148		\$3,577,801		\$2,347,905	
Middle Scenario	\$4,559,144		\$3,981,616		\$2,626,701	
High Scenario	\$4,887,140		\$4,385,431		\$2,905,498	

**Table 75**  
**Land Residual Analysis, Incentive Program Rec**  
**Low Rise and Mid Rise Prototypes**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 to 6 Stories		6 Stories to 7 Stories			
	Residential Ownership		Residential Rental		Residential Ownership	
	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Less: Cost of Bonus Program</b>						
1. Current In-Lieu Fee	\$454,500		\$378,750		\$378,750	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	\$31,600		\$663,043		\$1,326,085	
Middle Scenario	\$202,160		\$812,453		\$1,624,907	
High Scenario	\$392,400		\$983,220		\$1,966,440	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	\$63,200		\$4,020		\$14,740	
Middle Scenario	\$404,320		\$136,860		\$501,820	
High Scenario	\$784,800		\$289,380		\$1,061,060	
<b>Residual Land Value After Prog. Costs</b>						
1. Current In-Lieu Fee						
Low Scenario	(\$5,529,628)		\$2,403,129		(\$5,519,221)	
Per SF Site Area	(\$276)		\$120		(\$276)	
Per SF Bonus GFA	(\$184.32)		\$96.13		(\$220.77)	
Middle Scenario	(\$1,129,411)		\$1,939,983		\$118,810	
Per SF Site Area	(\$56)		\$97		\$6	
Per SF Bonus GFA	(\$37.65)		\$77.60		\$4.75	
High Scenario	\$3,141,206		\$2,326,792		\$5,566,042	
Per SF Site Area	\$157		\$116		\$278	
Per SF Bonus GFA	\$104.71		\$93.07		\$222.64	
2. Gap Cost/Com Fee      Scenario 1 (3)						
Low Scenario	(\$5,106,728)		\$2,118,836		(\$6,466,556)	
Per SF Site Area	(\$255)		\$106		(\$323)	
Per SF Bonus GFA	(\$170.22)		\$84.75		(\$258.66)	
Middle Scenario	(\$877,071)		\$1,506,279		(\$1,127,346)	
Per SF Site Area	(\$44)		\$75		(\$56)	
Per SF Bonus GFA	(\$29.24)		\$60.25		(\$45.09)	
High Scenario	\$3,203,306		\$1,722,322		\$3,978,352	
Per SF Site Area	\$160		\$86		\$199	
Per SF Bonus GFA	\$106.78		\$68.89		\$159.13	
3. Gap Cost                  Scenario 2: 10% Units (4)						
Low Scenario	(\$5,859,928)		\$2,492,499		(\$6,201,531)	
Per SF Site Area	(\$293)		\$125		(\$310)	
Per SF Bonus GFA	(\$195.33)		\$99.70		(\$248.06)	
Middle Scenario	(\$1,459,711)		\$2,029,353		(\$563,500)	
Per SF Site Area	(\$73)		\$101		(\$28)	
Per SF Bonus GFA	(\$48.66)		\$81.17		(\$22.54)	
High Scenario	\$2,810,906		\$2,416,162		\$4,883,732	
Per SF Site Area	\$141		\$121		\$244	
Per SF Bonus GFA	\$93.70		\$96.65		\$195.35	
<b>Equity Investment @      40%      of TDC</b>						
Assumed Investment Period (Years)	4	4	4	4	4	4
Assumed Return on Equity (1)	6%	6%	6%	6%	6%	6%
Low Scenario	\$11,154,473	\$6,923,325	\$14,430,724	\$10,852,923	\$13,842,378	\$11,494,473
Middle Scenario	\$12,627,860	\$8,068,716	\$16,447,771	\$12,466,155	\$15,798,562	\$13,171,860
High Scenario	\$14,297,088	\$9,409,947	\$18,753,139	\$14,367,708	\$18,043,066	\$15,137,568

(1) Return on equity measured as net project value divided by equity  
(2) Annual net cash flow (NOI less debt service) divided by equity

Source: DRA.

**Table 76**  
**Estimated Residual Land Value Per SF Site Area and Per SF Bonus Floor Area**  
**Development Prototypes with and without Incentives**  
**Lower Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Residual Land Value @ Indicated Cap Rate								
		Prototypes without Incentives	Prototypes With Incentives							
			Before Program Costs		After Payment of Current In Lieu Fee		After Performance Costs/Fee Scenario 1		After Performance Costs/Fee Scenario 2	
		Per Square Foot Site Area	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA
Housing Prototypes										
DOWNTOWN PROTOTYPES		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 1	\$1,046	\$1,487	\$150.49	\$1,273	\$128.81	\$981	\$99.28	\$498	\$50.40
Residential Ownership	Prototype 2	\$1,470	\$2,616	\$275.90	\$2,410	\$254.22	\$2,313	\$244.03	\$2,075	\$218.87
		5.00%	5.00%		5.00%		5.00%		5.00%	
Commercial	Prototype 3	\$419	\$885	\$177.07	\$753	\$150.62	\$663	\$132.57	N/A	N/A
SOUTH LAKE UNION PROTOTYPES		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 4	\$909	\$1,120	\$159.70	\$979	\$139.63	\$861	\$122.76	\$620	\$88.40
Residential Ownership	Prototype 5	\$491	\$564	\$86.98	\$433	\$66.77	\$410	\$63.12	\$280	\$43.13
		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commercial	Prototype 6	\$325	\$595	\$238.99	\$529	\$128.81	\$484	\$194.49	N/A	N/A
LOWRISE TO MIDRISE		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Residential Rental	Prototype 7									
Low Scenario		\$274	\$206	\$91.71	\$172	\$76.56	\$163	\$72.66	\$116	\$52
Middle Scenario		\$283	\$364	\$162.00	\$330	\$146.85	\$312	\$138.45	\$275	\$122
High Scenario		\$309	\$409	\$181.64	\$375	\$166.49	\$344	\$153.09	\$319	\$142
Residential Ownership	Prototype 8									
Low Scenario		(\$16)	(\$161)	(\$71.39)	(\$195)	\$76.56	(\$161)	(\$71.39)	(\$192)	(\$85)
Middle Scenario		\$84	\$47	\$20.92	\$13	\$146.85	\$39	\$17.11	\$16	\$7
High Scenario		\$179	\$251	\$111.34	\$216	\$166.49	\$230	\$102.17	\$220	\$98
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9									
Low Scenario		\$444	\$473	\$315.40	\$450	\$300.25	\$437	\$291.62	\$356	\$237
Middle Scenario		\$456	\$491	\$327.01	\$468	\$311.86	\$447	\$297.76	\$373	\$249
High Scenario		\$494	\$550	\$366.41	\$527	\$351.26	\$496	\$330.92	\$432	\$288
Residential Ownership	Prototype 10									
Low Scenario		(\$60)	(\$254)	(\$169.17)	(\$276)	(\$184.32)	(\$255)	(\$170.22)	(\$293)	(\$195)
Middle Scenario		\$89	(\$34)	(\$22.50)	(\$56)	(\$37.65)	(\$44)	(\$29.24)	(\$73)	(\$49)
High Scenario		\$232	\$180	\$119.86	\$157	\$104.71	\$160	\$106.78	\$141	\$94
6 STORIES TO 7 STORIES										
Residential Rental	Prototype 11									
Low Scenario		\$453	\$459	\$366.87	\$440	\$351.72	\$425	\$340.34	\$444	\$355
Middle Scenario		\$468	\$462	\$369.44	\$443	\$354.29	\$421	\$336.94	\$447	\$358
High Scenario		\$522	\$517	\$413.36	\$498	\$398.21	\$468	\$374.03	\$502	\$402
Residential Ownership	Prototype 12									
Low Scenario		(\$253)	(\$257)	(\$205.62)	(\$276)	(\$220.77)	(\$323)	(\$259)	(\$310)	(\$248)
Middle Scenario		(\$33)	\$25	\$19.90	\$6	\$4.75	(\$56)	(\$45)	(\$28)	(\$23)
High Scenario		\$177	\$297	\$237.79	\$278	\$222.64	\$199	\$159	\$244	\$195

(1) Prototypes with incentive.

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.

Estimated project ROE of the prototype with the incentive before program costs, and under in lieu fee payment and performance options.

Source: DRA

**Table 77**  
**Estimated Residual Land Value Per SF Site Area and Per SF Bonus Floor Area**  
**Development Prototypes with and without Incentives**  
**Higher Cap Rates Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

		Residual Land Value @ Indicated Cap Rate								
		Prototypes without Incentives	Prototypes With Incentives							
			Before Program Costs		After Payment of Current In Lieu Fee		After Performance Costs/Fee Scenario 1		After Performance Costs/Fee Scenario 2	
Housing Prototypes		Per Square Foot Site Area	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA	Per Square Foot Site Area	Per SF Bonus GFA
DOWNTOWN PROTOTYPES		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 1	(\$129)	(\$407)	(\$41.19)	(\$621)	(\$63)	(\$913)	(\$92.40)	(\$1,396)	(\$141.28)
Residential Ownership	Prototype 2	\$1,470	\$2,616	\$275.90	\$2,410	\$254.22	\$2,313	\$244.03	\$2,075	\$218.87
		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial	Prototype 3	\$360	\$729	\$145.76	\$597	\$119.31	\$506	\$101.26	N/A	N/A
SOUTH LAKE UNION PROTOTYPES		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 4	\$530	\$188	\$26.77	\$47	\$6.70	(\$71)	(\$10.16)	(\$312)	(\$44.53)
Residential Ownership	Prototype 5	\$491	\$564	\$86.98	\$433	\$66.77	\$410	\$63.12	\$280	\$43.13
		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Commercial	Prototype 6	\$261	\$479	\$192.53	\$413	(\$62.87)	\$368	\$148.03	N/A	N/A
LOWRISE TO MIDRISE		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Residential Rental	Prototype 7	\$165	\$2	\$0.86	(\$32)	(\$14.29)	(\$41)	(\$18.19)	(\$88)	(\$39)
Low Scenario		\$165	\$118	\$52.47	\$84	\$37.32	\$65	\$28.92	\$28	\$13
Middle Scenario		\$179	\$136	\$60.64	\$102	\$45.49	\$72	\$32.09	\$47	\$21
High Scenario	Prototype 8									
Residential Ownership		(\$16)	(\$161)	(\$71.39)	(\$195)	(\$14.29)	(\$161)	(\$71.39)	(\$192)	(\$85)
Low Scenario		\$84	\$47	\$20.92	\$13	\$37.32	\$39	\$17.11	\$16	\$7
Middle Scenario		\$179	\$251	\$111.34	\$216	\$45.49	\$230	\$102.17	\$220	\$98
High Scenario										
4 STORIES TO 6 STORIES										
Residential Rental	Prototype 9	\$271	\$222	\$147.70	\$199	\$132.55	\$186	\$123.92	\$104	\$70
Low Scenario		\$269	\$218	\$145.56	\$196	\$130.41	\$174	\$116.30	\$101	\$67
Middle Scenario		\$288	\$250	\$166.38	\$227	\$151.23	\$196	\$130.89	\$132	\$88
High Scenario	Prototype 10									
Residential Ownership		(\$60)	(\$254)	(\$169.17)	(\$276)	(\$184.32)	(\$255)	(\$170.22)	(\$293)	(\$195)
Low Scenario		\$89	(\$34)	(\$22.50)	(\$56)	(\$37.65)	(\$44)	(\$29.24)	(\$73)	(\$49)
Middle Scenario		\$232	\$180	\$119.86	\$157	\$104.71	\$160	\$106.78	\$141	\$94
High Scenario										
6 STORIES TO 7 STORIES										
Residential Rental	Prototype 11	\$201	\$139	\$111.28	\$120	\$96.13	\$106	\$84.75	\$125	\$100
Low Scenario		\$196	\$116	\$92.75	\$97	\$77.60	\$75	\$60.25	\$101	\$81
Middle Scenario		\$222	\$135	\$108.22	\$116	\$93.07	\$86	\$68.89	\$121	\$97
High Scenario	Prototype 12									
Residential Ownership		(\$253)	(\$257)	(\$205.62)	(\$276)	(\$220.77)	(\$323)	(\$259)	(\$310)	(\$248)
Low Scenario		(\$33)	\$25	\$19.90	\$6	\$4.75	(\$56)	(\$45)	(\$28)	(\$23)
Middle Scenario		\$177	\$297	\$237.79	\$278	\$222.64	\$199	\$159	\$244	\$195
High Scenario										

(1) Prototypes with incentive.

(2) Includes gap cost of affordable housing performance requirements plus estimated cost of TDR requirements, as applicable.

(3) Return on equity calculated as total increase in project value divided by equity investment divided by average number of years of equity investment.  
 Estimated project ROE of the prototype with the incentive before program costs, and under in lieu fee payment and performance options.

Source: DRA

**Table 78**  
**Development and Financing Cost Assumptions**  
**Downtown and South Lake Union Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	0	0
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Total Gross SF Building Area (Including Parking)</i>	509,500	323,300	524,500	323,300	447,000	224,000
<i>Residential Units</i>	426	269	344	212	0	0
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Approximate Building Stories</i>	40	24	40	24	8	4
<b>Hard Cost Assumptions</b>						
Land Price per SF Site Area	\$800	\$800	\$800	\$800	\$800	\$800
Land Price per Unit	\$28,169	\$44,610	\$34,884	\$56,604	N/A	N/A
Building Demolition Costs	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements (Per Site SF)	\$0	\$0	\$0	\$0	\$50	\$50
Hard Construction Cost (Per Gross SF, Incl. Pkg)	\$220	\$210	\$220	\$210	\$145	\$145
Subtotal: Site/Hard Costs Per Gross SF, Incl. Pkg)	\$220	\$210	\$220	\$210	\$151	\$157
Hard Cost Contingency (% of Hard Costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>						
Architecture/Engineering/Consultants	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Financing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Subtotal--Soft Cost %	16.0%	16.0%	18.0%	18.0%	16.0%	16.0%
Developer Overhead (% TDC Less Land & Sales Tax)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, lease-up, permits and fees.

Source: DRA

**Table 78**  
**Development and Financing Cost Assumptions**  
**Downtown and South Lake Union Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	238,400	152,800
<i>Residential Net SF</i>	203,900	89,900	184,900	79,900	0	0
<i>Total Net SF</i>	206,000	92,000	187,000	82,000	240,500	154,900
<i>Total Gross SF Building Area (Including Parking)</i>	341,250	153,000	341,250	148,000	414,000	267,000
<i>Residential Units</i>	281	124	218	94	0	0
<i>Site Area (SF)</i>	21,000	21,000	21,000	21,000	43,000	43,000
<i>Approximate Building Stories</i>	24	7	24	7	8	5
<b>Hard Cost Assumptions</b>						
Land Price per SF Site Area	\$400	\$400	\$400	\$400	\$400	\$400
Land Price per Unit	\$29,893	\$67,742	\$38,532	\$89,362	N/A	N/A
Building Demolition Costs	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements (Per Site SF)	\$0	\$0	\$0	\$0	\$50	\$50
Hard Construction Cost (Per Gross SF, Incl. Pkg)	\$210	\$145	\$210	\$145	\$145	\$145
Subtotal: Site/Hard Costs Per Gross SF, Incl. Pkg)	\$210	\$145	\$210	\$145	\$154	\$159
Hard Cost Contingency (% of Hard Costs)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>						
Architecture/Engineering/Consultants	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Financing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses	0.0%	0.0%	2.0%	2.0%	0.0%	0.0%
Subtotal--Soft Cost %	16.0%	16.0%	18.0%	18.0%	16.0%	16.0%
Developer Overhead (% TDC Less Land & Sales Tax)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA



**Table 79**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

			Lowrise to Midrise			
			Residential Rental		Residential Ownership	
			Prototype 7A	Prototype 7B	Prototype 8A	Prototype 8B
			With Incentive	No Incentive	With Incentive	No Incentive
Retail Net SF			0	0	0	0
Office Net SF			0	0	0	0
Residential Net SF			46,000	22,000	46,000	22,000
Total Net SF			46,000	22,000	46,000	22,000
Total Gross SF Building Area (Including Parking)			77,200	36,800	82,200	38,800
Total Residential Units			71	34	56	27
Site Area (SF)			14,400	14,400	14,400	14,400
Approximate Building Stories			7	4	7	4
Hard Cost Assumptions						
Land Price						
Low Scenario	Per Unit		\$11,972	\$25,000	\$15,179	\$31,481
	Per Site SF		\$59	\$59	\$59	\$59
Middle Scenario	Per Unit		\$19,155	\$40,000	\$24,286	\$50,370
	Per Site SF		\$94	\$94	\$94	\$94
High Scenario	Per Unit		\$28,732	\$60,000	\$36,429	\$75,556
	Per Site SF		\$142	\$142	\$142	\$142
Building Demolition Costs			\$50,000	\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)			\$0	\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)						
Low Scenario			\$145	\$130	\$145	\$130
Middle Scenario			\$160	\$145	\$160	\$145
High Scenario			\$175	\$160	\$175	\$160
Hard Cost Contingency (% of Hard Costs)			5.0%	5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)			9.5%	9.5%	9.5%	9.5%
Soft Cost Assumptions (% of Hard Costs)						
Architecture/Engineering/Consultants			8.0%	8.0%	8.0%	8.0%
Financing Costs			5.0%	5.0%	5.0%	5.0%
Other Soft Costs (1)			3.0%	3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses			0.0%	0.0%	2.0%	2.0%
Subtotal--Soft Cost %			16.0%	16.0%	18.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)			3.0%	3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, lease-up, permits and fees.

Source: DRA

**Table 79**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories			
	Residential Rental		Residential Ownership	
	Prototype 9A	Prototype 9B	Prototype 10A	Prototype 10B
	With Incentive	No Incentive	With Incentive	No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	68,900	46,900	68,900	46,900
<i>Total Net SF</i>	71,000	49,000	71,000	49,000
<i>Total Gross SF Building Area (Including Parking)</i>	119,000	81,000	127,000	87,000
<i>Total Residential Units</i>	106	72	84	57
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	6	4	6	4
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$16,981	\$25,000	\$21,429
	Per Site SF	\$90	\$90	\$90
Middle Scenario	Per Unit	\$27,170	\$40,000	\$34,286
	Per Site SF	\$144	\$144	\$144
High Scenario	Per Unit	\$40,755	\$60,000	\$51,429
	Per Site SF	\$216	\$216	\$216
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$150	\$130	\$150
Middle Scenario		\$165	\$145	\$165
High Scenario		\$180	\$160	\$180
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 79**  
**Development and Financing Cost Assumptions**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	6 Stories to 7 Stories			
	Residential Rental		Residential Ownership	
	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	87,900	68,900	87,900	68,900
<i>Total Net SF</i>	90,000	71,000	90,000	71,000
<i>Total Gross SF Building Area (Including Parking)</i>	171,000	121,000	161,000	127,000
<i>Total Residential Units</i>	135	106	107	84
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	7	6	7	6
<b>Hard Cost Assumptions</b>				
Land Price				
Low Scenario	Per Unit	\$19,630	\$25,000	\$24,766
	Per Site SF	\$133	\$133	\$133
Middle Scenario	Per Unit	\$31,407	\$40,000	\$39,626
	Per Site SF	\$212	\$212	\$212
High Scenario	Per Unit	\$47,111	\$60,000	\$59,439
	Per Site SF	\$318	\$318	\$318
Building Demolition Costs		\$50,000	\$50,000	\$50,000
On-site Improvements (Per Site SF)		\$0	\$0	\$0
Hard Construction Cost (Per Gross SF Incl. Pkg.)				
Low Scenario		\$145	\$150	\$145
Middle Scenario		\$160	\$165	\$160
High Scenario		\$175	\$180	\$175
Hard Cost Contingency (% of Hard Costs)		5.0%	5.0%	5.0%
WA State Sales Tax (% of Hard Costs Plus Conting.)		9.5%	9.5%	9.5%
<b>Soft Cost Assumptions (% of Hard Costs)</b>				
Architecture/Engineering/Consultants		8.0%	8.0%	8.0%
Financing Costs		5.0%	5.0%	5.0%
Other Soft Costs (1)		3.0%	3.0%	3.0%
Residential Condo Addit. Insur./Expenses		0.0%	0.0%	2.0%
Subtotal--Soft Cost %		16.0%	16.0%	18.0%
Developer Overhead (% TDC Less Land & Sales Tax)		3.0%	3.0%	3.0%

(1) Includes insurance, legal, accounting, marketing, le  
Source: DRA

**Table 80**  
**Prototype Development Cost Budgets**  
**Downtown and South Lake Union Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 3A With Incentive	Prototype 3B No Incentive
<i>Residential Units</i>	426	269	344	212	0	0
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	249,480	129,600
<i>Residential Net SF</i>	308,900	194,900	283,900	174,900	0	0
<i>Total Net SF</i>	311,000	197,000	286,000	177,000	251,580	131,700
<i>Total Gross SF Building Area (Including Parking)</i>	509,500	323,300	524,500	323,300	447,000	224,000
<i>Residential Units</i>	426	269	344	212	0	0
<i>Average Unit Size (Net SF)</i>	725	725	825	825	N/A	N/A
<i>Site Area (SF)</i>	15,000	15,000	15,000	15,000	32,400	32,400
<i>Approximate Building Stories</i>	40	24	40	24	8	4
<b>Development Cost Budget</b>						
Land Acquisition	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$25,920,000	\$25,920,000
Demolition of Existing Building	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements	\$0	\$0	\$0	\$0	\$1,620,000	\$1,620,000
Hard Construction Costs	\$112,090,000	\$67,893,000	\$115,390,000	\$67,893,000	\$64,815,000	\$32,480,000
Hard Cost Contingency	\$5,604,500	\$3,394,650	\$5,769,500	\$3,394,650	\$3,321,750	\$1,705,000
Washington State Sales Tax	\$11,180,978	\$6,772,327	\$11,510,153	\$6,772,327	\$6,626,891	\$3,401,475
Architecture/Engineering/Consultants	\$8,967,200	\$5,431,440	\$9,231,200	\$5,431,440	\$5,314,800	\$2,728,000
Financing Costs	\$5,604,500	\$3,394,650	\$5,769,500	\$3,394,650	\$3,321,750	\$1,705,000
Other Soft Costs (1)	\$3,362,700	\$2,036,790	\$3,461,700	\$2,036,790	\$1,993,050	\$1,023,000
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$2,307,800	\$1,357,860	\$0	\$0
Developer Overhead/Project Management	\$4,433,367	\$2,829,016	\$4,622,391	\$2,869,752	\$3,193,691	\$2,019,930
<b>Total Development Costs, Including Land</b>	\$163,393,245	\$103,901,873	\$170,212,244	\$105,300,468	\$116,276,932	\$72,752,405
TDC Per Housing Unit	\$383,552	\$381,830	\$491,048	\$490,875	N/A	N/A
TDC per Net Rentable/Saleable SF	\$525	\$527	\$595	\$595	\$462	\$552
TDC Per Gross SF, Including Parking	\$321	\$321	\$325	\$326	\$260	\$325
<b>Total Development Costs Excluding Land</b>	\$151,393,245	\$91,901,873	\$158,212,244	\$93,300,468	\$90,356,932	\$46,832,405

Source: DRA

**Table 80**  
**Prototype Development Cost Budgets**  
**Downtown and South Lake Union Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	South Lake Union					
	Residential Rental		Residential Ownership		Commercial	
	Prototype 4A With Incentive	Prototype 4B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Residential Units</i>	281	124	218	94	0	0
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100	2,100	2,100
<i>Office Net SF</i>	0	0	0	0	238,400	152,800
<i>Residential Net SF</i>	203,900	89,900	184,900	79,900	0	0
<i>Total Net SF</i>	206,000	92,000	187,000	82,000	240,500	154,900
<i>Total Gross SF Building Area (Including Parking)</i>	341,250	153,000	341,250	148,000	414,000	267,000
<i>Residential Units</i>	281	124	218	94	0	0
<i>Average Unit Size (Net SF)</i>	726	725	848	850	N/A	N/A
<i>Site Area (SF)</i>	21,000	21,000	21,000	21,000	43,000	43,000
<i>Approximate Building Stories</i>	24	7	24	7	8	5
<b>Development Cost Budget</b>						
Land Acquisition	\$8,400,000	\$8,400,000	\$8,400,000	\$8,400,000	\$17,200,000	\$17,200,000
Demolition of Existing Building	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Site Improvements	\$0	\$0	\$0	\$0	\$2,150,000	\$2,150,000
Hard Construction Costs	\$71,662,500	\$22,185,000	\$71,662,500	\$21,460,000	\$60,030,000	\$38,715,000
Hard Cost Contingency	\$3,583,125	\$1,109,250	\$3,583,125	\$1,073,000	\$3,109,000	\$2,043,250
Washington State Sales Tax	\$7,148,334	\$2,212,954	\$7,148,334	\$2,140,635	\$6,202,455	\$4,076,284
Architecture/Engineering/Consultants	\$5,733,000	\$1,774,800	\$5,733,000	\$1,716,800	\$4,974,400	\$3,269,200
Financing Costs	\$3,583,125	\$1,109,250	\$3,583,125	\$1,073,000	\$3,109,000	\$2,043,250
Other Soft Costs (1)	\$2,149,875	\$665,550	\$2,149,875	\$643,800	\$1,865,400	\$1,225,950
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$1,433,250	\$429,200	\$0	\$0
Developer Overhead/Project Management	\$2,857,849	\$1,061,816	\$2,900,846	\$1,048,374	\$2,777,634	\$2,003,900
<b>Total Development Costs, Including Land</b>	\$105,267,808	\$38,668,619	\$106,744,056	\$38,134,809	\$101,567,889	\$72,876,833
TDC Per Housing Unit	\$374,619	\$311,844	\$489,652	\$405,689	N/A	N/A
TDC per Net Rentable/Saleable SF	\$511	\$420	\$571	\$465	\$422	\$470
TDC Per Gross SF, Including Parking	\$308	\$253	\$313	\$258	\$245	\$273
<b>Total Development Costs Excluding Land</b>	\$96,867,808	\$30,268,619	\$98,344,056	\$29,734,809	\$84,367,889	\$55,676,833

Source: DRA

**Table 81**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise			
	Residential Rental		Residential Ownership	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 8A With Incentive	Prototype 8B No Incentive
<i>Residential Units</i>	71	34	56	27
<i>Retail Net SF</i>	0	0	0	0
<i>Residential Net SF</i>	46,000	22,000	46,000	22,000
<i>Total Net SF</i>	46,000	22,000	46,000	22,000
<i>Total Gross SF Building Area (Including Parking)</i>	77,200	36,800	82,200	38,800
<i>Residential Units</i>	71	34	56	27
<i>Average Unit Size (Net SF)</i>	648	647	821	815
<i>Site Area (SF)</i>	14,400	14,400	14,400	14,400
<i>Approximate Building Stories</i>	7	4	7	4
<b>LOW SCENARIO</b>				
Land Acquisition	\$850,000	\$850,000	\$850,000	\$850,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$11,194,000	\$4,784,000	\$11,919,000	\$5,044,000
Hard Cost Contingency	\$559,700	\$239,200	\$595,950	\$252,200
Washington State Sales Tax	\$1,116,602	\$477,204	\$1,188,920	\$503,139
Architecture/Engineering/Consultants	\$895,520	\$382,720	\$953,520	\$403,520
Financing Costs	\$559,700	\$239,200	\$595,950	\$252,200
Other Soft Costs (1)	\$335,820	\$143,520	\$357,570	\$151,320
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$238,380	\$100,880
Developer Overhead & Proj. Manage.	\$407,842	\$175,159	\$441,311	\$187,624
<b>Total Development Costs, Including Land</b>	<b>\$15,969,184</b>	<b>\$7,341,003</b>	<b>\$17,190,601</b>	<b>\$7,794,883</b>
TDC Per Housing Unit	\$224,918	\$215,912	\$306,975	\$288,699
TDC per Net Rentable/Saleable SF	\$347	\$334	\$374	\$354
TDC per Gross SF, Including Parking	\$207	\$199	\$209	\$201
<b>Total Development Costs, Excluding Land</b>	<b>\$15,119,184</b>	<b>\$6,491,003</b>	<b>\$16,340,601</b>	<b>\$6,944,883</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$1,360,000	\$1,360,000	\$1,360,000	\$1,360,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$12,352,000	\$5,336,000	\$13,152,000	\$5,626,000
Tenant Improvements	\$0	\$0	\$0	\$0
Underground Parking	\$0	\$0	\$0	\$0
Structured Parking	\$0	\$0	\$0	\$0
Hard Cost Contingency	\$617,600	\$266,800	\$657,600	\$281,300
Washington State Sales Tax	\$1,232,112	\$532,266	\$1,311,912	\$561,194
Architecture/Engineering/Consultants	\$988,160	\$426,880	\$1,052,160	\$450,080
Financing Costs	\$617,600	\$266,800	\$657,600	\$281,300
Other Soft Costs (1)	\$370,560	\$160,080	\$394,560	\$168,780
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$263,040	\$112,520
Developer Overhead & Proj. Manage.	\$449,878	\$195,197	\$486,809	\$209,099
<b>Total Development Costs, Including Land</b>	<b>\$18,037,910</b>	<b>\$8,594,023</b>	<b>\$19,385,681</b>	<b>\$9,100,273</b>
TDC Per Housing Unit	\$254,055	\$252,765	\$346,173	\$337,047
TDC per Net Rentable/Saleable SF	\$392	\$391	\$421	\$414
TDC per Gross SF, Including Parking	\$234	\$234	\$236	\$235
<b>Total Development Costs, Excluding Land</b>	<b>\$16,677,910</b>	<b>\$7,234,023</b>	<b>\$18,025,681</b>	<b>\$7,740,273</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$2,040,000	\$2,040,000	\$2,040,000	\$2,040,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$13,510,000	\$5,888,000	\$14,385,000	\$6,208,000
Hard Cost Contingency	\$675,500	\$294,400	\$719,250	\$310,400
Washington State Sales Tax	\$1,347,623	\$587,328	\$1,434,904	\$619,248
Architecture/Engineering/Consultants	\$1,080,800	\$471,040	\$1,150,800	\$496,640
Financing Costs	\$675,500	\$294,400	\$719,250	\$310,400
Other Soft Costs (1)	\$405,300	\$176,640	\$431,550	\$186,240
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$287,700	\$124,160
Developer Overhead & Proj. Manage.	\$553,113	\$276,434	\$593,507	\$291,775
<b>Total Development Costs, Including Land</b>	<b>\$20,337,836</b>	<b>\$10,078,242</b>	<b>\$21,811,960</b>	<b>\$10,636,863</b>
TDC Per Housing Unit	\$286,448	\$296,419	\$389,499	\$393,958
TDC per Net Rentable/Saleable SF	\$442	\$458	\$474	\$483
TDC per Gross SF, Including Parking	\$263	\$274	\$265	\$274
<b>Total Development Costs, Excluding Land</b>	<b>\$18,297,836</b>	<b>\$8,038,242</b>	<b>\$19,771,960</b>	<b>\$8,596,863</b>

Source: DRA

**Table 81**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	4 Stories to 6 Stories			
	Residential Rental		Residential Ownership	
	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive
<i>Residential Units</i>	106	72	84	57
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Residential Net SF</i>	68,900	46,900	68,900	46,900
<i>Total Net SF</i>	71,000	49,000	71,000	49,000
<i>Total Gross SF Building Area (Including Parking)</i>	119,000	81,000	127,000	87,000
<i>Residential Units</i>	106	72	84	57
<i>Average Unit Size (Net SF)</i>	650	651	820	823
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	6	4	6	4
<b>LOW SCENARIO</b>				
Land Acquisition	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$17,850,000	\$10,530,000	\$19,050,000	\$11,310,000
Hard Cost Contingency	\$892,500	\$526,500	\$952,500	\$565,500
Washington State Sales Tax	\$1,780,538	\$1,050,368	\$1,900,238	\$1,128,173
Architecture/Engineering/Consultants	\$1,428,000	\$842,400	\$1,524,000	\$904,800
Financing Costs	\$892,500	\$526,500	\$952,500	\$565,500
Other Soft Costs (1)	\$535,500	\$315,900	\$571,500	\$339,300
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$381,000	\$226,200
Developer Overhead & Proj. Manage.	\$649,455	\$383,739	\$704,445	\$418,839
<b>Total Development Costs, Including Land</b>	<b>\$25,878,493</b>	<b>\$16,025,407</b>	<b>\$27,886,183</b>	<b>\$17,308,312</b>
TDC Per Housing Unit	\$244,137	\$222,575	\$331,978	\$303,655
TDC per Net Rentable/Saleable SF	\$364	\$327	\$393	\$353
TDC per Gross SF, Including Parking	\$217	\$198	\$220	\$199
<b>Total Development Costs, Excluding Land</b>	<b>\$24,078,493</b>	<b>\$14,225,407</b>	<b>\$26,086,183</b>	<b>\$15,508,312</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$19,635,000	\$11,745,000	\$20,955,000	\$12,615,000
Tenant Improvements	\$0	\$0	\$0	\$0
Underground Parking	\$0	\$0	\$0	\$0
Structured Parking	\$0	\$0	\$0	\$0
Hard Cost Contingency	\$981,750	\$587,250	\$1,047,750	\$630,750
Washington State Sales Tax	\$1,958,591	\$1,171,564	\$2,090,261	\$1,258,346
Architecture/Engineering/Consultants	\$1,570,800	\$939,600	\$1,676,400	\$1,009,200
Financing Costs	\$981,750	\$587,250	\$1,047,750	\$630,750
Other Soft Costs (1)	\$589,050	\$352,350	\$628,650	\$378,450
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$419,100	\$252,300
Developer Overhead & Proj. Manage.	\$714,251	\$427,844	\$774,740	\$466,994
<b>Total Development Costs, Including Land</b>	<b>\$29,361,192</b>	<b>\$18,740,857</b>	<b>\$31,569,651</b>	<b>\$20,171,790</b>
TDC Per Housing Unit	\$276,992	\$260,290	\$375,829	\$353,891
TDC per Net Rentable/Saleable SF	\$414	\$382	\$445	\$412
TDC per Gross SF, Including Parking	\$247	\$231	\$249	\$232
<b>Total Development Costs, Excluding Land</b>	<b>\$26,481,192</b>	<b>\$15,860,857</b>	<b>\$28,689,651</b>	<b>\$17,291,790</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$4,320,000	\$4,320,000	\$4,320,000	\$4,320,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$21,420,000	\$12,960,000	\$22,860,000	\$13,920,000
Hard Cost Contingency	\$1,071,000	\$648,000	\$1,143,000	\$696,000
Washington State Sales Tax	\$2,136,645	\$1,292,760	\$2,280,285	\$1,388,520
Architecture/Engineering/Consultants	\$1,713,600	\$1,036,800	\$1,828,800	\$1,113,600
Financing Costs	\$1,071,000	\$648,000	\$1,143,000	\$696,000
Other Soft Costs (1)	\$642,600	\$388,800	\$685,800	\$417,600
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$457,200	\$278,400
Developer Overhead & Proj. Manage.	\$908,646	\$601,548	\$974,634	\$644,748
<b>Total Development Costs, Including Land</b>	<b>\$33,333,491</b>	<b>\$21,945,908</b>	<b>\$35,742,719</b>	<b>\$23,524,868</b>
TDC Per Housing Unit	\$314,467	\$304,804	\$425,509	\$412,717
TDC per Net Rentable/Saleable SF	\$469	\$448	\$503	\$480
TDC per Gross SF, Including Parking	\$280	\$271	\$281	\$270
<b>Total Development Costs, Excluding Land</b>	<b>\$29,013,491</b>	<b>\$17,625,908</b>	<b>\$31,422,719</b>	<b>\$19,204,868</b>

Source: DRA

**Table 81**  
**Prototype Development Cost Budgets**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	6 Stories to 7 Stories			
	Residential Rental		Residential Ownership	
	Prototype 11A With Incentive	Prototype 11B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<i>Residential Units</i>	135	106	107	84
<i>Retail Net SF</i>	2,100	2,100	2,100	2,100
<i>Residential Net SF</i>	87,900	68,900	87,900	68,900
<i>Total Net SF</i>	90,000	71,000	90,000	71,000
<i>Total Gross SF Building Area (Including Parking)</i>	171,000	121,000	161,000	127,000
<i>Residential Units</i>	135	106	107	84
<i>Average Unit Size (Net SF)</i>	651	650	821	820
<i>Site Area (SF)</i>	20,000	20,000	20,000	20,000
<i>Approximate Building Stories</i>	7	6	7	6
<b>LOW SCENARIO</b>				
Land Acquisition	\$2,650,000	\$2,650,000	\$2,650,000	\$2,650,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$24,795,000	\$18,150,000	\$23,345,000	\$19,050,000
Hard Cost Contingency	\$1,239,750	\$907,500	\$1,167,250	\$952,500
Washington State Sales Tax	\$2,473,301	\$1,810,463	\$2,328,664	\$1,900,238
Architecture/Engineering/Consultants	\$1,983,600	\$1,452,000	\$1,867,600	\$1,524,000
Financing Costs	\$1,239,750	\$907,500	\$1,167,250	\$952,500
Other Soft Costs (1)	\$743,850	\$544,500	\$700,350	\$571,500
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$466,900	\$381,000
Developer Overhead & Proj. Manage.	\$901,559	\$660,345	\$862,931	\$704,445
<b>Total Development Costs, Including Land</b>	<b>\$36,076,810</b>	<b>\$27,132,308</b>	<b>\$34,605,944</b>	<b>\$28,736,183</b>
TDC Per Housing Unit	\$267,236	\$255,965	\$323,420	\$342,097
TDC per Net Rentable/Saleable SF	\$401	\$382	\$385	\$405
TDC per Gross SF, Including Parking	\$211	\$224	\$215	\$226
<b>Total Development Costs, Excluding Land</b>	<b>\$33,426,810</b>	<b>\$24,482,308</b>	<b>\$31,955,944</b>	<b>\$26,086,183</b>
<b>MIDDLE SCENARIO</b>				
Land Acquisition	\$4,240,000	\$4,240,000	\$4,240,000	\$4,240,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$27,360,000	\$19,965,000	\$25,760,000	\$20,955,000
Tenant Improvements	\$0	\$0	\$0	\$0
Underground Parking	\$0	\$0	\$0	\$0
Structured Parking	\$0	\$0	\$0	\$0
Hard Cost Contingency	\$1,368,000	\$998,250	\$1,288,000	\$1,047,750
Washington State Sales Tax	\$2,729,160	\$1,991,509	\$2,569,560	\$2,090,261
Architecture/Engineering/Consultants	\$2,188,800	\$1,597,200	\$2,060,800	\$1,676,400
Financing Costs	\$1,368,000	\$998,250	\$1,288,000	\$1,047,750
Other Soft Costs (1)	\$820,800	\$598,950	\$772,800	\$628,650
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$515,200	\$419,100
Developer Overhead & Proj. Manage.	\$994,668	\$726,230	\$952,044	\$774,740
<b>Total Development Costs, Including Land</b>	<b>\$41,119,428</b>	<b>\$31,165,388</b>	<b>\$39,496,404</b>	<b>\$32,929,651</b>
TDC Per Housing Unit	\$304,588	\$294,013	\$369,125	\$392,020
TDC per Net Rentable/Saleable SF	\$457	\$439	\$439	\$464
TDC per Gross SF, Including Parking	\$240	\$258	\$245	\$259
<b>Total Development Costs, Excluding Land</b>	<b>\$36,879,428</b>	<b>\$26,925,388</b>	<b>\$35,256,404</b>	<b>\$28,689,651</b>
<b>HIGH SCENARIO</b>				
Land Acquisition	\$6,360,000	\$6,360,000	\$6,360,000	\$6,360,000
Demolition of Existing Building	\$50,000	\$50,000	\$50,000	\$50,000
Construction Hard Costs	\$29,925,000	\$21,780,000	\$28,175,000	\$22,860,000
Hard Cost Contingency	\$1,496,250	\$1,089,000	\$1,408,750	\$1,143,000
Washington State Sales Tax	\$2,985,019	\$2,172,555	\$2,810,456	\$2,280,285
Architecture/Engineering/Consultants	\$2,394,000	\$1,742,400	\$2,254,000	\$1,828,800
Financing Costs	\$1,496,250	\$1,089,000	\$1,408,750	\$1,143,000
Other Soft Costs (1)	\$897,750	\$653,400	\$845,250	\$685,800
Residential Condo Addit. Insur./Expenses	\$0	\$0	\$563,500	\$457,200
Developer Overhead & Proj. Manage.	\$1,278,578	\$982,914	\$1,231,958	\$1,035,834
<b>Total Development Costs, Including Land</b>	<b>\$46,882,846</b>	<b>\$35,919,269</b>	<b>\$45,107,664</b>	<b>\$37,843,919</b>
TDC Per Housing Unit	\$347,280	\$338,861	\$421,567	\$450,523
TDC per Net Rentable/Saleable SF	\$521	\$506	\$501	\$533
TDC per Gross SF, Including Parking	\$274	\$297	\$280	\$298
<b>Total Development Costs, Excluding Land</b>	<b>\$40,522,846</b>	<b>\$29,559,269</b>	<b>\$38,747,664</b>	<b>\$31,483,919</b>

Source: DRA



**Table 82**  
**Estimated Net Operating Income from Apartments**  
**Downtown and South Lake Union Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 1A With Incentive	Prototype 1B No Incentive	Prototype 4A With Incentive	Prototype 4B No Incentive
<b>Net Rentable SF of Apartment Space</b>	308,900	194,900	203,900	89,900
<b>Net Rentable SF of Retail Space</b>	2,100	2,100	2,100	2,100
<b>Approximate Building Stories</b>	40	24	24	7
<b>Number of Apartment Units</b>				
Studio	107	67	70	31
One Bedroom	213	135	140	62
Two Bedroom	106	67	70	31
Three Bedroom	0	0	0	0
<b>Total</b>	<b>426</b>	<b>269</b>	<b>281</b>	<b>124</b>
<b>Monthly Rent Per Unit</b>				
Studio	\$1,880	\$1,820	\$1,858	\$1,608
One Bedroom	\$2,480	\$2,403	\$2,449	\$2,175
Two Bedroom	\$3,434	\$3,325	\$3,379	\$3,052
Three Bedroom	\$0	\$0	\$0	\$0
Average	\$2,567	\$2,487	\$2,525	\$2,253
<b>Unit Size (Square Feet)</b>				
Studio	500	500	500	500
One Bedroom	700	700	700	700
Two Bedroom	1,000	1,000	1,000	1,000
Three Bedroom	-	-	-	-
Average	725	725	725	725
<b>Monthly Rent Per Square Foot</b>				
Studio	\$3.45	\$3.34	\$3.41	\$2.95
One Bedroom	\$3.25	\$3.15	\$3.21	\$2.85
Two Bedroom	\$3.15	\$3.05	\$3.10	\$2.80
Three Bedroom	\$0.00	\$0.00	\$0.00	\$0.00
Average	\$3.54	\$3.43	\$3.48	\$3.11
<b>Miscellaneous Income (\$/Unit/Year)</b>	\$100	\$100	\$100	\$100
<b>Rental Vacancy Rate</b>	5.0%	5.0%	5.0%	5.0%
<b>Rental Operating Cost/Unit</b>	\$11,660	\$11,130	\$10,388	\$9,010
<b>Retail Income (\$/NSF/Year)</b>	\$20.00	\$20.00	\$20.00	\$20.00
<b>Retail Vacancy Rate (% Gross Retail Income)</b>	5%	5%	5%	5%
<b>Retail Operating Cost (% of Gross Retail Income)</b>	5%	5%	5%	5%
<b>Monthly Gross Income</b>				
Studio	\$201,160	\$121,940	\$130,060	\$49,848
One Bedroom	\$528,240	\$324,405	\$342,860	\$134,850
Two Bedroom	\$364,004	\$222,775	\$236,530	\$94,612
Three Bedroom	\$0	\$0	\$0	\$0
<b>Total Monthly Gross Income</b>	<b>\$1,093,404</b>	<b>\$669,120</b>	<b>\$709,450</b>	<b>\$279,310</b>
<b>Annual Gross Income</b>	<b>\$13,120,848</b>	<b>\$8,029,440</b>	<b>\$8,513,400</b>	<b>\$3,351,720</b>
Less: Vacancy	(\$656,042)	(\$401,472)	(\$425,670)	(\$167,586)
Plus: Misc. Income	\$511,200	\$322,800	\$337,200	\$148,800
Plus: Retail Income	\$42,000	\$42,000	\$42,000	\$42,000
<b>Adjusted Annual Gross Income</b>	<b>\$13,018,006</b>	<b>\$7,992,768</b>	<b>\$8,466,930</b>	<b>\$3,374,934</b>
<b>Operating Costs</b>				
Apartment Operating Costs	(\$4,967,160)	(\$2,993,970)	(\$2,919,028)	(\$1,117,240)
Retail Operating Costs	(\$2,100)	(\$2,100)	(\$2,100)	(\$2,100)
<b>Net Operating Income</b>	<b>\$8,048,746</b>	<b>\$4,996,698</b>	<b>\$5,545,802</b>	<b>\$2,255,594</b>

Source: Hendricks Berkadia; Reis Reports; CBRE; survey of competitive apartment projects; Dupre and Scott; DRA

**Table 83**  
**Estimated Net Operating Income from Apartments**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 7A With Incentive	Prototype 7B No Incentive	Prototype 9A With Incentive	Prototype 9B No Incentive	Prototype 11A With Incentive	Prototype 11B No Incentive
Net Rentable SF of Apartment Space	46,000	22,000	68,900	46,900	87,900	68,900
Net Rentable SF of Retail Space	0	0	2,100	2,100	2,100	2,100
Approximate Building Stories	7	4	6	4	7	6
Number of Apartment Units						
Studio	18	9	27	18	34	27
One Bedroom	36	17	53	36	68	53
Two Bedroom	17	8	26	18	33	26
Three Bedroom	0	0	0	0	0	0
<b>Total</b>	<b>71</b>	<b>34</b>	<b>106</b>	<b>72</b>	<b>135</b>	<b>106</b>
Unit Size (Square Feet)						
Studio	450	450	450	450	450	450
One Bedroom	650	650	650	650	650	650
Two Bedroom	850	850	850	850	850	850
Three Bedroom	-	-	-	-	-	-
Average	650	650	650	650	650	650
Average Monthly Rent Per Square Foot						
Low Scenario	\$2.51	\$2.51	\$2.51	\$2.51	\$2.51	\$2.51
Middle Scenario	\$2.83	\$2.83	\$2.83	\$2.83	\$2.83	\$2.83
High Scenario	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11
Miscellaneous Income (\$/Unit/Year)	\$120	\$120	\$120	\$120	\$120	\$120
Rental Vacancy Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Rental Operating Cost/Unit						
Low and Middle Scenarios	\$6,890	\$6,890	\$6,890	\$6,890	\$6,890	\$6,890
High Scenario	\$7,420	\$7,420	\$7,420	\$7,420	\$7,420	\$7,420
Retail Income (\$/NSF/Year)	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
Retail Vacancy Rate (% Gross Retail Income)	10%	10%	10%	10%	10%	10%
Retail Operating Cost (% of Gross Retail Income)	40%	40%	40%	40%	40%	40%
<b>LOW SCENARIO</b>						
Total Monthly Gross Income	\$115,322	\$55,154	\$172,732	\$117,578	\$220,365	\$172,732
Annual Gross Income	\$1,383,864	\$661,848	\$2,072,788	\$1,410,940	\$2,644,384	\$2,072,788
Less: Vacancy	(\$69,193)	(\$33,092)	(\$103,639)	(\$70,547)	(\$132,219)	(\$103,639)
Plus: Misc. Income	\$8,520	\$48,960	\$152,640	\$103,680	\$194,400	\$152,640
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,323,191	\$677,716	\$2,159,588	\$1,481,873	\$2,744,364	\$2,159,588
Operating Costs						
Apartment Operating Costs	(\$489,190)	(\$234,260)	(\$730,340)	(\$496,080)	(\$930,150)	(\$730,340)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$834,001	\$443,456	\$1,425,468	\$982,013	\$1,810,434	\$1,425,468
<b>MIDDLE SCENARIO</b>						
Total Monthly Gross Income	\$130,364	\$62,348	\$195,263	\$132,915	\$249,109	\$195,263
Annual Gross Income	\$1,564,368	\$748,176	\$2,343,151	\$1,594,975	\$2,989,303	\$2,343,151
Less: Vacancy	(\$78,218)	(\$37,409)	(\$117,158)	(\$79,749)	(\$149,465)	(\$117,158)
Plus: Misc. Income	\$8,520	\$4,080	\$12,720	\$8,640	\$16,200	\$12,720
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,494,670	\$714,847	\$2,276,514	\$1,561,666	\$2,893,838	\$2,276,514
Operating Costs						
Apartment Operating Costs	(\$489,190)	(\$234,260)	(\$730,340)	(\$496,080)	(\$930,150)	(\$730,340)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$1,005,480	\$480,587	\$1,542,394	\$1,061,806	\$1,959,908	\$1,542,394
<b>HIGH SCENARIO</b>						
Total Monthly Gross Income	\$142,899	\$68,343	\$214,038	\$145,695	\$273,061	\$214,038
Annual Gross Income	\$1,714,788	\$820,116	\$2,568,454	\$1,748,338	\$3,276,736	\$2,568,454
Less: Vacancy	(\$85,739)	(\$41,006)	(\$128,423)	(\$87,417)	(\$163,837)	(\$128,423)
Plus: Misc. Income	\$8,520	\$4,080	\$12,720	\$8,640	\$16,200	\$12,720
Plus: Retail Income	\$0	\$0	\$37,800	\$37,800	\$37,800	\$37,800
Adjusted Annual Gross Income	\$1,637,569	\$783,190	\$2,490,551	\$1,707,361	\$3,166,899	\$2,490,551
Operating Costs						
Apartment Operating Costs	(\$526,820)	(\$252,280)	(\$786,520)	(\$534,240)	(\$1,001,700)	(\$786,520)
Retail Operating Costs	\$0	\$0	(\$3,780)	(\$3,780)	(\$3,780)	(\$3,780)
Net Operating Income	\$1,110,749	\$530,910	\$1,700,251	\$1,169,341	\$2,161,419	\$1,700,251
Capitalization Rate (1)	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Capitalized Market Value	\$26,135,261	\$12,492,005	\$40,005,917	\$27,513,913	\$50,856,927	\$40,005,917
Capitalized Value Per SF	\$31	\$28	\$28	\$28	\$28	\$28
Capitalized Value Per Unit	\$368,102	\$367,412	\$377,414	\$382,138	\$376,718	\$377,414

Source: Hendricks Berkadia; Reis Reports; CBRE; survey of competitive apartment projects; Dupre and Scott; DRA

**Table 84**  
**Estimated Condominium Net Sales Income**  
**Downtown and South Lake Union Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 2A With Incentive	Prototype 2B No Incentive	Prototype 5A With Incentive	Prototype 5B No Incentive
<b>Net Saleable SF of Condo Space</b>	283,900	174,900	184,900	79,900
<b>Building Stories</b>	40	24	40	24
<b>Number of Condo Units</b>				
Studio	114	70	55	24
One Bedroom	172	106	120	52
Two Bedroom	52	32	39	17
Three Bedroom	6	4	4	1
<b>Total</b>	<b>344</b>	<b>212</b>	<b>218</b>	<b>94</b>
<b>Sales Price Per Unit</b>				
Studio	\$521,625	\$521,625	\$452,075	\$382,525
One Bedroom	\$642,000	\$599,200	\$556,400	\$470,800
Two Bedroom	\$930,900	\$866,700	\$802,500	\$674,100
Three Bedroom	\$1,123,500	\$1,075,350	\$963,000	\$882,750
Average	\$653,551	\$622,569	\$581,797	\$488,548
<b>Unit Size (Square Feet)</b>				
Studio	650	650	650	650
One Bedroom	800	800	800	800
Two Bedroom	1,200	1,200	1,200	1,200
Three Bedroom	1,500	1,500	1,500	1,500
Average	825	825	849	849
<b>Sales Price Per Square Foot</b>				
Studio	\$803	\$803	\$696	\$589
One Bedroom	\$803	\$749	\$696	\$589
Two Bedroom	\$776	\$722	\$669	\$562
Three Bedroom	\$749	\$717	\$642	\$589
Average Price/SF	\$793	\$755	\$686	\$576
<b>Sales Costs (% of Gross Sales Income)</b>	5%	5%	5%	5%
<b>Gross Sales Income</b>				
Studio	\$59,465,250	\$36,513,750	\$24,864,125	\$9,180,600
One Bedroom	\$110,424,000	\$63,515,200	\$66,768,000	\$24,481,600
Two Bedroom	\$48,406,800	\$27,734,400	\$31,297,500	\$11,459,700
Three Bedroom	\$6,741,000	\$4,301,400	\$3,852,000	\$882,750
<b>Total Gross Sales Income</b>	<b>\$225,037,050</b>	<b>\$132,064,750</b>	<b>\$126,781,625</b>	<b>\$46,004,650</b>
Less: Sales Costs	(\$11,251,853)	(\$6,603,238)	(\$6,339,081)	(\$2,300,233)
<b>Net Sales Income</b>	<b>\$213,785,198</b>	<b>\$125,461,513</b>	<b>\$120,442,544</b>	<b>\$43,704,418</b>
Net Sales Income Per Net Saleable SF	<b>\$753</b>	<b>\$717</b>	<b>\$651</b>	<b>\$547</b>

Source: Dataquick Information System; DRA

**Table 85**  
**Estimated Condominium Net Sales Income**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>Net Saleable SF of Condo Space</b>	46,000	22,000	68,900	46,900	87,934	68,923
<b>Number of Condo Units</b>						
Studio	0	0	0	0	0	0
One Bedroom	28	14	42	29	54	42
Two Bedroom	22	11	34	23	43	34
Three Bedroom	6	3	8	5	10	8
<b>Total</b>	<b>56</b>	<b>28</b>	<b>84</b>	<b>57</b>	<b>107</b>	<b>84</b>
<b>Unit Size (Square Feet)</b>						
Studio	-	-	-	-	-	-
One Bedroom	700	700	700	700	700	700
Two Bedroom	900	900	900	900	900	900
Three Bedroom	1,100	1,100	1,100	1,100	1,100	1,100
Average	820	820	820	820	820	820
<b>Average Sales Price Per Square Foot</b>						
Low Scenario	\$321.00	\$321.00	\$321.00	\$321.00	\$321.00	\$321.00
Middle Scenario	\$428.00	\$428.00	\$428.00	\$428.00	\$428.00	\$428.00
High Scenario	\$535.00	\$535.00	\$535.00	\$535.00	\$535.00	\$535.00
<b>Average Sales Price Per Unit</b>						
Low Scenario	\$263,220	\$263,220	\$263,220	\$263,220	\$263,220	\$263,220
Middle Scenario	\$350,960	\$350,960	\$350,960	\$350,960	\$350,960	\$350,960
High Scenario	\$438,700	\$438,700	\$438,700	\$438,700	\$438,700	\$438,700
<b>Sales Costs (% of Gross Sales Income)</b>	5%	5%	5%	5%	5%	5%

**Table 85**  
**Estimated Condominium Net Sales Income**  
**Low Rise and Mid Rise Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Lowrise to Midrise		4 Stories to 6 Stories		6 Stories to 7 Stories	
	Prototype 8A With Incentive	Prototype 8B No Incentive	Prototype 10A With Incentive	Prototype 10B No Incentive	Prototype 12A With Incentive	Prototype 12B No Incentive
<b>LOW SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$14,766,000</b>	<b>\$7,062,000</b>	<b>\$22,116,900</b>	<b>\$15,054,900</b>	<b>\$28,226,814</b>	<b>\$22,124,283</b>
Less: Sales Costs	(\$738,300)	(\$353,100)	(\$1,105,845)	(\$752,745)	(\$1,411,341)	(\$1,106,214)
<b>Net Sales Income</b>	<b>\$14,027,700</b>	<b>\$6,708,900</b>	<b>\$21,011,055</b>	<b>\$14,302,155</b>	<b>\$26,815,473</b>	<b>\$21,018,069</b>
Net Sales Income Per Net Saleable SF	<b>\$305</b>	<b>\$305</b>	<b>\$305</b>	<b>\$305</b>	<b>\$305</b>	<b>\$305</b>
<b>MIDDLE SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$19,688,000</b>	<b>\$9,416,000</b>	<b>\$29,489,200</b>	<b>\$20,073,200</b>	<b>\$37,635,752</b>	<b>\$29,499,044</b>
Less: Sales Costs	(\$984,400)	(\$470,800)	(\$1,474,460)	(\$1,003,660)	(\$1,881,788)	(\$1,474,952)
<b>Net Sales Income</b>	<b>\$18,703,600</b>	<b>\$8,945,200</b>	<b>\$28,014,740</b>	<b>\$19,069,540</b>	<b>\$35,753,964</b>	<b>\$28,024,092</b>
Net Sales Income Per Net Saleable SF	<b>\$407</b>	<b>\$407</b>	<b>\$407</b>	<b>\$407</b>	<b>\$407</b>	<b>\$407</b>
<b>HIGH SCENARIO</b>						
<b>Total Gross Sales Income</b>	<b>\$24,610,000</b>	<b>\$11,770,000</b>	<b>\$36,861,500</b>	<b>\$25,091,500</b>	<b>\$47,044,690</b>	<b>\$36,873,805</b>
Less: Sales Costs	(\$1,230,500)	(\$588,500)	(\$1,843,075)	(\$1,254,575)	(\$2,352,235)	(\$1,843,690)
<b>Net Sales Income</b>	<b>\$23,379,500</b>	<b>\$11,181,500</b>	<b>\$35,018,425</b>	<b>\$23,836,925</b>	<b>\$44,692,456</b>	<b>\$35,030,115</b>
Net Sales Income Per Net Saleable SF	<b>\$508</b>	<b>\$508</b>	<b>\$508</b>	<b>\$508</b>	<b>\$508</b>	<b>\$508</b>

Source: Dataquick Information System; DRA

**Table 86**  
**Estimated Net Operating Income from Commercial Prototypes**  
**Version C**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

	Downtown/HR		South Lake Union	
	Prototype 3A With Incentive	Prototype 3B No Incentive	Prototype 6A With Incentive	Prototype 6B No Incentive
<i>Net SF Office</i>	249,480	129,600	238,400	152,800
<i>Net SF Retail</i>	2,100	2,100	2,100	2,100
<i>Parking Spaces--Office</i>	324	162	298	191
<i>Approximate Building Stories</i>	8	4	8	5
<b>Office Income/Operating Assumptions</b>				
Monthly Office Rent Per NSF (NNN)	\$3.17	\$3.17	\$3.17	\$3.17
Annual Office Rent Per NSF (NNN)	\$38.00	\$38.00	\$38.00	\$38.00
Office Vacancy Rate	10.0%	0.10	10.0%	10.0%
Parking Income (\$/Space/Month)	\$350.00	\$350.00	\$225.00	\$225.00
Parking Vacancy Rate	10.0%	10.0%	10.0%	10.0%
Office Operating Expenses Per NSF	\$10	\$10	\$10	\$10
Parking Operating Expense (% of Gross Income)	20%	20%	20%	20%
<b>Retail Income/Operating Assumptions</b>				
Monthly Rent Per NSF (NNN)	\$2.75	\$2.75	\$2.75	\$2.75
Annual Rent Per NSF (NNN)	\$33.00	\$33.00	\$33.00	\$33.00
Vacancy Rate	7.0%	7.0%	7.0%	7.0%
Operating Expense (% of Gross Income)	42%	42%	42%	42%
<b>Stabilized Net Operating Income</b>				
Annual Gross Office Rental Income	\$9,480,240	\$4,924,800	\$9,059,200	\$5,806,400
Plus: Annual Gross Parking Income	\$1,360,800	\$680,400	\$804,600	\$515,700
Plus: Annual Gross Retail Rental Income	\$69,300	\$69,300	\$69,300	\$69,300
Annual Gross Rental Income	\$10,910,340	\$5,674,500	\$9,933,100	\$6,391,400
Less: Rental Vacancies	(\$1,091,034)	(\$567,450)	(\$993,310)	(\$639,140)
Less: Parking Vacancies	(\$136,080)	(\$68,040)	(\$80,460)	(\$51,570)
Less: Retail Vacancies	(\$4,851)	(\$4,851)	(\$4,851)	(\$4,851)
Adjusted Annual Gross Income	\$9,678,375	\$5,034,159	\$8,854,479	\$5,695,839
Less: Office Operating Expenses	(\$2,494,800)	(\$1,296,000)	(\$2,384,000)	(\$1,528,000)
Less: Parking Operating Expenses	(\$272,160)	(\$136,080)	(\$160,920)	(\$103,140)
Less: Retail Operating Expenses	(\$29,106)	(\$29,106)	(\$29,106)	(\$29,106)
<b>Net Operating Income</b>	<b>\$6,882,309</b>	<b>\$3,602,079</b>	<b>\$6,309,559</b>	<b>\$4,064,699</b>
Net Operating Income Per NSF	\$27.59	\$27.79	\$26.47	\$26.60

(1) Based on Class A office stabilized cap rates of 5.00% to 5.75% for Seattle from CBRE Cap Rate Survey, First Half 2013.

Source: CBRE; Reis Reports; Downtown Seattle Association; Realty Rates; DRA.

**Table 87**  
**Supportable Mortgage Calculations, Affordable Rental Housing**  
**High-Rise Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

**Assumptions**

HUD Median Household Income, Seattle-Bellevue HMFA, 2014			\$88,200	
Affordable Housing Expense As a % of Income			30%	
No. of Bedrooms	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
Household Size (Health and Safety)	1.0 Persons	1.5 Persons	3.0 Persons	4.5 Persons
Household Size Income Adjust. Factor	70%	75%	90%	104%
Renter Utility Allowance, City of Seattle (1)				
Tenant Pays All Utilities (2)	\$110	\$110	\$160	\$245
Tenant Pays Heat and Electricity	\$35	\$35	\$60	\$95
Tenant Pays Electricity Only	\$15	\$15	\$20	\$35
Assumed for these calculations:	\$110	\$110	\$160	\$245
Miscellaneous Income Per Unit Per Year	\$100			
Vacancy Rate	3.00%			
Operating Cost Per Unit Per Year				
High-Rise Downtown	\$11,660			
High-Rise South Lake Union	\$11,130			
Low-Rise/Mid-Rise South Lake Union	\$10,388			
Low-Rise/Mid-Rise Other Areas	\$6,890			
Mortgage Interest Rate	6.50%			
Mortgage Amortization (Years)	30			
Debt Coverage Ratio	1.00			

**Per Unit Supportable Mortgage**  
**High-Rise Prototypes, Downtown**

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
<u>80% of Median</u>				
Annual Income Limit	\$49,392	\$52,920	\$63,504	\$73,382
Affordable Monthly Housing Expense	\$1,235	\$1,323	\$1,588	\$1,835
Less: Monthly Utility Allowance	(\$110)	(\$110)	(\$160)	(\$245)
<b>Affordable Monthly Rent</b>	<b>\$1,125</b>	<b>\$1,213</b>	<b>\$1,428</b>	<b>\$1,590</b>
Annual Gross Rental Income Per Unit	\$13,500	\$14,556	\$17,136	\$19,080
Plus: Miscellaneous Income	\$100	\$100	\$100	\$100
Less: Vacancy	(\$405)	(\$437)	(\$514)	(\$572)
Less: Annual Unit Operating Costs (1)	(\$11,660)	(\$11,660)	(\$11,660)	(\$11,660)
Net Operating Income Per Unit	\$1,535	\$2,559	\$5,062	\$6,948
Available for Debt Service	\$1,535	\$2,559	\$5,062	\$6,948
Supportable Mortgage Per Unit	\$20,200	\$33,700	\$66,700	\$91,600

**Per Unit Supportable Mortgage**  
**High-Rise Prototypes, South Lake Union**

<u>80% of Median</u>				
Annual Income Limit	\$49,392	\$52,920	\$63,504	\$73,382
Affordable Monthly Housing Expense	\$1,235	\$1,323	\$1,588	\$1,835
Less: Monthly Utility Allowance	(\$110)	(\$110)	(\$160)	(\$245)
<b>Affordable Monthly Rent</b>	<b>\$1,125</b>	<b>\$1,213</b>	<b>\$1,428</b>	<b>\$1,590</b>
Annual Gross Rental Income Per Unit	\$13,500	\$14,556	\$17,136	\$19,080
Plus: Miscellaneous Income	\$100	\$100	\$100	\$100
Less: Vacancy	(\$405)	(\$437)	(\$514)	(\$572)
Less: Annual Unit Operating Costs (1)	(\$11,130)	(\$11,130)	(\$11,130)	(\$11,130)
Net Operating Income Per Unit	\$2,065	\$3,089	\$5,592	\$7,478
Available for Debt Service	\$2,065	\$3,089	\$5,592	\$7,478
Supportable Mortgage Per Unit	\$27,200	\$40,700	\$73,700	\$98,600

(1) Source: Seattle Housing Authority, effective 11/1/2013.

(2) Includes electricity, heating, water, and garbage.

Source: City of Seattle Department of Planning and Development; Seattle Housing Authority; DRA

**Table 88**  
**Supportable Mortgage Calculations, Affordable Rental Housing**  
**Low-Rise and Mid-Rise Prototypes**  
**Seattle Affordable Housing Incentive Program**  
**Economic Analysis**  
**2014**

**Assumptions**

HUD Median Household Income, Seattle-Bellevue HMFA, 2014	\$88,200				
Affordable Housing Expense As a % of Income	30%				
No. of Bedrooms	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
Household Size (Health and Safety)	1.0 Persons	1.5 Persons	3.0 Persons	4.5 Persons	6.0 Persons
Household Size Income Adjust. Factor	70%	75%	90%	104%	116%
Renter Utility Allowance, City of Seattle (1)					
Tenant Pays All Utilities (2)	\$110	\$110	\$160	\$245	\$325
Tenant Pays Heat and Electricity	\$35	\$35	\$60	\$95	\$155
Tenant Pays Electricity Only	\$15	\$15	\$20	\$35	\$65
Assumed for these calculations:	\$110	\$110	\$160	\$245	\$325
Miscellaneous Income Per Unit Per Year	\$100				
Vacancy Rate	3.00%				
Operating Cost Per Unit Per Year					
High-Rise Downtown	\$11,660				
High-Rise South Lake Union	\$11,130				
Low-Rise/Mid-Rise South Lake Union	\$10,388				
Low-Rise/Mid-Rise Other Areas	\$6,890				
Mortgage Interest Rate	6.50%				
Mortgage Amortization (Years)	30				
Debt Coverage Ratio	1.00				

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
<b>Per Unit Supportable Mortgage</b>					
<b>Low- and Mid-Rise Prototypes</b>					
<u>80% of Median</u>					
Annual Income Limit	\$49,392	\$52,920	\$63,504	\$73,382	\$81,850
Affordable Monthly Housing Expense	\$1,235	\$1,323	\$1,588	\$1,835	\$2,046
Less: Monthly Utility Allowance	(\$110)	(\$110)	(\$160)	(\$245)	(\$325)
Affordable Monthly Rent	\$1,125	\$1,213	\$1,428	\$1,590	\$1,721
Annual Gross Rental Income Per Unit	\$13,500	\$14,556	\$17,136	\$19,080	\$20,652
Plus: Miscellaneous Income	\$100	\$100	\$100	\$100	\$100
Less: Vacancy	(\$405)	(\$437)	(\$514)	(\$572)	(\$620)
Less: Annual Unit Operating Costs (1)	(\$6,890)	(\$6,890)	(\$6,890)	(\$6,890)	(\$6,890)
Net Operating Income Per Unit	\$6,305	\$7,329	\$9,832	\$11,718	\$13,242
Available for Debt Service	\$6,305	\$7,329	\$9,832	\$11,718	\$13,242
Supportable Mortgage Per Unit	\$83,100	\$96,600	\$129,600	\$154,500	\$174,600

(1) Source: Seattle Housing Authority, effective 11/1/2013.

(2) Includes electricity, heating, water, and garbage.

Source: City of Seattle Department of Planning and Development; Seattle Housing Authority; DRA