

Amendment to Appendix E: The following letter of written testimony related to Appendix E of the City Center Housing Strategy Final Report was requested to be included in the record as part of the McMinnville Urban Renewal Advisory Committee's recommendation that the McMinnville City Council and Urban Renewal Agency adopt the City Center Housing Strategy Final Report.

Mark Davis
652 SE Washington Street
McMinnville, OR 97128

April 3, 2021

McMinnville Urban Renewal Advisory Committee
230 NE Second Street
McMinnville, OR 97128

Dear Chair Gowell and Members of the Committee:

As a member of the Project Advisory Committee that reviewed the McMinnville City Center Housing Strategy, I remain concerned about the accuracy of the pro formas included in Appendix E of that document. I do not believe they reflect what is financially realistic in McMinnville, nor do they meet the first project purpose stated on page 5: “Identify desired housing types appropriate to the city center context that meet needs across the income spectrum.”

I remain supportive of the general concepts contained within the Strategy document. I served as the developer for the Housing Authority of Yamhill County’s Village Quarter project on Third Street and strongly believe in bringing more quality, high-density housing projects to the downtown area. I also understand that not all such housing will be “affordable”, but believe it should include units affordable to all income levels as referenced in the purpose statement above.

Appendix E contains two prototypes of downtown development, one larger full-block project with ground floor retail (designated with the letter ‘A’) and the other a half-block 3-story apartment building (designated by the letter ‘B’). Each prototype has a base case pro forma and 3 additional pro formas changing parking and/or height restrictions to test feasibility.

On prototype A monthly rents range from \$2795 to \$2140 for units between 703 and 716 square feet. They show these tiny units being affordable to persons above 126% to 165% of Area Median Income (AMI). What they don’t tell you in their table is that these units only meet these AMI percentages if 4 persons live in them. Here are the AMI percentages broken out by household size for each of the four rental pro formas:

	A1	A2	A3	A4
Monthly Rent	\$2,795	\$2,350	\$2,290	\$2,140
1-Person AMI %	235%	198%	193%	180%
2-Person AMI %	206%	173%	169%	158%
4-Person AMI %	165%	138%	135%	126%

While it is theoretically possible for four persons to live in a 700 square foot apartment unit, more realistically they would be occupied by singles and couples whose income would have to be about twice the area median to be affordable to them. On a practical level we might suggest they would be desirable units for people working downtown in lodging and food services. The draft Economic Opportunities Analysis (EOA) shows these jobs pay on average \$18,591 per year, meaning the units wouldn't be affordable even if 4 workers pooled their income to rent one of them.

Prototype B suffers from a similar defect as it also uses the 4-person AMI to make it look more affordable. At least these units at 990 square feet make some sense for four people (B4 provides miniscule 673 square unit apartments that are totally impractical at that occupancy). The biggest problem I have with this prototype is the base case (B1) is supposedly based on current code.

The consultants claim that B1 can be built on a lot measuring half a block and provide 24 apartment units in a 3-story building that can also accommodate 37 parking spaces. While this report was being drafted Creekside Homes was removing an old mobile home park on First Street (a half-block lot between Johnson and Irvine) and constructing a 16-unit apartment complex with 23 parking spaces called McMinnville Glen:
<https://creeksidehomes.net/mcminnville-glen-16-unit-multi-family-building/>

The website claims they designed a “building that would maximize the income potential for this site based on land use codes and the size of the property.” If it was possible for them under current code like this report claims to add a third story (8 more units) and 14 additional parking spaces on this site, why wouldn't they do it? There certainly is plenty of demand for additional apartment units. I happen to believe that Creekside Homes experience is more reflective of current code and further, that these new apartments rent in a typical range for McMinnville, not the inflated rents shown in the pro forma.

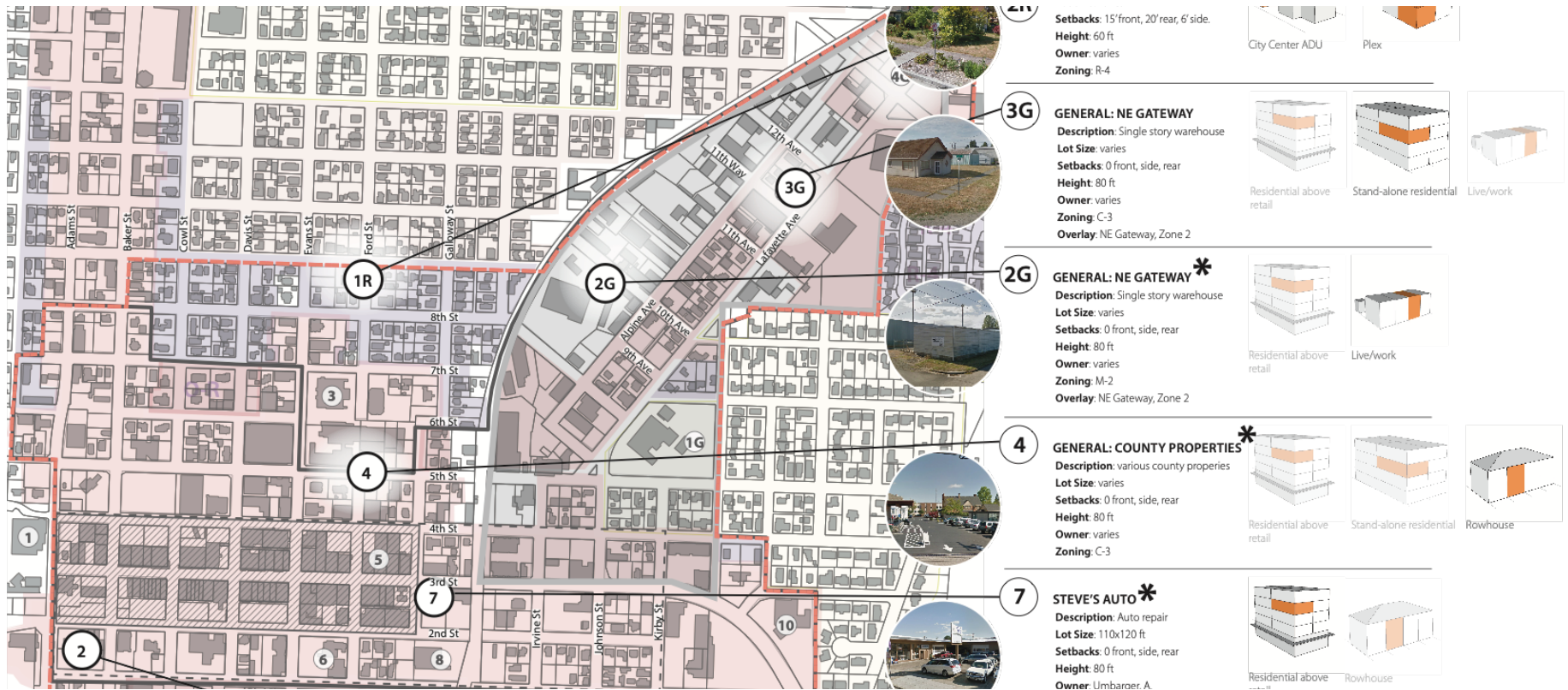
Given the current budget crunch the City is facing I realize that it is not possible to pay the consultants to provide pro formas more reflective of McMinnville development costs and rents. I also understand from communication with the Planning Director that potential downtown housing projects might be more likely if the code changes called for in the Action Plan were adopted, and that approval of the City Center Housing Strategy would aid in their adoption.

I do not want my objections to the deficiencies in Appendix E to stand in the way of code changes or future downtown housing projects. I would ask that the motion recommending adoption of the Strategy include a statement that the pro formas in Appendix E do not represent the current economic realities in McMinnville. Thank you for considering my thoughts on this matter.

Sincerely,

//S//

Mark Davis



McMinnville Central City Housing Study: Initial Policy Analysis Results

January 2020

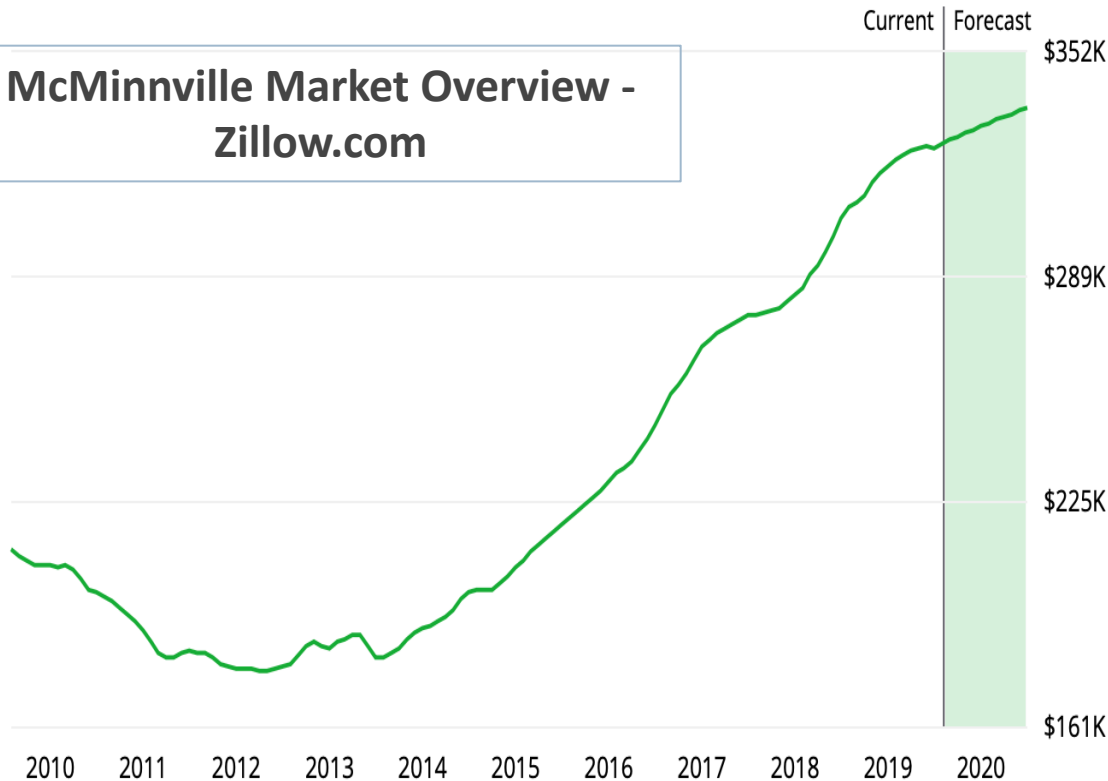
McMinnville Central City Housing Study

The Project Problem

Zillow Home Value Index All homes 1-yr 5-yr **Max**

Jun 2020 — McMinnville \$336K

**McMinnville Market Overview -
Zillow.com**



- McMinnville has “Arrived”
- Limited housing options
- Little growth in supply
- Residents priced out
- **24% of McMinnville renters spend over 50% of income on rent**

OPPORTUNITY

Capitalize on Market Strength to Expand Housing Options:

- **Add homes to enable people to live in McMinnville’s downtown**
- **Affordable units that enhance the neighborhood**

McMinnville Central City Housing Study

Sensitivity Testing of Possible *New* Zone Standards

Intro to AMI (Area Median Income) for McMinnville, Yamhill County, OR

AREA MEDIAN INCOME: Calculated by HUD annually for different communities. By definition, 50% of households within the specified geographic area earn less than Area Median Income (AMI), and 50% earn more. AMI is adjusted based on household size and used to determine the eligibility of applicants for federally and locally funded housing programs.

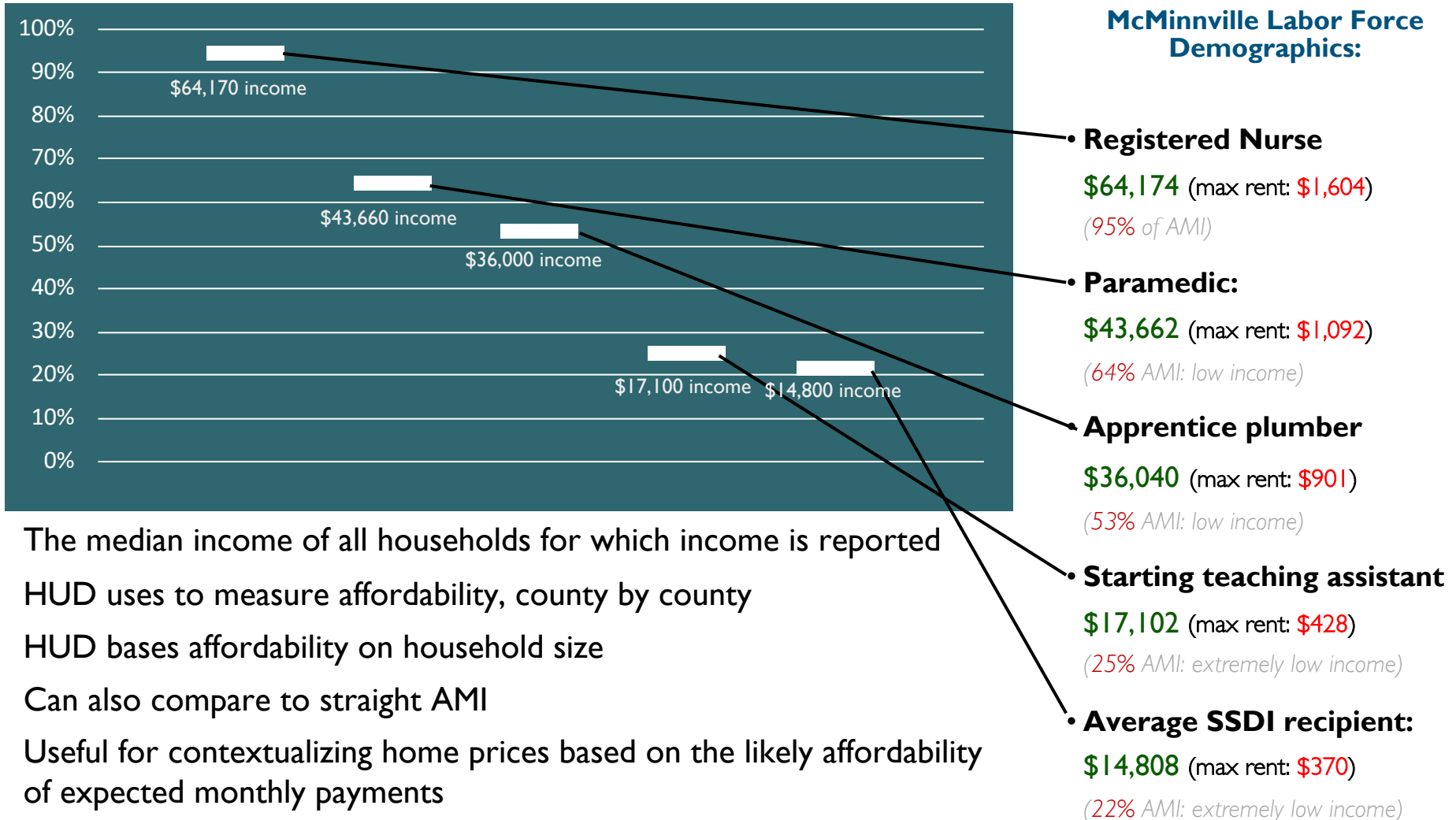
- **LOW-INCOME:** Describes households earning at or below 80% AMI.
- **VERY LOW-INCOME:** Describes households earning at or below 50% AMI.
- **EXTREMELY LOW-INCOME:** Describes households earning at or below 30% AMI.

Income Level	1-Person Household		2-Person Household		4-Person Household	
	Annual Income	Max. Affordable Monthly	Annual Income	Max. Affordable Monthly	Annual Income	Max. Affordable Monthly
120% AMI	\$ 57,015	\$ 1,425	\$ 65,160	\$ 1,629	\$ 81,450	\$ 2,036
100% AMI	\$ 47,513	\$ 1,188	\$ 54,300	\$ 1,358	\$ 67,875	\$ 1,697
80% AMI	\$ 38,010	\$ 950	\$ 43,440	\$ 1,086	\$ 54,300	\$ 1,358
50% AMI	\$ 23,756	\$ 594	\$ 27,150	\$ 679	\$ 33,938	\$ 848
30% AMI	\$ 14,254	\$ 356	\$ 16,290	\$ 407	\$ 20,363	\$ 509

McMinnville Central City Housing Study

Sensitivity Testing of Possible *New Zone* Standards

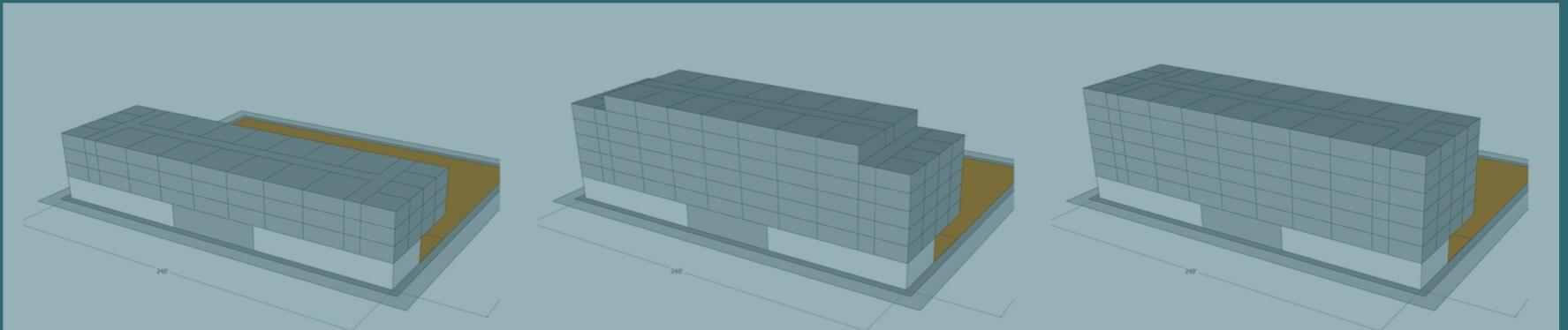
Intro to AMI (Area Median Income) for McMinnville, OR



- The median income of all households for which income is reported
- HUD uses to measure affordability, county by county
- HUD bases affordability on household size
- Can also compare to straight AMI
- Useful for contextualizing home prices based on the likely affordability of expected monthly payments
- Allows for quantification of the suitability for workforce housing

McMinnville Central City Housing Study

Alternative A with 4th option:
Complete remove parking requirements



McMinnville Central City Housing Study

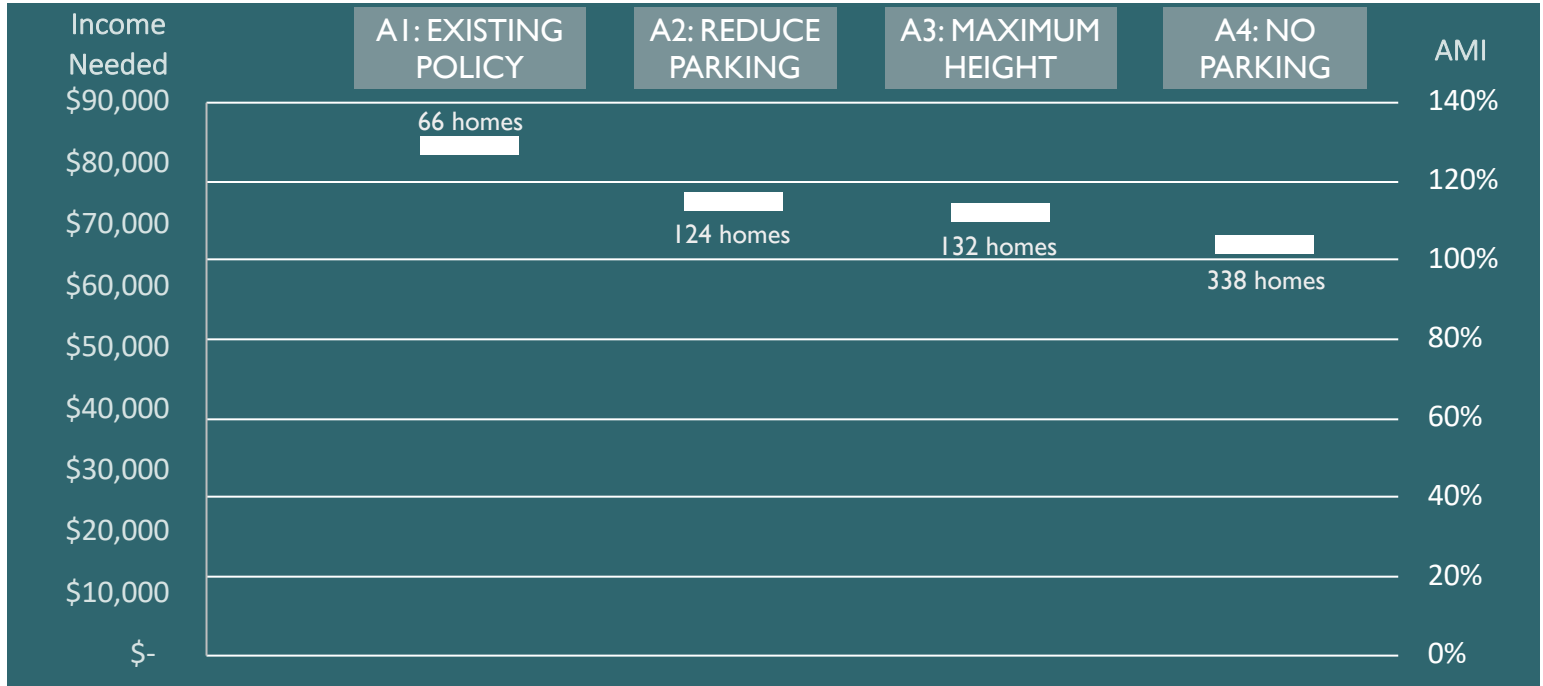
Sensitivity Testing of Possible *New* Zone Standards













Prototype A: Mixed Use on Full Block (For Sale)


REDUCE PARKING REQUIREMENTS
 Don't require more than one parking space per home.


MAXIMUM HEIGHT
 Build to the maximum height permitted.


REMOVE PARKING REQUIREMENTS
 Completely remove the requirement for off-street car parking.



Sensitivity test	  	  	  	  
Home size (sf)	716	716	703	703
Parking spaces / home	1.5	1.0	0.95	0.0
Building Height (Floors)	4	7	7	7
Price per home	\$349,000	\$309,000	\$302,000	\$280,000
Monthly payment	\$2,070	\$1,840	\$1,790	\$1,670
AMI	122%	108%	106%	98%
Annual income needed	\$82,930	\$73,400	\$71,730	\$66,600
# of homes in building	66	124	132	338

McMinnville Central City Housing Study

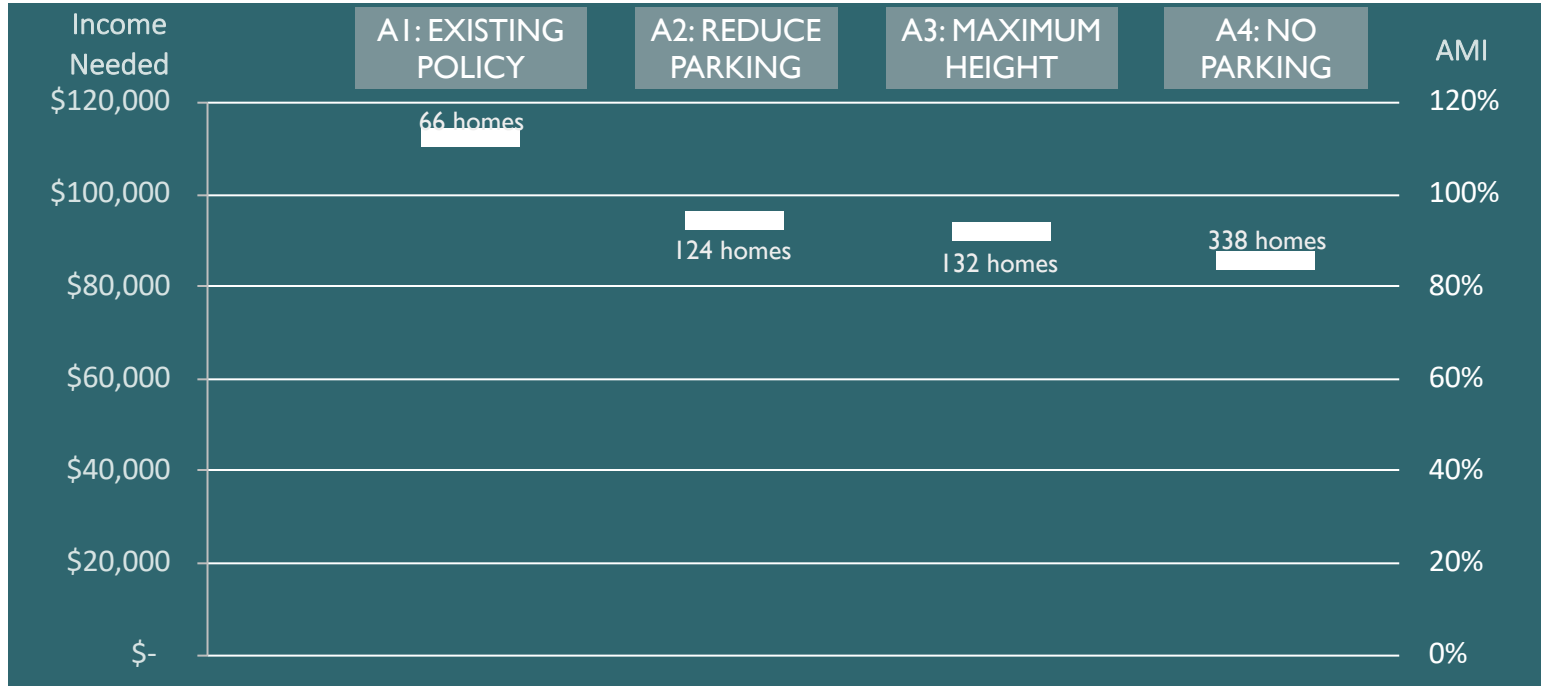
Sensitivity Testing of Possible *New* Zone Standards

Prototype A: Mixed Use on Full Block (For Rent)

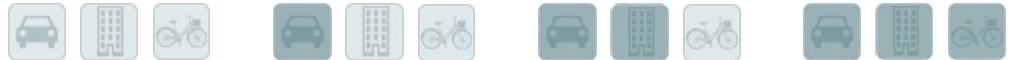

REDUCE PARKING REQUIREMENTS
 Don't require more than one parking space per home.


MAXIMUM HEIGHT
 Build to the maximum height permitted.


REMOVE PARKING REQUIREMENTS
 Completely remove the requirement for off-street car parking.



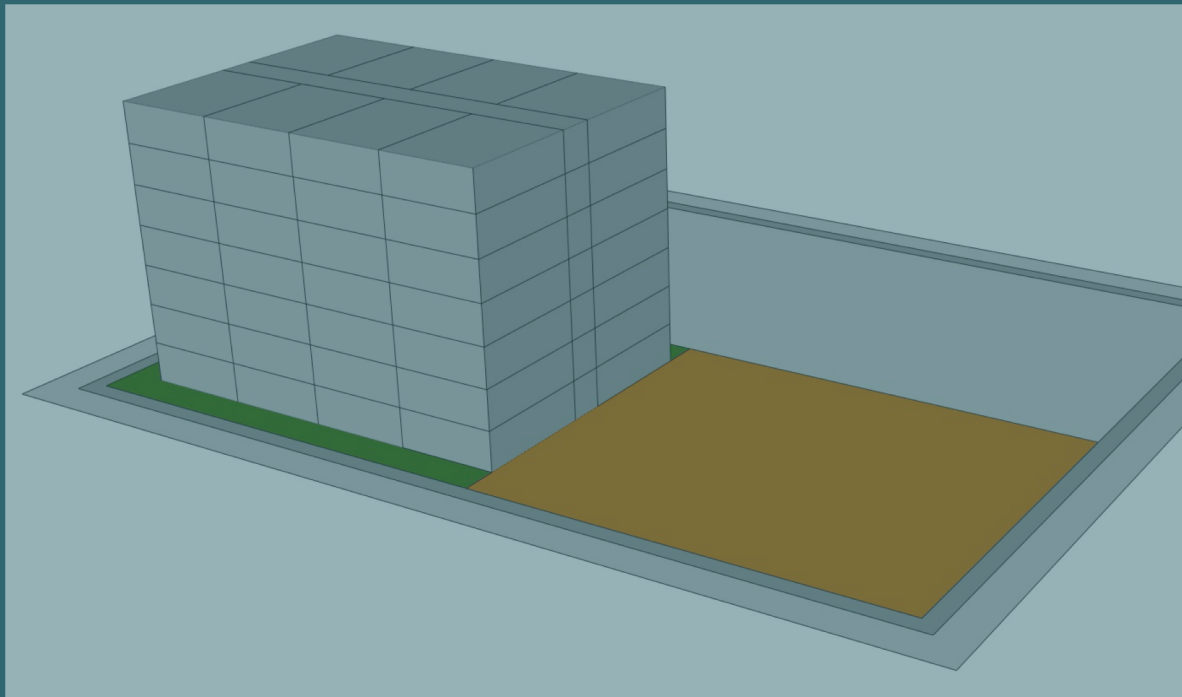
Sensitivity test



	A1: EXISTING POLICY	A2: REDUCE PARKING	A3: MAXIMUM HEIGHT	A4: NO PARKING
Home size (sf)	716	716	703	703
Parking spaces / home	1.5	1.0	0.95	0.0
Building Height (Floors)	4	7	7	7
Monthly rent	\$2,795	\$2,350	\$2,290	\$2,140
AMI	165%	138%	135%	126%
Annual income needed	\$111,770	\$93,990	\$91,720	\$85,420
# of homes in building	66	124	132	338

McMinnville Central City Housing Study

Alternative B with 4 options:
Including reduction in home size



McMinnville Central City Housing Study

Sensitivity Testing of Possible *New* Zone Standards













Prototype B: Stand-Alone Residential on Half Block (For Sale)


REDUCE PARKING REQUIREMENTS
 Don't require more than one parking space per home.


MAXIMUM HEIGHT
 Build to the maximum height permitted.


REMOVE PARKING REQUIREMENTS
 Completely remove the requirement for off-street car parking.



Sensitivity test	  	  	  	  
Home size (sf)	990	990	990	673
Parking spaces / home	1.54	1.0	0.66	0.66
Building Height (Floors)	3	5	7	7
Price per home	\$365,000	\$355,000	\$347,000	\$242,000
Monthly payment	\$2,170	\$2,110	\$2,060	\$1,440
AMI	128%	124%	121%	85%
Annual income needed	\$86,760	\$84,260	\$82,440	\$57,400
# of homes in building	24	36	56	66

McMinnville Central City Housing Study

Sensitivity Testing of Possible *New* Zone Standards

Prototype B: Stand-Alone Residential on Half Block (For Rent)


REDUCE PARKING REQUIREMENTS
 Don't require more than one parking space per home.


MAXIMUM HEIGHT
 Build to the maximum height permitted.


REMOVE PARKING REQUIREMENTS
 Completely remove the requirement for off-street car parking.



Sensitivity test



	B1: EXISTING POLICY	B2: REDUCE PARKING	B3: MAXIMUM HEIGHT	B4: SMALLER HOMES
Home size (sf)	990	990	990	673
Parking spaces / home	1.54	1.0	0.66	0.66
Building Height (Floors)	3	5	7	7
Monthly rent	\$2,720	\$2,640	\$2,580	\$1,800
AMI	160%	156%	152%	106%
Annual income needed	\$108,700	\$105,730	\$103,200	\$72,040
# of homes in building	24	36	56	66

McMinnville Central City Housing Study

Key Findings



Downtown McMinnville is an attractive place to be, but housing production has lagged expectations. Parking requirements may be the single largest obstacle preventing new housing from being developed here.

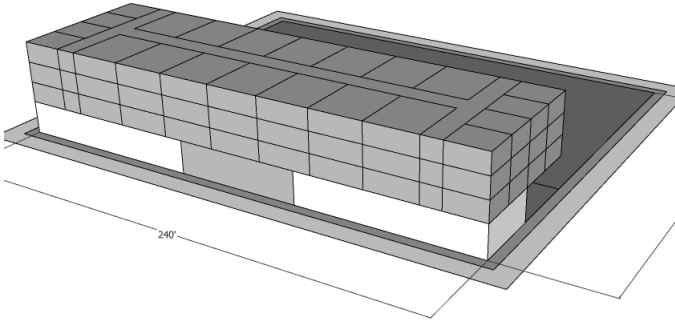
- Reducing required off-street parking allows smaller sites to develop that would be infeasible to develop otherwise due to space needed to provide parking
- Larger sites can fit more homes at lower price points if off-street parking requirements are reduced
- Allowable maximum height can only be attained when parking requirements are reduced to 1 per home, or less on sites smaller than a full block
- Eliminating off-street parking requirements entirely for retail helps with the feasibility of mixed-use developments



Questions?



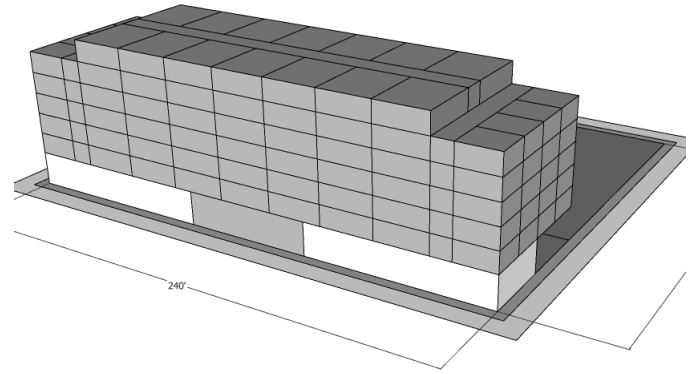
Prototype A: MU on Full Block



A1

Existing parking standards.

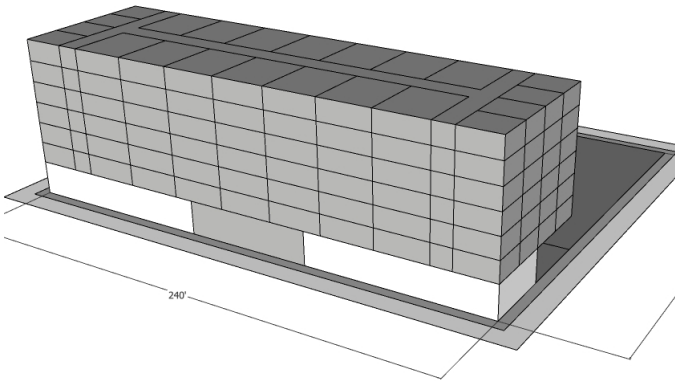
Max out development potential based on existing parking requirements.



A2

Reduced parking standards.

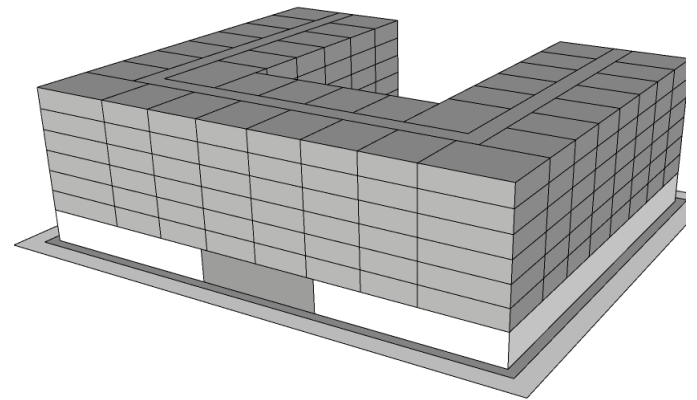
See how much development is possible with a parking reduction to one space per unit and none for retail.



A3

Maximum height.

Build to the maximum height permitted and allow parking area to stay the same.



A4

No parking.

Build to the maximum height allowed and provide no parking.

McMinnville Prototype A1

McMinnville, OR

BUILDING FORM

Lot area	48,000	sf
Lot area	1.10	acres
Building Footprint	27,601	sf
Parking Footprint (Adjacent)	20,399	sf
Height	4	stories
Floor-area ratio	1.59	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	52,840	47,556
Retail	6,331	5,698
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	17,007	17,007

UNITS AND EMPLOYEES

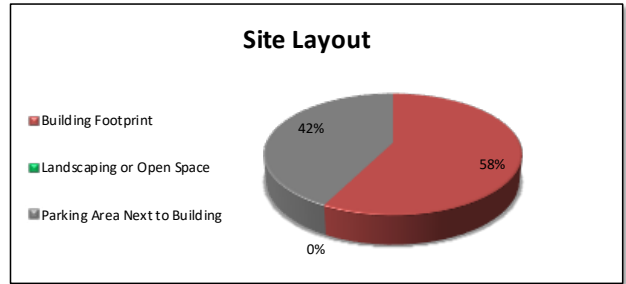
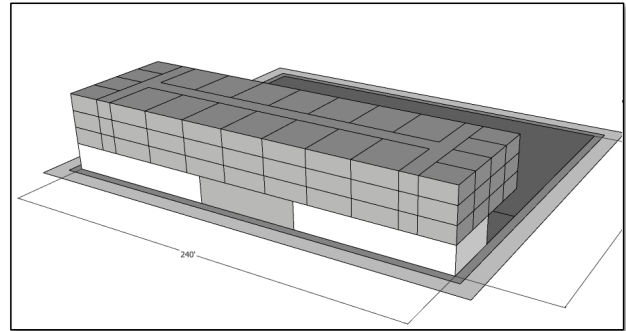
Housing Units	66	60 /acre
Average unit size	716	sf
Employees	6	6 /acre

PARKING & OPEN SPACE

Residential	99.64	1.50 /per unit
Retail	25.33	4.00 /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	
Total parking spaces	125	
Landscaping and open space area	0%	

PROJECT COSTS

TOTAL COSTS	\$	(21,989,753)	
<i>Land Costs</i>	\$	(924,960)	\$19 /sf
<i>Hard Costs</i>	\$	(16,133,527)	
Residential	\$	(12,153,209)	\$230 /sf
Retail	\$	(1,139,641)	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(2,840,677)	\$43,636 /space
<i>Soft Costs</i>	\$	(4,907,266)	
<i>Other Costs</i>	\$	(24,000)	
Demolition Costs	\$	-	
Site Development Costs	\$	(24,000)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,794	\$3.90 /sf
Retail rent (sf/year)	\$	20.00	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.4%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		19.8%
Debt Service Coverage Ratio (Year 3)		1.71
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable studio	227	0%	39%	75%
4 bedroom	945	0%	164%	111%
3 bedroom	665	0%	115%	78%
2 bedroom	965	30%	162%	216%
1 bedroom	650	30%	111%	149%
Studio	575	39%	100%	136%
Average	716	100%	122%	165%

McMinnville Prototype A2

McMinnville, OR

BUILDING FORM

Lot area	48,000	sf
Lot area	1.10	acres
Building Footprint	19,178	sf
Parking Footprint (Adjacent)	28,822	sf
Height	7	stories
Floor-area ratio	2.37	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	98,997	89,097
Retail	6,320	5,688
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	8,364	8,364

UNITS AND EMPLOYEES

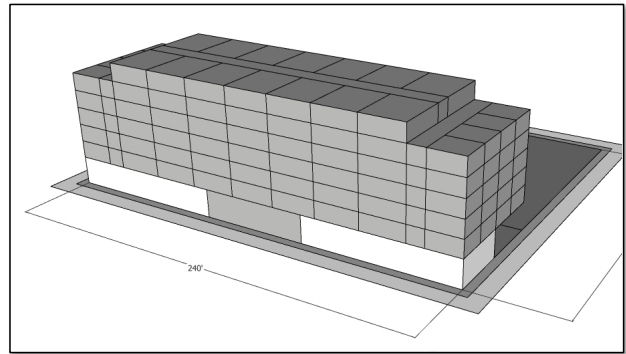
Housing Units	124	113 /acre
Average unit size	716	sf
Employees	6	6 /acre

PARKING & OPEN SPACE

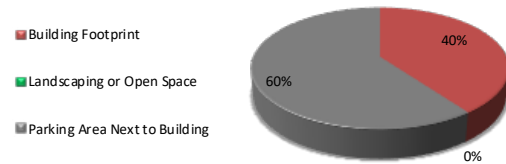
Residential	124.37	1.00 /per unit
Retail	-	- /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	
Total parking spaces	124	
Landscaping and open space area	0%	

PROJECT COSTS

TOTAL COSTS	\$	(34,228,560)	
<i>Land Costs</i>	\$	(924,960)	\$19 /sf
<i>Hard Costs</i>	\$	(25,619,624)	
Residential	\$	(22,769,246)	\$230 /sf
Retail	\$	(1,137,636)	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(1,712,742)	\$43,124 /space
<i>Soft Costs</i>	\$	(7,659,975)	
<i>Other Costs</i>	\$	(24,000)	
Demolition Costs	\$	-	
Site Development Costs	\$	(24,000)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



Site Layout



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,350	\$3.28 /sf
Retail rent (sf/year)	\$	20.00	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.6%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.3%
Debt Service Coverage Ratio (Year 3)		1.65
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable studio	227	0%	39%	75%
4 bedroom	945	0%	164%	111%
3 bedroom	665	0%	115%	78%
2 bedroom	851	43%	127%	159%
1 bedroom	650	30%	98%	126%
Studio	575	27%	88%	117%
Average	716	100%	108%	138%

McMinnville Prototype A3

McMinnville, OR

BUILDING FORM

Lot area	48,000	sf
Lot area	1.10	acres
Building Footprint	18,756	sf
Parking Footprint (Adjacent)	29,244	sf
Height	7	stories
Floor-area ratio	2.45	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	102,965	92,668
Retail	6,315	5,683
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	8,225	8,225

UNITS AND EMPLOYEES

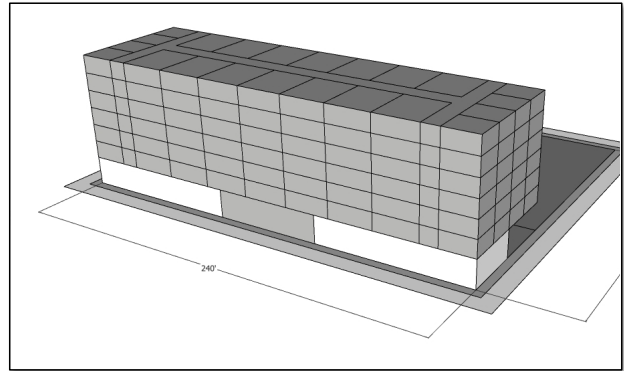
Housing Units	132	120 /acre
Average unit size	703	sf
Employees	6	6 /acre

PARKING & OPEN SPACE

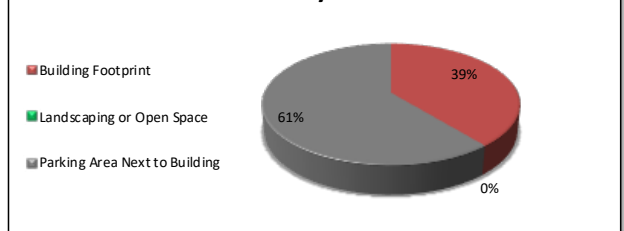
Residential	125.32	0.95 /per unit
Retail	-	- /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	
Total parking spaces	125	
Landscaping and open space area	0%	

PROJECT COSTS

TOTAL COSTS	\$	(35,406,757)	
<i>Land Costs</i>	\$	(924,960)	\$19 /sf
<i>Hard Costs</i>	\$	(26,517,998)	
Residential	\$	(23,681,850)	\$230 /sf
Retail	\$	(1,136,696)	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(1,699,452)	\$43,076 /space
<i>Soft Costs</i>	\$	(7,939,799)	
<i>Other Costs</i>	\$	(24,000)	
Demolition Costs	\$	-	
Site Development Costs	\$	(24,000)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



Site Layout



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,293	\$3.26 /sf
Retail rent (sf/year)	\$	20.00	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.5%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.3%
Debt Service Coverage Ratio (Year 3)		1.64
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable studio	227	0%	39%	75%
4 bedroom	945	0%	164%	111%
3 bedroom	665	0%	115%	78%
2 bedroom	925	30%	139%	179%
1 bedroom	650	30%	98%	126%
Studio	575	40%	86%	110%
Average	703	100%	106%	135%

McMinnville Prototype A4

McMinnville, OR

BUILDING FORM

Lot area	48,000	sf
Lot area	1.10	acres
Building Footprint	48,000	sf
Parking Footprint (Adjacent)	-	sf
Height	7	stories
Floor-area ratio	6.27	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	263,508	237,157
Retail	16,161	14,545
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	21,050	21,050

UNITS AND EMPLOYEES

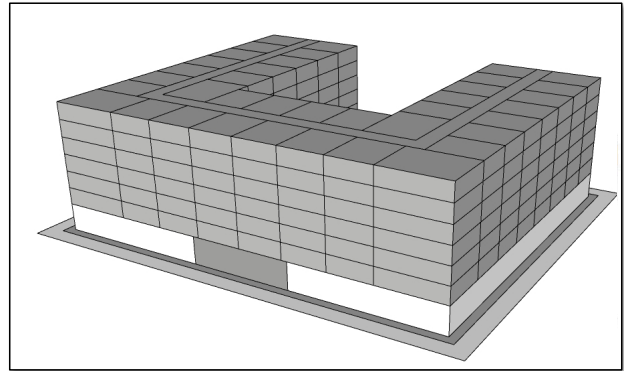
Housing Units	338	306 /acre
Average unit size	703	sf
Employees	16	15 /acre

PARKING & OPEN SPACE

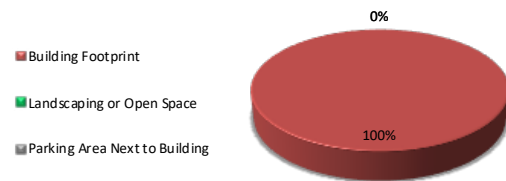
Residential	-	- /per unit
Retail	-	- /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	
Total parking spaces	-	
Landscaping and open space area	0%	

PROJECT COSTS

TOTAL COSTS	\$	(87,438,841)	
<i>Land Costs</i>	\$	(924,960)	\$19 /sf
<i>Hard Costs</i>	\$	(66,613,657)	
Residential	\$	(60,606,893)	\$230 /sf
Retail	\$	(2,909,047)	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(3,097,718)	\$40,019 /space
<i>Soft Costs</i>	\$	(19,876,224)	
<i>Other Costs</i>	\$	(24,000)	
Demolition Costs	\$	-	
Site Development Costs	\$	(24,000)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



Site Layout



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,136	\$3.04 /sf
Retail rent (sf/year)	\$	20.00	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

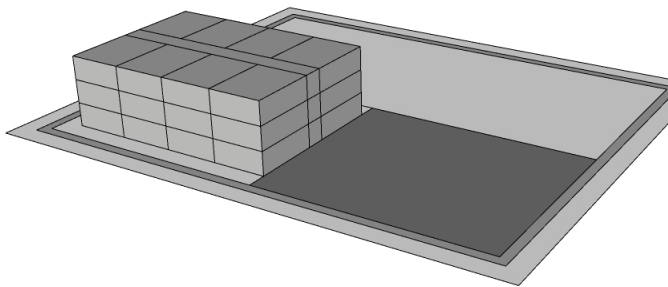
FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.6%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.4%
Debt Service Coverage Ratio (Year 3)		1.65
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable studio	227	0%	39%	75%
4 bedroom	945	0%	164%	111%
3 bedroom	665	0%	115%	78%
2 bedroom	925	30%	129%	164%
1 bedroom	650	30%	91%	115%
Studio	575	40%	80%	105%
Average	703	100%	98%	126%

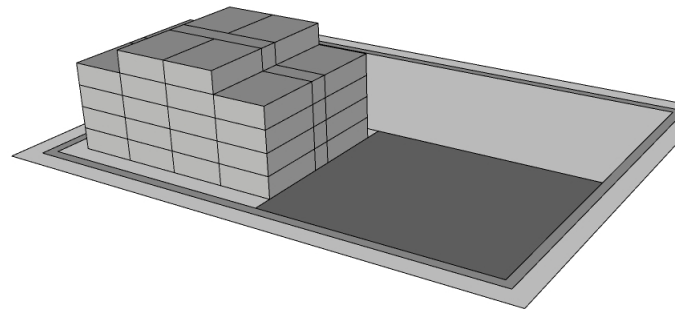
Prototype B: Stand-Alone Residential on Half Block



B1

Existing parking standards.

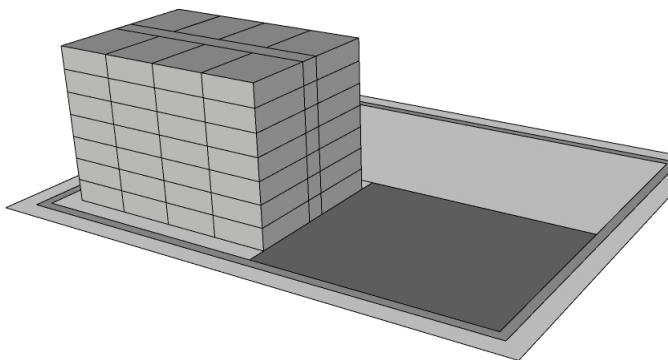
Max out development potential based on existing parking requirements.



B2

Reduced parking standards.

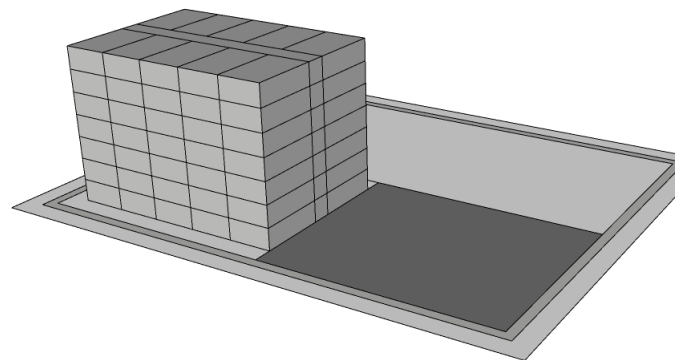
See how much development is possible with a parking reduction to one space per unit.



B3

Maximum height.

Build to the maximum height permitted and allow parking area to stay the same.



B4

Smaller units.

Build to the maximum height permitted, provide smaller units, and allow parking area to stay the same.

Prototype B1

McMinnville, OR

BUILDING FORM

Lot area	24,000	sf
Lot area	0.55	acres
Building Footprint	10,898	sf
Parking Footprint (Adjacent)	11,902	sf
Height	3	stories
Floor-area ratio	1.10	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	26,483	23,835
Retail	-	-
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

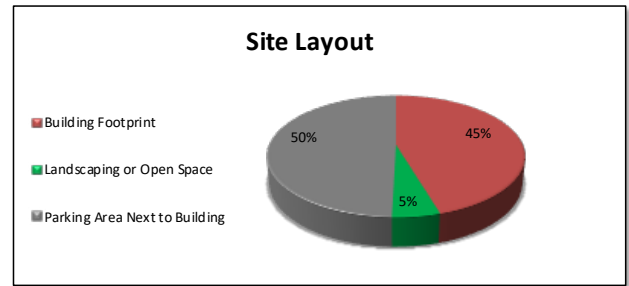
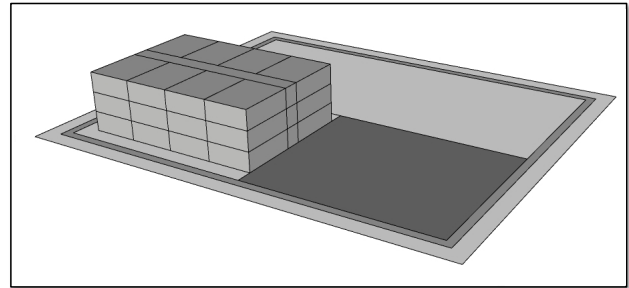
Housing Units	24	44 /acre
Average unit size	990	sf
Employees	-	- /acre

PARKING & OPEN SPACE

Residential	37.08	1.54 /per unit
Retail	-	4.00 /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	-
Total parking spaces	37	
Landscaping and open space area	5%	

PROJECT COSTS

TOTAL COSTS	\$	(7,433,889)	
<i>Land Costs</i>	\$	(247,200)	\$10 /sf
<i>Hard Costs</i>	\$	(5,482,026)	
Residential	\$	(5,296,643)	\$200 /sf
Retail	\$	-	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(185,383)	\$5,000 /space
<i>Soft Costs</i>	\$	(1,692,531)	
<i>Other Costs</i>	\$	(12,132)	
Demolition Costs	\$	-	
Site Development Costs	\$	(12,132)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,718	\$2.75 /sf
Retail rent (sf/year)		N/A	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.6%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.4%
Debt Service Coverage Ratio (Year 3)		1.64
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable: 227 sf studi	227	0%	19%	75%
4 bedroom	945	0%	89%	111%
3 bedroom	665	0%	67%	78%
2 bedroom	1200	50%	154%	187%
1 bedroom	800	30%	104%	132%
studio	750	20%	100%	128%
Average	990	100%	128%	160%

Prototype B2

McMinnville, OR

BUILDING FORM

Lot area	24,000 sf
Lot area	0.55 acres
Building Footprint	11,239 sf
Parking Footprint (Adjacent)	11,561 sf
Height	5 stories
Floor-area ratio	1.65 FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	39,617	35,656
Retail	-	-
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

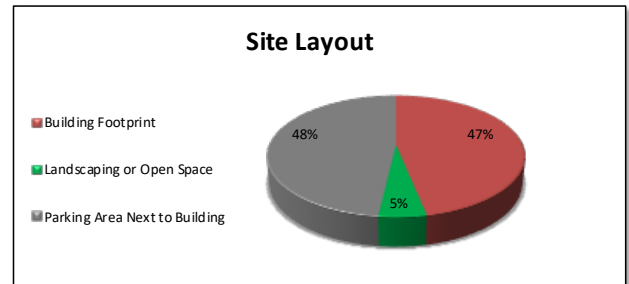
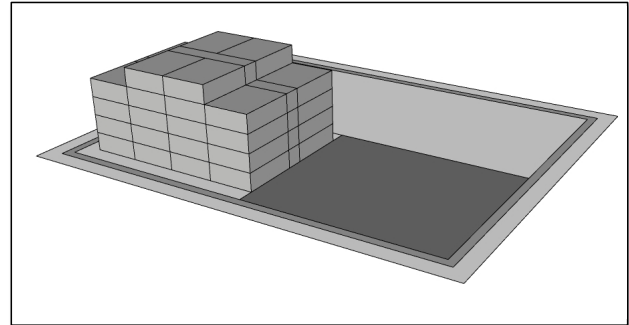
Housing Units	36	65 /acre
Average unit size	990 sf	
Employees	-	- /acre

PARKING & OPEN SPACE

Residential	36.02	1.00 /per unit
Retail	-	- /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	
Total parking spaces	36	
Landscaping and open space area	5%	

PROJECT COSTS

TOTAL COSTS	\$	(10,808,607)	
<i>Land Costs</i>	\$	(247,200)	\$10 /sf
<i>Hard Costs</i>	\$	(8,103,539)	
Residential	\$	(7,923,460)	\$200 /sf
Retail	\$	-	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(180,079)	\$5,000 /space
<i>Soft Costs</i>	\$	(2,445,736)	
<i>Other Costs</i>	\$	(12,132)	
Demolition Costs	\$	-	
Site Development Costs	\$	(12,132)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,643	\$2.67 /sf
Retail rent (sf/year)		N/A	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.6%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.5%
Debt Service Coverage Ratio (Year 3)		1.65
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable: 227 sf studi	227	0%	19%	75%
4 bedroom	945	0%	89%	111%
3 bedroom	665	0%	67%	78%
2 bedroom	1200	50%	148%	170%
1 bedroom	800	30%	102%	137%
studio	750	20%	98%	133%
Average	990	100%	124%	156%

Prototype B3

McMinnville, OR

BUILDING FORM

Lot area	24,000	sf
Lot area	0.55	acres
Building Footprint	10,434	sf
Parking Footprint (Adjacent)	11,886	sf
Height	7	stories
Floor-area ratio	2.57	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	61,715	55,544
Retail	-	-
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

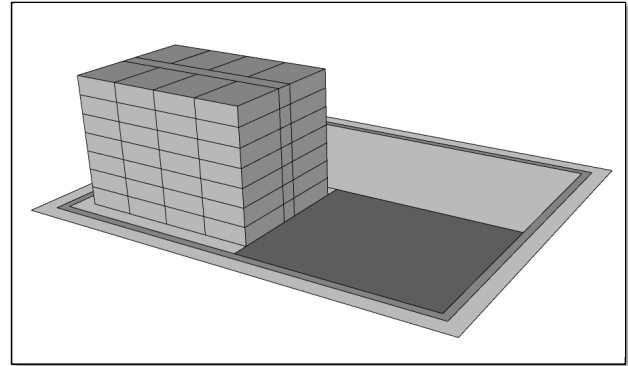
Housing Units	56	102 /acre
Average unit size	990	sf
Employees	-	- /acre

PARKING & OPEN SPACE

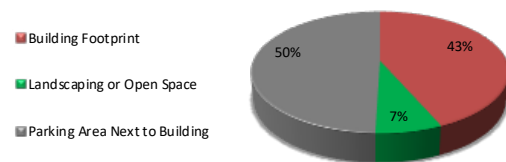
Residential	37.03	0.66 /per unit
Retail	-	- /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	
Total parking spaces	37	
Landscaping and open space area	7%	

PROJECT COSTS

TOTAL COSTS	\$	(16,491,661)	
Land Costs	\$	(247,200)	\$10 /sf
Hard Costs	\$	(12,528,172)	
Residential	\$	(12,343,026)	\$200 /sf
Retail	\$	-	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(185,145)	\$5,000 /space
Soft Costs	\$	(3,704,104)	
Other Costs	\$	(12,185)	
Demolition Costs	\$	-	
Site Development Costs	\$	(12,185)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



Site Layout



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	2,580	\$2.61 /sf
Retail rent (sf/year)		N/A	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

Rental		
Cash-on-Cash (After Year 3)		11.5%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.3%
Debt Service Coverage Ratio (Year 3)		1.64
Rule of 100 performance (Year One)		102%
Owner		
Project Rate of Return		0.0%
Return to Equity		0.0%
Subsidy		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable: 227 sf studi	227	0%	19%	75%
4 bedroom	945	0%	89%	111%
3 bedroom	665	0%	67%	78%
2 bedroom	1200	50%	145%	170%
1 bedroom	800	30%	100%	131%
studio	750	20%	96%	126%
Average	990	100%	121%	152%

Prototype B4

McMinnville, OR

BUILDING FORM

Lot area	24,000	sf
Lot area	0.55	acres
Building Footprint	8,343	sf
Parking Footprint (Adjacent)	13,977	sf
Height	7	stories
Floor-area ratio	2.06	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	49,350	44,415
Retail	-	-
Office	-	-
Industrial	-	-
Public	-	-
Educational	-	-
Hotel/Motel	-	-
Commercial Parking	-	-
Structured Parking	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

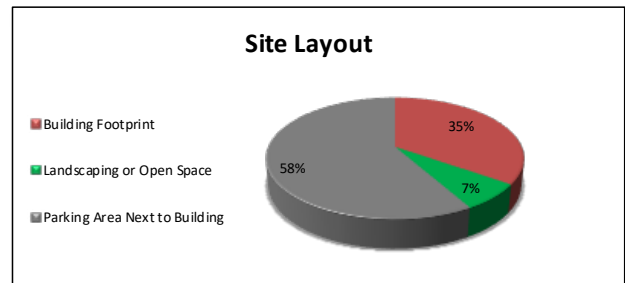
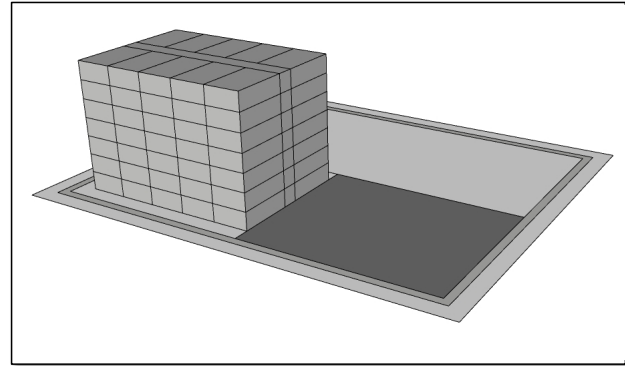
Housing Units	66	120 /acre
Average unit size	673	sf
Employees	-	- /acre

PARKING & OPEN SPACE

Residential	43.54	0.66 /per unit
Retail	-	- /1000 sq ft
Office	-	- /1000 sq ft
Industrial	-	- /1000 sq ft
Public	-	- /1000 sq ft
Educational	-	- /1000 sq ft
Hotel/Motel	-	- /per room
Parking Structure	-	-
Total parking spaces	44	
Landscaping and open space area	7%	

PROJECT COSTS

TOTAL COSTS	\$	(13,494,020)	
<i>Land Costs</i>	\$	(247,200)	\$10 /sf
<i>Hard Costs</i>	\$	(10,087,786)	
Residential	\$	(9,870,080)	\$200 /sf
Retail	\$	-	\$180 /sf
Office	\$	-	\$0 /sf
Industrial	\$	-	\$0 /sf
Public	\$	-	\$0 /sf
Educational	\$	-	\$0 /sf
Hotel/Motel	\$	-	\$0 /sf
Parking	\$	(217,706)	\$5,000 /space
<i>Soft Costs</i>	\$	(3,146,849)	
<i>Other Costs</i>	\$	(12,185)	
Demolition Costs	\$	-	
Site Development Costs	\$	(12,185)	
Brownfield Remediation Costs	\$	-	
Water Quality Controls	\$	-	
Additional Infrastructure	\$	-	



RENTS AND SALES PRICES

Residential Unit Sales Price		N/A	N/A /sf
Residential Unit Rent	\$	1,801	\$2.68 /sf
Retail rent (sf/year)		N/A	/sf (triple net)
Office rent (sf/year)		N/A	/sf (triple net)
Industrial (sf/year)		N/A	/sf (triple net)
Hotel/Motel (\$/night)		N/A	/ room / night

FINANCIAL PERFORMANCE

<i>Rental</i>		
Cash-on-Cash (After Year 3)		11.6%
IRR on Project Cost (Unleveraged Return)		12.0%
IRR on Investor Equity (Leveraged Return Before Tax)		20.5%
Debt Service Coverage Ratio (Year 3)		1.65
Rule of 100 performance (Year One)		103%
<i>Owner</i>		
Project Rate of Return		0.0%
Return to Equity		0.0%
<i>Subsidy</i>		
Subsidy Amount	\$	-
% of Project Costs		0%

UNIT MIX

	Home size (sf)	% of total	MFI Affordability	
			Purchase	Rent
Affordable: 227 sf studi	227	0%	19%	75%
4 bedroom	945	0%	89%	111%
3 bedroom	665	0%	67%	78%
2 bedroom	875	33%	108%	124%
1 bedroom	650	33%	82%	106%
studio	500	34%	65%	84%
Average	673	100%	85%	106%