



Statesman Journal

ALBANY CLIMATE FRIENDLY AREA PROJECT MARKET FEASIBILITY STUDY

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INTRODUCTION

This market feasibility study was completed as one component of the City of Albany Housing Implementation Project. The purpose of this study is to assess the feasibility of mixed use (MU) development forms in the City's six potential climate-friendly areas (CFAs).

Albany's potential CFAs are currently under consideration to meet the requirements of the state Climate Friendly and Equitable Communities rule (CFEC). The rule requires cities with a population greater than 25,000 residents to designate and plan CFAs to be future areas where greater housing capacity, commercial options, and transit access will allow residents to meet most of their daily needs without the need for a car. Traditional downtowns and town centers are a common model for this type of neighborhood, but the CFEC encourages creating other such areas through updated zoning that allows flexibility in housing types, density and mix of uses.

To this end, CFAs should achieve denser forms of housing and mixed uses over time. These development forms can be more expensive and complicated to develop than lower-density construction, meaning that they will not be feasible in all areas immediately. But the right combination of incentives and positive amenities can help bridge the feasibility gap to achieve these goals.

This memo summarizes local market conditions for residential and commercial real estate in order to model multiple scales of MU development, construction types, and parking configurations. The study identifies gaps in feasibility and proposes strategies and tools for addressing these gaps.



I. RESIDENTIAL AND COMMERCIAL MARKET CONDITIONS

A. HOUSEHOLD GROWTH

Between 2000 and 2023, the city of Albany grew from an estimated 41,000 people to 58,000 people according to the US Census and PSU Population Research Center. Since 2000, the city has added an estimated average of 250 new households per year.

Albany has a greater share of homeowner households than renter households. The 2022 American Community Survey (ACS) estimates that 60% of occupied units were owner occupied, and 40% renter occupied. The ownership rate in Albany has stayed roughly stable since 2000.

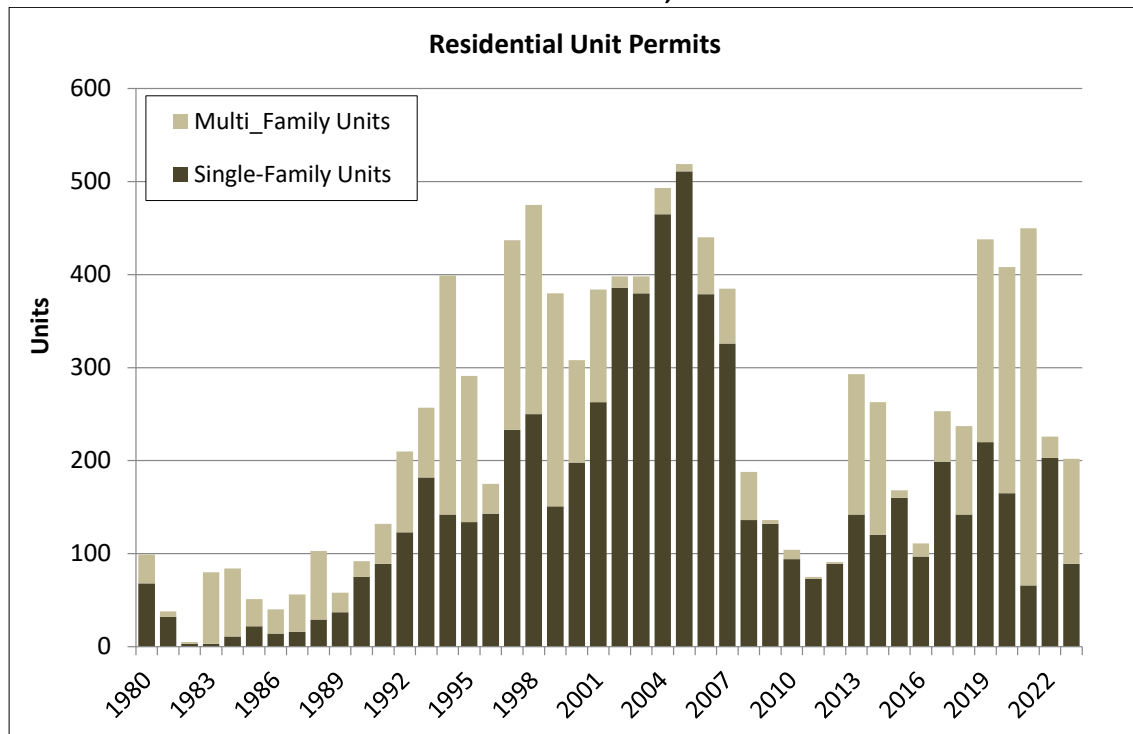
New households that move from outside of the county (i.e. that aren't moving between locations within the city), are more likely to be renters, at least initially. Among these new households, the share of renter households is 54%, compared to 40% for the overall population. At 54% of new households, this means that Albany has added over 135 new renter households per year in recent years, and 115 owner households.

B. HOUSING UNIT DEVELOPMENT

Since 2000, nearly 7,000 new housing units have been developed, or just over 300 units per year. Over 72% of these housing units are single family homes, while 28% are multifamily units.

The 1990's and turn of the century was a period of increased multi-family development in the city but was followed by modest development until the last five to six years. An average of 84 multi-family units have been produced each year since 2000, however with much variation year to year (Figure 1.1). Since 2019, an estimated 980 new multi-family units have been developed, in comparison to 745 new single-family units.

FIGURE 1.1: RESIDENTIAL PERMITS, CITY OF ALBANY



Source: US Census, City of Albany, JOHNSON ECONOMICS



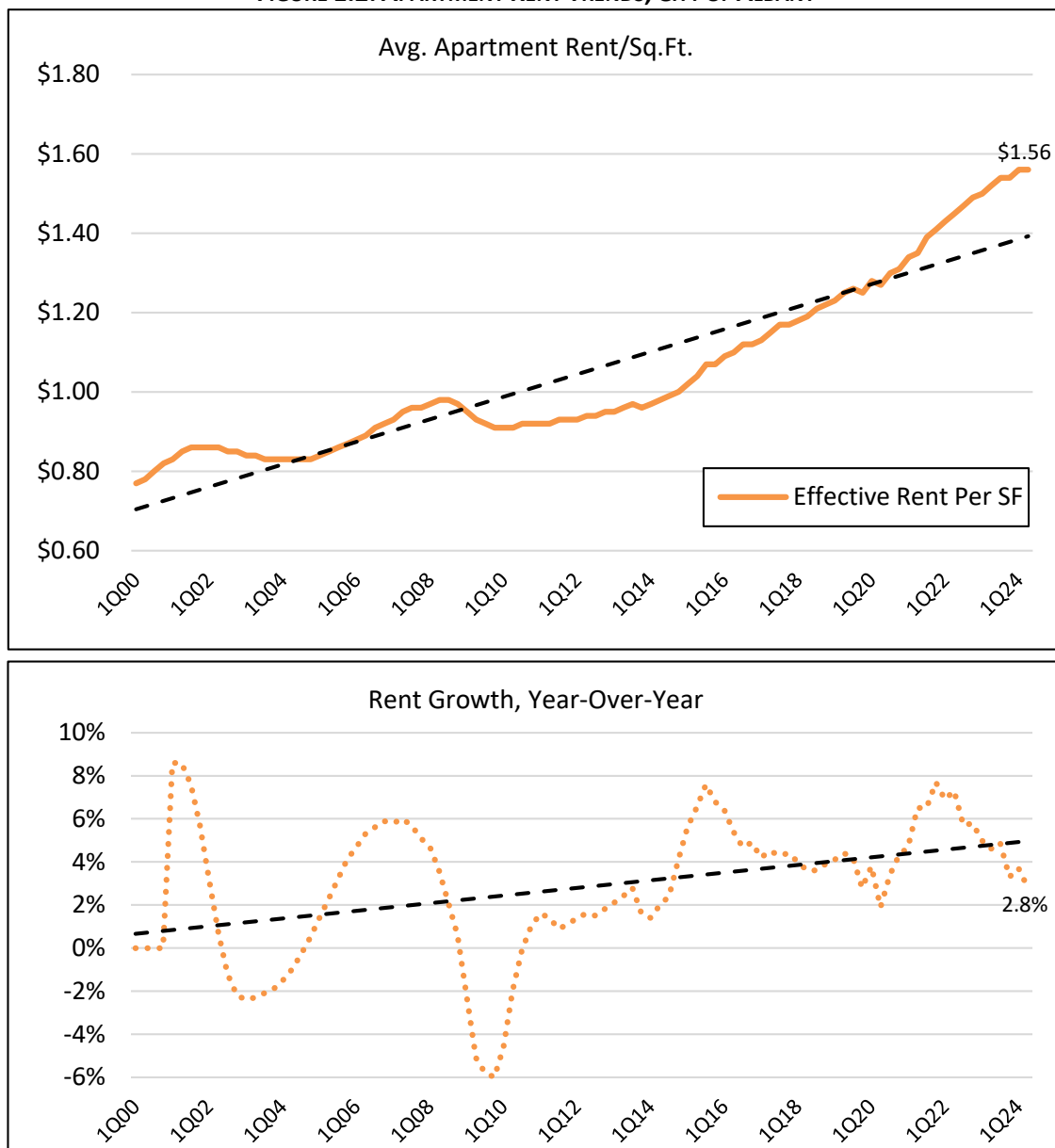
C. RENTAL APARTMENT TRENDS

Rent and Vacancy Trends

Average rents in Albany have climbed over the last two decades with some decline during the recessionary periods after 2001 and 2008. Since bottoming in 2010, the average rent-per-square-foot in the city has risen 71%, or 4% annually (Figure 1.2).

The average rent is \$1.56/sq.ft (or \$1,325 for an average 850-sq.ft. unit). This includes rental properties of all ages and conditions. The achievable rent in newer properties is higher, at approximately \$2.20/sq.ft. (or \$1,870 for an 850-sq.ft. unit), but annual growth has slowed somewhat.

FIGURE 1.2: APARTMENT RENT TRENDS, CITY OF ALBANY

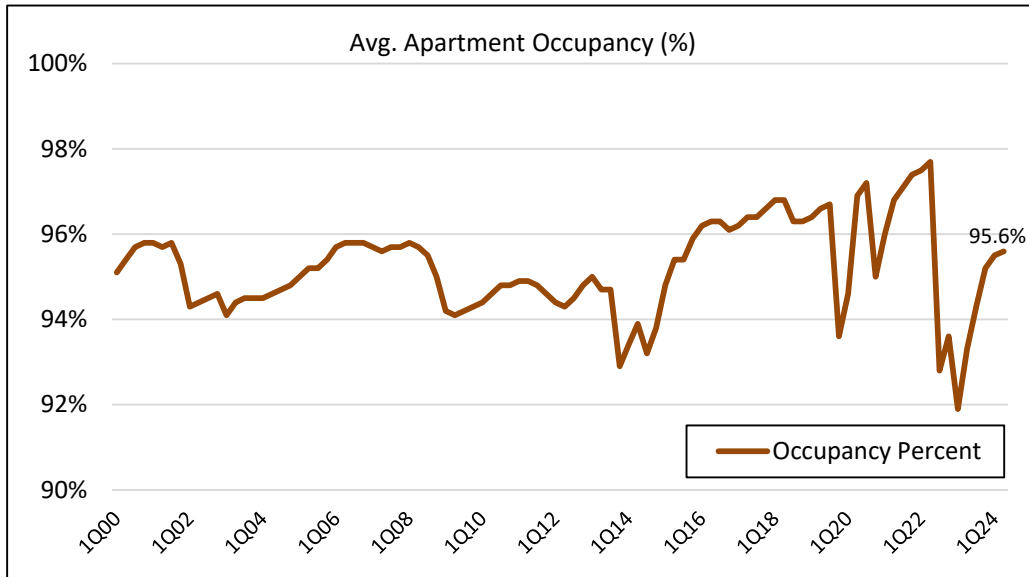


Source: CoStar, JOHNSON ECONOMICS



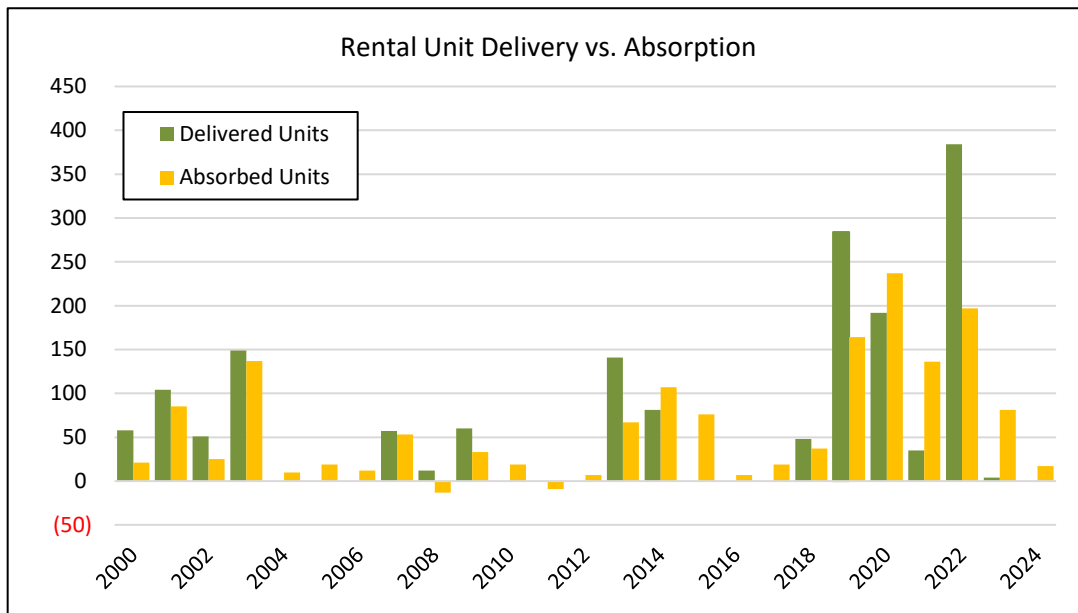
Average occupancy in Albany has remained stable for many years, averaging over 95% for much of the past 10 years (Figure 1.3). Average occupancy dipped in 2020, and again in 2022 as new supply came to market but has since rebounded to an estimated 96%. Low vacancy has supported rent increases and driven demand for new properties since the 2008 recession.

FIGURE 1.3: OCCUPANCY TRENDS, CITY OF ALBANY



Source: CoStar, JOHNSON ECONOMICS

FIGURE 1.4: ANNUAL RENTAL UNIT DELIVERIES VS. ABSORPTION, CITY OF ALBANY



Source: CoStar, City of Albany, JOHNSON ECONOMICS

Apartment Absorption

Figure 1.4 compares annual deliveries of rental units to the estimated absorption. Since 2010, the average annual delivery of new units and absorption of units have been very closely matched. Over the past decade, there has been



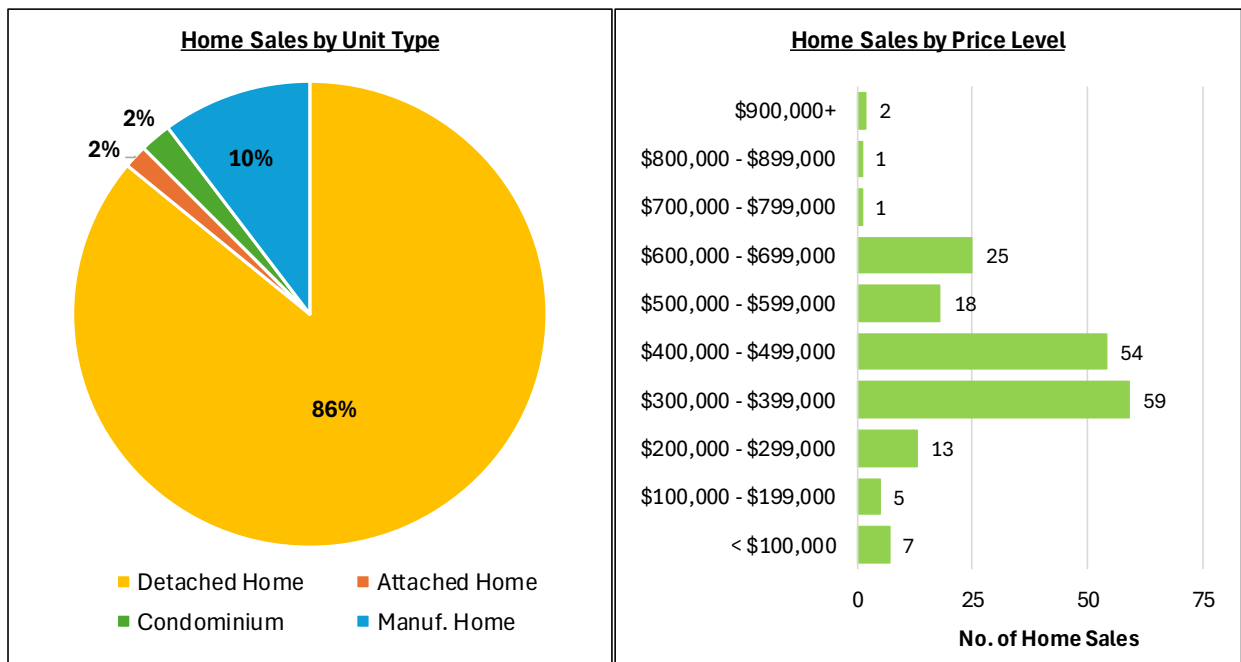
much variation in both deliveries and absorption. However, years of heightened development have always been met with sufficient demand to absorb the new product.

D. HOME PRICE TRENDS

Figure 1.5 presents home sales data from the prior 12 months (June 2023 – June 2024).

- According to RMLS, the city of Albany saw an estimated 185 sales in the prior 12 months.
- The average (mean) sale price was \$431,000 in Albany, and the median price was \$418,000.
- The median home sale price has risen an estimated 40% since completion of the Housing Needs Analysis in mid-2020, when the median sale price for the prior 12 months was just less than \$300,000. For comparison, general inflation over this period was an estimated 22%.
- The median square footage was 1,525 s.f., with an average price per square foot of \$270/s.f.

FIGURE 1.5: ALBANY HOME SALES STATISTICS (JUNE 2023 – JUNE 2024)



Sources: RMLS, JOHNSON ECONOMICS

- 7% of sales were priced between \$200,000 and \$299,000, down from 42% in the 2020 HNA.
- 32% of sales were priced between \$300,000 and \$399,000, down from 36% in 2020.
- 55% of sales were priced at \$400,000 or more, up from 15% in the HNA.
- 6.5% of sales were priced below \$200,000, down from 9%.

The sales summarized above include both new and existing homes. Among newly built homes, the recent median sale price was \$625,000 with an average price-per-square feet of \$295. This median price for newly built homes is roughly 150% of the median price for all homes (new and existing).

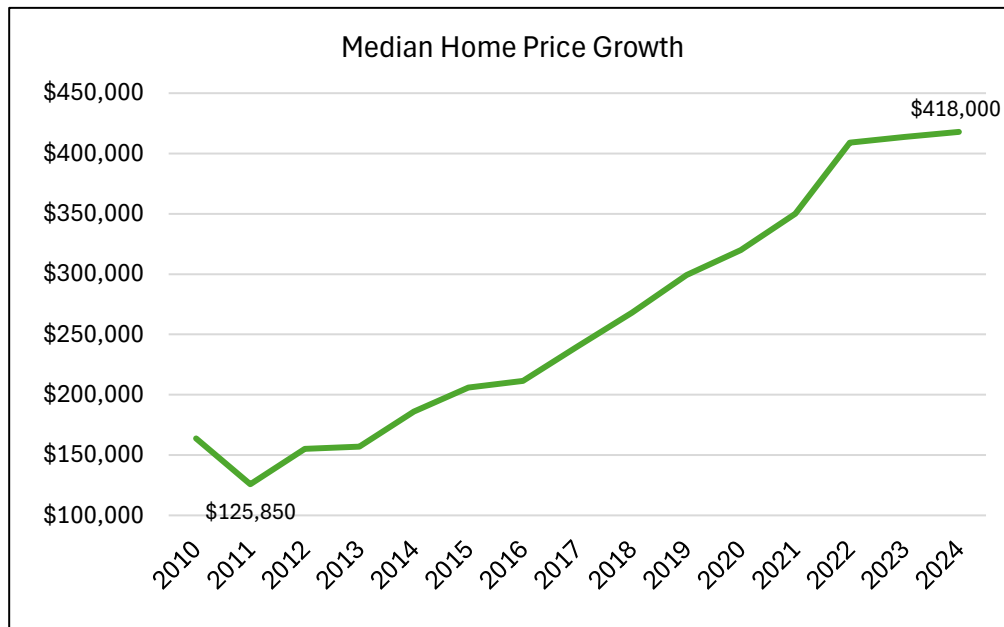
Affordability: 39% of recent sales in Albany took place within the \$200,000 to \$400,000 price range. Homes in this range should be affordable to many households earning roughly \$50,000 to \$125,000 per year, assuming 15 percent down and 30-year loan at 5 percent. An estimated 45% of local households fall within these income segments.



Roughly 35% of households earn less than \$50,000 per year, meaning that the bulk of housing supply on the current for-sale market is likely too expensive for most of these households.

Price Growth: As Figure 1.6 presents, the median home price in Albany has grown from a low of \$125,000 following the recession of 2008/2009, to the current median of \$418,000. This is growth of 232% in a decade, or an average growth rate of 9% per year. Nationwide, the average annual growth over this period was an estimated 7%.

FIGURE 1.6: ALBANY HOME PRICE GROWTH



Sources: RMLS, JOHNSON ECONOMICS

E. HOUSING DEMAND & LAND SUPPLY

The 2020 HNA provided projected housing needs over a 20-year planning period. The projections included demand by housing unit type and estimated need for residential land by zone and acreage. The demand was presented within a range based on alternate growth rates.

The HNA projects a demand for 6,700 to 9,400 new housing units will be needed by 2040.

- Based on past trends and current zoning, 62% of the new units are projected to be single dwelling detached homes, while 32% are projected to be some form of attached housing, and 6% are projected to be manufactured homes, and RVs or other temporary housing.
- Single dwelling attached units (townhouses on individual lots) are projected to meet 7% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered.
- Duplex through fourplex units are projected to represent 11.5% of the total need. A duplex is one building with two units on one lot; a triplex is 3 units/lot; and a fourplex is 4 units/lot. In the 2020 HNA analysis, duplex units also include a detached single dwelling home with an accessory dwelling unit on the same lot either as a separate building, or a separate unit in the home (for instance, a rental basement unit.)
- 14% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 6% of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.



- Of ownership units, 86% are projected to be single dwelling homes, and 9% manufactured homes. Only a few units are projected to be attached forms.
- About 72% of new rental units are projected to be found in new attached buildings, with 34% projected in rental properties of 5 or more units, and 27% in buildings of two to four units.

Figure 1.7 presents the findings of housing demand by income level and type, from the 2020 HNA.

FIGURE 1.7: BREAKDOWN OF FORECASTED FUTURE LAND NEED (2040) BY AFFORDABILITY LEVELS

| Household Income Segment | Income Level (Rounded)* | Owner Units | Renter Units | Total | Share | Common Housing Product |
|-------------------------------|-------------------------|--------------|--------------|--------------|-------------|--|
| Extremely Low Inc. < 30% AMI | < \$18,000 | 237 | 632 | 869 | 13% | Govt-subsidized; Voucher |
| Very Low Income 30% - 50% AMI | \$18k - \$30k | 295 | 539 | 833 | 12% | Aging/substandard rentals; Govt-subsidized; Voucher |
| Low Income 50% - 80% AMI | \$30k - \$48k | 670 | 686 | 1,356 | 20% | Market apts; Manuf. homes; Plexes; Aging SFR |
| Middle Income 80% - 120% AMI | \$48k - \$71.5k | 882 | 428 | 1,310 | 19% | Single-family detached; Townhomes; Small homes; New apts |
| Upper Income > 120% AMI | > \$71,500 | 1,993 | 369 | 2,362 | 35% | Single-family detached |
| TOTAL: | | 4,077 | 2,654 | 6,730 | 100% | |

* Adjusted to 2019 dollars. The median household income level in 2039 will be inflated from current levels.

Sources: ANGELO PLANNING GROUP, JOHNSON ECONOMICS, ALBANY HOUSING NEEDS ANALYSIS 2020

Following are some key findings related to the housing needs of the Albany community, derived from the 2020 Housing Needs Analysis:

- There is a significant need for new medium- and high-density housing to meet the City’s 20-year housing needs. Attached forms of housing are expected to grow as an overall share of housing due to growing trends towards more density, infill development, accessory dwelling units, and constraints of the urban growth boundary. This includes multi-family housing and “missing middle housing” such as duplexes, triplexes, fourplexes, and townhouses.
- There is a current and future need for more affordable housing opportunities for many Albany households. Over 50% of renters spending more than 30% of their income on gross rent—these households are considered “housing cost burdened”). According to the 2022 American Community Survey, 26 % of renters are spending 50% or more of their income on housing and are considered *severely* housing cost burdened.
- Relatedly, the HNA identified current and future needs for housing affordable to low-income households (defined as households earning 80% or less of area median income). In particular, there is a shortage of rental units at the lowest pricing levels that would be affordable to the lowest-income households (those earning below 30 or 50 percent of median income).

These gaps have been the focus of the Housing Implementation Plan work.



COMMERCIAL MARKET CONDITIONS

F. EMPLOYMENT GROWTH

According to the 2020 Economic Opportunities Analysis (EOA) Albany was home to an estimated 27,750 jobs as of 2018 (the most recent data available). The largest sectors by number of jobs were health care, retail, and manufacturing. Based on a forecasted annual growth rate of 1.3%, the city is expected to add roughly 8,800 jobs by 2040. The greatest growth in the number of jobs is projected to be in the health care, manufacturing, and tourism-related (lodging and dining), and retail sectors.

Broken down into broad categories of employment that tend to use commercial/retail space, or that tend to use industrial space, the analysis forecasts a fairly balanced demand for land in both categories of zoning.

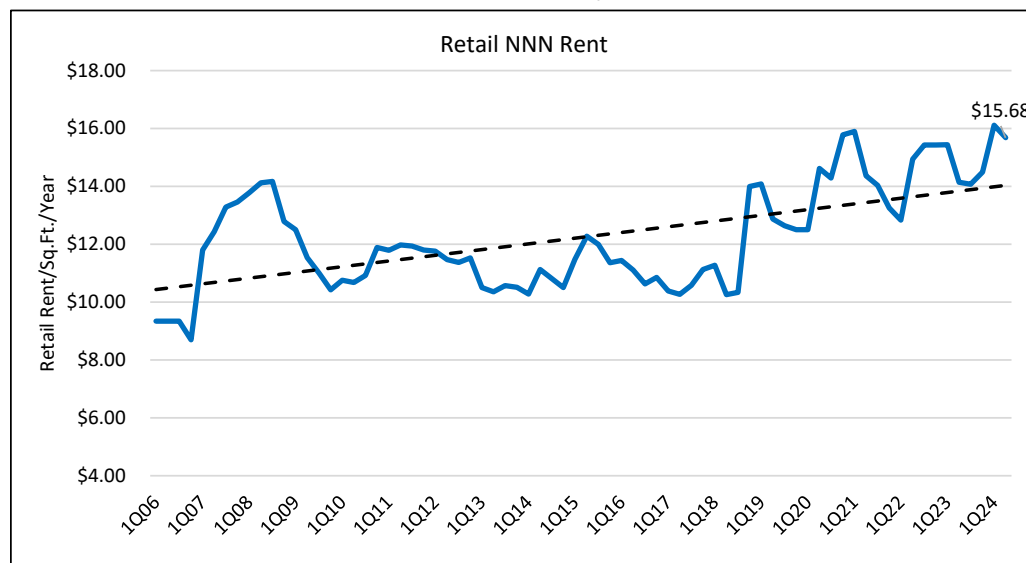
Expanding & Target Industries: The EOA found that the city has significant strength and potential for growth in several key industries. Analysis of the representation of industries in Albany relative to the representation in the U.S. shows that Albany is strong in multiple subsectors of manufacturing including metals, wood products and food products. Other industry sectors with high representation are education (including the school district), some categories of retail, and warehousing. Health care is also the largest segment of local employment and is forecasted to add the most jobs over the next 20 years.

G. RETAIL COMMERCIAL MARKET TRENDS

Rent and Vacancy Trends

With some minor volatility, the retail real estate market in Albany has been on a positive growth trend in terms of lease rates and occupancy of space since 2006 (the longest duration of data available from CoStar). Over the last decade retail rents grew by an estimated 47%, or an average of 4% per year. Retail rents are presented on a “triple-net” (NNN) basis, meaning that in addition to rent, the tenant is also responsible for most building expenses including maintenance, insurance and taxes. Retail space is most commonly leased on a NNN basis.

FIGURE 1.8: RETAIL RENT TRENDS, CITY OF ALBANY

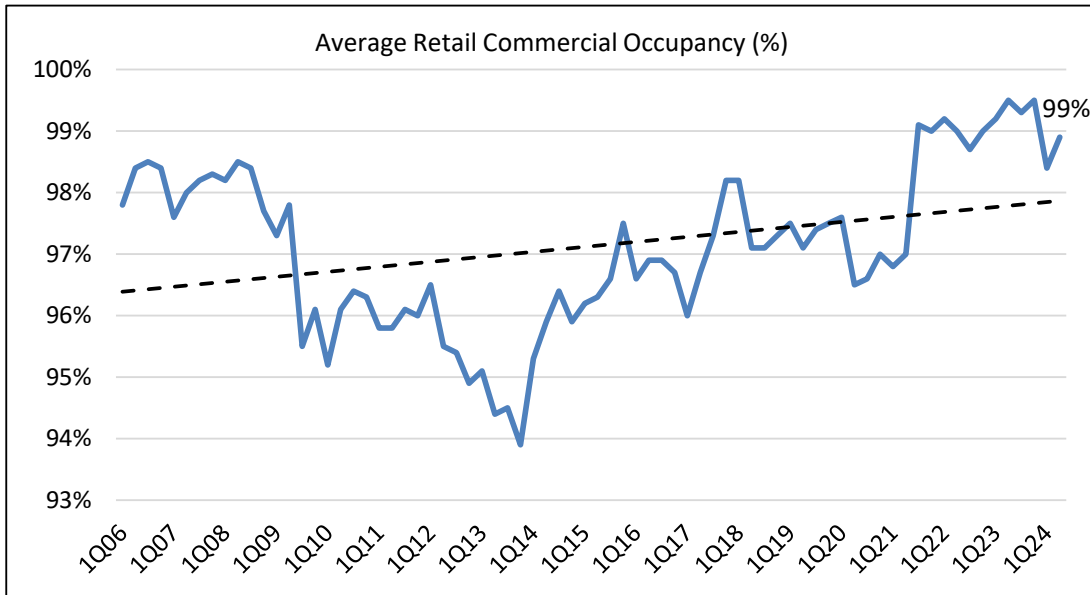


Source: CoStar, JOHNSON ECONOMICS



CoStar tracks over 5.2 million square feet of retail space in over 500 properties. These properties have experienced fairly stable occupancy levels over time despite experiencing two major economic disruptions over the tracking period. Commercial properties including retail often benchmark a 90% occupancy rate as a “healthy” amount of vacancy, meaning that on average, Albany retail market has remained healthy and even strong over the past 15 years. Costar estimates a very low current retail vacancy rate in the properties they track of less than 2%.

FIGURE 1.9: RETAIL OCCUPANCY TRENDS, CITY OF ALBANY

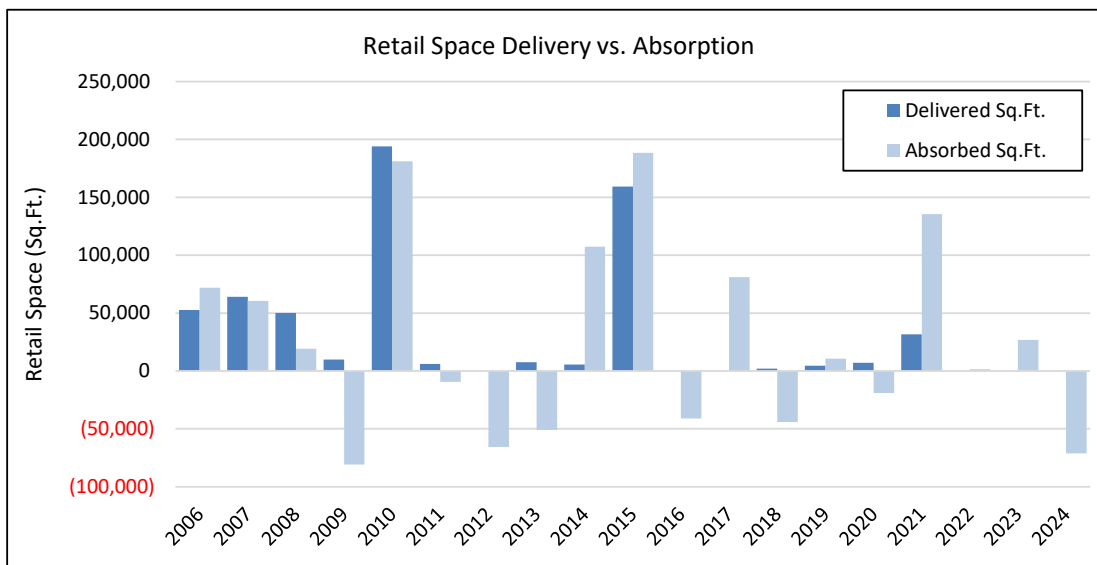


Source: CoStar, JOHNSON ECONOMICS

Retail Commercial Space Absorption

Figure 1.10 presents absorption trends of retail space in Albany in square footage of leasable space.

FIGURE 1.10: RETAIL SPACE DELIVERIES VS. ABSORPTION, CITY OF ALBANY



Source: CoStar, JOHNSON ECONOMICS



The city has experienced positive space absorption over the prior decade of 500,000 sq.ft. of retail space, or 25,000 sq.ft. per year. This masks annual volatility that has seen absorption of over 150,000 sq.ft. in some years, and the vacation of over 75,000 sq.ft. in other years. However, as noted above, occupancy levels have remained strong despite this volatility.

H. COMMERCIAL DEMAND & LAND SUPPLY

The 2020 EOA provided projected need for commercial real estate space and land over a 20-year planning period. The demand was presented within a range based on alternate growth rates.

Employment Land Need

The EOA analysis found that the forecasted 20-year job growth by industry will translate to a need for between 300 to 375 total acres of land zoned for employment uses that tend to take place in a commercial real estate environment, including retail, office and institutional (hospitals, schools, etc.) space. Office and institutional users often use similar sites in similar zones. Figure 1.11 shows a summary of how the employment growth was projected to correspond to a variety of building and real estate types. (Figure 1.11 also includes industrial uses in addition to commercial land uses.)

FIGURE 1.11: FORECASTED 20-YEAR LAND NEED BY BUILDING TYPE (ALBANY)
SCENARIO 1 (PSU FORECAST, 1.3%)

| PSU SCENARIO | DEMAND BY GENERAL USE TYPOLOGY, 2019-2039 | | | | | | Total |
|-----------------------------|---|---------------|-------------|-------------|--------------|--------------|--------------|
| | Office | Institutional | Flex/B.P | Gen. Ind. | Warehouse | Retail | |
| Employment Growth | 2,486 | 1,680 | 733 | 945 | 791 | 2,192 | 8,828 |
| Avg. SF Per Employee | 350 | 600 | 990 | 600 | 1,850 | 500 | 649 |
| Demand for Space (SF) | 870,200 | 1,008,300 | 726,000 | 567,100 | 1,462,700 | 1,096,200 | 5,730,500 |
| Floor Area Ratio (FAR) | 0.35 | 0.35 | 0.30 | 0.30 | 0.35 | 0.25 | 0.31 |
| Market Vacancy | 10.0% | 0.0% | 10.0% | 5.0% | 5.0% | 10.0% | 6.9% |
| Implied Density (Jobs/Acre) | 39.2 | 25.4 | 11.9 | 20.7 | 7.8 | 19.6 | 19.6 |
| Net Acres Required | 63.4 | 66.1 | 61.7 | 45.7 | 101.0 | 111.8 | 449.8 |
| Gross Acres Required | 79.3 | 82.7 | 77.2 | 57.1 | 126.2 | 139.8 | 562.2 |

SCENARIO 2 (ADJUSTED FORECAST, 1.7%)

| ADJUSTED SCENARIO | DEMAND BY GENERAL USE TYPOLOGY, 2019-2039 | | | | | | Total |
|-----------------------------|---|---------------|--------------|-------------|--------------|--------------|--------------|
| | Office | Institutional | Flex/B.P | Gen. Ind. | Warehouse | Retail | |
| Employment Growth | 3,082 | 2,223 | 1,024 | 1,498 | 985 | 2,642 | 11,455 |
| Avg. SF Per Employee | 350 | 600 | 990 | 600 | 1,850 | 500 | 652 |
| Demand for Space (SF) | 1,078,800 | 1,333,800 | 1,014,100 | 898,600 | 1,822,400 | 1,321,100 | 7,468,800 |
| Floor Area Ratio (FAR) | 0.35 | 0.35 | 0.30 | 0.30 | 0.35 | 0.25 | 0.31 |
| Market Vacancy | 10.0% | 0.0% | 10.0% | 5.0% | 5.0% | 10.0% | 100.0% |
| Implied Density (Jobs/Acre) | 39.2 | 25.4 | 11.9 | 20.7 | 7.8 | 19.6 | 19.6 |
| Net Acres Required | 78.6 | 87.5 | 86.2 | 72.4 | 125.8 | 134.8 | 585.3 |
| Gross Acres Required | 98.3 | 109.4 | 107.8 | 90.5 | 157.3 | 168.5 | 731.7 |

Source: 2020 Economic Opportunities Analysis, Albany, Johnson Economics LLC

The EOA found a deficit of buildable commercial land across categories, with the greatest deficit in land suitable for office and institutional uses, and a smaller deficit in land for retail uses. Impacts from the Covid pandemic in 2020



and 2021 have likely impacted this land need somewhat, particularly in the need for office land. While retail spending has largely rebounded in most markets, work from home trends that emerged during the pandemic have greatly reduced the use of office space nationwide, and thus negatively impacted the need for new office development.

II. STUDY AREAS AND DEVELOPMENT FORMS

A. CLIMATE FRIENDLY AREAS (CFAs)

The following map shows the six candidate areas for possible CFAs in Albany from the city’s Phase I study. The areas are designated Sites A – F and are distributed across the city.

FIGURE 2.1: MAP OF CANDIDATE CFAs, CITY OF ALBANY

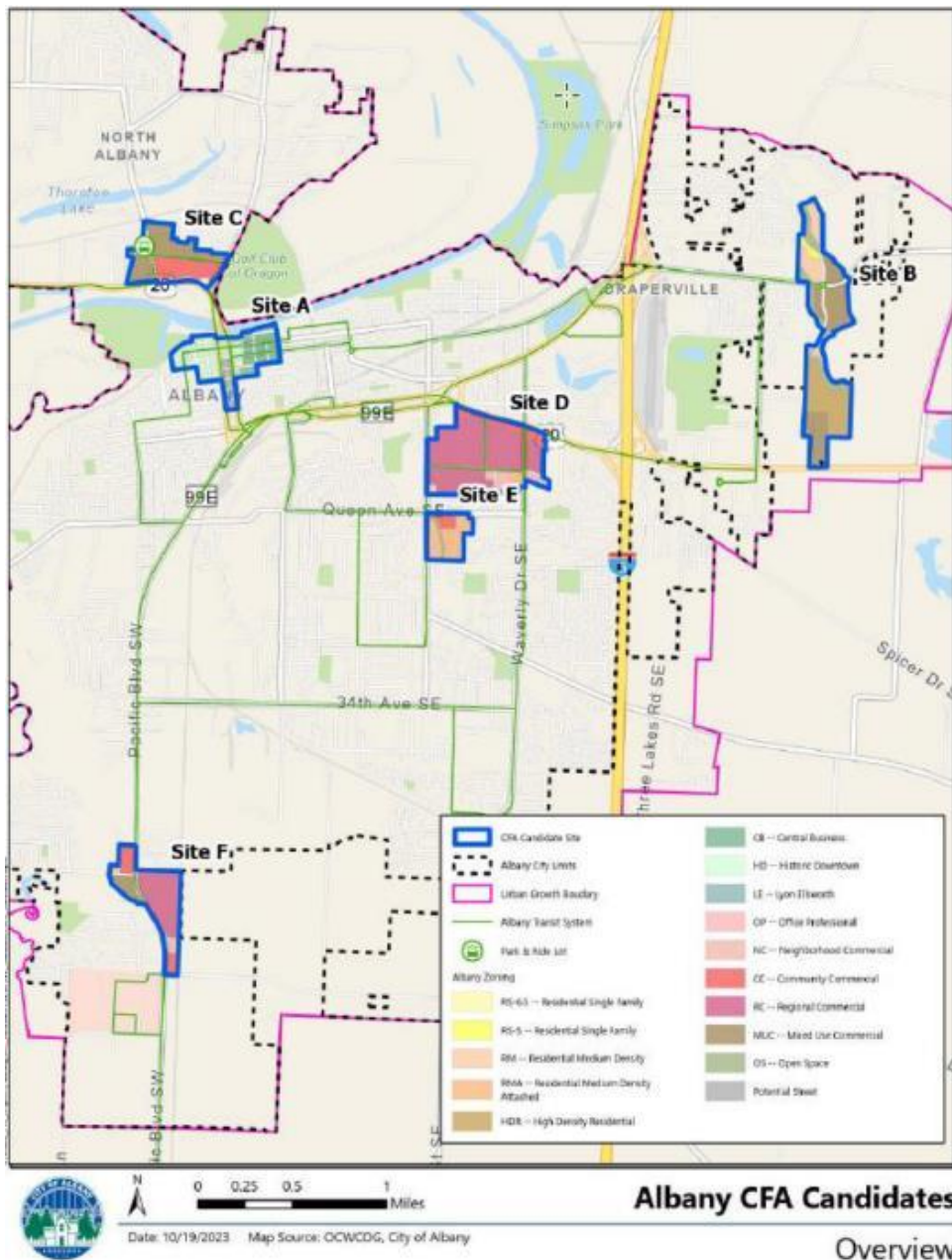




Figure 2.2 shows the estimate of housing capacity within the candidate CFAs. In keeping with the rules, Albany must designate one or more CFAs with the capacity for 8,861 housing units, which is 30% of the existing and projected need by 2040. After the designation of primary and secondary CFAs, the City must ensure that zoning allows for a minimum density and building height under the rule.

FIGURE 2.2: SUMMARY OF CANDIDATE CFAs, CITY OF ALBANY

| Site | Site Name | Size (Acres) - Total | Size (Acres) - Net* | Low Estimate | High Estimate |
|-----------------------------------|--------------------|----------------------|---------------------|---------------|---------------|
| Site A | Downtown Area | 79.4 | 26.2 | 1,447 | 1,861 |
| Site B | East Albany Area | 144.1 | 69.9 | 2,876 | 3,834 |
| Site C | North Albany Area | 72.4 | 36.2 | 1,865 | 2,487 |
| Site D | Heritage Mall Area | 146.4 | 78.4 | 4,622 | 6,162 |
| Site E | Queen/Geary Area | 34.4 | 16.4 | 573 | 764 |
| Site F | South Albany Area | 69.9 | 25.9 | 1,356 | 1,809 |
| Estimated Capacity Numbers | | | | 12,739 | 16,917 |

*Size (Acres) Net – Nets out the ROWs, Historic Properties, Parks, Public Building Lots, Etc. The calculation in this table does not net out the setback area.

Source: Phase I Study of Potential Climate Friendly Areas, City of Albany

The candidate areas are dispersed across the city and have some modest pricing variation in terms of achievable rent and sale pricing for new housing units, though given the size of the Albany market and demand for new housing, the variation is not extreme.

B. DEVELOPMENT FEASIBILITY

The basic determinants of development feasibility are achievable rent/price levels, and the cost of development. As rent levels (or sale pricing) increase, they can support more costly forms of construction, and more intensive use becomes market feasible. For instance, the high achievable rents in a large urban core can support the cost of building a high-rise building, and structured parking. In a smaller city environment, pricing may support only low or mid-rise buildings.

Generally, the higher density development forms have a higher cost per square foot to construct. Major factors that increase the cost of denser development forms can include materials (e.g. steel), structured parking, specialized labor and equipment, and building elements such as elevators and firewalls. Because of this dynamic, most locations outside of an urban center face difficulty in achieving a built form over three to four stories in height without subsidy. The cost of structured parking, in contrast to a surface parking lot, is an especially key factor in the increased cost for more dense forms of housing and mixed-use buildings.

The achievable rent/price levels for housing and commercial space in the study area will limit some of the development types that the market is likely to bring to the area at the current time. However, in an environment where most existing uses are single-story with ample surface parking, significant changes in density and design can be achieved while still relying on “low-rise” wood construction to control costs.

Three- to four-story buildings, perhaps with reduced parking and other design considerations, can greatly increase the intensity of land use, without necessitating the higher construction costs of concrete and steel mid-rise buildings. In addition, achievable pricing in the area is likely to increase over the planning period, improving the feasibility of new development types.



The development forms discussed in the following section do not reflect the impact of public policies, funding tools, and design initiatives which might result from this planning process and might influence the density and design of what is ultimately feasible in the CFA study areas.

Feasible Residential Development

Currently, the prevalent multi-family rental development type in the study area is a two-to-three story walk-up garden apartment, with surface parking. Such properties are wood construction, with apartment flats and occasionally two-story units. Such properties generally feature a floor area ratio (FAR) of .75 or less, and commonly no more than 0.5 FAR. The achieved density may be anywhere from 14 to 30 dwelling units per acre. The Timberridge Place Apartments in East Albany or The Banks Apartments on the Willamette River are good examples of how this type of development can add considerable residential density, which will help support additional commercial uses and services in the area.

In coming decades, Albany is likely to support some multi-family buildings of greater density, including mixed-use development with active ground floor uses and semi-structured parking such as tuck-under or partial podium. In the short-term to 15-year period, Downtown Albany will remain the most likely location for these buildings, but a redeveloped mixed-use Heritage Mall neighborhood or a dense mixed-use town center in East Albany may also support this type of development in the future. Location is important for supporting greater density and ground floor businesses.

Ownership Units: The densest housing forms are more likely to be built as rental apartments rather than condo units in most of the candidate CFAs. For ownership housing, JOHNSON ECONOMICS believes it is unlikely that the market will deliver condos to suburban communities in any great number for the foreseeable future. This is because houses in these areas remain relatively price competitive in comparison to the price level of a new-construction condo unit.

Ownership townhouses are a more viable development form than condo flats. As recent trends show, attached single-family units (i.e. attached townhouses on separate tax lots) are an increasingly common form of ownership housing in Albany and similarly sized cities. This is likely to continue, with townhouse construction becoming more common as buildable land for lower density homes becomes scarce. Townhouses can achieve a density of 16 to 22 units per net acre.

Middle Housing: The “missing middle” housing types and ADU’s required through recent state statute are likely to be currently feasible in the candidate CFAs. Duplexes, tri- or fourplexes carry similar cost-per-square foot as single detached homes. While there are additional costs such as multiple appliance packages, fixtures, and extra development fees, these can be capitalized within the rent for these units in a healthy rental market. Along with townhouses, these missing middle housing types are likely feasible in all of the CFAs and can double or triple the unit density over single detached housing.

These housing types can meet multiple housing needs: for smaller, more affordable rental options; for multi-generational housing; and to provide additional income to first-time homebuyers who occupy one of the units and rent the others. The increase in residential density also supports the commercial and mixed-use goals of the climate friendly areas and the East Albany and South Albany area plans with new customers and employees for local businesses.







Development Forms





This study focused on dense housing forms within the candidate CFAs, with an additional focus on a mix of uses. On a practical level this means a commercial component that might contain retail, dining, and or small office uses. These would typically be located on the ground floor of vertical mixed-use buildings, or perhaps in corner “pads” of low-rise multi-family properties (i.e. horizontal mixed uses).

The following table presents an overview of the building types discussed.


FIGURE 2.3: FEASIBLE RESIDENTIAL DEVELOPMENT FORMS (FROM LOWEST TO HIGHEST HOUSING DENSITY)

| | | |
|--|---|---|
| <p>Middle Housing and Accessory Dwelling Units</p> | <p>Duplexes - Fourplexes, Accessory Dwelling Units that increase housing options in lower-density residential areas. Cottage clusters can create a community of small homes on one large lot and can be condo-ized or subdivided to provide affordable ownership opportunities.</p> <p>Middle housing can achieve densities of 12 to 20 units per acre depending on type.</p>  <p>Cottage Cluster</p> |  <p>Accessory Dwelling Unit</p>  <p>Duplex</p> |
| <p>Townhouses</p> | <p>Also typically wood frame, these units often have parking under the unit from street or back alley. Townhouses typically have fee simple ownership, but townhouse-style multifamily projects can be rentals or condos. Townhouses can achieve a density of 16 to 22 units per net acre.</p> <p>Townhouses have proven successful in Albany and similar communities and often serve as a more affordable first-time homeownership opportunity.</p> |  <p>Townhomes (Edgewater)</p> |



| | | |
|---|--|---|
| <p>Garden Apartment or Condominiums with Surface Parking</p> | <p>Typically, wood frame construction with surface parking, carports or stand-alone garages. This is a predominant form of apartment complexes in most cities.</p> <p>Construction is usually two to three stories high, with a density of 30-45 units per acre. Reductions in the amount of common open space and surface parking can help increase the achieved density.</p> <p>Because this is the primary form of multi-family housing that is currently feasible in most of the candidate CFAs, it is likely to be a key component of increased density for the foreseeable future.</p> |  <p>Garden Apartments (Eagle Pointe)</p>  <p>Garden Apartments (Timberridge Place)</p> |
| <p>Urban Apartments Type V (Wood) over concrete podium Vertical Mixed Use</p> | <p>This building form entails multiple floors of wood-frame construction above a concrete podium. This allows a building to achieve greater density while still using lower cost wood construction on most floors. The concrete podium allows for structured parking within the building footprint, as well as ground floor commercial or other active uses.</p> <p>Common forms include three to four stories of wood-frame residential over a one-story podium, or five floors of residential over two-story podium. The latter “five-over-two” building maximizes the height and density that can be achieved with wood-frame construction. These forms can achieve from 75 to 120 units per acre.</p> <p>The transition to this type of building entails increased construction costs for the podium, including structured parking, and building elements like elevators and firewalls. Higher achievable rent or pricing levels are needed to support these increased costs to make this transition feasible.</p> |  <p>3-over-1 Mixed Use Bldg. (Corvallis)</p>  <p>5-over-2 Mixed Use Bldg. (Eugene)</p> |



| | | |
|--|---|--|
| <p>Mid-Rise Urban Apartments</p> <p>Steel and/ or concrete construction (Type I or III), with structured parking</p> <p>Vertical Mixed Use</p> | <p>Midrise buildings use steel and concrete construction and typically include structured parking within the building footprint. Definitions of “mid-rise” vary, but 8 to 12 floors are a common guide.</p> <p>These buildings share some functional similarities with the podium buildings discussed above but can achieve a greater density of 150 to 250+ units per acre.</p> <p>This type of construction is very unlikely in the Albany market for the foreseeable future due to the increased development costs compared to achievable rent and pricing levels.</p> |  <p>12-Floor Mid-rise Bldg. (Eugene)</p> |
|--|---|--|

Source: Johnson Economics LLC

Mixed Use Development

Trying to focus mixed use development in a limited geography (e.g. near other commercial, or on higher-traffic streets) can help build a self-reinforcing sense of place and allows the greater density of uses to support each other. Spread across a broad area in a disjointed way, isolated mixed-use development is less likely to be successful. The most common place to find vertical and mixed uses is in an urban core or town centers, where it is supported by the surrounding household numbers and density. A location amid, or adjacent to, high-density residential zoning may be an advantage.

There is potential to achieve a limited amount of vertical mixed-use in a well-planned suburban environment. This usually entails two-to-three stories of residential or office space above a retail ground floor, using wood-frame construction. While generally served by surface parking, the parking ratio may be lower, with lots located to the side or rear of buildings.

Achieving vertical mixed-uses in the study area may currently be challenging from a development feasibility standpoint. One barrier is often higher development costs than low-rise single-use buildings, which requires higher achievable rents to justify. Some additional costs associated with mixed uses include the logistics of separating the uses, and increased design, construction, and entitlement costs associated with developing a more complex building type. However, mixed use is possible in neighborhoods with a great enough concentration of residents in need of shopping, services, and amenities and support for livable, walkable environments. If planned and zoned correctly, any of the candidate CFAs should be capable of supporting mixed use in the future, with the achievable density being the more likely divergence among the areas.



III. PRO FORMA FEASIBILITY ANALYSIS

SUMMARY

The primary approach used to predict feasible development types in the study area is to estimate the supportable residual land value (RLV) for prospective development using a series of simplified pro forma analyses that represent a range of potential building prototypes.

In general, from a for-profit development perspective the “highest and best use” of each parcel is defined as the allowable land use program that yields the greatest monetary return to the existing property, and the RLV reflects the maximum acquisition value supported by that program under the assumptions used. Where the finding of RLV for a given development is negative, this means that the building form costs too much to build in return for the rents or property prices that are achievable for the final product. (i.e., the development would lose money and is not estimated to be feasible.)

Other factors come into play such as zoning approvals, as well as incentives or public goals that can impact what is built. From a community’s perspective there are other considerations besides profit that enter into what may be the best use of a location. But for the purposes of this analysis, we estimate the feasibility from a market perspective in order to determine what might organically be built in the study area, and what types of incentives might be necessary to entice changes to those uses.

PRO FORMA ANALYSIS

The general findings on feasibility for major land use categories are summarized in Section II of this report. The following tables summarize the findings of the pro forma analyses. Pro forma analyses model hypothetical development based on a wide range of assumptions of the development parameters, costs, and likely revenue potential.

This analysis considered five different prototypical development forms for both rental and ownership. Each prototype assumes residential as the primary use with a secondary commercial component (excluding townhouses).

- Townhouses (no commercial)
- Garden Apartments (horizontal mixed use)
- Four-over-One Podium
- Five-over-Two Podium
- Mid-Rise (8 or 9 floors)

Very high-density and high-cost development forms that are unrealistic in this market (e.g., high-rise office towers) were not included in this analysis.

PLANNING-LEVEL FEASIBILITY BY LAND USE

The following table presents the assessment by Johnson Economics of the market strength for the land use types discussed above for each of the six candidate CFAs. These findings are based on our assessment of the market trends, and the character, size, and locations of the areas.

The general findings outlined below can be used for area planning and land use programing in the CFAs.



FIGURE 3.1: GENERAL ASSESSMENT OF MARKET FEASIBILITY, BY LAND USE, AND CANDIDATE CFA

| RENTAL HOUSING | | PRIMARY CFA | | PRIMARY & SECONDARY CFA | | |
|----------------|------------------------------|---|--|---|---|-----------------------------------|
| CFA | Site Name | Mid-Rise 8-12 floors Steel & concrete | "Five over Two" 5-story wood over 2-story podium | "Four over One" 3 or 4-story wood over 1 podium | Garden Apts 3-story wood w/ surface pkg | Townhomes 3+ units attached |
| Site A | Downtown Area | Not Feasible | Potential in Future | Potential in Future | Feasible | Feasible |
| Site B | East Albany Area | Not Feasible | Not Feasible | Potential in Future | Feasible | Feasible |
| Site C | North Albany Area | Not Feasible | Not Feasible | Potential in Future | Feasible | Feasible |
| Site D | Heritage Mall Area (Primary) | Not Feasible | Potential in Future | Potential in Future | Feasible | Feasible |
| Site E | Queen/Geary Area | Not Feasible | Not Feasible | Not Feasible | Feasible | Feasible |
| Site F | South Albany Area | Not Feasible | Not Feasible | Not Feasible | Feasible | Feasible |

| OWNERSHIP HOUSING | | PRIMARY CFA | | PRIMARY & SECONDARY CFA | | |
|-------------------|------------------------------|---|--|---|---|-----------------------------------|
| CFA | Site Name | Mid-Rise 8-12 floors Steel & concrete | "Five over Two" 5-story wood over 2-story podium | "Four over One" 3 or 4-story wood over 1 podium | Garden Apts 3-story wood w/ surface pkg | Townhomes 3+ units attached |
| Site A | Downtown Area | Not Feasible | Potential in Future | Low Feasibility | Feasible | Feasible |
| Site B | East Albany Area | Not Feasible | Not Feasible | Low Feasibility | Feasible | Feasible |
| Site C | North Albany Area | Not Feasible | Not Feasible | Low Feasibility | Feasible | Feasible |
| Site D | Heritage Mall Area (Primary) | Not Feasible | Potential in Future | Potential in Future | Feasible | Feasible |
| Site E | Queen/Geary Area | Not Feasible | Not Feasible | Potential in Future | Feasible | Feasible |
| Site F | South Albany Area | Not Feasible | Not Feasible | Potential in Future | Feasible | Feasible |

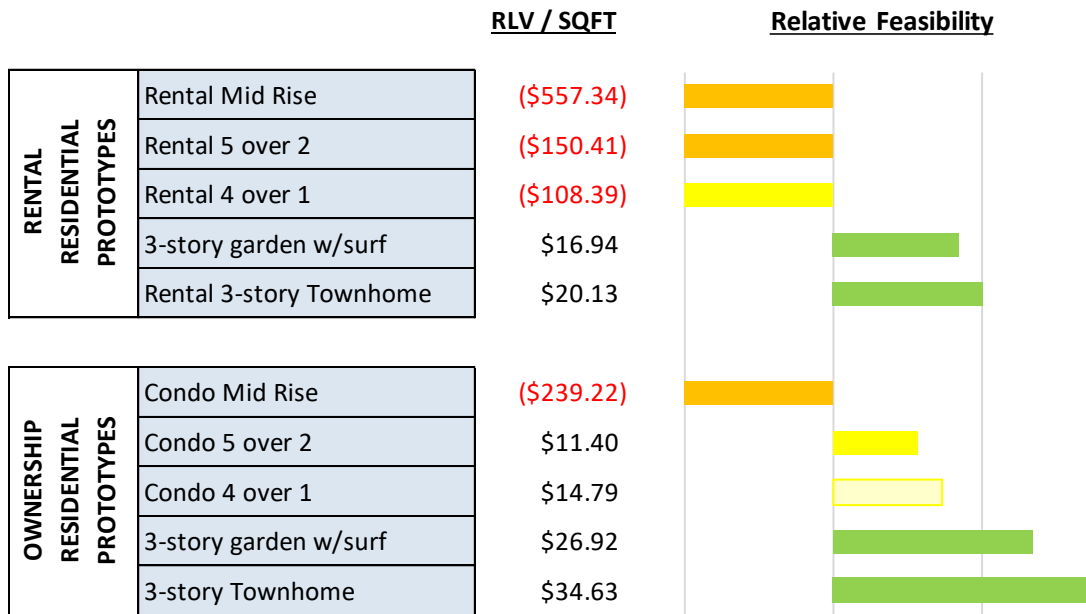
Source: Johnson Economics LLC

- In general, the CFA candidate areas can currently support a range of medium-density housing types, with some greater density options including podium buildings close to feasibility or perhaps likely to be feasible within a 20-year planning period. Note that the two highest density options will only be viable in zones with a sufficient maximum height allowance.
- Given home price appreciation, ownership options are estimated to be closer to supporting some of these forms. A caveat is that the condominium market in Albany remains somewhat unproven, and there will be single-family home options available to compete with condos.
- Projects of greater density face multiple headwinds in the current environment. Construction costs including labor, materials, and financing costs have all risen significantly in recent years making projects harder to pencil. One of the greatest single cost elements is the cost of structured parking in denser buildings. The cost of structured parking can run from \$25k to \$45k per parking space, adding extreme cost escalation compared to projects with surface parking. Achievable rents and pricing must be high enough at a given location to support the higher costs. CFA's will have reduced parking requirements which may support greater density of units, *if* the market feels like housing without parking would be profitable. At this point, zero- or low-parking development is rare in Oregon outside of the Portland Metro area.
- In the current environment, the tools available to public agencies have more limited impact, as the size of the "feasibility gap" is larger than in recent history. This includes the tools and policies discussed in the HIP. However, cities have the advantage of being able to plan for the long term and future real estate cycles will surely moderate and improve feasibility. Establishing these programs now will ensure they are ready when needed.



The following table shows the estimated feasibility of the development forms for rental and ownership housing resulting from the pro forma analysis. The Residual Land Value (RLV) is an indicator of whether that form is estimated to provide a positive return, but also a measure of the relative attractiveness of the development types compared to each other. In general, a land use with a higher estimated RLV will provide a more attractive return than an alternate use that might also have a positive, but lower, RLV.

FIGURE 3.2: SUMMARY OF ESTIMATED RESIDUAL LAND VALUE CALCULATIONS BY DEVELOPMENT FORM



Source: Johnson Economics LLC

* All figures are estimates based on numerous assumptions regarding costs, revenues, and other variables. Each development project is unique and faces a range of variables specific to the project. Estimates may best be considered as indicators of relative feasibility and profitability of the potential land uses.

As reflected in Figure 3.1 as well, the medium density land uses are the most viable currently, with some higher density forms possible within a 20-year planning period. The highest density forms are likely to be infeasible in the Albany market for the foreseeable future.



IV. HOUSING IMPLEMENTATION TOOLS

The Albany Housing Implementation Plan (HIP) adopted in June 2023 provides an in-depth discussion of potential incentives and programs that the city can pursue to improve housing development feasibility. Through that planning process a wide menu of options was discussed with stakeholders and policy makers arriving upon those listed in the HIP and assigning priorities to each for implementation. The most relevant for closing feasibility gaps are those listed under Development Incentives and Policies, and Funding Sources in that document.

For the sake of this study, Johnson Economics considered the potential impacts of three specific tools under consideration to incentivize the development of the types of higher density and mixed-use projects analyzed here.

The three specific tools currently under consideration for adoption are:

- **Tax Abatements:** These are temporary tax exemptions offered to a qualifying property owner after development, in return for meeting public goals. The most likely tax abatements in Albany are the Low-Income Rental Housing program and the Transit Supportive Multi-Unit Development program (also referred to as the MUPTC in some communities). The first is aimed specifically at incentivizing income-restricted housing, while the second is aimed at incentivizing multi-family housing in general near transit (e.g. in CFAs).
- **Surplus Land for Affordable Housing:** This policy would offer unused or underused public parcels deemed to be “surplus” as free or discounted land for affordable housing development.
- **Construction Excise Tax:** This is a tax on new development that provides funding for affordable housing programs. Cities have wide latitude regarding what types of development are included and the tax rate (up to 1% for residential construction and unlimited for commercial).

Johnson Economics utilized the pro forma modeling of the development forms discussed in this memo to assess the impacts of these tools on feasibility. (Some of these impacts are also summarized in the Albany Housing Implementation Project Background Report.)

1) Impacts of Tax Abatements

Johnson Economics performed basic pro forma development modeling on a range of building types to assess the potential impact of tax exemptions. Exemptions were modeled for the total property tax levy, and the City’s levy.

- **Mid-rise and Mixed-Use Housing:** In general, the current market climate is not favorable to the development of housing forms that include structured parking, or a shift from wood construction to more expensive concrete and steel construction. This will limit feasible housing types to three-story wood construction (e.g. the Banks or Timberridge Place), either with surface parking, or parking reductions.

The analysis indicates that when in effect, a tax exemption can reduce annual operating expenses by as much as 10% to 15%, increasing net operating income and improving the return on the project. When applied to the modeled development types, the tax exemption improved the performance of all development forms, but this improvement alone is likely not sufficient to make denser housing forms feasible.

Higher-density housing on infill lots, such as in the downtown, are likely to require a combination of higher achievable rent levels and moderating construction costs in order to get closer to feasibility. As they approach that point, a tax exemption will incentivize this type of development, while achieving the



program's required public benefits. A combination of public contributions from other sources such as urban renewal can also help to bridge that feasibility gap sooner.

- **Affordable Housing:** Preliminary modeling estimates that a low-income housing tax exemption would likely be sufficient to make a project viable at 80% of AMI, if the project was otherwise viable at market rates. Reaching an affordability level of 60% AMI, as required by the Low-Income Rental Housing tax exemption, is feasible with a combination of other programs commonly used in affordable housing development, including LIHTC, Section 8, CET incentives, etc. This tax exemption could have a major impact on improving the feasibility of these projects.

Findings: The usage of tax abatement programs by private developers will generally be related to the underlying market forces already present in the community. For instance, if some areas or neighborhoods are on the cusp of seeing denser housing development, then a MUPTC will likely see greater usage, amplifying the benefits such as more housing and mixed uses near transit. However, if a neighborhood is not ready for higher density housing, this incentive is unlikely to make it desirable to a private developer. For that reason, focusing the multi-family housing or transit-supportive programs where they already enjoy some support is recommended.

Low-income housing tax exemptions are typically used by agencies or developers that are already interested in providing this form of housing. The exemption can be an integral part of the complex financing and incentive package that is typically required to make a low-income housing project feasible. These abatements can help achieve more low-income housing by making it feasible for some projects to increase their unit count and even encouraging some market-rate projects to consider becoming affordable projects.

2) Surplus Land for Affordable Housing

This strategy involves providing City-owned or other surplus land owned by partner public agencies or institutions to support development of long-term affordable housing. Surplus land is any piece of real property that is no longer needed for an agency purpose. This could be an obsolete facility, parking lot, unused open space, right of way or easement, or property acquired through condemnation.

Each property is unique in terms of location, size, zoning, surrounding uses and other factors. However, a rule of thumb is that land cost typically constitutes 20% of construction costs. This makes the publicly owned surplus site a valuable potential incentive to a private partner, and tool for bridging feasibility gaps that might exist.

- Pro forma analysis indicates that a surplus land grant, of an assumed 20% of project costs, would render a market-rate 4-over-1 mixed use podium building very near to feasibility. It is likely that a package of additional, smaller incentives could make such a project feasible.
- In addition, we estimate that a surplus land grant could render a project that is currently feasible at market rates (garden apartments) to feasibility at 80% AMI. At 60% of AMI, garden apartment projects remain very close to feasibility with a land grant and would need limited other funding to become feasible.

Findings: The use of surplus public land can be a strong tool for housing development. Given the significant share of total project cost that is the land, reducing this cost can provide an incentive that may render vertical mixed use viable, or allow for deeper affordability levels.



Because it is public land, land grants or discounts should only be given in return for tangible public benefits such as affordable housing or other high-priority public goals. Each project will be highly specific to the piece of property and location under discussion.

3) Construction Excise Tax

Construction excise tax (CET) is a one-time tax on construction projects that can be used to fund affordable housing projects and programs. This is one of the few options for generating dependable, locally controlled funding for affordable housing.

Because this is 1) a tax and 2) intended to contribute to qualifying housing development projects, it can have both negative and positive impacts on feasibility. The tax adds additional up-front costs to the project that are added to other development costs. However, if the project is a recipient of funds for affordable housing that result from this program, it is a boon that will improve feasibility.

The spending parameters of the affordable housing fund that results from a CET are highly variable. Local jurisdictions can decide how to allocate these funds. The statutory restrictions on how the funds are used make it inefficient to use CET funding to directly build affordable housing. Effective programs leverage these funds to facilitate the affordable housing projects of partners who are generally accessing greater funding from the state or other sources.

As the CET funding grows, it can allow for the City to offer a range of incentives to affordable housing developers without loss of revenue to the City. For instance, the fund can reimburse the City for system development charges that are waived on the development. Other potential uses are to help fund pre-development needs such as site studies and remediation.

Because of this variation, it is difficult to model the magnitude of impact this fund may have on any given project. We do know that it can be a valuable additional contribution to help facilitate developments with complex funding sources.

Findings: It is possible to estimate the impact of the tax itself on feasibility. Modeling a 1% CET on the value of construction improvements indicates that an excise tax of this size has a minor negative effect, but that it is negligible. The CET does not render any feasible development infeasible but has a minor impact on return on cost. This finding is in keeping with the experience of many Oregon cities that have adopted a CET for affordable housing with a range of tax levels. These cities have now built a track record of collecting and using these funds, with minimal impacts to the rate of development activity. The record seems to indicate that in attractive development markets, the CET is not a deterrent.



APPENDIX A: PRO FORMA FEASIBILITY MODELING

| PROTOTYPE RENTAL RESIDENTIAL PROGRAMS | | | | | | |
|---------------------------------------|-----------------------------|-----------------|-------------------------|----------------------------|-------------|-------------|
| | Primary CFA | | Primary & Secondary CFA | | | |
| | Rental Mid Rise | Rental 5_over_2 | Rental Type V w/podium | Rental 3-story wood w/surf | Townhomes | |
| PROGRAM | Property Assumptions | | | | | |
| | Site Size (SF) | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| | Residential Floors | 8 | 5 | 4 | 3 | 3 |
| | Density | 250 | 125 | 100 | 45 | 18 |
| | Unit Count | 229 | 114 | 91 | 41 | 16 |
| | Ave Unit Size | 800 | 800 | 800 | 800 | 1,200 |
| | Efficiency Ratio | 85% | 85% | 85% | 100% | 100% |
| | Building Square Feet | 215,529 | 107,294 | 85,647 | 32,800 | 19,200 |
| | FAR | 5.39 | 2.68 | 2.14 | 0.82 | 0.48 |
| | Comm. Square Feet | 8,000 | 5,000 | 4,000 | 2,000 | - |
| | Parking Ratio/Unit | 1.00 | 1.25 | 1.00 | 1.50 | 1.50 |
| | Total Parking Spaces | 229 | 143 | 91 | 62 | 24 |
| | Parking Spaces - Surface | - | - | - | 62 | 12 |
| | Parking Spaces - Structure | 229 | 143 | 91 | - | 12 |
| | Structured Parking % | 100% | 100% | 100% | 0% | 50% |
| | Cost Assumptions | | | | | |
| | Base Construction Cost/SF | \$250 | \$220 | \$220 | \$200 | \$185 |
| | Adjustment Factor | 0% | 0% | 0% | 0% | 0% |
| | Construction Cost/SF | \$250 | \$220 | \$220 | \$200 | \$175 |
| | Base Parking Costs/Space | \$45,000 | \$25,000 | \$25,000 | \$2,500 | \$2,500 |
| Adjustment Factor | 0% | 0% | 0% | 0% | 0% | |
| Structured Parking Cost/Space | \$45,000 | \$25,000 | \$25,000 | \$2,500 | \$2,500 | |
| OPERATING ASSUMPTIONS | Income Assumptions | | | | | |
| | Base Income/Sf/Mo. | \$2.20 | \$2.20 | \$2.20 | \$2.20 | \$2.20 |
| | Adjustment Factor | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | Achievable Pricing | \$2.20 | \$2.20 | \$2.20 | \$2.20 | \$2.20 |
| | Parking Charges/Space/Mo | \$50 | \$50 | \$50 | \$50 | \$50 |
| | (Comm.) Base Income/Sf/Mo. | \$1.67 | \$1.67 | \$1.67 | \$1.67 | \$1.67 |
| | Expenses | | | | | |
| | Vacancy/Collection Loss | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| | Operating Expenses | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% |
| | Adjustment Factor | 0% | 0% | 0% | 0% | 0% |
| | Operating Expenses | 33% | 33% | 33% | 33% | 33% |
| | Valuation | | | | | |
| | Capitalization Rate | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% |
| Adjustment Factor | 0% | 0% | 0% | 0% | 0% | |
| Capitalization Rate | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | |
| SUPPORTABLE PROPERTY VALUE | Cost | | | | | |
| | Cost/Construct w/o prkg. | \$53,882,353 | \$23,604,706 | \$18,842,353 | \$6,560,000 | \$3,360,000 |
| | Total Parking Costs | \$10,305,000 | \$3,575,000 | \$2,275,000 | \$155,000 | \$30,000 |
| | Estimated Project Cost | \$64,187,353 | \$27,179,706 | \$21,117,353 | \$6,715,000 | \$3,390,000 |
| | Construction Excise Tax | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Income | | | | | |
| | Annual Base Income | \$4,996,480 | \$2,507,680 | \$2,001,920 | \$905,920 | \$506,880 |
| | Annual Parking | \$137,400 | \$85,800 | \$54,600 | \$0 | \$7,200 |
| | Gross Annual Income | \$5,133,880 | \$2,593,480 | \$2,056,520 | \$905,920 | \$514,080 |
| | Less: Vacancy & CL | \$256,694 | \$129,674 | \$102,826 | \$45,296 | \$25,704 |
| | Effective Gross Income | \$4,877,186 | \$2,463,806 | \$1,953,694 | \$860,624 | \$488,376 |
| | Less Expenses: | | | | | |
| | Operating Expenses | \$1,609,471 | \$813,056 | \$644,719 | \$284,006 | \$161,164 |
| | Annual NOI | \$3,267,715 | \$1,650,750 | \$1,308,975 | \$576,618 | \$327,212 |
| | Property Valuation | | | | | |
| | Return on Cost | 5.09% | 6.07% | 6.20% | 8.59% | 9.65% |
| | Threshold Return on Cost | 7.80% | 7.80% | 7.80% | 7.80% | 7.80% |
| Residual Property Value | (\$22,293,576) | (\$6,016,244) | (\$4,335,622) | \$677,539 | \$805,025 | |
| RPV/SF | (\$557.34) | (\$150.41) | (\$108.39) | \$16.94 | \$20.13 | |

Source: Johnson Economics LLC



| PROTOTYPE OWNERSHIP RESIDENTIAL PROGRAMS | | | | | | |
|--|-----------------------------|--------------------------|-------------------------|---------------------------|--------------|-------------|
| | Primary CFA | | Primary & Secondary CFA | | | |
| | Condo Mid Rise | Condo 5_over_2 | Condo Type V w/podium | Condo 3-story wood w/surf | Townhomes | |
| PROGRAM | Property Assumptions | | | | | |
| | Site Size (SF) | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| | Residential Floors | 8 | 5 | 4 | 3 | 3 |
| | Density | 167 | 83 | 67 | 30 | 25 |
| | Unit Count | 153 | 76 | 61 | 27 | 18 |
| | Ave Unit Size | 1,200 | 1,200 | 1,200 | 1,200 | 1,400 |
| | Efficiency Ratio | 83% | 83% | 83% | 100% | 100% |
| | Building Square Feet | 221,205 | 109,880 | 88,193 | 32,400 | 25,200 |
| | FAR | 5.53 | 2.75 | 2.20 | 0.81 | 0.63 |
| | Comm. Square Feet | 8,000 | 5,000 | 4,000 | 2,000 | - |
| | Parking Ratio/Unit | 1.25 | 1.25 | 1.00 | 1.75 | 1.50 |
| | Total Parking Spaces | 192 | 95 | 61 | 48 | 27 |
| | Parking Spaces - Surface | - | - | - | 48 | 14 |
| | Parking Spaces - Structure | 192 | 95 | 61 | - | 14 |
| | Structured Parking % | 100% | 100% | 100% | 0% | 50% |
| | Cost Assumptions | | | | | |
| | Base Construction Cost/SF | \$250 | \$220 | \$220 | \$200 | \$185 |
| | Adjustment Factor | 0% | 0% | 0% | 0% | 0% |
| | Construction Cost/SF | \$250 | \$220 | \$220 | \$200 | \$185 |
| | Base Parking Costs/Space | \$45,000 | \$25,000 | \$25,000 | \$0 | \$25,000 |
| Adjustment Factor | 0% | 0% | 0% | 0% | 0% | |
| Parking Cost/Space | \$45,000 | \$25,000 | \$25,000 | \$2,500 | \$2,500 | |
| OPERATING ASSUMPTIONS | Income Assumptions | | | | | |
| | Sales Price/SF | \$290 | \$290 | \$290 | \$290 | \$290 |
| | Adjustment Factor | 0% | 0% | 0% | 0% | 0% |
| | Achievable Pricing | \$290 | \$290 | \$290 | \$290 | \$290 |
| | Parking Charges/Space | \$12,500 | \$12,500 | \$12,500 | \$10,000 | \$10,000 |
| | (Comm.) Base Income/Sf/Mo. | \$1.67 | \$1.67 | \$1.67 | \$1.67 | \$1.67 |
| | Expenses | | | | | |
| | Sales Commission | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| | SUPPORTABLE PROPERTY VALUE | Cost | | | | |
| | | Cost/Construct w/o prkg. | \$55,301,205 | \$24,173,494 | \$19,402,410 | \$6,480,000 |
| Total Parking Costs | | \$8,640,000 | \$2,375,000 | \$1,525,000 | \$120,000 | \$33,750 |
| Estimated Project Cost | | \$63,941,205 | \$26,548,494 | \$20,927,410 | \$6,600,000 | \$4,695,750 |
| Income | | | | | | |
| Gross Income - Units | | \$64,149,398 | \$31,865,060 | \$25,575,904 | \$9,396,000 | \$7,308,000 |
| Gross Income - Parking | | \$2,400,000 | \$1,187,500 | \$762,500 | \$0 | \$135,000 |
| Gross Sales Income | | \$66,549,398 | \$33,052,560 | \$26,338,404 | \$9,396,000 | \$7,443,000 |
| Less: Commission | | (\$2,661,976) | (\$1,322,102) | (\$1,053,536) | (\$375,840) | (\$297,720) |
| Effective Gross Income | | \$63,887,422 | \$31,730,458 | \$25,284,867 | \$9,020,160 | \$7,145,280 |
| Property Valuation | | | | | | |
| Return on Sales | | -0.08% | 19.52% | 20.82% | 36.67% | 52.16% |
| Threshold Return | | 17.50% | 17.50% | 17.50% | 17.50% | 17.50% |
| Residual Property Value | | (\$9,568,931) | \$456,151 | \$591,627 | \$1,076,732 | \$1,385,339 |
| RPV/SF | | (\$239.22) | \$11.40 | \$14.79 | \$26.92 | \$34.63 |

Source: Johnson Economics LLC