CDBG
City of Madison
Community Development Block Grant Program

TO: Members of the Plan Commission
FROM: Barbara Constans, Grants Administrator
SUBJECT: Analysis of request for gap analysis and then waiver for 1st Addition to Linden Park
DATE: July 3, 2008

SUMMARY:

Veridian Homes has requested a rezoning of a portion an existing portion of he Linden Park Plat from R2T, R2Y, R2Z to R2T. As part of that process the developer submitted an inclusionary dwelling unit plan for the entire original subdivision rather than just the re-plat. At the request of CDBG Office staff the City Attorney's Office provided an opinion as to whether staff should review the entire original plat when conducting an IZ review, or just that portion being re-zoned. That opinion, attached, indicated that staff should be applying the IZ review to the area being re-platted. Consequently the developer submitted an IZ Plan for 9 affordable units out of the 57 being proposed. The next step in the IZ process, under the current ordinance is to conduct a gaps analysis.

The IZ gaps analysis policy permits an applicant to seek a combination of ways (on-site IZ units, off-site IZ units, or payment in lieu) to balance of the revenue gap between the market value of the expected IZ units and the set price of those units. Planning staff analyzed the current density of these parcels and concluded that the proposed re-zoning and re-plating was in conformance with the neighborhood plan for the area, and would receive no bonus density per the inclusionary zoning ordinance standards. Based on this information and data furnished by the developer and by the Planning Unit during July 2008 it was determined that there existed a "gap of $840,306 to the developers credit. When all the IZ units (9) were returned to market we were within the 95% parameter set by the gaps analysis, providing for a payment in lieu of units of $298,296.00. The attached sheet shows the calculation of the gap and the payment in lieu.

Pursuant to the ordinance the developer then requested that a waiver analysis be conducted to determine if a reduction in the number of required inclusionary zoning units and a payment in lieu of units would be feasible. Based on the analysis of data furnished by the developer and by the Planning Unit during July 2008;

Staff recommend Plan Commission approval of the request for a waiver reduction to zero on-site IZ units and a payment in lieu of units of $7,800.

METHOD OF ANALYSIS:

The Council adopted a waiver provision as part of the inclusionary dwelling unit ordinance that requires an analysis of project financial feasibility. The method consists of running three or more scenarios, using data provided by the developer. The first run is based upon a scenario whereby the project, using current zoning levels, is set at market rate prices. If this version is financially feasible according to the standards adopted by the Common Council, the project is then run with the full 15% inclusionary dwelling units included in the project. If this full IZ scenario does not meet the Council standards for financial feasibility, staff are to recommend a third 'waiver' scenario with attributes (a combination of a partial percentage of IZ units, with units off-site, or payment in lieu of units on-site or reduction of expected number of units) that will provide a sufficient return for financial feasibility.

FIRST STEP: MARKET RATE SCENERIO:
Staff conducted an initial "market run at current density" of the proposed site, using the developer-provided information and the Planning Division-provided current base density analysis Planning staff concluded that current zoning permitted up to 8.72 – 12.45 residential units/acre on the site; the proposed development seeks only 6.09 units per acre. The initial analysis at 57 units suggested that a development at current zoning would produce a result **outside of the adopted City standards** of a positive 12.5% to 17.5%, and therefore would not normally qualify for waiver consideration. However, the Plan Commission has on other occasions, considered the special characteristics of a development such as phasing, timing, and environmental features, and permitted consideration of a waiver using the gross profit margin produced by the initial market run at current density scenario, or 7.0%**%.**

SECOND STEP: SCENERIO with IZ units and incentives/offsets:
Staff then ran a second scenario with the pro forma for the development at the proposed density level, and included the effect of a full 15% inclusionary unit requirement. The combined effect of the scale of the project, the low density, and other incentives were not sufficient to produce an estimated gross profit margin within the adjusted target standard of 9.8%. The full 15% IZ scenario produced a gross profit margin of 6.6 %.

THIRD STEP SCENERIOS, with reductions in IZ units and incentives/offsets:
Staff then ran a series of scenarios with the pro forma for the development, using different decreases in the number of expected IZ units in combination with a payment in lieu and no units with a payment in lieu.

CONCLUSION:
Based on current information, staff recommend that the developer be expected to provide a total of **zero inclusionary dwelling units in the re-plat area of the First Addition to Linden Park and a payment in lieu of $7,800** as part of the development.

Veridian Homes
First Addition to Linden Park Full Mkt No IZ
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from April 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5	within standards	5.8%
Project costs			
Land/Building acquisition - per square foot raw land	$5 per square foot - raw land $50 - $55 per square foot, downtown - vacant land $90 - $125 per square foot, downtown - improved with building	higher than standard actual cost of land	$11.63 $11.63 $11.63
Hard cost contingency	5% new, 8% rehab of AIA contract	within standards	0.9%
Soft cost contingency	5% new/rehab of soft costs	below standard	1.4%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)	NA	0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)	higher than standard	29.0%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)	within standards	0.8%
Parking	$1,000 per stall - surface $15,000 per stall - first level underground $20,000 per stall for second level underground $27,000 per stall for three levels or more of underground		No Parking
Development fees	8% of total project costs, net of development fees and reserves	below standard	0.1%
Square foot cost of construction, includes buildings including profit overhead and general requirements, site improvements and personal property	4 stories and under - $62.50 per square foot, 5 to 8 stories - $95, and 8 stories or higher $110 - $120	higher than standard actual cost of construction	$124.34
Soft cost	10% of cost of construction	below standard	1.8%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Range of market rate initial selling prices			
	MLS or assessors website comps for market rate IZ as indicated in the ordinance (City of Madison annual calculation based on AMI)		See schedule
Sale/transaction costs			
	6.5% of selling price	within standards	$1,098,236.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type	below standard	9.6%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		4.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)	below standard but will used as basis for determining feasibility of IZ	9.8%
Association fees			
	Amount of fees		$0.00

This is the first of several steps for an IZ waiver. It establishes base density and assumes 57 units at market rate, with no IZ units.

This project does not meet the Council established standard for minimum gross profit margin. In like cases, the Plan Commission has used the projected gross profit margin as the target standard for the development when including the IZ units.
Conclusion: The project will be analyzed as proposed, using a target gross profit margin of 9.8%.

Barbara Constans
July 3, 2008

Veridian Homes
First Addition to Linden Park with 15% IZ
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from April 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5	within standards	5.8%
Project costs			
Land/Building acquisition - per square foot raw land	$5 per square foot - raw land $50 - $55 per square foot, downtown - vacant land $90 - $125 per square foot, downtown - improved with building	higher than standard actual cost of land	$11.77 $11.77 $11.77
Hard cost contingency	5% new, 8% rehab of AIA contract	within standards	0.9%
Soft cost contingency	5% new/rehab of soft costs	below standard	1.3%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)	NA	0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)	higher than standard	29.1%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)	within standards	0.8%
Parking	$1,000 per stall - surface $15,000 per stall - first level underground $20,000 per stall for second level underground $27,000 per stall for three levels or more of underground		No Parking
Development fees	8% of total project costs, net of development fees and reserves	below standard	0.2%
Square foot cost of construction, includes buildings including profit overhead and general requirements, site improvements and personal property	4 stories and under - $62.50 per square foot, 5 to 8 stories - $95, and 8 stories or higher $110 - $120	higher than standard actual cost of construction	$123.02
Soft cost	10% of cost of construction	below standard	2.0%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Range of market rate initial selling prices			
	MLS or assessors website comps for market rate IZ as indicated in the ordinance (City of Madison annual calculation based on AMI)		See schedule
Sale/transaction costs			
	6.5% of selling price	within standards	$1,098,236.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type	below standard	2.8%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		4.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)	below standard	6.6%
Association fees			
	Amount of fees		$0.00

This is the second step of the waiver process and involves the full 15% IZ unit requirement.

This scenario also uses the proposed 57 unit base density, with 9 of them being IZ units.

This project, with 48 market rate units and 9 IZ units does NOT meet the Council adopted threshold for minimum gross profit margin.

In cases like this staff evaluate the reduction in units and the payment of a fee in lieu of units to get to a gross profit margin of 9.8%

Barbara Constans
July 3, 2008

Veridian Homes
First Addition to Linden Park 56 MKT 1 IZ
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from April 01, 2008 through December 31, 2018

Issue	Required Range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5	within standards	5.8%
Project costs			
Land/Building acquisition - per square foot raw land	$5 per square foot - raw land $50 - $55 per square foot, downtown - vacant land $90 - $125 per square foot, downtown - improved with building	higher than standard actual cost of land	$11.67 $11.67 $11.67
Hard cost contingency	5% new, 8% rehab of AIA contract	within standards	0.9%
Soft cost contingency	5% new/rehab of soft costs	below standard	1.4%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)	NA	0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)	higher than standard	29.0%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)	within standards	0.8%
Parking	$1,000 per stall - surface $15,000 per stall - first level underground $20,000 per stall for second level underground $27,000 per stall for three levels or more of underground		No Parking
Development fees	8% of total project costs, net of development fees and reserves	below standard	0.1%
Square foot cost of construction, includes buildings including profit overhead and general requirements, site improvements and personal property	4 stories and under - $62.50 per square foot, 5 to 8 stories - $95, and 8 stories or higher $110 - $120	higher than standard actual cost of construction	$124.76
Soft cost	10% of cost of construction	below standard	1.8%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Range of market rate initial selling prices			
	MLS or assessors website comps for market rate IZ as indicated in the ordinance (City of Madison annual calculation based on AMI)		See schedule
Sale/transaction costs			
	6.5% of selling price	within standards	$1,098,236.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type	below standard	8.7%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		4.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)	below standard	9.3%
Association fees			
	Amount of fees		$0.00

This is the third of several steps for an IZ waiver. It establishes base density and assumes 57 units at market rate, with 1 IZ units.

This project does not meet the Council established standard for minimum gross profit margin. In like cases, the Plan Commission has used the projected gross profit margin as the target standard for the development when including the IZ units.
Conclusion: The project with on ly one IZ unit is below the target of 9.8% GPM

Barbara Constans
July 3, 2008

Veridian Homes
First Addition to Linden Park No IZ Units, Payment in Lieu
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from April 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5	within standards	5.8%
Project costs			
Land/Building acquisition - per square foot raw land	$5 per square foot - raw land $50 - $55 per square foot, downtown - vacant land $90 - $125 per square foot, downtown - improved with building	higher than standard actual cost of land	$11.63 $11.63 $11.63
Hard cost contingency	5% new, 8% rehab of AIA contract	within standards	0.9%
Soft cost contingency	5% new/rehab of soft costs	below standard	1.4%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)	NA	0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)	higher than standard	29.0%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)	within standards	0.8%
Parking	$1,000 per stall - surface $15,000 per stall - first level underground $20,000 per stall for second level underground $27,000 per stall for three levels or more of underground		No Parking
Development fees	8% of total project costs, net of development fees and reserves	below standard	0.1%
Square foot cost of construction, includes buildings including profit overhead and general requirements, site improvements and personal property	4 stories and under - $62.50 per square foot, 5 to 8 stories - $95, and 8 stories or higher $110 - $120	higher than standard actual cost of construction	$124.34
Soft cost	10% of cost of construction	below standard	1.8%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		1.5%
Range of market rate initial selling prices			
	MLS or assessors website comps for market rate IZ as indicated in the ordinance (City of Madison annual calculation based on AMI)		See schedule
Sale/transaction costs			
	6.5% of selling price	within standards	$1,098,236.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type	below standard	9.6%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		4.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)	below standard but at required rate for this project	9.8%
Association fees			
	Amount of fees		$0.00

This is the final step for an IZ waiver. It assumes the base density for the development at 57 units and move forward to try and close the gap between the internal rate of return for a no IZ project and one with the full 15% IZ units included.
This project does not meet the Council established standard for minimum gross profit margin. In like cases, the Plan Commission has used the projected gross profit margin as the target standard for the development when including the IZ units, which in the case of this developmene was 9.6%.

Conclusion: In this case the project could support no IZ units but could support a payment in lieu of units of $7,800.00

Barbara Constans
July 7, 2008

7/2/2008 1st Addition to Linden Park IZ Lots Under Replat

16-Mar-06	88	19-Jan-07	16-Sep-07	70	4	$179,125	Released	9/16/2007
16-Mar-06	92	19-Jan-07	16-Sep-07	70	4	$179,125	Released	9/16/2007
16-Mar-06	99	26-Jun-06	21-Feb-07	80	4	$175,940	Released	
16-Mar-06	110	26-Jun-06	21-Feb-07	80	4	$175,940	Re;eased	
16-Mar-06	114	26-Jun-06	21-Feb-07	80	4	$175,940	Released	
16-Mar-06	146			70				
16-Mar-06	163	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	166	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	170	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	175	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	187	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	191	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	194	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	246	XXXXXX	XXXXXXXX	70	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	17	19-Jan-07	16-Sep-07	80	3	$183,556	Released	9/16/2007
16-Mar-06	20	26-Jun-06	21-Feb-07	80	4	$201,015	Released	9/16/2007
16-Mar-06	28	19-Jan-07	16-Sep-07	80	3	$183,556	Released	9/16/2007
16-Mar-06	34	19-Jan-07	16-Sep-07	80	4	$204,654	Released	9/16/2007
16-Mar-06	46			80				
16-Mar-06	51			80				
16-Mar-06	57			80				
16-Mar-06	68			80				
16-Mar-06	38	19-Jan-07	16-Sep-07	80	4	$204,654	Released	9/16/2007
16-Mar-06	81			80				
16-Mar-06	96	26-Jun-06	21-Feb-07	80	3	$180,292	Released	
16-Mar-06	106	26-Jun-06	21-Feb-07	80	3	$180,292	Released	
16-Mar-06	117	26-Jun-06	21-Feb-07	80	3	$180,292	Released	
16-Mar-06	121	26-Jun-06	21-Feb-07	80	4	$201,015	Released	
16-Mar-06	128	26-Jun-06	21-Feb-07	80	4	$201,015	Released	
16-Mar-06	152	XXXXXX	XXXXXXXX	80	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	158	XXXXXX	XXXXXXXX	80	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	205			80				
16-Mar-06	212			80				
16-Mar-06	216			80				
16-Mar-06	219			80				
16-Mar-06	225			80				
16-Mar-06	232	XXXXXX	XXXXXXXX	80	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	237	XXXXXX	XXXXXXXX	80	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	252	XXXXXX	XXXXXXXX	80	XXXXXX	XXXXXXX	To be released Under Waiver	
16-Mar-06	255	XXXXXX	XXXXXXXX	80	XXXXXX	XXXXXXX	To be released Under Waiver	

Gap Analysis: Appraised Value Model
1st Addition to Linden Park

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

Developer-provided independent variables = 1st Addition to Linden park | Date of Form completion: 7/2/2008
City-provided independent variables =
Appraiser-provided independent variables=

IZ Sales Price Date: April 1, 2008 - June 30, 2009

I. PROJECT DESCRIPTION

Pre-Shift Plan

Assumptions:
- Stacked flats converted to 59 x 100 single family lots
- Apartments included in unit count only
- Multi-family IZ assumed at 80% of market rate unit size
- IZ Prices exclude Condo Fees
- All multi-family units are condominiums

	AMI	Lot size	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue
Market	Single Family	51 x 100	3	1900	0	$ 267,565.00	$ -
(Value assigned by third party appraisal)		59 x 85	3	1456	3	$ 256,565.00	$ 769,695.00
			4	1976	6	$ 284,565.00	$ 1,707,390.00
		65 x 100	3	1950	1	$ 299,565.00	$ 299,565.00
			4	2214	10	$ 322,565.00	$ 3,225,650.00
		69 x 100	3	2150	7	$ 336,565.00	$ 2,355,955.00
			4	2728	21	$ 359,565.00	$ 7,550,865.00
Total Market Rate Units					48		
Total Market Rate Sales							$ 15,909,120.00
Average Market Rate Price						$ 331,440.00	

	AMI	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appaised Value	Total Sales	Total Revenue Loss
Inclusionary Single Family	80%	51 x 100	3			$ 176,820.00	$ 267,565.00	$ -	$ -
	80%		4	1518	1	$ 199,039.00	$ 271,330.00	$ 199,039.00	$ (72,291.00)
	80%	59 x 85	3	0		$ 175,920.00	$ 256,565.00	$ -	$ -
(Value assigned by third party appraisal)	80%		4	1598	3	$ 199,039.00	$ 284,565.00	$ 597,117.00	$ (256,578.00)
	80%	65 x 100	3	1950	3	$ 196,082.00	$ 299,565.00	$ 588,246.00	$ (310,449.00)
			4	2214	2	$ 222,071.00	$ 322,565.00	$ 444,142.00	$ (200,988.00)
Total IZ Units					9				
Total IZ Sales								$ 1,828,544.00	$ (840,306.00)
Average IZ Price						203171.5556			
Total Units					57				
Average Unit Price						311187.0877			
Total Sales								$ 17,737,664.00	
Total IZ Gap									$ (840,306.00)

Shift Plan

Assumptions:
- All multi-family units are condominiums
- Multi-family IZ assumed at 80% of market rate unit size
- IZ Prices exclude Condo Fees
- Apartments included in unit count only

	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue
Market	Single Family	2		0	$	$ -
(Value assigned by third party appraisal)		3		0	$	$ -
		4		0	$	$ -
		2		0	$	$ -
		3		0	$	$ -
		4		0	$	$ -
		2		0	$	$ -
		3		0	$	$ -
		4		0	$	$ -
Total Market Rate Units				0		
Total Market Rate Sales						$ -
Average Market Rate Price					#DIV/0!	

	AMI	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appaised Value	Total Sales	Total Revenue Loss
Inclusionary Single Family	70%		2		0	$	$	$ -	$ -
			3		0	$	$	$ -	$ -
			4		0	$	$	$ -	$ -
(Value assigned by third party appraisal)	80%		2		0	$	$	$ -	$ -
			3		0	$	$	$ -	$ -
			4		0	$	$	$ -	$ -
Twin Homes	70%		2		0	$	$	$ -	$ -
			3		0	$	$	$ -	$ -
			4		0	$	$	$ -	$ -
	80%		2		0	$	$	$ -	$ -
			3		0	$	$	$ -	$ -
			4		0	$	$	$ -	$ -
Total IZ Units					0				
Total IZ Sales								$ -	$ -
Average IZ Price						#DIV/0!			
Total Units					0				
Average Unit Price						#DIV/0!			
Total Sales								$ -	
Total IZ Gap									$ (840,306.00)

Optional Information related to specific incentives, if requested:

Parcel Information					
Parcel Acreage					
Net Developed Acres					11.05
Net Dwelling Units Per Acre					9.75
Monthly Holding Cost of Land					
Density Bonus Information					0.0
Existing Zoning Projection					0
	Density Ratio	Dulacre	Net Acres		Units
R2T	[illegible]	8.72	1.01		[illegible]
R2Y	[illegible] equivalent to R2S	10.65	[illegible]		[illegible]
R2Z	assumed equivalent to R2S	10.39	.49		[illegible]
Total Neighborhood Plan Units					[illegible]
Total Development Plan Units					104
IZ Units Required					57
Bonus units above base density (provided by Planning Unit)					9
Bonus units that are iz units		15% of bonus units			0
Net market rate bonus units					0
Park Fee Information					0
Park Fee Credit					
Park Maintenance Cost per Year					$
Park Maintenance Length		Years			$
Park Dedication Information					0
Park Dedication Reduction		Square Feet			
Fee In Lieu of Valuation		$/sq.ft			0
Reduction in Parking Construction					$
Average cost of parking stalls					
Parking Stall Reduction					$
Extra Floor Information					0
Number of bonus Units					
Average Value of Bonus Units					0
IZ Free Zone					$
IZ Free Zone Number of Units (Plat)		Maximum 20%			
IZ Free Zone Number of Units (Building)					14
IZ Shift					0
Number of s-f iz units switch to attached units		Maximum 75%			
Residential Parking Permits					0
Parking Stall Market Value					
Parking Permits Granted					$
Advanced Neighborhood Plan/Expedited Review					0
Number of months saved in entitlement versus "normal process"					
Neighborhood Planning Cost					0
Modified Neighborhood Plan					$
Bonus units in Modified Neighborhood Plan					
Average Value of Bonus Units					0
Reduced Street Width					$
Length of Reduced Street Width		Linear Feet			
Cost per linear foot "standard street"					2,394
Cost per linear foot "narrow street"					$ 107.00
Other					$ 101.00

II. CALCULATION OF "GAP"

1. Sum of sales differential between Market Rate and IZ units. $ (840,306.00)

III. INCENTIVES CALCULATION

	Assumed Margin	City Share	Cost Portion	Incentive Value	Comments
A. Density Bonus (excludes bonus floor or modified plan)					
1.) Land cost coverage for units		50%	21%	0	No density bonus being requested or given
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		$ -	No density bonus being requested or given
B. Park Fee Reduction				$ -	
C. Parkland Dedication Reduction				$ -	
D. Reduction in Parking Requirement (Cost to Build)				$ -	
E. Cash subsidy to lower income IZ units				$ -	
F. Cash subsidy to Projects <49 s-f or >4 stories w/ underground parking				$ -	
G. Extra floor in downtown design zone				$ -	
1.) Land cost coverage for bonus market rate units on bonus floor only		50%	21%	$ -	
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		$ -	
H. 20% IZ Free Zone: Building	11.50%			0	

I. 20% IZ Free Zone: Plat	City share of assumed margin of 15% of 20%	11.50%			30621.05
J. 75% SF to MF IZ Unit Shift					$ -
K. Residential Parking Permits (revenue gained by lease)					$ -
L. Advance neighborhood plan					$ -
M. Expedited Review					$ -
N. Modification of Neighborhood Plan					
1.) Land cost coverage for modified neighborhood units			50%	21%	$ -
2.) Opportunity for greater margin provided in bonus market rate units		11.50%	50%		$ -
O. Reduced Street Widths					$ 14,364.00
P. Other:					
SUM TOTAL OF VALUE OF INCENTIVES					$ 44,985.05

IV. IZ EVALUATION SUMMARY

'Gap'	$ (840,306.00)
Incentives	$ 44,985.05
Difference	$ (795,320.96)
(Note: Positive number indicates value of incentives outweights calculated costs.)	
Minimum Threshold	$ 42,015.30
Over/Under adjustment	$ (753,305.65)

Avearge price per unit:	$	331,440.00
Expected Iz units		9
Payment in lieu at 10% of value	$	298,296.00