



Department of Planning & Community & Economic Development
Planning Division

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DATE: October 31, 2008
TO: Plan Commission
FROM: Bradley J. Murphy, AICP, Planning Division Director
SUBJECT: **"1000 Oaks" Subdivision Inclusionary Dwelling Unit Plan**

On June 3, 2008, the Common Council approved a request to rezone two parcels containing a total of 124.7 acres of land located at the northwest corner of Valley View and South Point roads from Temp. A to R2T, R2Y, R2Z, R5, C and PUD-GDP, and approved a preliminary plat for the 1000 Oaks residential subdivision. A final plat creating the 3 R5-zoned multi-family lots was also approved.

The overall development includes 274 single-family lots, 9 two-family lots and 1 townhouse lot on the southern 99 acres of the site controlled by Veridian Homes, with the remaining land along the northern edge of the subdivision owned by Pellett Development, LLC, who will retain 3 lots for future multi-family development. The zoning map amendments and preliminary and final plats were approved with a condition that the Plan Commission and Common Council approve a final inclusionary dwelling unit plan and gap analysis for the 1000 Oaks subdivision, and that all conditions related thereto be satisfied per Community Development Block Grant Office and Planning Division approval prior to final approval for recording of the first final plat.

Veridian has submitted the data required for the gap analysis for its portion of the development to the Community Development Block Grant Office, which has asked Planning Division staff to clarify the densities of the subdivision and the process for determining whether the subdivision is receiving a density bonus revenue offset. The 3 lots owned by Pellett are not part of this analysis since they are under separate ownership. It is recommended that Land Use Restriction Agreement shall be approved by the CDBG and City Attorney's Office and recorded covering these multi-family lots in the event that they develop as owner-occupied housing.

The approved 1000 Oaks Subdivision Plat is located within the boundaries of the Pioneer Neighborhood Development Plan. That plan recommends that most of the site be developed with low-density residential uses up to eight units per acre, with the exception of the area north of extended Watts Road, which is identified for medium-density residential development at 16-25 units per acre, and a smaller area between watts Road and an east-west drainage corridor recommended at 8-15 units per acre. For lands where the existing zoning is Agriculture District, the Inclusionary Zoning Ordinance states that the base density for calculating a density bonus shall be the midpoint of the density ranges shown in the adopted neighborhood development plan, with the exception of the low-density range. As part of the July 2006 amendments to the Inclusionary Zoning Ordinance, the base density for the low density range

was set at 75% of the density range in the adopted neighborhood development plan, or 6 units per acre, compared to 4 units per acre under the original ordinance. In the case of the 1000 Oaks Subdivision plat, the lands were conditionally rezoned in December 2005 from Temporary Agriculture to various residential districts subject to the conditions which were applied to the zoning and subdivision plat. In consultation with the City Attorney's Office the Planning Division determined that because the conditions of approval on the zoning and final plat were not met within 24 months as required by the City's Subdivision Regulations for recording of a plat, the zoning and subdivision entitlement previously granted are null and void requiring the new zoning and subdivision approvals that were granted as part of the June 3, 2008 Common Council approval. Staff will utilize the process in the Inclusionary Zoning Ordinance for determining the density bonus based on the original Temporary Agricultural Zoning of the property when it was annexed. Attached to this memorandum is the full Planning Division report from May 28, 2008 on the Zoning Map Amendment and Subdivision Plat.

The Inclusionary Zoning Ordinance is clear in establishing the per acre net density to use for each density range when calculating the base density. For purposes of determining whether or not a project is receiving a density bonus, Planning staff typically reviews the layout of the proposed subdivision in comparison to the pattern of land uses, densities and layout for the subject parcel contained in the approved neighborhood development plan. It is common for the final layout of a subdivision plat to deviate somewhat from the more generalized development concept included in a neighborhood development plan. During detailed planning and engineering for a site in preparation for a formal development proposal, the actual land uses proposed, the alignment of streets, the size and configuration of lots and the need to provide adequate stormwater management facilities are finalized. This may result in deviation from the adopted neighborhood plan. Relating those differences from the adopted neighborhood development plan are often part of the consideration when weighing approval of the development by the Plan Commission and Common Council. This often results in less net developable acreage and also results in different net acreages within specific residential density ranges.

In calculating the base density for the original 1000 Oaks Preliminary Plat and Final Plat, which was approved in 2005 and 2006, staff used the land areas (acreage) for each density range recommended in the Pioneer Neighborhood Development Plan within the area comprising the subdivision multiplied by the range midpoints to determine the base density which is the method originally used. If staff used this same method to determine the base density for the resubmitted plat approved in June 2008, the base density would be set at 377 units (73 units on 6.31 acres of low-medium density development, and 304 units on 50.75 acres of low-density development). This compares to 304 total units proposed on the Veridian portion of the 1000 Oaks Plat (29 units on 3.11 acres of low-medium density development and 275 units on 39.36 acres of low-density development including 18 duplex units and 12 townhouse units. Utilizing the methodology used in 2006 would result in the proposed plat receiving no density bonus.

More recently however, and in particular since the adoption of the July 2006 amendments to the ordinance and the gap analysis approach has been in place, staff has utilized the net-developable acreage in the proposed plats and the midpoints of the density ranges in the Plans as a basis to establish the base density. In the case of the 1000 Oaks Plat, for example, if the smaller amount of net acreage in the subdivision proposed by Veridian (42.47 net developable acres versus 57.06 acres in the plan) is used to establish the base density, the base density would be lower the overall project would receive a density bonus of approximately 32 units based on 6.99 units per acre in the low density area and 9.32 units per acre in the low-medium density area. Calculated this way the project would have a total base density of

272 units, which consists of 36 low-medium density units on 3.11 acres and 236 low-density units on 39.36 acres.

Very few peripheral subdivision plats were subjected to the waiver process under the original ordinance. 1000 Oaks may have been the only one. Under the new ordinance, however, a gap analysis is prepared for each project and at least five subdivision plats have requested waivers. Staff believe that the utilization of the net acreage in the proposed plats versus the plan acreage has some merit since the base densities will be based on the amount of residential development actually being proposed versus utilizing the Neighborhood Development Plan acreage, which typically does not take into consideration the individual needs and design of new developments, including the total amount of lands needed for stormwater management, open space, and other purposes. In the case of the 1000 Oaks Plat, the net density in the low density portion of the development of 6.99 units per acre versus 6.0 units per acre which is the base density in the Plan which results in the density bonus.

Veridian has requested that the Plan acreage be used to establish the density base rather than the plat acreage. In consultation with the City Attorney's Office, staff believes that the use of the Plat acreage is in keeping with the ordinance as it is written, but acknowledges the different perspective. Staff therefore requests the Plan Commission to provide direction on which method should be used going forward and possible changes to the ordinance if the Plan Commission is interested in changing the method currently being used or in clarifying the ordinance. The resulting base densities can vary depending on the method used. In cases where the proposed plat very closely corresponds to the adopted plan, the results may not be very significant. However, in the case of the 1000 Oaks plat, the alternative methodologies are the difference between the project receiving a density bonus or not. Attached is a series of tables that show the results of different ways of calculating the base density.

c: Mayor David J. Cieslewicz
Mark A. Olinger, Director, Department of Planning & Community & Economic Development
Barb Constans, Community Development Block Grant Office
Bill Clingan, Director, Community Development Division
Mario Mendoza, Mayor's Office
Michael Waidelich, Principal Planner
Tim Parks, Planner
Katherine Noonan, Assistant City Attorney

Proposed 1000 Oaks Plat Densities

<u>Land Use</u>	<u>Plat Acreage</u>	<u>Density Units/AC</u>	<u>Unit Count</u>
Low-Medium	3.11	9.32	29
Low	39.36	6.99	275
Total			304

Base Density Using the Neighborhood Plan Acreage

<u>Land Use</u>	<u>Plan Acreage</u>	<u>Density Units/AC</u>	<u>Unit Count</u>
Low-Medium	6.31	11.5	73
Low	50.75	6.0	304
Total			377

Base Density Using the Plat Acreage

<u>Land Use</u>	<u>Plat Acreage</u>	<u>Density Units/AC</u>	<u>Unit Count</u>
Low-Medium	3.11	11.5	36
Low	39.36	6.0	236
Total			272

Base Density Using 2005 Zoning Categories*

<u>Zoning</u>	<u>Plat Acreage</u>	<u>Density Units/AC</u>	<u>Unit Count</u>
R2T	30.51	8.72	266
R2Y	4.78	10.89*	52
R2Z	4.91	10.89*	53
PUD	2.27	13.2	30
Total			401

* Source: Veridian, R2Y & R2Z use densities associated with R2S as they are not listed in the Ordinance.

**PLANNING DIVISION REPORT
DEPARTMENT OF PLANNING AND COMMUNITY
AND ECONOMIC DEVELOPMENT
Of May 28, 2008**

RE: I.D. # 10225: Zoning Map Amendment ID 3356-3361, Rezoning 702 South Point Road from Temp. A to R2T, R2Y, R2Z, R5, Conservancy and PUD-GDP; I.D. #10659, Approval of the Preliminary Plat of 1000 Oaks and I.D. #10660, Approval of the Final Plat of 1000 Oaks

1. Requested Actions: Approval of a request to rezone approximately 124.7 acres located at the northwest corner of Valley View and South Point roads from Temp. A (Agriculture District) to R2T, R2Y, R2Z (Single-Family Residence Districts), R5 (General Residence District), C (Conservancy District) and Planned Unit Development, General Development Plan (PUD-GDP); approval of a preliminary plat proposing 274 single-family lots, 9 two-family lots, 1 lot for townhouse development, 3 lots for future multi-family development and various outlots for public and private open space and stormwater management, and; approval of a final plat creating the 3 lots for future multi-family development and 1 outlot for stormwater management.
2. Applicable Regulations: Section 28.12 (9) provides the process for zoning map amendments; Section 28.07 (6) of the Zoning Ordinance provides the requirements and framework for Planned Unit Developments. Section 28.04 (22) provides the guidelines and regulations for the approval of demolition permits. The subdivision process is outlined in Section 16.23 (5)(b) of the Subdivision Regulations.
3. Report Prepared By: Timothy M. Parks, Planner.

GENERAL INFORMATION

1. Applicants & Property Owners: Don Esposito, 1000 Oaks Land, LLC/ Veridian Homes; 6801 South Towne Drive; Madison and Pellett Development, LLC; 702 South Point Road; Madison.

Agents: Brian Munson & Chris Landerud, Vandewalle & Associates; 120 E. Lakeside Street; Madison.

Surveyor: Wayne Barsness, D'Onofrio Kottke & Associates; 7530 Westward Way; Madison.
2. Development Schedule: The applicants are seeking re-approval of a project first approved in December 2005. A timeline for when implementation of the subdivision would occur has not been determined. Implementation of the 1000 Oaks neighborhood is expected to occur in approximately 9 phases over 8-12 years.

3. Location: Approximately 124.7 acres located at the northwest corner of Valley View and South Point roads, Aldermanic District 9; Madison Metropolitan School District.
4. Existing Conditions: The subject site is largely undeveloped with the exception of a single-family residence located near the center of the property, which is zoned Temp. A (Agriculture District).
5. Proposed Land Use: 274 single-family lots, zoned R2T, R2Y & R2Z (Single-Family Residence Districts), 9 two-family lots and 1 lot for townhouse development, zoned PUD-GDP, 3 lots for future multi-family development in R5 (General Residence District) zoning and various outlots for public and private open space and stormwater management, 18 of which will be zoned C (Conservancy District).
6. Surrounding Land Use and Zoning:
North: City of Madison public works facility, zoned SM (Specific Manufacturing District);
South: Undeveloped lands and US Forest Products Lab lands in the Town of Middleton;
W&E: Undeveloped lands in the Town of Middleton.
7. Adopted Land Use Plan: The Pioneer Neighborhood Development Plan identifies most of the subject site for low-density residential uses, with the exception of areas of low- to medium-density and medium-density residential development located along the northern third of the site. The plan also identifies two areas through the center of the site for park, drainage and open space uses.
8. Environmental Corridor Status: The majority of the subject site is not located within a mapped environmental corridor with the exception of a drainage corridor, which generally extends through the center of the property. An area of woodlands are also identified on the corridor map.
9. Public Utilities & Services: The proposed development will eventually be served by a full range of urban services.

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STANDARDS FOR REVIEW

This application is subject to the standards for planned unit developments, zoning map amendments, preliminary plats and final plats.

PREVIOUS APPROVALS

On December 13, 2005, the Common Council conditionally approved a request to rezone the subject 124.7 acres from Temp. A (Agriculture District) to R2T, R2Y, R2Z (Single-Family Residence Districts), R5 (General Residence District), C (Conservancy District) and Planned Unit Development, General Development Plan (PUD-GDP) and approved a preliminary plat with 274 single-family lots, 9 two-family lots, 1 lot for townhouse development, 3 lots for future multi-family development and various outlots for public and private open space and stormwater management.

A final plat of the same was approved by the Common Council on June 6, 2006 but has not been recorded to date.

Prior to the approval of the final plat, a Certified Survey Map was approved that divided the 124.7-acre parcel into two lots. The land division was necessary to satisfy a contractual obligation regarding the sale of approximately 99 acres of the site from the Pellett family to Veridian and was conditioned by the City on no development approvals or building permits being issued for the two lots until the conditions of approval of the 1000 Oaks subdivision had been satisfied.

PLAT REVIEW

The applicants, 1000 Oaks Land/ Veridian Homes and Pellett Development, LLC, are seeking re-approval of zoning and preliminary plat approvals granted in December 2005 for their 124.7-acre combined ownership. The 1000 Oaks subdivision calls for 274 single-family lots in R2T, R2Y & R2Z (Single-Family Residence Districts) zoning, 9 two-family lots and 1 lot for townhouse development in PUD-GDP zoning and 3 lots for future multi-family development in R5 (General Residence District) zoning to be developed on the overall property. The subdivision also includes 23 outlots for public and private open space, landscaping and stormwater management.

In consultation with the City Attorney's Office, Planning Division staff has determined that the December 2005 approval of the rezoning of the site from Temp. A to the various residential and conservancy districts noted above and the preliminary plat were not consummated by satisfaction of the conditions of approval and the recording of a final plat within 24 months as required in the

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City's Subdivision Regulations and in Wisconsin Statutes Chapter 236. As a result, the zoning and subdivision entitlements previously granted are null and void, requiring that new zoning and subdivision approvals be granted to the project. Although the 24-month requirement only applies to the subdivision, the zoning of the property was approved subject to approval of the plat and its conditions. Staff also believes that the zoning approval is nullified because the property would not have been zoned in the fashion it was without the subdivision plat to call for the particular lot design provisions provided in those zoning districts.

The preliminary plat submitted for approval with the current applications is largely unchanged from the preliminary plat approved in 2005. The 124.7-acre site is generally characterized by a rolling terrain that includes two drainage corridors that cross the northern third of the site and by a significant wooded slope that extends from west to east across the center of the property. The northern 18 acres of the site will be subdivided into three lots for future multi-family residential development in the R5 zoning district. South of these three lots and an outlot for stormwater management that follows one of the drainage corridors, Watts Road will be extended across the site as called for in the Pioneer Neighborhood Development Plan to serve as a minor east-west collector street through the plan area. South of Watts Road and north of the wooded hill at the center of the site, the subdivision will predominantly be developed with a combination of alley-loaded single-family homes in the R2Y and R2Z zoning districts and conventional front-loaded single-family homes in the R2T zoning district. Two duplex lots and one multi-family lot for up to 12 townhouse units will also be located in this portion of the subdivision along the South Point Road frontage. A 0.8-acre lot for the existing residence, which abuts the wooded slope, will also be platted in this portion of the development.

South of the wooded area, which will be preserved and dedicated to the City for public parkland, the preliminary plat predominantly calls for additional R2T-zoned single-family lots, including a number of larger lots located near the southern edge of the wooded area. Seven duplex lots to be zoned PUD-GDP will be interspersed within this R2T single-family lots area.

In addition to the outlot to be dedicated to the City for parkland through the center of the project, three outlots will also be dedicated to the City for stormwater management along the western side of the development. A series of outlots will also be dedicated along and north of extended Watts Road that will encompass the drainage corridors that cross the site. The preliminary plat also proposes three private outlots to be maintained as open space buffers in the rear yards of the lots that will back onto South Point Road and Valley View Road.

The deviations from the previous preliminary plat for 1000 Oaks and the proposed preliminary plat include the elimination of a street connection from the project to the undeveloped property to the west and a change in implementation phasing. Regarding the street connection, the 2005

preliminary plat showed a total of four streets extending from the subject development to serve future residential development to the west. The current proposed plat eliminates the second most northerly of the four connections, which was depicted as a residential street with no lots fronting it in the middle of an otherwise long single-family residential block. In terms of the implementation of the subdivision, the applicants propose to reduce the overall number of phases from 12, including the multi-family components along the northern edge of the development, to 9 phases excluding the northernmost multi-family parcels and specific to the mostly single-family components elsewhere on the subject site. The new phasing plan continues to call for development to occur first along South Point Road, though implementation will begin south of the central greenspace instead of to the north as previously envisioned.

Inclusionary Zoning

Another more significant deviation from the prior approved preliminary plat regards the project's conformance to the Inclusionary Zoning provisions of the Zoning Ordinance. The applicants have submitted a new Inclusionary Dwelling Unit Plan (IDUP) that calls for the subdivision to comply with the most current provisions of the ordinance as well as to become exempt from providing affordable rental units following the August 2006 State Court of Appeals decision voiding the rental component of the Inclusionary Zoning Ordinance.

The IDUP submitted with the current preliminary plat calls for 46 (15.1%) of the 304 total units included in the 1000 Oaks development (not including future multi-family development on the R5-zoned parcels north of extended Watts Road) to be affordable under the provisions of the Inclusionary Zoning ordinance.

The applicants have provided two inclusionary dwelling unit dispersion scenarios with the new preliminary plat application. Under the first scenario, identified as "Standard Distribution" the 46 affordable units will include 41 single-family units, 3 townhouse units and 2 two-family units. Under this scenario, affordable units are generally distributed throughout the development, with multiple units to be provided in each phase.

The second dispersion scenario, referred to as the "Shift Distribution," calls for the applicants to avail themselves of a revenue offset provision created with the July 2006 amendments to the Inclusionary Zoning ordinance, which allows for up to 75% of the required single-family inclusionary dwelling units to be provided in two-family or multi-family dwellings with no more than eight units. These units are required to be dispersed among or immediately adjacent to single-family dwelling units. Of the 46 affordable units proposed under this scenario, 26 will be single-family units, 18 will be two-family units and 2 will be townhouse units. All 9 of the PUD-zoned duplexes in this scenario are reserved for dual inclusionary dwelling units, with 7 of those

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9 duplexes located in the southern portion of the plat. As required by the Zoning Ordinance, the 9 duplexes are generally interspersed or adjacent to single-family dwelling units within the project.

Under both scenarios, 30 of the units will be provided at 80% of Area Median Income (AMI), with the remaining 16 to be provided at 70% AMI. Similarly, 30 of the affordable units will contain four bedrooms, with the other 16 containing three bedrooms.

In addition to the request to shift units into two-family units in this case, the applicants are also seeking a park development fee reduction. The Parks Division indicates in its attached report that portions of the 1000 Oaks subdivision may be eligible for a park development fee reduction.

The area north of extended Watts Road was excluded from the IDUP submitted with the current preliminary plat application. The applicants indicate that up to 390 multi-family units may be developed in the future on the three lots to be zoned R5, which total approximately 17 acres of land.

The applicants have not requested a density bonus for their project. The Pioneer Neighborhood Development Plan recommends that most of the site be developed with low-density residential uses up to 8 units an acre with the exception of the area north of extended Watts Road, which is identified for medium-density residential development at 16-25 units an acre and an area between Watts Road and the east-west drainage corridor, which is recommended for development at 8-15 units an acre. The Zoning Ordinance requires that a density bonus be determined for low- to medium-density and medium-density developments based on the midpoint of the density range recommended in the neighborhood plan. The density bonus for areas in neighborhood development plans for low-density residential development is determined at 75% of the density in the range, or 6 units an acre in the case of the Pioneer NDP.

Staff has determined that the area occupied by Lots 51-76 and Lots 117-119 is roughly the area recommended for low- to medium-density development. These 29 units occupy approximately 3.11 acres of land for a density of 9.33 units an acre, which is below the 12.5-unit an acre midpoint and therefore not receiving a bonus. The density of the 275-unit portion of the project south of Watts Road (including all 18 duplex units and 12 townhouse units) and less the aforementioned 29 units is approximately 7 units an acre based on 39.36 net acres. This equals a density bonus of 1 unit an acre above the 6-unit an acre bonus threshold. Finally, the maximum density of the 390 units on the three R5-zoned lots north of Watts Road will be 22.94 units an acre. The maximum density proposed is 2.44 per acre units greater than the midpoint of the density range (20.5 units an acre) recommended in the Pioneer NDP for this portion of the subdivision. Therefore, the development will be receiving a density bonus of 39 units for the area south of Watts Road and 41 units for the area to the north. However, the density of the 1000

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Oaks subdivision is unchanged from the subdivision approvals previously granted the subject 124.7 acres.

To date, the applicants have not provided the data required by the Community Development Block Grant Office to review the revenue offsets requested. As a result, approval of the Inclusionary Dwelling Unit Plan may not be granted at this time. Instead, approval of the IDUP will become a condition of approval to be met prior to the final approval and recording of the first final plat of the 1000 Oaks subdivision.

The applicants do not indicate whether any of these 390 potential multi-family units will be developed as owner-occupied units. As a result, the Planning Division recommends that a Land Use Restriction Agreement be recorded with the three R5 multi-family lots that will require that any future owner-occupied housing on those lots comply with Inclusionary Zoning at the time of development. Because the zoning and subdivision are being approved as new following the Court of Appeals decision regarding rental inclusionary dwelling units, future development of rental units on these three lots will be exempt.

EVALUATION & CONCLUSION

The Planning Division previously found that the proposed zoning, development layout and mix of residential uses in the 1000 Oaks subdivision to be appropriate and in conformance with the recommendations for the subject 124.7 acres in the Pioneer Neighborhood Development Plan when the project was approved in 2005. Planning Division staff continues to believe that the proposed subdivision is appropriate and recommends that the Plan Commission and Common Council approve the applicants' zoning map amendment, preliminary plat and four-parcel final plat subject to the conditions contained in the following section.

The proposed zoning map amendment and preliminary plat were referred to the Long Range Transportation Planning Commission for review at the request of Ald. Robbie Webber (5th Dist.). The LRTPC reviewed the development on May 15, 2008 and recommended that a condition of approval be added to the rezoning and preliminary plat approval that requires that an all-weather, north-south bicycle/ pedestrian path connection be constructed, at some location between the center and the east side of the park. The LRTPC further recommended that all red dashed lines located on the 1000 Oaks Neighborhood Master Plan map be considered as all-weather bicycle/ pedestrian paths, unless deemed inappropriate by a City Staff team consisting of City Engineering, Parks Division and Traffic Engineering staff (see attached minutes).

The Urban Design Commission reviewed the general development plan on November 2, 2005 and recommended final approval as part of the original applications. Staff did not believe that it

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was necessary to send essentially the same planned unit development application back to the UDC for re-approval with the current applications.

RECOMMENDATIONS

The Planning Division recommends that the Plan Commission forward:

- Zoning Map Amendment ID 3356-3361, rezoning 702 South Point Road from Temp. A (Agriculture District) to R2T, R2Y, R2Z (Single-Family Residence Districts), R5 (General Residence District), C (Conservancy District) and Planned Unit Development, General Development Plan (PUD-GDP), and;
- Approval of a preliminary plat proposing 274 single-family lots, 9 two-family lots, 1 lot for townhouse development, 3 lots for future multi-family development and various outlots for public and private open space and stormwater management, and;
- Approval of a final plat creating the 3 lots for future multi-family development and 1 outlot for stormwater management;

to the Common Council with recommendations of **approval**, all subject to input at the public hearing and the following conditions:

1. Comments from reviewing agencies.
2. The final plat shall include a landscape screening buffer area along the northerly property line adjacent to the Silicon Prairie plat. Details of the landscaping will be required when specific development/building proposals are submitted for review.
3. That the plat be revised to provide a public pedestrian-bicycle path from the future City parkland to the northern edge of the plat through Outlots 1 and 14, as called for in the Pioneer Neighborhood Development Plan.
4. A note shall be provided on the final plat and a Land Use Restriction Agreement recorded indicating that an Inclusionary Dwelling Unit Plan will be required for any owner-occupied development of the R5-zoned parcels at the time that development plans are submitted for these three lots. The Land Use Restriction Agreement will be executed for recording prior to the recording of the final plat.

5. That the applicant submit to the Planning Division two copies of the private subdivision covenants, conditions and restrictions that govern the organizational structure, use, maintenance and continued protection of the development and any common services, open areas or other facilities to serve the proposed subdivision. Planning staff and the City Attorney's Office shall approve these documents prior to approval of any final plat containing such private common elements.
6. All final plats that include lands dedicated to the public for stormwater management and/or sanitary sewer purposes shall also have an added designation for "local paths, trails, and crossings."
7. Sidewalks shall be provided on both sides of all public streets within the 1000 Oaks development unless otherwise approved by the Plan Commission.
8. That the Plan Commission approve a final inclusionary dwelling unit plan and gap analysis for the 1000 Oaks subdivision and that all conditions related thereto be satisfied per Community Development Block Grant Office and Planning Division approval prior to final approval for recording of the first final plat.
9. That the approval of these zoning map amendments and the preliminary plat of 1000 Oaks be null and void unless a final plat of all or a portion of the 1000 Oaks subdivision is recorded within 24 months of the date of Common Council approval of the rezonings and preliminary plat approvals.
10. As recommended by the Long Range Transportation Planning Commission, that an all-weather, north-south bicycle/ pedestrian path connection be constructed, at some location between the center and the east side of the park. The LRTPC further recommended that all red dashed lines located on the 1000 Oaks Neighborhood Master Plan map be considered as all-weather bicycle/ pedestrian paths, unless deemed inappropriate by a City Staff team consisting of City Engineering, Parks Division and Traffic Engineering staff.



TO: Members of the Plan Commission
FROM: Barbara Constans, Grants Administrator
SUBJECT: 1000 Oaks: Inclusionary Zoning Gap and Waiver Analysis
DATE: October 29, 2008

SUMMARY:

Veridian Homes has requested a rezoning of their Plat of 1000 Oaks. The plat, as designed, calls for 304 dwelling units, utilizing the various incentives for provision of inclusionary dwelling units available under the City's IZ ordinance. As part of the IZ review process of the plat the Planning Unit is required to determine if there is a density bonus being requested. The Planning Unit, as described in their materials for this plat, have determined that depending upon the way a bonus is calculated Veridian is getting a 32 unit bonus or no bonus. The Plan Commission is being asked to make the determination which method of density calculation should be used. As a consequence of the Plan Unit decision to present the Plan Commission with two density bonus values, 2 separate IZ gap and waiver analyses were run for this development. One was based on no density bonus being provided. The second was based on a density bonus of 32 units.

The two separate analyses are attached.

1000 Oaks
Gap and Waiver Analysis
No Density Bonus

IZ Gap and Waiver Analysis if No Density Bonus is Provided

The first step in a waiver analysis under the Ordinance is to determine if there is a "gap" between what it costs the developer to provide the required percentage of IZ units as part of their development. 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. In this case where Planning staff analyzed the current density of this plat and concluded that the proposed plat 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 October 2008 it was determined that there was a gap less the incentives of \$4,141,881 to the developers credit. Analysis showed that the gap could be closed by one of the following:

1. Reducing the required number of IZ units to the provision of 2 town home units and a payment in lieu of units of \$1,462,052 or
2. Reducing the required number of IZ units to the provision of 1 single family home and a payment in lieu of units of \$1,495,141

The attached sheets, labeled accordingly, show the calculation of the gap and the payment in lieu.

Based on the large payment in lieu of units required under either of these scenarios, and 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 financially feasible.

METHOD OF WAIVER 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 reducing the number of IZ units provided, providing the units off-site, or making a payment in lieu of units on-site) that will provide a sufficient return for the developer to maintain 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. The initial analysis of 304 units, with no density bonus, results in the having a development that would produce a result **outside of the adopted City standards** of a positive 12.5% to 17.5% gross profit margin, and therefore would not normally qualify for waiver consideration.

One other factor, contractor overhead, was substantially outside the standard parameter set by the waiver analysis. When asked to explain the variation from the standard Veridian explained that, unlike other developers who might itemize each of these costs separately, this number is made up of construction management, field service techs, customer relations, estimating, design, design center, marketing, human resources, model home maintenance, finance and

accounting, information technology costs, real estate taxes, financing and interest for construction costs, and management and administrative costs.

The cost per square foot of construction is also higher, but it is recognized that the average per square foot of cost of construction has risen since 2005 when these cost parameters were developed.

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 **6.6% despite its being outside the generally accepted range for a development.**

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 304 unit level, and included the effect of a full 15% inclusionary units (46 units) requirement. The combined effect of the proposed density in combination with the other IZ incentives was not sufficient to produce an estimated gross profit margin within the adjusted target standard of 6.6%. The full 15% IZ scenario produced a gross profit margin of 2.5%.

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 to get to the point where the pre-IZ gross profit margin was the equivalent of the post IZ profit margin.

Two possibilities allow the developer to maintain their gross profit margin:

1. Provision of 1 IZ town home unit and payment of a fee of \$21,775
2. Provision of 0 IZ units and payment of a fee of \$52,500

WAIVER ANALYSIS CONCLUSION:

Based on the cost and sales information as presented by Veridian under a no density bonus model, the waiver model would indicate the developer be expected to provide a total of **one inclusionary town home dwelling unit and a payment in lieu of \$21,775** as a condition of recording the Plat for the development.

Veridian Homes
1000 Oaks: No Density Bonus 304 Mkrt Rate
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from January 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5		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		\$2.67 \$2.67 \$2.67
Hard cost contingency	5% new, 8% rehab of AIA contract		1.2%
Soft cost contingency	5% new/rehab of soft costs		0.0%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		33.3%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		0.0%
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		0.0%
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		\$143.91
Soft cost	10% of cost of construction		2.4%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
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		\$6,625,666.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		3.8%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		9.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		6.6%
Association fees			
	Amount of fees		\$0.00

This is the first of several steps for an IZ waiver. It establishes base density and assumes no density bonus, 304 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 6.6%

Barbara Constans
 Oct. 24, 2008

Veridian Homes
1000 Oaks: No Density Bonus and Full 15% IZ
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from January 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Finance			
Interest rate	Prime plus 0.5		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		\$2.67 \$2.67 \$2.67
Hard cost contingency	5% new, 8% rehab of AIA contract		1.2%
Soft cost contingency	5% new/rehab of soft costs		0.0%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		33.6%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		0.0%
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		0.0%
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		\$144.97
Soft cost	10% of cost of construction		2.5%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
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		\$6,625,666.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		1.5%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		9.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		2.5%
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 304 unit base density, with 46 (15%) of them being IZ units.

This project, with 304 market rate units and 46 IZ units does NOT meet the Council adopted threshold for minimum gross profit margin (GPM); and does not show the developer meeting the same GPM they could achieve if none of the units were IZ Units. Under no IZ they had a GPM of 6.6% and with IZ units they have a GPM of 2.5%.

In cases like this staff next evaluate the possibility of reducing the number of possible IZ units and having some payment of a fee in lieu of units to get to a gross profit margin that matches the developers gross profit margin before IZ units were added to the project. In this case the GPM was 6.6% before IZ Units.

Barbara Constans
October 24, 2008

**Veridian Homes: No density bonus
1000 Oaks - I Unit plus fee Constans 10/24/08
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from January 01, 2008 through December 31, 2018**

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5		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		\$2.67 \$2.67 \$2.67
Hard cost contingency	5% new, 8% rehab of AIA contract		1.2%
Soft cost contingency	5% new/rehab of soft costs		0.0%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		33.3%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		0.0%
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		0.0%
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		\$143.91
Soft cost	10% of cost of construction		2.4%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Range of market rate initial selling price			
	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		\$6,625,666.00
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		3.7%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		9.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		6.6%
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 304 units and move forward to try and close the gap between the gross profit margin 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 a full market rate development as the target standard for the development when including the IZ units. In this case that value was a profit of 6.6%, to get the project with IZ units included to that rate I remove 1 IZ unit at a time until I return the project to this initial profit margin.

Conclusion: In this case the project could support 1 townhome IZ unit and a payment in lieu of units of \$21,775.

Barbara Constans
Oct. 24, 2008

Gap Analysis: Appraised Value Model Owner Occupied 1000 Oaks Neighborhood

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

Developer-provided independent variables =
City-provided independent variables =
Appraiser-provided independent variables =

Date of Form completion: 9/29/08

IZ Sales Price Date

Units: 2008 September 30, 2008

PROJECT DESCRIPTION							
Pre-SUM Plan							
Assumptions: All multi-family units are condominiums. Multi-family IZ assumed at 80% of market rate unit size. Apartments included in unit count only.							
AMI							
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue	
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	9	\$ 280,310.00	\$ 2,522,790.00	
		45 x 80	1627	25	\$ 287,462.00	\$ 7,186,950.00	
		37 x 95	1634	2	\$ 295,565.00	\$ 591,130.00	
		45 x 95	1951	5	\$ 308,565.00	\$ 2,777,085.00	
		37 x 95	1524	4	\$ 298,555.00	\$ 1,194,220.00	
		45 x 95	2270	16	\$ 345,565.00	\$ 5,529,040.00	
		51 x 95	1524	2	\$ 301,565.00	\$ 603,130.00	
		51 x 95	2270	9	\$ 348,565.00	\$ 3,137,085.00	
		51 x 100	1564	3	\$ 307,565.00	\$ 922,695.00	
		51 x 100	2214	7	\$ 362,565.00	\$ 2,537,955.00	
Single Family, Street Accessed	59 x 85	4	1466	16	\$ 296,565.00	\$ 4,745,040.00	
		4	1976	58	\$ 324,565.00	\$ 19,149,335.00	
		4	1950	1	\$ 339,565.00	\$ 339,565.00	
		4	2214	7	\$ 362,565.00	\$ 2,537,955.00	
		4	2150	12	\$ 376,565.00	\$ 4,518,780.00	
		4	2728	38	\$ 398,565.00	\$ 15,346,170.00	
		4	2350	6	\$ 414,330.00	\$ 2,485,980.00	
		4	2920	18	\$ 441,565.00	\$ 7,948,170.00	
		4	3000	1	\$ 460,000.00	\$ 460,000.00	
		4	1728	3	\$ 241,000.00	\$ 723,000.00	
Twin Home Stacked Flats		3	724	2	\$ 226,900.00	\$ 453,800.00	
		4	908	10	\$ 241,000.00	\$ 2,410,000.00	
		3	1609	2	\$ 225,600.00	\$ 451,200.00	
Townhomes		4	1697	8	\$ 232,200.00	\$ 1,857,600.00	
		4	1697	8	\$ 232,200.00	\$ 1,857,600.00	
Total Market Rate Units				258		\$ 86,961,125.00	
Total Market Rate Sales					\$ 334,733.04		
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	45 x 80	4	1516	4	\$ 186,509.00	\$ 287,462.00	\$ 746,036.00	\$ (403,812.00)
	37 x 95	4	1516	2	\$ 186,509.00	\$ 208,565.00	\$ 1,119,054.00	\$ (732,336.00)
	51 x 100	4	1516	2	\$ 186,509.00	\$ 351,330.00	\$ 373,018.00	\$ (329,642.00)
	59 x 85	4	1598	2	\$ 186,509.00	\$ 324,565.00	\$ 373,018.00	\$ (276,112.00)
	69 x 100	4	2214	1	\$ 186,509.00	\$ 399,565.00	\$ 186,509.00	\$ (213,056.00)
	45 x 80	4	1516	1	\$ 186,509.00	\$ 280,310.00	\$ 189,322.00	\$ (90,988.00)
	45 x 80	3	1516	1	\$ 211,229.00	\$ 287,462.00	\$ 211,229.00	\$ (76,233.00)
	37 x 95	3	1316	3	\$ 189,322.00	\$ 285,565.00	\$ 567,966.00	\$ (318,729.00)
	45 x 95	3	1316	1	\$ 189,322.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
	51 x 100	3	1316	1	\$ 189,322.00	\$ 207,565.00	\$ 189,322.00	\$ (118,243.00)
80%	59 x 85	3	1398	5	\$ 189,322.00	\$ 296,565.00	\$ 946,610.00	\$ (536,216.00)
	59 x 85	4	1628	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (453,344.00)
	65 x 100	3	1760	1	\$ 189,322.00	\$ 339,565.00	\$ 189,322.00	\$ (150,243.00)
	69 x 100	3	1950	2	\$ 189,322.00	\$ 376,565.00	\$ 376,565.00	\$ (374,466.00)
	69 x 100	4	2214	1	\$ 211,229.00	\$ 399,565.00	\$ 1,267,374.00	\$ (1,130,918.00)
	80 x 120	4	NA	1	\$ 211,229.00	\$ 441,565.00	\$ 211,229.00	\$ (230,336.00)
	80 x 120	4	1728	1	\$ 211,229.00	\$ 241,000.00	\$ 211,229.00	\$ (29,771.00)
	Stacked Flats	3	724	1	\$ 175,740.00	\$ 228,500.00	\$ 175,740.00	\$ (53,160.00)
	Stacked Flats	4	908	1	\$ 193,772.00	\$ 241,000.00	\$ 193,772.00	\$ (47,228.00)
	Stacked Flats	3	NA	1	\$ 175,740.00	\$ 225,600.00	\$ 175,740.00	\$ (49,860.00)
80%	Townhomes	4	1697	8	\$ 198,442.00	\$ 232,200.00	\$ 198,442.00	\$ (33,758.00)
	Townhomes	4	1697	8	\$ 198,442.00	\$ 232,200.00	\$ 198,442.00	\$ (33,758.00)
Total IZ Units				46			\$ 8,942,814.00	\$ (5,751,801.00)
Total IZ Sales					\$ 194,409.00			
Average IZ Price								
Total Units				304			\$ 95,303,939.00	\$ (6,761,801.00)
Average Unit Price					\$ 313,499.80			
Total Sales							\$ 95,303,939.00	\$ (6,761,801.00)
Total IZ Gap								

SUM Plan							
Assumptions: All multi-family units are condominiums. Multi-family IZ assumed at 80% of market rate unit size. Apartments included in unit count only.							
AMI							
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue	
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	9	\$ 280,310.00	\$ 2,522,790.00	
		45 x 80	1627	25	\$ 287,462.00	\$ 7,474,012.00	
		37 x 95	1634	2	\$ 295,565.00	\$ 591,130.00	
		45 x 95	1951	5	\$ 308,565.00	\$ 3,394,215.00	
		37 x 95	1524	4	\$ 298,555.00	\$ 597,110.00	
		45 x 95	2270	16	\$ 345,565.00	\$ 5,529,040.00	
		51 x 95	1524	2	\$ 301,565.00	\$ 1,206,260.00	
		51 x 95	2270	9	\$ 348,565.00	\$ 5,577,040.00	
		51 x 100	1564	3	\$ 307,565.00	\$ 922,695.00	
		51 x 100	2214	7	\$ 362,565.00	\$ 2,537,955.00	
Single Family, Street Accessed	59 x 85	4	1466	16	\$ 296,565.00	\$ 4,745,040.00	
		4	1976	58	\$ 324,565.00	\$ 19,149,335.00	
		4	1950	1	\$ 339,565.00	\$ 339,565.00	
		4	2214	7	\$ 362,565.00	\$ 2,537,955.00	
		4	2150	12	\$ 376,565.00	\$ 4,518,780.00	
		4	2728	38	\$ 398,565.00	\$ 15,346,170.00	
		4	2350	6	\$ 414,330.00	\$ 2,485,980.00	
		4	2920	18	\$ 441,565.00	\$ 7,948,170.00	
		4	3000	1	\$ 460,000.00	\$ 460,000.00	
		4	1728	3	\$ 241,000.00	\$ 723,000.00	
Twin Home Stacked Flats		3	724	2	\$ 226,900.00	\$ 453,800.00	
		4	908	10	\$ 241,000.00	\$ 2,410,000.00	
		3	1609	2	\$ 225,600.00	\$ 451,200.00	
Townhomes		4	1697	8	\$ 232,200.00	\$ 1,857,600.00	
		4	1697	8	\$ 232,200.00	\$ 1,857,600.00	
Total Market Rate Units				258		\$ 86,081,117.00	
Total Market Rate Sales					\$ 341,399.68		
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	45 x 80	4	1516	4	\$ 186,509.00	\$ 287,462.00	\$ 559,527.00	\$ (302,859.00)
	37 x 95	4	1516	2	\$ 186,509.00	\$ 208,565.00	\$ 1,119,054.00	\$ (732,336.00)
	51 x 100	4	1516	2	\$ 186,509.00	\$ 351,330.00	\$ 373,018.00	\$ (329,642.00)
	59 x 85	4	1598	2	\$ 186,509.00	\$ 324,565.00	\$ 373,018.00	\$ (276,112.00)
	69 x 100	4	2214	1	\$ 186,509.00	\$ 399,565.00	\$ 186,509.00	\$ (213,056.00)
	45 x 80	4	1516	1	\$ 186,509.00	\$ 280,310.00	\$ 189,322.00	\$ (90,988.00)
	45 x 80	3	1516	1	\$ 211,229.00	\$ 287,462.00	\$ 211,229.00	\$ (76,233.00)
	37 x 95	3	1316	3	\$ 189,322.00	\$ 285,565.00	\$ 567,966.00	\$ (318,729.00)
	45 x 95	3	1316	1	\$ 189,322.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
	51 x 100	3	1316	1	\$ 189,322.00	\$ 207,565.00	\$ 189,322.00	\$ (118,243.00)
80%	59 x 85	3	1398	5	\$ 189,322.00	\$ 296,565.00	\$ 946,610.00	\$ (536,216.00)
	59 x 85	4	1628	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (453,344.00)
	65 x 100	3	1760	1	\$ 189,322.00	\$ 339,565.00	\$ 189,322.00	\$ (150,243.00)
	69 x 100	3	1950	2	\$ 189,322.00	\$ 376,565.00	\$ 376,565.00	\$ (374,466.00)
	69 x 100	4	2214	1	\$ 211,229.00	\$ 399,565.00	\$ 1,267,374.00	\$ (1,130,918.00)
	80 x 120	4	NA	1	\$ 211,229.00	\$ 441,565.00	\$ 211,229.00	\$ (230,336.00)
	80 x 120	4	1728	1	\$ 211,229.00	\$ 241,000.00	\$ 211,229.00	\$ (29,771.00)
	Stacked Flats	3	724	1	\$ 175,740.00	\$ 228,500.00	\$ 175,740.00	\$ (53,160.00)
	Stacked Flats	4	908	1	\$ 193,772.00	\$ 241,000.00	\$ 193,772.00	\$ (47,228.00)
	Stacked Flats	3	NA	1	\$ 175,740.00	\$ 225,600.00	\$ 175,740.00	\$ (49,860.00)
80%	Twin Home	4	1697	8	\$ 198,442.00	\$ 232,200.00	\$ 198,442.00	\$ (33,758.00)
	Twin Home	4	1697	8	\$ 198,442.00	\$ 232,200.00	\$ 198,442.00	\$ (33,758.00)
Total IZ Units				46			\$ 8,942,814.00	\$ (5,751,801.00)
Total IZ Sales					\$ 194,409.00			
Average IZ Price								
Total Units				304			\$ 95,303,939.00	\$ (6,761,801.00)
Average Unit Price					\$ 313,499.80			
Total Sales							\$ 95,303,939.00	\$ (6,761,801.00)
Total IZ Gap								

	70%	Stacked Flats	4	1728	4	\$ 172,728.00	\$ 241,000.00	\$ 690,892.00	\$ (273,108.00)
	80%	Stacked Flats	3	723	7	\$ 175,783.00	\$ 228,900.00	\$ 1,230,481.00	\$ (371,818.00)
	80%	Stacked Flats	4	204	5	\$ 185,772.00	\$ 241,000.00	\$ 586,316.00	\$ (126,684.00)
	80%	Townhomes	4	1657	2	\$ 169,772.00	\$ 232,200.00	\$ 397,544.00	\$ (66,856.00)
Total IZ Units					46				
Total IZ Sales								\$ 8,780,207.00	\$ (4,220,046.00)
Average IZ Price						\$ 190,874.07			
Total Units					304				
Average Unit Price						\$ 318,622.78		\$ 98,861,324.00	\$ (4,220,046.00)
Total Sales									
Total IZ Gap									

Optional information related to specific incentives if requested:									
Parcel Information									
Parcel Address									123.7
Net Developed Acres	Owner Occupied		304						42.47
	Rental		390						16.99
Net Dwelling Units Per Acre (Owner Occupied Only)									7.2
Monthly Holding Cost of Land									0
Density Bonus Information									
Neighborhood Plan Unit Projection	Density Range	Difference	Net Allow	Units					
Low Density	1-4	0	20.8	208					
Low-Medium Density	5-15	10.5	6.28	63					
Total Neighborhood Plan Units				272					
Total Development Plan Units				304					
IZ Units Required				46					
Bonus units above base density (provided by Planning Unit)				0					
Bonus units that are IZ units		15% of bonus units		0					
Net market rate bonus units				0					
Park Fee Information									
Park Fee Credit									
Park Maintenance Cost per Year									
Park Maintenance Length	Years								
Park Dedication Information									
Park Dedication Reduction									
Fee in Lieu of Valuation	Square Feet								
Reduction in Parking Construction	\$/sq.ft								
Average cost of parking stalls									
Parking Stall Reduction									
Extra Floor Information									
Number of bonus Units									
Average Value of Bonus Units									
IZ Free Zone									
IZ Free Zone Number of Units (Plot)		Maximum 20%							23
IZ Free Zone Number of Units (Building)									0
IZ Shift									
Number of s-f IZ units switch to attached units		Maximum 75%							15
Residential Parking Permits									
Parking Stall Market Value									
Parking Permits Granted									
Advanced Neighborhood Plan/Expedited Review									
Number of months saved in entitlement versus "normal process"									
Neighborhood Planning Cost									
Modified Neighborhood Plan									
Bonus units in Modified Neighborhood Plan									
Average Value of Bonus Units									
Reduced Street Width									
Length of Reduced Street/Width		Linear Feet							1,417
Cost per linear foot "standard street"									407.00
Cost per linear foot "narrow street"									101.90
Other									

III. CALCULATION OF GAP									
1. Sum of sales differential between Market Rate and IZ units									
									\$ (6,751,801.00)
III. INCENTIVES CALCULATION									
		Assumed Margin	City Share	Cost Pct/ten		Incentive Value		Comments	
A. Density Bonus (excludes bonus floor or modified plan)									
1.) Land cost coverage for units									
			50%	21%		\$ -		NA	
2.) Opportunity for greater margin provided in bonus market rate units									
		11.50%	50%			\$ -		NA	
B. Park Fee Reduction									
						\$ -		NA	
C. Parkland Dedication Reduction									
						\$ -		NA	
D. Reduction in Parking Requirement (Cost to Build)									
						\$ -		NA	
E. Cash subsidy to lower income IZ units									
						\$ -		NA	
F. Cash subsidy to Projects <49 s-f or >4 stories w/ underground parking									
						\$ -		NA	
G. Extra floor in downtown design zone									
1.) Land cost coverage for bonus market rate units on bonus floor only									
			50%	21%		\$ -		NA	
2.) Opportunity for greater margin provided in bonus market rate units									
		11.50%	50%			\$ -		NA	
		11.50%				\$ -		NA	
H. 20% IZ Free Zone- Building									
						\$ 2,032.54			
I. 20% IZ Free Zone- Plot									
		City share of assumed margin of 15% of 20				\$ 1,557,385.00			
J. 75% SF to MF IZ Unit Shift									
						\$ -		NA	
K. Residential Parking Permits (revenue gained by lease)									
						\$ -		NA	
L. Advance neighborhood plan									
						\$ -		NA	
M. Expedited Review									
						\$ -		NA	
N. Modification of Neighborhood Plan									
1.) Land cost coverage for modified neighborhood units									
			50%	21%		\$ -		NA	
2.) Opportunity for greater margin provided in bonus market rate units									
		11.50%	50%			\$ -		NA	
						\$ 50,602.00			
O. Reduced Street Widths									
						\$ -			
P. Other:									
						\$ -			
SUM TOTAL OF VALUE OF INCENTIVES						\$ 1,609,919.54			

IV. IZ EVALUATION SUMMARY									
'Gap'						\$ (6,751,801.00)			
Incentives						\$ 1,609,919.54			
Difference						\$ (4,141,881.46)			
(Note: Positive number Indicates value of incentives outweighs calculated costs.)									
Minimum Threshold						\$ 287,590.05			
Over/Under adjustment						\$ (3,854,291.41)			
Average price per unit:									
	\$	318,622.78							
Expected IZ units									
		46							
Reduced IZ Units									
		46							
Payment in lieu at 10% of value									
	\$	1,465,664.77							
	\$	127,449.11							

Gap Analysis: Appraised Value Model Owner Occupied 1000 Oaks Neighborhood: No Density Bonus Presumed Gap Closed 1 Single Family IZ units Constans 102408

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

Developer-provided independent variables =
City-provided independent variables =
Appraiser-provided independent variables =

Date of Form completion: 24-Oct-08

IZ Sales Price Date

01/1/2008 Spotsmax 90,200A

PROJECT DESCRIPTION							
Pre-SMIR Plan							
Assumptions: All multi-family units are condominiums. Multi-family IZ assumed at 50% of market rate unit size. Apartments included in unit count only.							
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue	
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	0	\$ 280,310.00	\$	\$ 2,622,790.00
		45 x 80	1627	25	\$ 287,462.00	\$	\$ 7,186,550.00
		37 x 95	1634	2	\$ 295,565.00	\$	\$ 591,130.00
		37 x 95	1691	2	\$ 308,585.00	\$	\$ 2,777,085.00
		45 x 95	1524	4	\$ 298,555.00	\$	\$ 1,194,220.00
	Single Family, Street Accessed	45 x 95	1624	10	\$ 345,565.00	\$	\$ 5,029,040.00
		51 x 95	1524	4	\$ 301,565.00	\$	\$ 803,130.00
		51 x 95	2270	4	\$ 348,565.00	\$	\$ 3,137,085.00
		51 x 95	2310	1	\$ 351,330.00	\$	\$ 351,330.00
		59 x 85	1456	16	\$ 296,565.00	\$	\$ 4,745,040.00
	Existing House	65 x 100	1976	50	\$ 324,565.00	\$	\$ 19,149,335.00
		65 x 100	1850	1	\$ 339,565.00	\$	\$ 339,565.00
		69 x 100	2214	7	\$ 362,565.00	\$	\$ 2,537,955.00
		69 x 100	2150	12	\$ 376,565.00	\$	\$ 4,518,780.00
		80 x 120	2728	36	\$ 399,565.00	\$	\$ 14,394,340.00
	Townhomes	65 x 100	2300	6	\$ 414,330.00	\$	\$ 2,485,980.00
		65 x 100	2920	18	\$ 441,565.00	\$	\$ 7,948,170.00
		8000	3000	1	\$ 460,000.00	\$	\$ 460,000.00
		Stacked Flats	1728	3	\$ 241,000.00	\$	\$ 723,000.00
		Stacked Flats	724	2	\$ 226,900.00	\$	\$ 457,800.00
Townhomes	808	10	\$ 241,000.00	\$	\$ 2,410,000.00		
	1609	2	\$ 225,600.00	\$	\$ 451,200.00		
		4	1697	0	\$ 232,200.00	\$	\$ 1,857,600.00
Total Market Rate Units				258			
Total Market Rate Sales					\$ 334,733.04		\$ 86,361,125.00
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	70%	45 x 80	1516	4	\$ 198,505.00	\$ 287,462.00	\$ 746,036.00	\$ (403,812.00)
		37 x 95	1516	2	\$ 198,505.00	\$ 308,585.00	\$ 1,119,054.00	\$ (732,336.00)
		51 x 100	1516	2	\$ 198,505.00	\$ 351,330.00	\$ 373,018.00	\$ (329,642.00)
		59 x 85	1524	2	\$ 198,505.00	\$ 324,565.00	\$ 373,018.00	\$ (276,112.00)
		69 x 100	2214	1	\$ 198,505.00	\$ 399,565.00	\$ 188,509.00	\$ (213,056.00)
	80%	45 x 80	1316	1	\$ 189,322.00	\$ 280,310.00	\$ 189,322.00	\$ (90,988.00)
		45 x 80	1516	3	\$ 211,229.00	\$ 287,462.00	\$ 211,229.00	\$ (78,233.00)
		37 x 95	1316	3	\$ 189,322.00	\$ 295,565.00	\$ 567,866.00	\$ (318,729.00)
		45 x 95	1316	1	\$ 189,322.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
		51 x 100	1316	1	\$ 189,322.00	\$ 307,665.00	\$ 189,322.00	\$ (118,243.00)
	80%	59 x 85	1398	5	\$ 189,322.00	\$ 296,565.00	\$ 946,610.00	\$ (536,215.00)
		59 x 85	1598	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (453,344.00)
		65 x 100	1760	1	\$ 189,322.00	\$ 339,565.00	\$ 189,322.00	\$ (150,243.00)
		69 x 100	1950	2	\$ 189,322.00	\$ 376,565.00	\$ 376,644.00	\$ (374,486.00)
		69 x 100	2214	0	\$ 211,229.00	\$ 399,565.00	\$ 1,267,374.00	\$ (1,130,016.00)
	80%	80 x 120	NA	1	\$ 211,229.00	\$ 441,565.00	\$ 211,229.00	\$ (230,336.00)
		Twin Homes	1728	3	\$ 211,229.00	\$ 241,000.00	\$ 211,229.00	\$ (29,771.00)
	80%	Stacked Flats	724	1	\$ 175,740.00	\$ 239,900.00	\$ 175,740.00	\$ (53,160.00)
		Stacked Flats	908	1	\$ 198,772.00	\$ 241,000.00	\$ 198,772.00	\$ (42,228.00)
	80%	Townhomes	NA	1	\$ 175,740.00	\$ 225,600.00	\$ 175,740.00	\$ (49,860.00)
Townhomes		1697	1	\$ 198,442.00	\$ 232,200.00	\$ 198,442.00	\$ (33,758.00)	
Total IZ Units				46				
Total IZ Sales					\$ 194,409.00		\$ 8,942,814.00	
Average IZ Price							\$ (5,751,801.00)	
Total Units				304				
Average Unit Price					\$ 313,499.80		\$ 95,303,939.00	
Total Sales							\$ 761,801.00	
Total IZ Gap								

SHIFT PLAN							
Assumptions: All multi-family units are condominiums. Multi-family IZ assumed at 90% of market rate unit size. Apartments included in unit count only.							
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue	
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	10	\$ 280,310.00	\$	\$ 2,803,100.00
		45 x 80	1627	29	\$ 287,462.00	\$	\$ 8,336,398.00
		37 x 95	1634	2	\$ 295,565.00	\$	\$ 1,477,825.00
		37 x 95	1691	10	\$ 308,585.00	\$	\$ 4,628,475.00
		45 x 95	1524	2	\$ 298,555.00	\$	\$ 597,110.00
	Single Family, Street Accessed	45 x 95	1624	10	\$ 345,565.00	\$	\$ 3,455,660.00
		51 x 95	1524	4	\$ 301,565.00	\$	\$ 1,206,260.00
		51 x 95	2270	18	\$ 348,565.00	\$	\$ 5,577,040.00
		51 x 100	1564	1	\$ 307,665.00	\$	\$ 307,665.00
		51 x 100	2310	3	\$ 351,330.00	\$	\$ 1,053,990.00
	Existing House	59 x 85	1456	21	\$ 296,565.00	\$	\$ 6,227,865.00
		59 x 85	1976	55	\$ 324,565.00	\$	\$ 21,066,725.00
		65 x 100	1850	2	\$ 339,565.00	\$	\$ 679,130.00
		65 x 100	2214	7	\$ 362,565.00	\$	\$ 2,537,955.00
		69 x 100	2150	14	\$ 376,565.00	\$	\$ 5,271,910.00
	Townhomes	69 x 100	2728	43	\$ 399,565.00	\$	\$ 17,181,295.00
		80 x 120	2360	6	\$ 414,330.00	\$	\$ 2,485,980.00
		80 x 120	2920	19	\$ 441,565.00	\$	\$ 8,389,735.00
		8000	3000	1	\$ 460,000.00	\$	\$ 460,000.00
		Stacked Flats	1728	4	\$ 241,000.00	\$	\$ 964,000.00
Townhomes	724	7	\$ 226,900.00	\$	\$ 1,602,300.00		
	908	7	\$ 241,000.00	\$	\$ 1,687,000.00		
Townhomes	1609	3	\$ 225,600.00	\$	\$ 676,800.00		
	1697	9	\$ 232,200.00	\$	\$ 2,089,800.00		
Total Market Rate Units				303			
Total Market Rate Sales					\$ 332,653.16		\$ 100,793,908.00
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	70%	45 x 80	1516	0	\$ 198,505.00	\$ 287,462.00	\$ -	\$ -
		37 x 95	1516	0	\$ 198,505.00	\$ 308,585.00	\$ -	\$ -
		51 x 100	1516	0	\$ 198,505.00	\$ 351,330.00	\$ -	\$ -
		59 x 85	1524	0	\$ 198,505.00	\$ 324,565.00	\$ -	\$ -
		69 x 100	2214	0	\$ 198,505.00	\$ 399,565.00	\$ -	\$ -
	80%	45 x 80	1316	0	\$ 189,322.00	\$ 280,310.00	\$ -	\$ -
		45 x 80	1516	1	\$ 211,229.00	\$ 287,462.00	\$ 211,229.00	\$ (76,233.00)
		37 x 95	1316	0	\$ 189,322.00	\$ 295,565.00	\$ -	\$ -
		37 x 95	1616	0	\$ 211,229.00	\$ 308,565.00	\$ -	\$ -
		45 x 95	1510	0	\$ 211,229.00	\$ 348,565.00	\$ -	\$ -
	70%	59 x 85	1398	0	\$ 189,322.00	\$ 296,565.00	\$ -	\$ -
		59 x 85	1598	0	\$ 211,229.00	\$ 324,565.00	\$ -	\$ -
		65 x 100	1760	0	\$ 189,322.00	\$ 339,565.00	\$ -	\$ -
		69 x 100	2214	0	\$ 211,229.00	\$ 399,565.00	\$ -	\$ -
		69 x 100	2150	0	\$ 196,505.00	\$ 241,000.00	\$ -	\$ -
	80%	Twin Home	1728	0	\$ 211,229.00	\$ 241,000.00	\$ -	\$ -
		Twin Home	2214	0	\$ 211,229.00	\$ 241,000.00	\$ -	\$ -

	70%	Stacked Flats	4	1728	0	\$ 172,723.00	\$ 241,000.00	\$ -	\$ -
	80%	Stacked Flats	3	724	0	\$ 17,785.00	\$ 228,000.00	\$ -	\$ -
	80%	Stacked Flats	4	808	0	\$ 198,772.00	\$ 241,000.00	\$ -	\$ -
	80%	Townhomes	4	1697	0	\$ 169,772.00	\$ 232,200.00	\$ -	\$ -
Total IZ Units					1			\$ 211,229.00	\$ (76,293.00)
Total IZ Sales								\$ 211,229.00	\$ (76,293.00)
Average IZ Price								\$ 211,229.00	\$ (76,293.00)
Total Units					304			\$ 332,253.74	\$ 101,005,137.00
Average Unit Price								\$ 332,253.74	\$ 101,005,137.00
Total Sales								\$ 332,253.74	\$ 101,005,137.00
Total IZ Gap								\$ 211,229.00	\$ (76,293.00)

Additional information related to specific incentives, if requested									
Parcel Information									
Parcel Acreage								123.7	
Net Developed Acres	Owner Occupied		304					42.47	
	Rental		380					16.90	
Net Dwelling Units Per Acre (Owner Occupied Only)								7.2	
Monthly Holding Cost of Land								0	
Density Bonus Information									
Neighborhood Plan Unit Projection	Density Bonus	Difference	Net Acres					504	
Low Density	4.8	0	2.3					698	
Low-Medium Density	8.75	12.2	2.22					58	
Total Neighborhood Plan Units								312	
Total Development Plan Units								304	
IZ Units Required								46	
Bonus units above base density (provided by Planning Unit)								0	
Bonus units that are IZ units		16% of bonus units						0	
Net market rate bonus units								0	
Park Fee Information									
Park Fee Credit								\$ -	
Park Maintenance Cost per Year								\$ -	
Park Maintenance Length		Years						0	
Park Dedication Information									
Park Dedication Reduction		Square Feet						0	
Fee in Lieu of Vahation		\$/sq ft						\$ -	
Reduction in Parking Construction									
Average cost of parking stalls								\$ -	
Parking Stall Reduction								0	
Extra Floor Information									
Number of bonus units								0	
Average Value of Bonus Units								\$ -	
IZ Free Zone									
IZ Free Zone Number of Units (Plat)		Maximum 20%						23	
IZ Free Zone Number of Units (Building)								0	
IZ Shift									
Number of s-f IZ units switch to attached units		Maximum 75%						15	
Residential Parking Permits									
Parking Stall Market Value								\$ -	
Parking Permits Granted								0	
Advanced Neighborhood Plan/Expedited Review									
Number of months saved in entitlement versus "normal process"								0	
Neighborhood Planning Cost								\$ -	
Modified Neighborhood Plan									
Bonus units in Modified Neighborhood Plan								0	
Average Value of Bonus Units								\$ -	
Reduced Street Width									
Length of Reduced Street Width		Linear Feet						6,417	
Cost per linear foot "standard street"								\$ 107.00	
Cost per linear foot "narrow street"								\$ 107.00	
Other									

II. CALCULATION OF "GAP"									
1. Sum of sales differential between Market Rate and IZ units									
								\$ (6,751,801.69)	
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%			\$ -		NA
2.) Opportunity for greater margin provided in bonus market rate units		11.50%	50%				\$ -		NA
B. Park Fee Reduction									
							\$ -		NA
C. Parkland Dedication Reduction									
							\$ -		NA
D. Reduction in Parking Requirement (Cost to Build)									
							\$ -		NA
E. Cash subsidy to lower income IZ units									
							\$ -		NA
F. Cash subsidy to Projects <49 s-f or >4 stories w/ underground parking									
							\$ -		NA
G. Extra floor in downtown design zone									
1.) Land cost coverage for bonus market rate units on bonus floor only			50%	21%			\$ -		NA
2.) Opportunity for greater margin provided in bonus market rate units		11.50%	50%				\$ -		NA
H. 20% IZ Free Zone: Building									
							\$ -		NA
J. 20% IZ Free Zone: Plat									
		City share of assumed margin of 15% of 20					\$ 7,440.83		
K. 75% SF to MF IZ Unit Shift									
							\$ 5,701,198.00		This does not reflect an actual shift, but the reduction of IZ Units to close the "gap".
L. Residential Parking Permits (revenue gained by lease)									
							\$ -		NA
M. Advance neighborhood plan									
							\$ -		NA
N. Expedited Review									
							\$ -		NA
O. Modification of Neighborhood Plan									
1.) Land cost coverage for modified neighborhood units			50%	21%			\$ -		NA
2.) Opportunity for greater margin provided in bonus market rate units		11.50%	50%				\$ -		NA
P. Reduced Street Widths									
							\$ 60,802.00		
P. Other:									
							\$ -		
SUM TOTAL OF VALUE OF INCENTIVES							\$ 6,759,140.63		

IV. IZ EVALUATION SUMMARY									
Gap							\$ (6,751,801.69)		
Incentives							\$ 6,759,140.63		
Difference							\$ 7,339.63		
(Note: Positive number indicates value of incentives outweighs calculated costs.)									
Minimum Threshold							\$ 287,590.05		
Over/Under adjustment							\$ (280,250.42)		
Average price per unit:	\$	332,253.74							
Expected IZ units								1	
Reduced IZ units								45	
Payment in lieu at 10% of value	\$	1,495,141.83							
	\$	132,901.50							

Gap Analysis: Appraised Value Model Owner Occupied 1000 Oaks Neighborhood: No Density Bonus Presumed

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

Gap Closed 2 IZ units Constans 102408

Developer-provided independent variables =
City-provided independent variables =
Appraiser-provided independent variables =

Date of Form completion:

24 Oct 08

IZ Sales Price Data

July 1, 2008 - September 30, 2008

PROJECT DESCRIPTION						
Pro-SHM Plan						
Assumptions: All multi-family units are condominiums. Multi-family IZ assumed at 90% of market rate unit size. Apartments included in unit count only.						
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	0	\$ 280,310.00	\$ 2,522,799.00
		45 x 80	1627	23	\$ 287,462.00	\$ 7,188,550.00
		37 x 95	1834	2	\$ 295,565.00	\$ 591,130.00
		45 x 95	1991	2	\$ 308,565.00	\$ 2,777,085.00
		45 x 95	1824	1	\$ 295,565.00	\$ 1,194,220.00
	Single Family, Street Accessed	51 x 95	2270	15	\$ 345,565.00	\$ 5,529,040.00
		51 x 95	1524	2	\$ 301,565.00	\$ 603,130.00
		51 x 95	2270	9	\$ 348,565.00	\$ 3,137,085.00
		59 x 85	2310	1	\$ 351,330.00	\$ 351,330.00
		59 x 85	1468	16	\$ 295,565.00	\$ 4,745,040.00
	Twin Home Stacked Flats	65 x 100	1976	59	\$ 324,565.00	\$ 19,149,338.00
		69 x 100	1950	1	\$ 339,565.00	\$ 339,565.00
		69 x 100	2214	7	\$ 362,565.00	\$ 2,537,955.00
		80 x 120	2728	12	\$ 376,565.00	\$ 4,518,780.00
		80 x 120	2350	6	\$ 399,565.00	\$ 14,394,340.00
Townhomes	Existing House	2820	18	\$ 441,565.00	\$ 2,485,980.00	
	Existing House	3000	1	\$ 460,000.00	\$ 460,000.00	
	Stacked Flats	1728	3	\$ 241,000.00	\$ 723,000.00	
	Stacked Flats	724	2	\$ 228,900.00	\$ 457,800.00	
	Stacked Flats	908	10	\$ 241,000.00	\$ 2,410,000.00	
		1609	2	\$ 225,600.00	\$ 451,200.00	
		1697	8	\$ 232,200.00	\$ 1,857,600.00	
Total Market Rate Units				258		
Total Market Rate Sales					\$ 334,733.04	\$ 86,361,125.00
Average Market Rate Price						

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	70%	45 x 80	1516	4	\$ 186,509.00	\$ 287,462.00	\$ 746,036.00	\$ (403,812.00)
		37 x 95	1516	0	\$ 186,509.00	\$ 208,565.00	\$ 1,119,054.00	\$ (732,336.00)
		51 x 100	1516	2	\$ 186,509.00	\$ 351,330.00	\$ 373,018.00	\$ (329,942.00)
		59 x 85	1508	2	\$ 186,509.00	\$ 324,565.00	\$ 373,018.00	\$ (276,112.00)
		69 x 100	2214	1	\$ 186,509.00	\$ 399,565.00	\$ 186,509.00	\$ (213,656.00)
	80%	45 x 80	1316	3	\$ 189,322.00	\$ 280,310.00	\$ 189,322.00	\$ (90,988.00)
		37 x 95	1316	1	\$ 189,322.00	\$ 287,462.00	\$ 211,229.00	\$ (76,233.00)
		45 x 95	1316	3	\$ 189,322.00	\$ 295,565.00	\$ 567,066.00	\$ (318,729.00)
		51 x 100	1316	1	\$ 189,322.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
		59 x 85	1316	1	\$ 189,322.00	\$ 307,565.00	\$ 189,322.00	\$ (118,243.00)
	80%	59 x 85	1398	7	\$ 189,322.00	\$ 286,565.00	\$ 946,610.00	\$ (536,215.00)
		59 x 85	1508	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (453,344.00)
		65 x 100	1760	1	\$ 189,322.00	\$ 339,565.00	\$ 189,322.00	\$ (150,243.00)
		69 x 100	1950	2	\$ 189,322.00	\$ 376,565.00	\$ 376,644.00	\$ (374,486.00)
		69 x 100	2214	1	\$ 211,229.00	\$ 399,565.00	\$ 1,267,374.00	\$ (1,130,016.00)
80%	80 x 120	2728	7	\$ 211,229.00	\$ 441,565.00	\$ 211,229.00	\$ (230,336.00)	
	Twin Homes	1728	1	\$ 211,229.00	\$ 241,000.00	\$ 211,229.00	\$ (29,771.00)	
	Stacked Flats	724	2	\$ 175,740.00	\$ 228,900.00	\$ 175,740.00	\$ (53,160.00)	
	Stacked Flats	908	1	\$ 195,772.00	\$ 241,000.00	\$ 195,772.00	\$ (42,228.00)	
	Townhomes	NA	1	\$ 175,740.00	\$ 225,600.00	\$ 175,740.00	\$ (49,860.00)	
	Townhomes	4	1697	1	\$ 199,342.00	\$ 232,200.00	\$ 199,342.00	\$ (33,758.00)
Total IZ Units				46				
Total IZ Sales					\$ 194,409.00	\$ 8,942,814.00	\$ (5,751,801.00)	
Average IZ Price								
Total Units				304				
Average Unit Price					\$ 313,499.80	\$ 95,303,939.00	\$ (75,751,801.00)	
Total Sales								
Total IZ Gap								

PROJECT DESCRIPTION						
Pro-SHM Plan						
Assumptions: All multi-family units are condominiums. Multi-family IZ assumed at 90% of market rate unit size. Apartments included in unit count only.						
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	10	\$ 280,310.00	\$ 2,803,100.00
		45 x 80	1627	30	\$ 287,462.00	\$ 8,623,860.00
		37 x 95	1834	5	\$ 295,565.00	\$ 1,477,825.00
		37 x 95	1991	15	\$ 308,565.00	\$ 4,628,475.00
		45 x 95	2270	2	\$ 295,565.00	\$ 597,110.00
	Single Family, Street Accessed	51 x 95	2270	10	\$ 345,565.00	\$ 3,455,650.00
		51 x 95	1524	4	\$ 301,565.00	\$ 1,206,260.00
		51 x 95	2270	16	\$ 348,565.00	\$ 5,577,040.00
		51 x 100	1664	1	\$ 307,565.00	\$ 307,565.00
		51 x 100	2310	3	\$ 351,330.00	\$ 1,053,990.00
	Twin Home Stacked Flats	59 x 85	1406	21	\$ 295,565.00	\$ 6,227,865.00
		59 x 85	1976	65	\$ 324,565.00	\$ 21,086,725.00
		65 x 100	1980	7	\$ 339,565.00	\$ 679,130.00
		65 x 100	2214	7	\$ 362,565.00	\$ 2,537,955.00
		69 x 100	2150	14	\$ 376,565.00	\$ 5,271,910.00
Townhomes	69 x 100	2728	43	\$ 399,565.00	\$ 17,181,285.00	
	80 x 120	2350	6	\$ 414,350.00	\$ 2,485,980.00	
	80 x 120	2020	19	\$ 441,565.00	\$ 8,389,735.00	
	Existing House	3000	1	\$ 460,000.00	\$ 460,000.00	
	Existing House	1728	4	\$ 241,000.00	\$ 964,000.00	
Stacked Flats	724	4	\$ 228,900.00	\$ 915,600.00		
	724	4	\$ 228,900.00	\$ 915,600.00		
	908	7	\$ 241,000.00	\$ 1,687,000.00		
	Stacked Flats	1609	3	\$ 225,600.00	\$ 676,800.00	
	Stacked Flats	1697	7	\$ 232,200.00	\$ 1,625,400.00	
Total Market Rate Units				302		
Total Market Rate Sales					\$ 333,168.77	\$ 100,616,970.00
Average Market Rate Price						

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	70%	45 x 80	1516	0	\$ 186,509.00	\$ 287,462.00	\$ -	\$ -
		37 x 95	1516	0	\$ 186,509.00	\$ 208,565.00	\$ -	\$ -
		51 x 100	1516	0	\$ 186,509.00	\$ 351,330.00	\$ -	\$ -
		59 x 85	1508	0	\$ 186,509.00	\$ 324,565.00	\$ -	\$ -
		69 x 100	2214	0	\$ 186,509.00	\$ 399,565.00	\$ -	\$ -
	80%	45 x 80	1316	0	\$ 189,322.00	\$ 280,310.00	\$ -	\$ -
		37 x 95	1316	0	\$ 189,322.00	\$ 287,462.00	\$ -	\$ -
		45 x 95	1316	0	\$ 189,322.00	\$ 295,565.00	\$ -	\$ -
		37 x 95	1510	0	\$ 211,229.00	\$ 308,565.00	\$ -	\$ -
		45 x 95	1510	0	\$ 211,229.00	\$ 345,565.00	\$ -	\$ -
	70%	59 x 85	1398	0	\$ 189,322.00	\$ 286,565.00	\$ -	\$ -
		59 x 85	1508	0	\$ 211,229.00	\$ 324,565.00	\$ -	\$ -
		69 x 100	2214	0	\$ 186,509.00	\$ 399,565.00	\$ -	\$ -
		69 x 100	2214	0	\$ 211,229.00	\$ 399,565.00	\$ -	\$ -
		Twin Home	1728	0	\$ 186,509.00	\$ 241,000.00	\$ -	\$ -
80%	Twin Home	4	2214	0	\$ 211,229.00	\$ 241,000.00	\$ -	\$ -

70%	Stacked Plats	4	1728	0	\$ 172,723.00	\$ 241,000.00	\$ -	\$ -
80%	Stacked Plats	3	724	0	\$ 176,783.00	\$ 228,800.00	\$ -	\$ -
80%	Stacked Plats	4	808	0	\$ 198,772.00	\$ 241,000.00	\$ -	\$ -
80%	Townhomes	4	1607	2	\$ 169,772.00	\$ 232,200.00	\$ 397,544.00	\$ (66,858.00)
Total IZ Units					2			
Total IZ Sales							\$ 397,544.00	\$ (66,858.00)
Average IZ Price						\$ 198,772.00		
Total Units					304			
Average Unit Price						\$ 332,284.59	\$ 101,014,514.00	\$ (66,858.00)
Total Sales								
Total IZ Gap								\$ (66,858.00)

Optional information related to specific incentives, if requested:									
Parcel Information									
Parcel Acreage								123.7	
Net Developed Acres	Owner Occupied		304					22.47	
	Rental		380					16.99	
Net Dwelling Units Per Acre (Owner Occupied Only)									
								17.2	
Monthly Holding Cost of Land									
								0	
Density Bonus Information									
Neighborhood Plan Unit Projection	Density Bonus	Units	Net Acres	Units					
Low Density	1-2	0	50.30	0				0	
Low-Medium Density	3-15	12.5	5.28	68				68	
Total Neighborhood Plan Units									
								37.2	
Total Development Plan Units									
								304	
IZ Units Required									
								46	
Bonus units above base density (provided by Planning Unit)									
								0	
Bonus units that are IZ units									
		16% of bonus units						6	
Net market rate bonus units									
								6	
Park Fee Information									
Park Fee Credit									
								0	
Park Maintenance Cost per Year									
								0	
Park Maintenance Length									
		Years						5	
Park Dedication Information									
Park Dedication Reduction									
		Square Foot						0	
Fee in Lieu of Valuation									
		\$/sq ft						0	
Reduction in Parking Construction									
Average cost of parking stalls									
								0	
Parking Stall Reduction									
								0	
Extra Floor Information									
Number of bonus units									
								0	
Average Value of Bonus Units									
								0	
IZ Free Zone									
IZ Free Zone Number of Units (Plat)									
		Maximum 20%						23	
IZ Free Zone Number of Units (Building)									
								0	
IZ Shift									
Number of s-f IZ units switch to attached units									
		Maximum 75%						15	
Residential Parking Permits									
Parking Stall Market Value									
								0	
Parking Permits Granted									
								0	
Advanced Neighborhood Plan/Expedited Review									
Number of months saved in entitlement versus "normal process"									
								0	
Neighborhood Planning Cost									
								0	
Modified Neighborhood Plan									
Bonus units in Modified Neighborhood Plan									
								0	
Average Value of Bonus Units									
								0	
Reduced Street Width									
Length of Reduced Street Width									
		Linear Feet						8,417	
Cost per linear foot "standard street"									
								107.00	
Cost per linear foot "narrow street"									
								101.00	
Other									

B. CALCULATION OF GAP									
1. Sum of sales differential between Market Rate and IZ units									
								\$ (5,751,801.00)	
II. INCENTIVES CALCULATION									
	Attained 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%	\$ -	NA			
2.) Opportunity for greater margin provided in bonus market rate units									
	11.50%		50%		\$ -	NA			
B. Park Fee Reduction									
					\$ -	NA			
C. Parkland Dedication Reduction									
					\$ -	NA			
D. Reduction in Parking Requirement (Cost to Build)									
					\$ -	NA			
E. Cash subsidy to lower income IZ units									
					\$ -	NA			
F. Cash subsidy to Projects <49 s-f or >4 stories w/ underground parking									
					\$ -	NA			
G. Extra floor in downtown design zone									
1.) Land cost coverage for bonus market rate units on bonus floor only									
			50%	21%	\$ -	NA			
2.) Opportunity for greater margin provided in bonus market rate units									
	11.50%		50%		\$ -	NA			
H. 20% IZ Free Zone: Building									
	11.50%				\$ -	NA			
I. 20% IZ Free Zone: Plat									
	11.50%	City share of assumed margin of 15% of 20			\$ 7,452.86				
J. 75% SF to MF IZ Unit Shift									
					\$ 6,710,576.00				This does not reflect an actual shift, but the reduction of IZ Units to close the "gap".
K. Residential Parking Permits (revenue gained by lease)									
					\$ -	NA			
L. Advance neighborhood plan									
					\$ -	NA			
M. Expedited Review									
					\$ -	NA			
N. Modification of Neighborhood Plan									
1.) Land cost coverage for modified neighborhood units									
			50%	21%	\$ -	NA			
2.) Opportunity for greater margin provided in bonus market rate units									
	11.50%		50%		\$ -	NA			
O. Reduced Street Widths									
					\$ 60,802.00				
P. Other:									
					\$ -				
SUM TOTAL OF VALUE OF INCENTIVES					\$ 5,768,529.86				

IV. IZ EVALUATION SUMMARY									
*Gap									
								\$ (5,751,801.00)	
Incentives									
								\$ 5,768,529.86	
Difference									
								\$ 16,728.86	
(Note: Positive number indicates value of incentives outweighs calculated costs.)									
Minimum Threshold									
								\$ 287,590.05	
Over/Under adjustment									
								\$ (270,861.19)	

Average price per unit:	\$	332,284.59
Expected IZ units		2
Reduced IZ Units		44
Payment in lieu at 10% of value	\$	1,462,052.18
	\$	132,913.83

1000 Oaks
Gap and Waiver Analysis
Density Bonus of 32 Units

IZ Gap and Waiver Analysis if a Density Bonus is Provided

The first step in a waiver analysis under the Ordinance is to determine if there is a "gap" between what it costs the developer to provide the required percentage of IZ units as part of their development. 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. In this case where Planning staff analyzed the current density of this plat and concluded that the proposed plat was in conformance with the neighborhood plan for the area, and would receive a bonus density per the inclusionary zoning ordinance standards of 32 units

Based on this information and data furnished by the developer and by the Planning Unit during October 2008 it was determined that there was a gap less incentives of \$3,791,093 to the developers credit. Analysis showed that the gap could be closed by:

Reducing the required number of IZ units to the provision 8 IZ units and a payment in lieu of units of \$1,258,324

The attached sheets, labeled accordingly, show the calculation of the gap and the payment in lieu.

Based on the large payment in lieu of units required under this scenario, and 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 financially feasible.

METHOD OF WAIVER 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 reducing the number of IZ units provided, providing the units off-site, or making a payment in lieu of units on-site) that will provide a sufficient return for the developer to maintain financial feasibility.

FIRST STEP: MARKET RATE SCENERIO:

Staff conducted an initial market run at the approved density for the site 272 units (not the proposed 304 units which included 32 density bonus units), using the developer-provided information. The initial analysis of 272 units, with no density bonus, results in the having a development that would produce a result of 3.4% which is **outside of the adopted City standards** of a positive 12.5% to 17.5% gross profit margin, and therefore would not normally qualify for waiver consideration.

One other factor, contractor overhead, was substantially outside the standard parameter set by the waiver analysis. When asked to explain the variation from the standard Veridian explained that, unlike other developers who might itemize each of these costs separately, this number is made up of construction management, field service techs, customer relations, estimating, design, design center, marketing, human resources, model home maintenance, finance and

accounting, information technology costs, real estate taxes, financing and interest for construction costs, and management and administrative costs.

The cost per square foot of construction is also higher, but it is recognized that the average per square foot of cost of construction has risen since 2005 when these cost parameters were developed.

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 **3.4% despite its being outside the generally accepted range for a development.**

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 304 unit level, and included the effect of a full 15% inclusionary units (46 units) requirement. The combined effect of the proposed density in combination with the other IZ incentives was not sufficient to produce an estimated gross profit margin within the adjusted target standard of **3.4%. The full 15% IZ scenario produced a gross profit margin of 2.5%.**

THIRD STEP SCENERIO, 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 to get to the point where the pre-IZ gross profit margin was the equivalent of the post IZ profit margin.

When the IZ units are reduced, by removing six (6) of the 70% AMI units so that the IZ overall requirement is reduced to 40 units, and the developer is required to pay a fee of \$12,400; the developer maintains their gross profit margin without the density bonus.

WAIVER ANALYSIS CONCLUSION:

Based on the cost and sales information as presented by Veridian when they receive a density bonus of 32 units model, the waiver model would indicate that the developer be expected to provide a total of **forty (40) inclusionary dwelling units and make a payment in lieu of \$12,400** as a condition of recording the Plat for the development.

Veridian Homes
1000 Oaks: No Density Bonus 272 Mkrt Rate
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from January 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5		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		\$2.67 \$2.67 \$2.67
Hard cost contingency	5% new, 8% rehab of AIA contract		1.3%
Soft cost contingency	5% new/rehab of soft costs		0.0%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		32.7%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		0.0%
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		0.0%
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		\$146.04
Soft cost	10% of cost of construction		2.7%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Range of market rate initial selling price			
	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		\$6,407,261.23
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		1.8%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		9.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		3.4%
Association fees			
	Amount of fees		\$0.00

This is the first of several steps for an IZ waiver. It establishes base density and assumes there was a 32 unit density bonus, 272 units at market rate, with no IZ units as the way to determine the starting point gross profit margin for this development if the density bonus were not in place.

This project does not meet the Council established standard for minimum gross profit margin. In like cases, the Plan Commission has used the developers 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 3.3%.

Barbara Constans
 October 29, 2008

Veridian Homes
1000 Oaks: Includes Density Bonus with 15% IZ
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from January 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5		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		\$2.67 \$2.67 \$2.67
Hard cost contingency	5% new, 8% rehab of AIA contract		1.2%
Soft cost contingency	5% new/rehab of soft costs		0.0%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		33.6%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		0.0%
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		0.0%
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		\$144.97
Soft cost	10% of cost of construction		2.5%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Range of market rate unit 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		\$6,840,791.82
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		1.5%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		9.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		2.5%
Association fees			
	Amount of fees		\$0.00

This is the second of several steps for an IZ waiver. It takes the base density (272 units), adds in the requested density bonus units (32 units) and includes the required 15% IZ units 46 units to determine the gross profit margin for the project at this point.

This project did not originally meet the Council established standard for minimum gross profit margin so the gross profit margin for the development with IZ units is compared to that of the project before the density bonus and the inclusion of IZ units.

Conclusion: This project, with the density bonus units added, and the IZ units at the level required by ordinance would yield a gross profit margin of 2.5%.

The third and final step will be to remove IZ units and/or implement a fee in lieu of units to the point where the gross profit margin of the development with no density bonus equals one with a density bonus and IZ units included.

Barbara Constans
October 29, 2008

Veridian Homes
1000 Oaks: Includes Density Bonus with 40 IZ Units and Payment
For Sale Parameters for Determining Financial Infeasibility of Inclusionary Zoning
For the periods from January 01, 2008 through December 31, 2018

Issue	Required range	Manual Calculation	Actual
Financing			
Interest rate	Prime plus 0.5		5.8%
Project costs			
Land/Building acquisition - per square foot raw land	\$5 per square foot - raw land		\$2.67
	\$50 - \$55 per square foot, downtown - vacant land		\$2.67
	\$90 - \$125 per square foot, downtown - improved with building		\$2.67
Hard cost contingency	5% new, 8% rehab of AIA contract		1.2%
Soft cost contingency	5% new/rehab of soft costs		0.0%
Contractor profit	6% of AIA contract (net of profit, overhead and general requirements)		0.0%
Contractor overhead	2% of AIA contract (net of profit, overhead and general requirements)		33.6%
Contractor general requirements	4% of AIA contract (net of profit, overhead and general requirements)		0.0%
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		0.0%
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		\$144.16
Soft cost	10% of cost of construction		2.5%
Inflation index factor on sales			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
Inflation index factor on costs			
	5 year average economic change factor for DOR website or 5 year average HUD AMI increase for IZ units		0.0%
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		\$6,900,908.11
Internal rate of return			
	15% - 30% (assuming 80% leverage, 20% equity) depending upon product type		2.0%
Ratio of sales to inventory (absorption)			
	Submit similar comps for similar projects		9.0
Gross profit assumption			
	12.5 - 17.5 sales minus direct project costs (not costs of sale or transaction costs)		3.4%
Association fees			
	Amount of fees		\$0.00

This is the third and final step of several steps for an IZ waiver. It takes the base density (272 units), adds in the requested density bonus units (32 units) and factors in the provision of the required 15% IZ units (46 units) and then begins to reduce the number of IZ units required until the development is making the same gross profit margin it was making before the density bonus and IZ units were added. When these steps are taken the final result would require the provision of 40 IZ units and the payment of a fee in lieu of units of \$12,400. This would provide the developer with the same gross profit margin as they had under the 272 unit, no density bonus version of their project.

Barbara Constans
October 29, 2008

Gap Analysis: Appraised Value Model Owner Occupied 1000 Oaks Neighborhood: Density Bonus Presumed at 32 Units

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

Developer-provided independent variables =
City-provided independent variables =
Appraiser-provided independent variables =

Date of Form completion:

Oct 27, 2008

IZ Sales Price Date

10/27/2008 September 30, 2007

PROJECT DESCRIPTION							
Pre-Shift Plan							
Assumptions:							
All multi-family units are condominiums. Multi-Family IZ assumed at 90% of market rate unit size. Apartments included in unit count only.							
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue	
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	9	\$ 280,310.00	\$	\$ 2,522,790.00
		45 x 80	1627	25	\$ 287,462.00	\$	\$ 7,186,550.00
		37 x 95	1634	2	\$ 295,565.00	\$	\$ 591,130.00
		37 x 95	1991	3	\$ 306,565.00	\$	\$ 2,777,065.00
		45 x 95	1824	4	\$ 298,565.00	\$	\$ 1,194,220.00
	Single Family, Street Accessed	51 x 95	2270	18	\$ 345,565.00	\$	\$ 5,529,049.00
		51 x 95	1524	2	\$ 301,565.00	\$	\$ 603,130.00
		51 x 95	2270	9	\$ 348,565.00	\$	\$ 3,137,085.00
		59 x 85	2310	1	\$ 351,300.00	\$	\$ 351,330.00
		59 x 85	1466	16	\$ 296,565.00	\$	\$ 4,745,040.00
	Existing House	65 x 100	1976	59	\$ 324,565.00	\$	\$ 19,149,335.00
		65 x 100	1950	1	\$ 339,565.00	\$	\$ 339,565.00
		69 x 100	2214	7	\$ 362,565.00	\$	\$ 2,537,955.00
		69 x 100	2150	12	\$ 376,565.00	\$	\$ 4,518,780.00
		80 x 120	2728	36	\$ 399,565.00	\$	\$ 14,384,340.00
Townhomes	80 x 120	2350	6	\$ 414,300.00	\$	\$ 2,485,980.00	
	80 x 120	2820	19	\$ 441,565.00	\$	\$ 7,948,170.00	
	8000	3000	1	\$ 460,000.00	\$	\$ 460,000.00	
	1728	3	\$ 241,000.00	\$	\$ 723,000.00		
Stacked Flats	724	2	\$ 228,900.00	\$	\$ 457,800.00		
	808	10	\$ 241,000.00	\$	\$ 2,410,000.00		
Townhomes	1609	2	\$ 226,600.00	\$	\$ 451,200.00		
	1697	8	\$ 232,200.00	\$	\$ 1,857,600.00		
Total Market Rate Units				258			
Total Market Rate Sales					\$ 334,733.04		\$ 66,361,125.00
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	70%	45 x 80	1516	4	\$ 189,509.00	\$ 287,462.00	\$ 746,036.00	\$ (403,812.00)
		37 x 95	1516	6	\$ 189,509.00	\$ 308,565.00	\$ 1,119,054.00	\$ (732,336.00)
		51 x 100	1516	2	\$ 189,509.00	\$ 351,300.00	\$ 373,018.00	\$ (329,642.00)
	80%	59 x 85	1508	2	\$ 189,509.00	\$ 324,565.00	\$ 373,018.00	\$ (278,112.00)
		69 x 100	2214	1	\$ 189,509.00	\$ 399,565.00	\$ 188,509.00	\$ (213,058.00)
		45 x 80	1316	3	\$ 189,509.00	\$ 280,310.00	\$ 189,322.00	\$ (90,988.00)
		45 x 80	1516	1	\$ 211,229.00	\$ 287,462.00	\$ 211,229.00	\$ (76,233.00)
		37 x 95	1316	3	\$ 189,509.00	\$ 295,565.00	\$ 567,966.00	\$ (318,729.00)
		45 x 95	1316	1	\$ 189,509.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
		51 x 100	1316	1	\$ 189,509.00	\$ 307,565.00	\$ 189,322.00	\$ (118,243.00)
		59 x 85	1398	5	\$ 189,509.00	\$ 206,565.00	\$ 946,610.00	\$ (536,215.00)
		59 x 85	1508	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (453,344.00)
		65 x 100	1750	1	\$ 189,509.00	\$ 339,565.00	\$ 189,322.00	\$ (150,243.00)
		69 x 100	1950	2	\$ 189,509.00	\$ 376,565.00	\$ 378,944.00	\$ (374,486.00)
		80 x 120	2214	6	\$ 211,229.00	\$ 399,565.00	\$ 1,267,374.00	\$ (1,130,018.00)
80%	Twin Homes	80 x 120	NA	1	\$ 211,229.00	\$ 441,565.00	\$ 211,229.00	\$ (230,336.00)
		80 x 120	NA	1	\$ 211,229.00	\$ 241,000.00	\$ 175,740.00	\$ (28,771.00)
80%	Stacked Flats	724	1	\$ 175,740.00	\$ 228,900.00	\$ 175,740.00	\$ (83,160.00)	
		808	1	\$ 198,772.00	\$ 241,000.00	\$ 198,772.00	\$ (42,228.00)	
80%	Townhomes	1609	1	\$ 175,740.00	\$ 226,600.00	\$ 175,740.00	\$ (49,860.00)	
		1697	1	\$ 138,242.00	\$ 232,200.00	\$ 138,242.00	\$ (33,758.00)	
Total IZ Units				46				
Total IZ Sales					\$ 194,409.00		\$ 8,942,814.00	\$ (5,751,801.00)
Average IZ Price								
Total Units				304				
Average Unit Price					\$ 313,499.80		\$ 95,303,939.00	
Total Sales							\$ (6,751,801.00)	
Total IZ Gap								

PROJECT DESCRIPTION							
Pre-Shift Plan							
Assumptions:							
All multi-family units are condominiums. Multi-Family IZ assumed at 90% of market rate unit size. Apartments included in unit count only.							
Market	AMI	Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue	
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	9	\$ 280,310.00	\$	\$ 2,522,790.00
		45 x 80	1627	25	\$ 287,462.00	\$	\$ 7,474,012.00
		37 x 95	1634	2	\$ 295,565.00	\$	\$ 691,130.00
		37 x 95	1991	11	\$ 306,565.00	\$	\$ 3,394,215.00
		45 x 95	1824	2	\$ 298,565.00	\$	\$ 697,110.00
	Single Family, Street Accessed	51 x 95	2270	18	\$ 345,565.00	\$	\$ 3,110,085.00
		51 x 95	1524	4	\$ 301,565.00	\$	\$ 1,206,260.00
		51 x 95	2270	10	\$ 348,565.00	\$	\$ 5,677,040.00
		51 x 100	1564	1	\$ 307,565.00	\$	\$ 307,565.00
		51 x 100	2310	7	\$ 351,300.00	\$	\$ 2,459,100.00
	Existing House	59 x 85	1976	61	\$ 324,565.00	\$	\$ 5,041,605.00
		59 x 85	1976	1	\$ 324,565.00	\$	\$ 19,798,485.00
		65 x 100	1950	2	\$ 339,565.00	\$	\$ 679,130.00
		65 x 100	2214	7	\$ 362,565.00	\$	\$ 2,537,955.00
		69 x 100	2150	14	\$ 376,565.00	\$	\$ 5,271,910.00
Stacked Flats	69 x 100	2728	40	\$ 399,565.00	\$	\$ 15,982,600.00	
	80 x 120	2350	6	\$ 414,300.00	\$	\$ 2,485,980.00	
	80 x 120	2820	19	\$ 441,565.00	\$	\$ 8,389,735.00	
	3000	1	\$ 460,000.00	\$	\$ 460,000.00		
	1728	3	\$ 241,000.00	\$	\$ -		
Townhomes	724	0	\$ 228,900.00	\$	\$ -		
	808	0	\$ 241,000.00	\$	\$ -		
Townhomes	1609	3	\$ 226,600.00	\$	\$ 676,800.00		
	1697	7	\$ 232,200.00	\$	\$ 1,625,400.00		
Total Market Rate Units				258			
Total Market Rate Sales					\$ 341,399.68		\$ 88,031,117.00
Average Market Rate Price							

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	70%	45 x 80	1516	3	\$ 189,509.00	\$ 287,462.00	\$ 569,827.00	\$ (302,859.00)
		37 x 95	1516	3	\$ 189,509.00	\$ 308,565.00	\$ 559,527.00	\$ (366,168.00)
		51 x 100	1516	2	\$ 189,509.00	\$ 351,300.00	\$ 373,018.00	\$ (329,642.00)
	80%	59 x 85	1098	1	\$ 189,509.00	\$ 324,565.00	\$ 188,509.00	\$ (138,056.00)
		69 x 100	2214	1	\$ 189,509.00	\$ 399,565.00	\$ 188,509.00	\$ (213,058.00)
		45 x 80	1316	1	\$ 189,509.00	\$ 280,310.00	\$ 189,322.00	\$ (90,988.00)
		45 x 80	1516	1	\$ 211,229.00	\$ 287,462.00	\$ 211,229.00	\$ (76,233.00)
		37 x 95	1316	3	\$ 189,509.00	\$ 295,565.00	\$ 567,966.00	\$ (318,729.00)
		45 x 95	1316	1	\$ 189,509.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
		51 x 100	1316	1	\$ 189,509.00	\$ 307,565.00	\$ 189,322.00	\$ (118,243.00)
		59 x 85	1398	5	\$ 189,509.00	\$ 206,565.00	\$ 946,610.00	\$ (536,215.00)
		59 x 85	1508	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (453,344.00)
		65 x 100	1750	1	\$ 189,509.00	\$ 339,565.00	\$ 189,322.00	\$ (150,243.00)
		69 x 100	1950	2	\$ 189,509.00	\$ 376,565.00	\$ 378,944.00	\$ (374,486.00)
		80 x 120	2214	6	\$ 211,229.00	\$ 399,565.00	\$ 1,267,374.00	\$ (1,130,018.00)
80%	Twin Home	80 x 120	NA	1	\$ 211,229.00	\$ 441,565.00	\$ 211,229.00	\$ (230,336.00)
		80 x 120	NA	1	\$ 211,229.00	\$ 241,000.00	\$ 175,740.00	\$ (28,771.00)
80%	Stacked Flats	724	1	\$ 175,740.00	\$ 228,900.00	\$ 175,740.00	\$ (83,160.00)	
		808	1	\$ 198,772.00	\$ 241,000.00	\$ 198,772.00	\$ (42,228.00)	
80%	Townhomes	1609	1	\$ 175,740.00	\$ 226,600.00	\$ 175,740.00	\$ (49,860.00)	
		1697	1	\$ 138,242.00	\$ 232,200.00	\$ 138,242.00	\$ (33,758.00)	

	70%	Stacked Flats	4	1728	1	\$ 172,723.00	\$ 211,000.00	\$ 680,892.00	\$ (273,108.00)
	80%	Stacked Flats	3	724	3	\$ 176,763.00	\$ 228,900.00	\$ 1,230,481.00	\$ (371,819.00)
	80%	Stacked Flats	3	698	3	\$ 188,772.00	\$ 245,000.00	\$ 596,316.00	\$ (126,684.00)
	80%	Townhomes	4	1607	2	\$ 109,772.00	\$ 232,200.00	\$ 397,544.00	\$ (66,856.00)
Total IZ Units					46				
Total IZ Sales								\$ 8,780,207.00	\$ (4,220,046.00)
Average IZ Price						\$ 190,874.07			
Total Units					304				
Average Unit Price						\$ 318,622.78		\$ 96,861,324.00	
Total Sales									\$ (4,220,046.00)
Total IZ Gap									

Optional Information related to a specific item (if requested)									
Parcel Information									
Parcel Acres									123.7
Net Developed Acres	Owner Occupied		304						42.47
	Rental		390						16.89
Net Dwelling Units Per Acre (Owner Occupied Only)									7.7
Monthly Holding Cost of Land									0
Density Bonus Information									
Neighborhood Plan Unit Projection	Density Range	Offset	Net Acres						Units
Low Density	1-8	8	13.42						639
Low-Medium Density	8-15	14.6	3.11						58
Total Neighborhood Plan Units									672
Total Development Plan Units									304
IZ Units Required									46
Bonus units above base density (provided by Planning Unit)									12
Bonus units that are IZ units		15% of bonus units							6
Net market rate bonus units									27
Park Fee Information									
Park Fee Credit									\$ -
Park Maintenance Cost per Year									\$ -
Park Maintenance Length	Years								0
Park Dedication Information									
Park Dedication Reduction									\$ 0
Fee in Lieu of Valuation	Square Feet								\$/sq.ft
Reduction in Parking Construction									
Average cost of parking stalls									\$ -
Parking Stall Reduction									0
Extra Floor Information									
Number of Bonus Units									32
Average Value of Bonus Units									\$ -
IZ Free Zone									
IZ Free Zone Number of Units (Plat)		Maximum 20%							23
IZ Free Zone Number of Units (Building)									0
IZ Shift									
Number of s-f iz units switch to attached units		Maximum 75%							15
Residential Parking Permits									
Parking Stall Market Value									\$ -
Parking Permits Granted									0
Advanced Neighborhood Plan/Expedited Review									
Number of months saved in entitlement versus "normal process"									0
Neighborhood Planning Cost									\$ -
Modified Neighborhood Plan									
Bonus units in Modified Neighborhood Plan									0
Average Value of Bonus Units									\$ -
Reduced Street Width									
Length of Reduced Street Width		Linear Feet							8,417
Cost per linear foot "standard street"									\$ 107.00
Cost per linear foot "narrow street"									\$ 101.00
Other									

II. CALCULATION OF "GAP"									
1. Sum of sales differential between Market Rate and IZ units									
						\$	(5,751,604.00)		
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%				\$ (179,234.83)		NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%					\$ 530,023.00		NA
B. Park Fee Reduction									
							\$ -		NA
C. Parkland Dedication Reduction									
							\$ -		NA
D. Reduction in Parking Requirement (Cost to Build)									
							\$ -		NA
E. Cash subsidy to lower income IZ units									
							\$ -		NA
F. Cash subsidy to Projects <49 s-f or >4 stories w/ underground parking									
							\$ -		NA
G. Extra floor in downtown design zone									
1.) Land cost coverage for bonus market rate units on bonus floor only		50%	21%				\$ -		NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%					\$ -		NA
H. 20% IZ Free Zone: Building									
	11.50%						\$ -		NA
I. 20% IZ Free Zone: Plat									
	11.50%	City share of assumed margin of 15% of 20					\$ 2,032.54		
J. 75% SF to MF IZ Unit Shift									
							\$ 1,557,385.00		
K. Residential Parking Permits (revenue gained by lease)									
							\$ -		NA
L. Advance neighborhood plan									
							\$ -		NA
M. Expedited Review									
							\$ -		NA
N. Modification of Neighborhood Plan									
1.) Land cost coverage for modified neighborhood units		50%	21%				\$ -		NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%					\$ -		NA
O. Reduced Street Widths									
							\$ 50,502.00		
P. Other:									
							\$ -		
SUM TOTAL OF VALUE OF INCENTIVES						\$	1,960,707.71		

IV. IZ EVALUATION SUMMARY									
"Gap"						\$	(5,751,604.00)		
Incentives						\$	1,960,707.71		
Difference						\$	(3,791,083.29)		
(Note: Positive number indicates value of Incentives outweighs calculated costs.)									
Minimum Threshold						\$	287,590.05		
Over/Under adjustment						\$	(3,503,503.24)		

Average price per unit:	\$	318,622.78
Expected IZ units		46
Reduced IZ Units		46
Payment in lieu at 10% of value	\$	1,465,684.77
	\$	127,449.11

Gap Analysis: Appraised Value Model Owner Occupied 1000 Oaks Neighborhood

Veridian Homes, 6801 South Town Drive, Madison, Wisconsin

With Density Bonus Included Constans 102708
Gap Closed 8 Units

Developer-provided independent variables =
City-provided independent variables =
Appraiser-provided independent variables =

Date of Form completion:

Oct 27, 2008

IZ Sales Price Date

July 1, 2008 - September 30, 2008

PROJECT DESCRIPTION									
Shift Plan Assumptions									
All multifamily units are condominiums MUR Family IZ assumed at 90% of market rate unit size Apartments included in unit count only									
AMI									
Market		Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue			
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	0	\$ 280,310.00	\$ -	\$ -	\$ -	\$ -
		45 x 80	1627	25	\$ 287,482.00	\$ 7,186,650.00	\$ -	\$ -	\$ -
		37 x 95	1834	2	\$ 295,565.00	\$ 591,130.00	\$ -	\$ -	\$ -
		45 x 95	1931	2	\$ 308,565.00	\$ 2,777,935.00	\$ -	\$ -	\$ -
		45 x 95	1524	1	\$ 295,565.00	\$ 1,194,220.00	\$ -	\$ -	\$ -
		51 x 95	2270	16	\$ 345,565.00	\$ 5,528,040.00	\$ -	\$ -	\$ -
		51 x 95	1524	2	\$ 301,565.00	\$ 603,130.00	\$ -	\$ -	\$ -
		51 x 95	2270	9	\$ 348,565.00	\$ 3,137,085.00	\$ -	\$ -	\$ -
		51 x 95	2310	1	\$ 351,330.00	\$ 351,330.00	\$ -	\$ -	\$ -
		59 x 85	1499	16	\$ 296,565.00	\$ 4,745,040.00	\$ -	\$ -	\$ -
Single Family, Street Accessed	59 x 85	1976	59	\$ 324,565.00	\$ 19,149,335.00	\$ -	\$ -	\$ -	
	65 x 100	1950	1	\$ 339,565.00	\$ 339,565.00	\$ -	\$ -	\$ -	
	69 x 100	2214	7	\$ 362,565.00	\$ 2,537,955.00	\$ -	\$ -	\$ -	
	69 x 100	2150	12	\$ 376,565.00	\$ 4,518,780.00	\$ -	\$ -	\$ -	
	69 x 100	2728	35	\$ 399,565.00	\$ 14,384,360.00	\$ -	\$ -	\$ -	
	80 x 120	2350	9	\$ 414,330.00	\$ 2,485,980.00	\$ -	\$ -	\$ -	
	Existing House	80	18	\$ 441,565.00	\$ 7,948,170.00	\$ -	\$ -	\$ -	
	Twin Home	3000	1	\$ 460,000.00	\$ 460,000.00	\$ -	\$ -	\$ -	
	Stacked Flats	1728	3	\$ 241,000.00	\$ 723,000.00	\$ -	\$ -	\$ -	
	Townhomes	724	2	\$ 226,900.00	\$ 457,800.00	\$ -	\$ -	\$ -	
	608	10	\$ 241,000.00	\$ 2,410,000.00	\$ -	\$ -	\$ -		
	1609	2	\$ 225,600.00	\$ 451,200.00	\$ -	\$ -	\$ -		
	1697	7	\$ 232,200.00	\$ 1,625,600.00	\$ -	\$ -	\$ -		
Total Market Rate Units				258					
Total Market Rate Sales					\$ 334,733.04		\$ 86,361,125.00		
Average Market Rate Price									

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	45 x 80	4	1516	1	\$ 186,509.00	\$ 287,482.00	\$ 746,036.00	\$ (403,812.00)
	37 x 95	4	1516	1	\$ 186,509.00	\$ 208,565.00	\$ 1,119,054.00	\$ (732,336.00)
	51 x 100	4	1516	2	\$ 186,509.00	\$ 351,330.00	\$ 373,018.00	\$ (329,642.00)
	59 x 85	4	1598	2	\$ 186,509.00	\$ 324,565.00	\$ 373,018.00	\$ (278,112.00)
	69 x 100	4	2214	1	\$ 186,509.00	\$ 399,565.00	\$ 188,509.00	\$ (213,058.00)
	45 x 80	3	1316	1	\$ 189,322.00	\$ 285,316.00	\$ 189,322.00	\$ (90,998.00)
	45 x 80	4	1516	1	\$ 211,229.00	\$ 287,482.00	\$ 211,229.00	\$ (76,233.00)
	37 x 95	3	1316	1	\$ 189,322.00	\$ 295,565.00	\$ 189,322.00	\$ (318,728.00)
	45 x 95	3	1316	1	\$ 189,322.00	\$ 298,565.00	\$ 189,322.00	\$ (109,233.00)
	51 x 100	3	1316	1	\$ 189,322.00	\$ 307,565.00	\$ 189,322.00	\$ (118,243.00)
59 x 85	3	1398	3	\$ 189,322.00	\$ 296,565.00	\$ 946,610.00	\$ (536,215.00)	
59 x 85	4	1598	4	\$ 211,229.00	\$ 324,565.00	\$ 844,916.00	\$ (483,344.00)	
65 x 100	3	1760	1	\$ 189,322.00	\$ 339,565.00	\$ 189,322.00	\$ (180,243.00)	
69 x 100	3	1950	2	\$ 189,322.00	\$ 376,565.00	\$ 376,644.00	\$ (374,488.00)	
69 x 100	4	2214	6	\$ 211,229.00	\$ 399,565.00	\$ 1,267,974.00	\$ (1,130,018.00)	
80 x 120	4	NA	1	\$ 111,228.00	\$ 441,565.00	\$ 211,228.00	\$ (239,335.00)	
80%	Twin Homes	1	211,229.00	1	\$ 241,000.00	\$ 211,228.00	\$ (28,771.00)	
80%	Stacked Flats	3	724	1	\$ 175,740.00	\$ 228,900.00	\$ 175,740.00	\$ (53,160.00)
80%	Stacked Flats	4	608	1	\$ 195,772.00	\$ 241,000.00	\$ 195,772.00	\$ (42,228.00)
80%	Townhomes	3	1609	1	\$ 175,740.00	\$ 225,600.00	\$ 175,740.00	\$ (49,860.00)
	Townhomes	4	1697	1	\$ 198,442.00	\$ 232,200.00	\$ 198,442.00	\$ (33,758.00)
Total IZ Units				46			\$ 8,942,814.00	\$ (5,751,801.00)
Total IZ Sales					\$ 194,409.00			
Average IZ Price								
Total Units				304			\$ 95,303,939.00	
Average Unit Price					\$ 313,469.80			
Total Sales								
Total IZ Gap								\$ (5,751,801.00)

Shift Plan Assumptions									
All multifamily units are condominiums MUR Family IZ assumed at 90% of market rate unit size Apartments included in unit count only									
AMI									
Market		Bedroom Count	Unit Square Footage	Number of Dwelling units	Unit Sales Price	Total Revenue			
(Value assigned by third party appraisal)	Single Family, Alley Accessed	45 x 80	1424	0	\$ 280,310.00	\$ -	\$ -	\$ -	\$ -
		45 x 80	1627	25	\$ 287,482.00	\$ 7,186,650.00	\$ -	\$ -	\$ -
		37 x 95	1834	2	\$ 295,565.00	\$ 591,130.00	\$ -	\$ -	\$ -
		45 x 95	1931	2	\$ 308,565.00	\$ 2,777,935.00	\$ -	\$ -	\$ -
		45 x 95	1524	1	\$ 295,565.00	\$ 1,194,220.00	\$ -	\$ -	\$ -
		51 x 95	2270	16	\$ 345,565.00	\$ 5,528,040.00	\$ -	\$ -	\$ -
		51 x 95	1524	2	\$ 301,565.00	\$ 603,130.00	\$ -	\$ -	\$ -
		51 x 95	2270	9	\$ 348,565.00	\$ 3,137,085.00	\$ -	\$ -	\$ -
		51 x 95	2310	1	\$ 351,330.00	\$ 351,330.00	\$ -	\$ -	\$ -
		59 x 85	1499	16	\$ 296,565.00	\$ 4,745,040.00	\$ -	\$ -	\$ -
Single Family, Street Accessed	59 x 85	1976	59	\$ 324,565.00	\$ 19,149,335.00	\$ -	\$ -	\$ -	
	65 x 100	1950	1	\$ 339,565.00	\$ 339,565.00	\$ -	\$ -	\$ -	
	69 x 100	2214	7	\$ 362,565.00	\$ 2,537,955.00	\$ -	\$ -	\$ -	
	69 x 100	2150	12	\$ 376,565.00	\$ 4,518,780.00	\$ -	\$ -	\$ -	
	69 x 100	2728	35	\$ 399,565.00	\$ 14,384,360.00	\$ -	\$ -	\$ -	
	80 x 120	2350	9	\$ 414,330.00	\$ 2,485,980.00	\$ -	\$ -	\$ -	
	Existing House	80	18	\$ 441,565.00	\$ 7,948,170.00	\$ -	\$ -	\$ -	
	Twin Home	3000	1	\$ 460,000.00	\$ 460,000.00	\$ -	\$ -	\$ -	
	Stacked Flats	1728	3	\$ 241,000.00	\$ 723,000.00	\$ -	\$ -	\$ -	
	Townhomes	724	2	\$ 226,900.00	\$ 457,800.00	\$ -	\$ -	\$ -	
	608	10	\$ 241,000.00	\$ 2,410,000.00	\$ -	\$ -	\$ -		
	1609	2	\$ 225,600.00	\$ 451,200.00	\$ -	\$ -	\$ -		
	1697	7	\$ 232,200.00	\$ 1,625,600.00	\$ -	\$ -	\$ -		
Total Market Rate Units				298					
Total Market Rate Sales					\$ 334,733.13		\$ 99,078,046.00		
Average Market Rate Price									

Inclusionary	Lot Type	Bedroom Count	Unit Square Footage	Number of Dwelling units	IZ Fixed Unit Sales Price	Appraised Value	Total Sales	Total Revenue Loss
(Value assigned by third party appraisal)	45 x 80	4	1516	0	\$ 186,509.00	\$ 287,482.00	\$ -	\$ -
	37 x 95	4	1516	0	\$ 186,509.00	\$ 208,565.00	\$ -	\$ -
	51 x 100	4	1516	0	\$ 186,509.00	\$ 351,330.00	\$ -	\$ -
	59 x 85	4	1598	0	\$ 186,509.00	\$ 324,565.00	\$ -	\$ -
	69 x 100	4	2214	0	\$ 186,509.00	\$ 399,565.00	\$ -	\$ -
	45 x 80	3	1316	0	\$ 189,322.00	\$ 280,310.00	\$ -	\$ -
	45 x 80	4	1516	2	\$ 211,229.00	\$ 287,482.00	\$ 422,458.00	\$ (152,468.00)
	37 x 95	3	1316	0	\$ 189,322.00	\$ 295,565.00	\$ -	\$ -
	45 x 95	4	1516	0	\$ 211,229.00	\$ 308,565.00	\$ -	\$ -
	45 x 95	4	1516	0	\$ 211,229.00	\$ 345,565.00	\$ -	\$ -
59 x 85	3	1398	0	\$ 189,322.00	\$ 296,565.00	\$ -	\$ -	
59 x 85	4	1598	0	\$ 211,229.00	\$ 324,565.00	\$ -	\$ -	
69 x 100	4	2214	0	\$ 211,229.00	\$ 399,565.00	\$ -	\$ -	
70%	Twin Home	4	2214	0	\$ 186,509.00	\$ 241,000.00	\$ -	\$ -
80%	Twin Home	4	2214	2	\$ 211,229.00	\$ 241,000.00	\$ 422,458.00	\$ (59,542.00)

	70%	Stacked Flats	4	1726	0	\$ 172,723.00	\$ 241,000.00	\$ 345,446.00	\$ (136,554.00)
	60%	Stacked Flats	3	774	0	\$ 175,705.00	\$ 229,800.00	\$ -	\$ -
	60%	Stacked Flats	4	808	0	\$ 188,772.00	\$ 241,000.00	\$ -	\$ -
	80%	Townhomes	4	1697	2	\$ 169,772.00	\$ 232,200.00	\$ 397,544.00	\$ (68,856.00)
Total IZ Units					8				
Total IZ Sales								\$ 1,587,906.00	\$ (416,418.00)
Average IZ Price						\$ 198,488.25			
Total Units					304				
Average Unit Price						\$ 331,138.00			
Total Sales								\$ 100,665,952.00	
Total IZ Gap									\$ (145,318.00)

Optional information related to specific incentives, if requested:

Parcel Information									
Parcel Acreage									123.7
Net Developed Acres	Owner Occupied		304						42.47
	Rental		390						16.99
Net Dwelling Units Per Acre (Owner Occupied Only)									7.2
Monthly Holding Cost of Land									0
Density Bonus Information									
Neighborhood Plan Unit Projection	Density Range	Density	Offset	Net Acres					Units
Low Density	1-8	8	3.3'	3.3'					231
Low-Medium Density	8-15	11.5	3.11'	3.11'					58
Total Neighborhood Plan Units									272
Total Development Plan Units									304
IZ Units Required									48
Bonus units above base density (provided by Planning Unit)									32
Bonus units that are IZ units		15% of bonus units							5
Net market rate bonus units									27
Park Fee Information									
Park Fee Credit									\$ -
Park Maintenance Cost per Year									\$ -
Park Maintenance Length	Years								0
Park Dedication Information									
Park Dedication Reduction				Square Feet					0
Fee in Lieu of Vahation				\$/sq. ft.					\$ -
Reduction in Parking Construction									
Average cost of parking stalls									\$ -
Parking Stall Reduction									0
Extra Floor Information									
Number of bonus Units									32
Average Value of Bonus Units									\$ -
IZ Free Zone									
IZ Free Zone Number of Units (Plat)		Maximum 20%							23
IZ Free Zone Number of Units (Building)									0
IZ Shift									
Number of s-f iz units switch to attached units		Maximum 75%							15
Residential Parking Permits									
Parking Stall Market Value									\$ -
Parking Permits Granted									0
Advanced Neighborhood Plan/Expedited Review									
Number of months saved in entitlement versus "normal process"									0
Neighborhood Planning Cost									\$ -
Modified Neighborhood Plan									
Bonus units in Modified Neighborhood Plan									0
Average Value of Bonus Units									\$ -
Reduced Street Width									
Length of Reduced Street Width		Linear Feet							8,417
Cost per linear foot "standard street"									\$ 107.00
Cost per linear foot "narrow street"									\$ 101.00
Other									

II. CALCULATION OF "GAP"

1. Sum of sales differential between Market Rate and IZ units

					\$ (5,751,801.00)
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III. INCENTIVES CALCULATION:

	Assumed Margin	City Share	Cost Potential	Incentive Value	Comments
A. Density Bonus (increase for bonus floor or modified plan)					
1.) Land cost coverage for units		50%	21%	\$ (175,728.64)	NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		\$ 519,657.68	NA
B. Park Fee Reduction					
				\$ -	NA
C. Parkland Dedication Reduction					
				\$ -	NA
D. Reduction in Parking Requirement (Cost to Build)					
				\$ -	NA
E. Cash subsidy to lower income IZ units					
				\$ -	NA
F. Cash subsidy to Projects <49 s-f or >4 stories w/ underground parking					
				\$ -	NA
G. Extra floor in downtown Seattle zone					
1.) Land cost coverage for bonus market rate units on bonus floor only		50%	21%	\$ -	NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		\$ -	NA
H. 20% IZ Free Zone: Building					
	11.50%			\$ -	NA
I. 20% IZ Free Zone: Plat					
	11.50%	City share of assumed margin of 15% of 20		\$ 6,997.96	
J. 75% SF to MF IZ Unit Shift					
				\$ 5,362,013.00	
K. Residential Parking Permits (revenue gained by lease)					
				\$ -	NA
L. Advance neighborhood plan					
				\$ -	NA
M. Expedited Review					
				\$ -	NA
N. Modification of Neighborhood Plan					
1.) Land cost coverage for modified neighborhood units		50%	21%	\$ -	NA
2.) Opportunity for greater margin provided in bonus market rate units	11.50%	50%		\$ -	NA
O. Reduced Street Widths					
				\$ 50,502.00	
P. Other:					
				\$ -	
SUM TOTAL OF VALUE OF INCENTIVES				\$ 5,783,440.97	

IV. IZ EVALUATION SUMMARY:

Gap	\$ (5,751,801.00)
Incentives	\$ 5,783,440.97
Difference	\$ 11,839.97
(Note: Positive number indicates value of incentives outweighs calculated costs.)	
Minimum Threshold	\$ 287,590.05
Over/Under adjustment	\$ (275,950.08)

Average price per unit:	\$ 331,138.00
Expected IZ units	6
Reduced IZ Units	38
Payment in lieu of 10% of value	\$ 1,258,324.40
	\$ 132,455.20