Summer 2016

Union Park

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Union Park

connecting people

POST OFFICE RE-DEVELOPMENT PROPOSAL

PORTLAND STATE UNIVERSITY RE 562

WORKSHOP SUMMER 2016

PDC | PORTLAND DEVELOPMENT COMMISSION
www.pdc.us

Portland State UNIVERSITY

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

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An introduction

Each winter and summer, students from the Master of Real Estate Development program at PSU are tasked with producing a development plan for an existing property in the Portland or Seattle region. Students form a real estate development team and produce a development concept through creativity, research, and consultation with experts in the real estate industry. NAIOP has generously sponsored this student team, providing funding, expertise, and a venue for the students to present their plan to the public.

The following report is our development proposal for the 14-acre site currently owned by the US Postal Service, as well as several surrounding properties owned by PDC including Union Station. Our plan builds off of the 2015 Broadway Corridor Framework Plan, produced by the Portland Development Commission (PDC). The report is intended to provide the PDC with inspiration and lay the groundwork for a future public master plan.

The Mred Team

Acknowledgments

a special thanks

Many individuals graciously donated their time and expertise to advise and critique this report. We would like to extend our thanks to those individuals.

Extra thanks goes to ZGF Architects for donating a tremendous amount of time to guiding, conceptualizing, and bringing the development plan to life.

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Ashleigh Fischer
Charles Kelly
Nolan Lienhart
Santiago Mendez
Amanda Mills
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AND THANKS TO OUR MENTORS

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Tiffany Sweitzer	Hoyt Street Properties
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Kristina Benson, PLA

Kristina Benson is a freelance Landscape Architect from Dallas, Texas, focusing on urban design. Her professional experience also includes residential design and master planning. As a graduate of Texas A&M University, she earned University and Foundation Honors and a Bachelor of Landscape Architecture with minors in Creative Studies and Urban Planning.

Tyler DuBois

Tyler DuBois has a bachelors degree in Real Estate Finance from Portland State University. He is an experienced investment analyst, and currently works as a Loan Analyst at Intervest.

Chad Encinas

Chad has an undergraduate degree in Business Economics from the University of California Santa Barbara. He worked as an auditor and accountant for six years in Reno, Nevada before moving to attend Portland State University. This is his final quarter in the Masters in Real Estate Development (MRED) program.

Mackenzie Kisiel

Mackenzie is an economic development professional from Baltimore, MD. She most recently served as Vice President of Planning and Economic Development for the Downtown Partnership of Baltimore before coming to Portland as a full time MRED student.

Colin Kelley

Colin Kelley graduated from the University of Oregon in Business Administration with a minor in Economics in 2015. Post Undergraduate Colin enrolled straight into the MRED. Colin's interest in real estate began as a young child as his father has been a developer in Oregon since the early 90's.

Andrew Lords

Andrew or 'Drew' is a Senior Real Estate Project Manager at The Impec Group. He is responsible for site selection, lease transaction, design and development of the domestic and international commercial space for a Silicon Valley high tech firm. Drew has managed more than $110 million of transactions and projects. He graduated from Brigham Young University with a Bachelor's degree in Facilities Management.

Meet the team

Vern Rifer

Vernon Rifer is the instructor of the Real Estate Workshop class. He is a Senior Adjunct Instructor with PSU's Center for Real Estate, and principal of Rifer Development, a diversified commercial real estate development company based in Portland, Oregon. Mr. Rifer has over 30 years of experience in the design, construction and development of major commercial, residential and public facilities, with a specialty in developing office buildings, urban and mixed-income housing, and mixed-use projects.

Daniel Silvey

Daniel was born and raised in the Portland area, graduating from Wilsonville high school and earning a Bachelor of Science in Applied Economics from the University of Oregon. After finishing his undergraduate degree, Daniel became a residential broker and has since established a development company specializing in infill development in Portland.

Deb Scott

Deb has undergraduate degrees in Theater and Theology. She has worked in the theater and events field for over 25 years, including performing and directing for many Portland companies. Deb was drawn to Portland State's MRED program by her interest in Cohousing with a goal of establishing affordable artist based communities. Deb will complete her MRED degree in March of 2017.

Joseph Welliver, AICP

Joe has a Bachelor of Science in Urban & Regional Planning from Arizona State University. He has worked as a city planner and development services professional in Arizona, Alaska, and Oregon and most recently for the City of Portland. This is his final term in the Masters in Real Estate Development (MRED) program.

Executive Summary

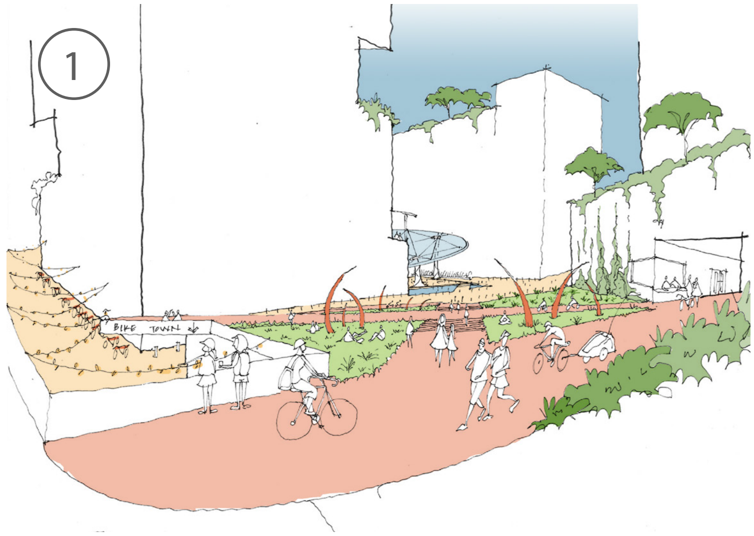
Overview | Design | Goals

Union Park
VISION

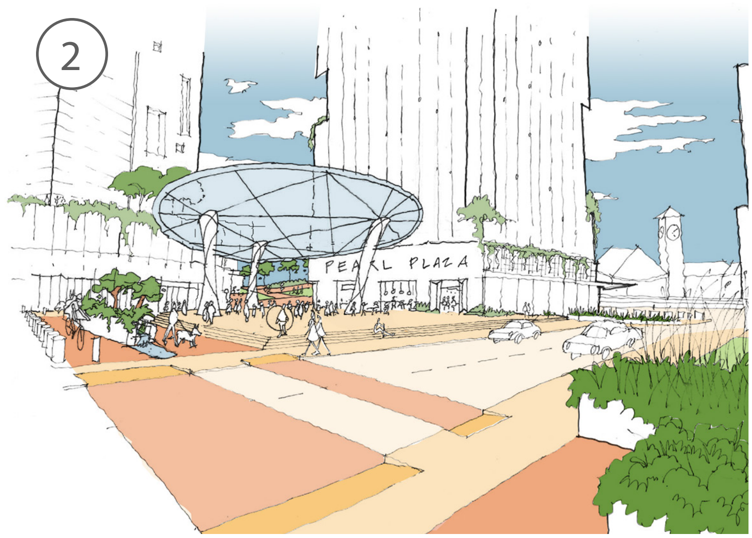
With housing for 3,300 new residents, office space for 4,500 new jobs, and almost 3 acres of new public open space, our development proposal for the USPS site envisions a once in a generation development that will help to define Portland's real estate landscape for decades to come. For more than 30 years the USPS site has been identified as a key opportunity for our city's growing employment and housing needs. According to the Central City 2035 Plan, Portland's downtown will need to absorb 21,500 new households and 42,500 jobs within the next 20 years and the USPS development will be a key site for managing this growth. Our development proposal also leverages the activation of this area as a regional transit hub for Portland. By reconnecting the Pearl District to Union Station and encouraging the redevelopment of the Greyhound site, this development will create a safe, active and engaging transportation hub around Union Station. A central part of our plan is to re-establish the familiar Portland city grid on the USPS site, drawing pedestrians in via Irving and Kearney Streets, and permitting car access via Johnson Street and Park Avenue. This increased pedestrian permeability serves as a catalyst for connecting the Pearl District to Old Town Chinatown. As the second phase of the plan is completed with the extension of the Green Loop and the expansion of the Park Blocks, the USPS site will provide vibrant public spaces, and draw workers and residents from surrounding districts, creating a dynamic new neighborhood for Portland's twenty-first century: Union Park.

"Explore, Inspire, Express"

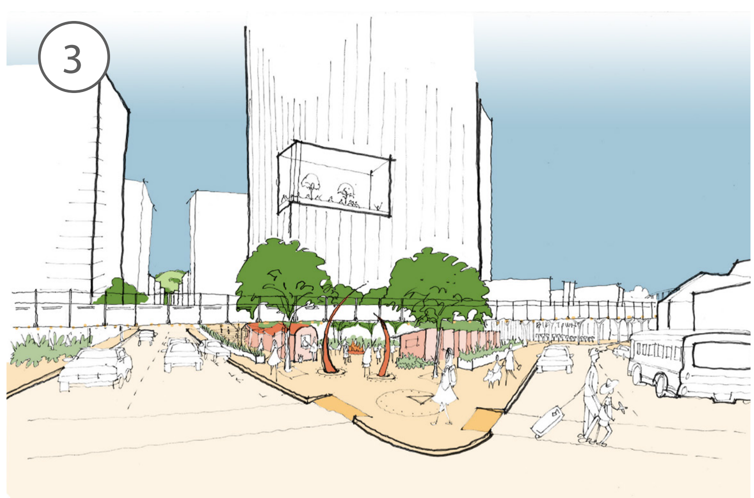
GREEN LOOP 'SQUIGGLE'
is a playful place to pass the time as you wait for a train or pass through on your way through the Park Blocks

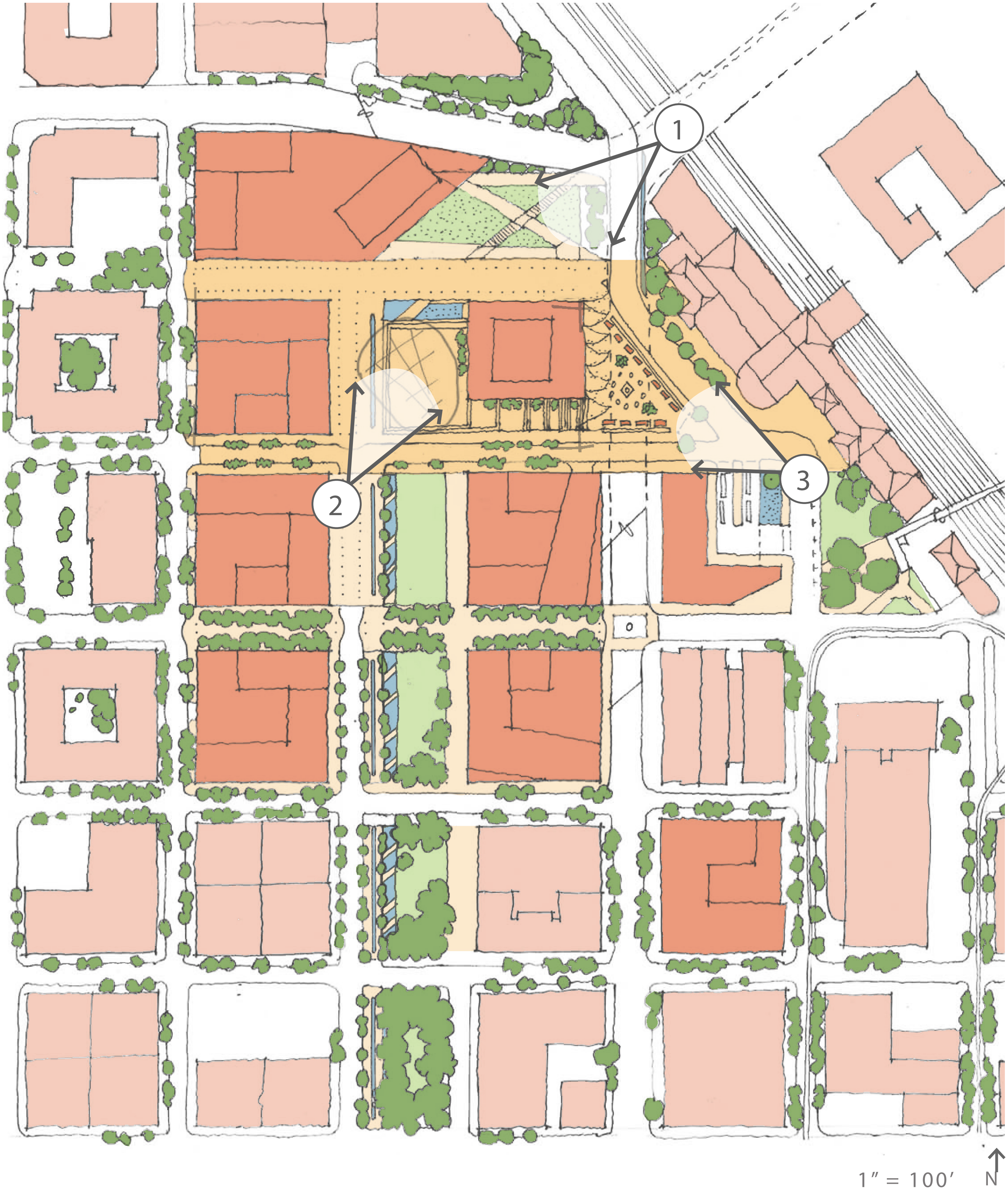


CANOPY PLAZA
is a welcoming and multifunctional public plaza at the terminus of the Park Blocks that is privately-owned but open to all to enjoy



BROADWAY 'UNDERBELLY'
is a unique public hub under the broadway viaduct, bustling with food carts, outdoor seating, and lush constructed wetlands

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Site Goals and objectives

As a part of the Broadway Corridor Framework Plan, community feedback and stakeholder aspirations were used to generate Guiding Principles for the USPS site development. Our development proposal has integrated these principles with the following site choices:

COMPETITIVE	Create opportunities for innovation, education, and economic growth and add a net gain of jobs in the region.	The USPS site provides a truly rare opportunity to create large floor plate office space, capable of drawing a significant employment campus to downtown Portland. With integrated spaces across several blocks, this development plan provides for over 400K contiguous square feet of office space that can be designed to respond to current and trending market demand. Extensive ground level services will add over 200,000 square of active use amenities.
ACCESSIBLE	Enhance the public realm to create vibrant community spaces to enrich the quality of life for residents & visitors.	The proposed development plan extends the north park blocks through the USPS site and provides a connection for the Green Loop across the Broadway Bridge while creating a wealth of new public space for the community to engage with. Our design exploits use of the green space with programmed uses to draw in users of all generations and backgrounds. Programmed areas include walking paths, an all ages playground / adventure park, and an outdoor venue for concerts and other performances. Union Park has been created to draw workers, residents, and visitors together in an engaging and friendly environment.
HEALTHY	Develop the site so that it reflects environmentally-friendly practices, opportunities for resource sharing, high-quality construction, & social responsibility.	Union Park will combine the most feasible and financially viable practices of LEED, Passive House and green design to ensure that this development makes the best use of all of the environment's resources. The plan includes a site-wide rain and greywater treatment system, as well as green roofs throughout the project. Development integration will provide opportunity to capture utility savings.

CONNECTED	Leverage regional assets to strengthen multi-modal transportation connections & improve accessibility to & through the area.	Reconnection to the cities small block street scape is an important tenet in the design of Union Park. No longer barricaded by walls, trucks and fences, this development reestablishes the flow of the city through the site. With Johnson extending through the site, the Pearl District is finally connected directly to Union Station. This provides easy access to existing Max and transit lines, as well as future travel options such as bus rapid transit and high-speed rail. Union Park also creates faster, safer and more scenic bike and pedestrian routes through the site, offering a direct connection from downtown to the Broadway Bridge and across the river to the Rose Quarter, Convention Center and Lloyd Districts
ACCOUNTABLE	Create an implementable strategy that attracts private investment & delivers appropriate public benefit.	This development proposal creates a dense and exciting environment that will draw private investment due to its high profile nature and unparalleled amenities. Residents drawn by these amenities will ensure that "jobs will follow doors" onto the site, thus serving to improve the resale land value. The investment in open spaces for the public will not only produce a healthier citizenry and more engaging working environment, but will also provide the kind of incentive amenity that businesses can use to draw and maintain a quality workforce. The most significant public benefit provided by the proposal is 750 new units of affordable housing to help curb the displacement of low income residents from the central city.

Site Conditions

History | Existing | Community

Site History
1860 - Present

Union Park was, even in its earliest incarnation, a district built for business. The property in and around the now USPS site was all a part of sea captain John H. Couch's 1845 land claim, later titled Couch's Addition. Not unlike the current USPS site, Couch had to wait five additional years to perfect his claim on the land and begin to map out his dream. Staring in the late 1860's Couch and his surveyor extended Portland's already existing 200 by 200 foot blocks, turning the streets to match the bend of the Willamette River. As they completed the plat, Couch decided to label the East/West streets alphabetically. It was not until 1891 (20 years after his death) that those letters gained the names of Portland's founders, including his own.

It was not long after Couch's claim was confirmed that warehouses and wharfs began to spring up in the addition. Ships that rounded Cape Horn arrived with all manner of goods for sale and trade; a booming business district for a new and growing city. With the construction of Union Station in 1893, ships were replaced by rail cars and the USPS site filled with rail lines rocketing goods across the country in days, instead of the months that a round-the-cape shipboard journey had taken. The district was finding its way into the twentieth century at speed. Another 40 years saw trucking take precedence over rail cars and the Hoyt block rail lines were removed in favor of a gas station, parking lots and billboards.

Top: This Atlas of Portland map from 1891 shows Couch's Addition with its Alphabet streets. You will see, too, the lettered blocks that we still refer to today as Block R and Block Y

Bottom: Looking west from the bottom of the Broadway Bridge ramp in 1959 prior to the construction of the Postal Service building. While the rail lines are gone, the warehouses can still be seen. Union Station is the back right of the image.

Portland's Post Offices and the USPS Central Station

The Federal Post Office building, known as the "511 Federal Building", was constructed in 1916 on the South side of Hoyt street and served as the new processing center for Portland's expanding Postal System. At the time, this significant structure, designed by Lewis P. Hobart of San Francisco, was the height of technology with expansive high-ceilinged sorting areas and truck loading bays. The structure (located at the geographic center of Portland by a USGS marker on the site) was constructed close to Union Station to take the best advantage of the railway. In 1962 came the next technological upgrade in mail processing and across Hoyt from the "Old Main", the much larger current USPS Central building was built to hold new massive machines and 22,000 linear feet of conveyor belts that sped the process of sorting and stamping the mail. The large Hoyt and 9th street site (already warehouses and parking lots) provided plenty of room for the fleets of trucks that were now an integral part of moving increasing tons of mail around the expanding Metro area.

The USPS property as a focus of Portland Planning

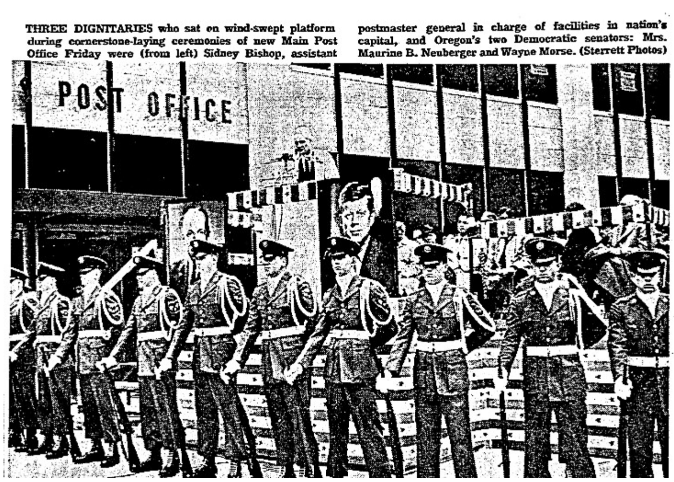
As early as 1988, the site of the US Post Office has been identified as the most significant redevelopment opportunity within Portland's Central City. Beginning with this early Central City plan the USPS site is called out as a focus area for increased commercial employment of all sorts, housing density bonuses and mixed use structures.

In the 2001 Pearl District Development Plan, the steering committee encouraged the City Council to create a partnership with the US Postal Service that would allow for the redevelopment of at least a portion of the Post Office site, especially along 9th Avenue. This early plan also called out the desire to seek a full activation of the site that included finding a new location for the major Post Office operations while maintaining their retail presences in the district, but in the interim hoped for less impact by truck traffic going in and out of the site.

Every planning document that followed made more and louder calls for the Post Office site to become a more integrated part of the burgeoning Pearl District, to allow for the re-activation of the area around the historic Union Station area, and to act as a catalyst to inspire more improvement in the Old Town Chinatown area.

Negotiations, Acquisition and Transition

According to the Portland Mercury, as early as 1995 Mayor Vera Katz was asking USPS to engage in negotiations to sell the post office facility to the City and open the way for redevelopment. During a period of years around 2000, several different groups approached the Post Office to purchase the site for a Major League Baseball stadium.


THREE DIGNITARIES who sat on wind-swept platform during cornerstone-laying ceremonies of new Main Post Office Friday were (from left) Sidney Bishop, assistant postmaster general in charge of facilities in nation's capital, and Oregon's two Democratic senators: Mrs. Maurine B. Neuberger and Wayne Morse. (Sterrett Photos)

Above: Image from April 7, 1962 Oregonian

Above: 1988 planning map image of USPS site

In 2006, with a letter from Rep. Earl Blumenauer to the Postmaster General asking again for a period of negotiations toward a sale, the beginnings of an early agreement began to form. A year and a half later, the PDC had an approved Letter of Intent for purchase of the site, along with an escrow agreement placing $2 million dollars on account to be delivered in stages as the sale process proceeded. In 2008 the PDC released $500,000 to USPS to conduct due diligence on relocating the Post Office's facilities. However, after three extensions of that agreement, in late 2008, 2009 and finally in March of 2013, the last deadline on the agreement passed. The pressures of the recession had taken their toll and, with other terms at an impasse, the potential deal was dead.

A team from the PDC continued talks with USPS regarding the site, finally going to Washington D.C. to discuss key issues of a potential deal as well as the path forward. It was decided that in order for any transition of the site to proceed, it was necessary for USPS to have a better handle on what a new facility that would meet their needs would look like. PDC's response was to provide escrow funds to cover the cost of 30% plans for the USPS replacement structure, along with the signing of an agreement to enter into exclusive negotiations for PDC to purchase the Hoyt Street site.

Bolstered by a 2014-15 budget and five-year forecast process that had already allocated over $34 million for acquisition of site, as well as the multiple planning processes that confirmed the public value of the site, the PDC Board approved a request to enter into negotiations again in April 2013. Through another year and a half of talks, fact-finding, and the creation of the Broadway Corridor Framework Plan, the PDC and USPS finally agreed upon a purchase price of $88M for the 13.4 acre downtown site. According to a Portland Development Commission Board memo dated July 21, 2016, the PDC and USPS executed a Purchase Sale Agreement for the Hoyt Street site, with an estimated closing date of August 2016. As reported in a January article in the Oregon about the sale, "We look forward to moving on this project," said Tom Kelly, the board's chairman. "It's historic."

Existing
Conditions

The 24-acre Broadway Corridor area includes numerous parcels owned by four different entities: PDC, City of Portland - Parks and Recreation, Bud Clark Commons (an entity owned by Home Forward), Portland Housing Bureau, and Greyhound Lines Inc. The largest parcel - owned by USPS - spans the equivalent of twelve contiguous city blocks. The USPS site sits at the west side of the Broadway Bridge, with the NW Lovejoy viaduct to the North and NW Broadway viaduct to the east.

There are several challenges on this site that act as barriers to its potential of becoming an active location for permanent residence and being adopted into the vitality of the neighboring Pearl District. The following components act as barriers and have been addressed in the design and development of our plan:

- The USPS building and parking lot create barriers to connectivity. The building is large in scale, housing industrial activities and high vehicle traffic that require pedestrians to navigate around and stay clear of the area. The private fenced parking lot blocks the flow of pedestrian or bicycle traffic; exacerbating an isolation from the surrounding neighborhood.
- The Broadway viaduct creates a significant barrier between the USPS site and Union Station to the east, and the Lovejoy viaduct directs east and west vehicle and bicycle traffic away from the site.
- Railroad tracks run the perimeter of the east side of the Broadway Corridor area, creating a requirement to bridge the tracks for access to the Willamette Riverfront.
- There are a large number of homeless persons that congregate and loiter along the side streets in this area. Right or wrong, many potential residents and visitors could feel unsafe or uncertain around homeless people, and this could prevent visitation from would-be patrons of the area.
- Union Station and Greyhound are located east of the USPS building. Due to commuters preference and other competitive forms of transportation, rail and bus have been underutilized forms of transportation.

The subject site has numerous opportunities that can be capitalized upon in the redevelopment and design thereof. The site is considered a hinge district: a location that connects the very popular Pearl District and well established Old Town Chinatown District. Here are several of the opportunities that are considered:

- The size of the USPS site will provide opportunity to introduce building product types that are currently in demand, but are limited in availability such as large floor-plate and high-rise construction.
- The site is transit-rich, with Light Rail, bus, Streetcar, and intercity options.
- Union Park's proximity to the Waterfront and connection via a pedestrian-only bridge to the Willamette River Greenway Trail provides a gateway to other pedestrian/bike networks.
- The Broadway bridge provides easy access to the East side, and proximity to the Moda Center and Veterans Memorial Coliseum.

Above: Site parcels with use or block name indicated; ownership in parenthesis

PNCA & Park Block

Built in 1916 and located at the South end of the USPS site, the Pacific Northwest College of Art (PNCA) is the current resident of the 511 Federal Building, and former post office facility. The 122,576 square foot building sits on .93 acres and took three years to complete construction. In 1979, the PNCA building was placed on the National Register of Historic Places. This historic building adds to Portland's heritage and lends authenticity to the subject site.

Currently, PNCA offers undergraduate, graduate and continuing education degrees. For its 2015-2106 enrollments, there are 420 undergraduate, 116 graduate students and 1,400 continuing education students. There are 104 full and part time faculty teaching the arts and design. PNCA is a non-profit corporation that also has youth and pre-college programs that drive traffic to the area. Adjacent to the PNCA building there are 25 parking stalls owned by the Bureau of Parks and Recreation which is leased to PNCA.

Top: PNCA
Middle: Greyhound building entrance
Bottom: Greyhound loading zone

Block R

Block R, which has no physical address, is boarded by NW Hoyt and NW Glisan Streets, NW Broadway and NW 6th Avenue. The Portland Development Commission owns the .87 acres of unimproved ground and it is shovel-ready.

Greyhound

The Greyhound building consists of three contiguous parcels between NW 6th and NW 5th, NW Irving and NW Glisan. The property is owned by Transportation Realty Income Property, a subsidiary of Greyhound Lines Inc, and serves as Greyhound's intercity bus terminal station. The building is a single story with a basement and was built in 1985. The main floor is 37,983 square feet and the basement is 15,687 square feet. All three parcels total 2.08 acres. The SW corner of the building serves as the entrance and customer transaction area, and the entire east side of the building serves as the staging area for the buses where the majority of the loading and unloading of the passengers takes place.

Block U (Bud Clark/Multnomah County)

Bud Clark Commons was built in 2011 as a partnership between Home Forward, Transition Projects, and Portland Housing Bureau. Situated on .46 acres, the 106,000 square-foot building stands 8 stories tall, and houses very low-income residents in 130 studio apartments, including a 90-bed shelter for overnight guests. Bud Clark is also a heavily-trafficked homeless service center, providing:

- A day center that focuses on addressing the survival needs of people experiencing homelessness, including lockers and showers
- Transitional support for people ready to move beyond basic needs, where community partners provide case management, housing assistance, addiction and mental health support, and a learning center for job and housing searches

- "GOALS" (Greater Opportunities to Advance, Learn and Succeed) program, which provides Home Forward residents with ways to set and reach their goal of becoming self-sufficient through five years of dynamic supportive services, job training and referrals, and child care
- A Portland Youth Builders program where low income youth aged 17-24 are paid to finish school, learn a trade, and plan for their future.

The vacant parcel immediately to the east of Bud Clark Commons is planned as the future site of the new Multnomah County Health Department Headquarters. The structure will be 9 stories and 148 feet tall. The building is planned to house the Health Department's clinical functions, workspace, and administrative offices. The ground level has a pharmacy and gallery planned with additional space available for lease. The upper floors will be occupied by clinic and clinic administration spaces. The building features an ecoroof, covering a majority of roof area. There is no vehicular parking proposed.

Union Station & Block Y

Built in 1896, the historic Union Station is the current home of four Amtrak lines. This building, adorned with a pitched terracotta roof and molded brick exterior, serviced 561,596 commuting passenger in 2015. It is owned by PDC, who acquired the facility in a state of neglect in 1987. The building is also on the National Register of Historic Places, and is one of the most iconic buildings in Portland. Its rail yards provide an eastern perimeter to the Union Park site, effectively cutting the site off from the Riverfront and housing to the east. Union Station is easy to access by public transit, with multiple bus, light rail, and streetcar options; but is confusing to access by car and is somewhat pedestrian-unfriendly. There is some retail at the site, including Portland staple 'Wilf's Restaurant' and jazz club, but options are limited compared to larger stations.

To the southeast of Union Station, across NW 6th Avenue and cornered by NW Broadway and NW Irving is Block Y. Block Y serves as the primary parking location for Union Station's 100 long-term and 25 short term parking spaces. Block Y is owned by the PDC.

Top: Bud Clark Commons
Middle: Multnomah County Health Department Rendering
Bottom: Union Station

Top: NW Broadway & NW Lovejoy ramps
Middle: Block Y
Bottom: USPS on Hoyt Street

United States Postal Service (USPS)

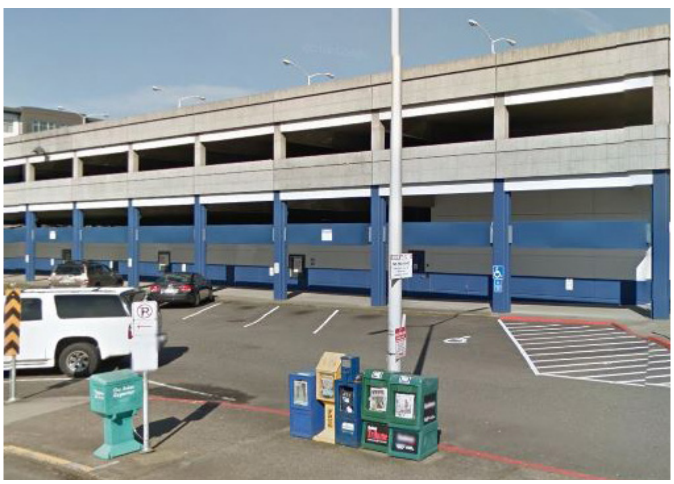
The USPS site comprises two parcels of 8.96 and 4.41 acres, totaling 13.37 acres. The site stretches along the Broadway on-ramp from NW Hoyt Street to NW Lovejoy, and extends west to NW 9th Avenue, with a 13% grade increase from Hoyt to the top of the Broadway/Lovejoy bridgeheads. The site houses the USPS building, a parking garage for USPS employees, and extensive exterior operations space for mail trucks.

The USPS building was built in 1962 using concrete, steel and glass. The USPS building is four stories high with 402,936 square feet of warehouse, commercial and retail. It is currently being used to process and allocate mail within a geographically designated district. The main building contains both the back of the house operations and front of the house operations. In the back of the house, employees use large conveyors and machines to separate and distribute mail. In the front of the house or the retail section of the building, employees accept packages, payment and rent post office boxes. The retail section is estimated to be only 5% of the total square footage.

The parking garage, which sits to the west of the main building, has 448 parking spaces (235,528 square feet) and was added to the site in 1987. The two structures are connected by a permanent breezeway and canopy.

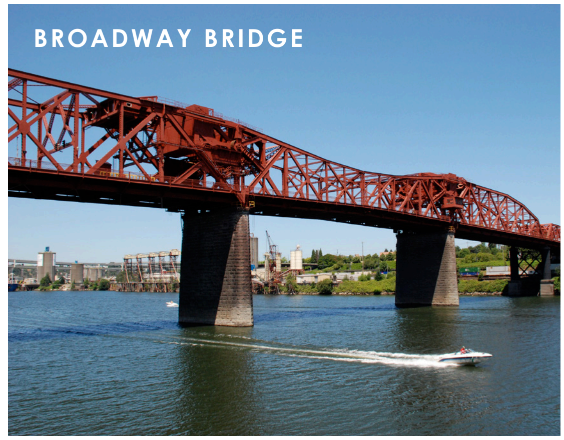
Bridgeheads and Viaducts

The Broadway bridgehead serves as the primary connection to Portland's east side, and offers an elevated entry point to the subject site. This connection serves as a funnel to direct traffic and pedestrians to the top (elevation +32' ft from NW Hoyt) of the USPS site connecting the NW Broadway ramp and NW Lovejoy ramp. The ramps are elevated and connect to the Broadway Bridge which clears Union Stations railroad tracks. Both ramps are heavily used by motor vehicles and transit oriented cyclists versus leisure oriented cyclists. With NW Broadway and NW Lovejoy ramps elevating to the bridgehead, both ramps create traffic permeating under the viaducts. These underpass areas are dark, dirty, unwelcoming, and often reported as having safety and hazard violations.



Top: Broadway viaduct
Middle L: USPS parking garage
Middle R: Broadway Bridgehead
Left: USPS rear, service entrance


PEARL DISTRICT

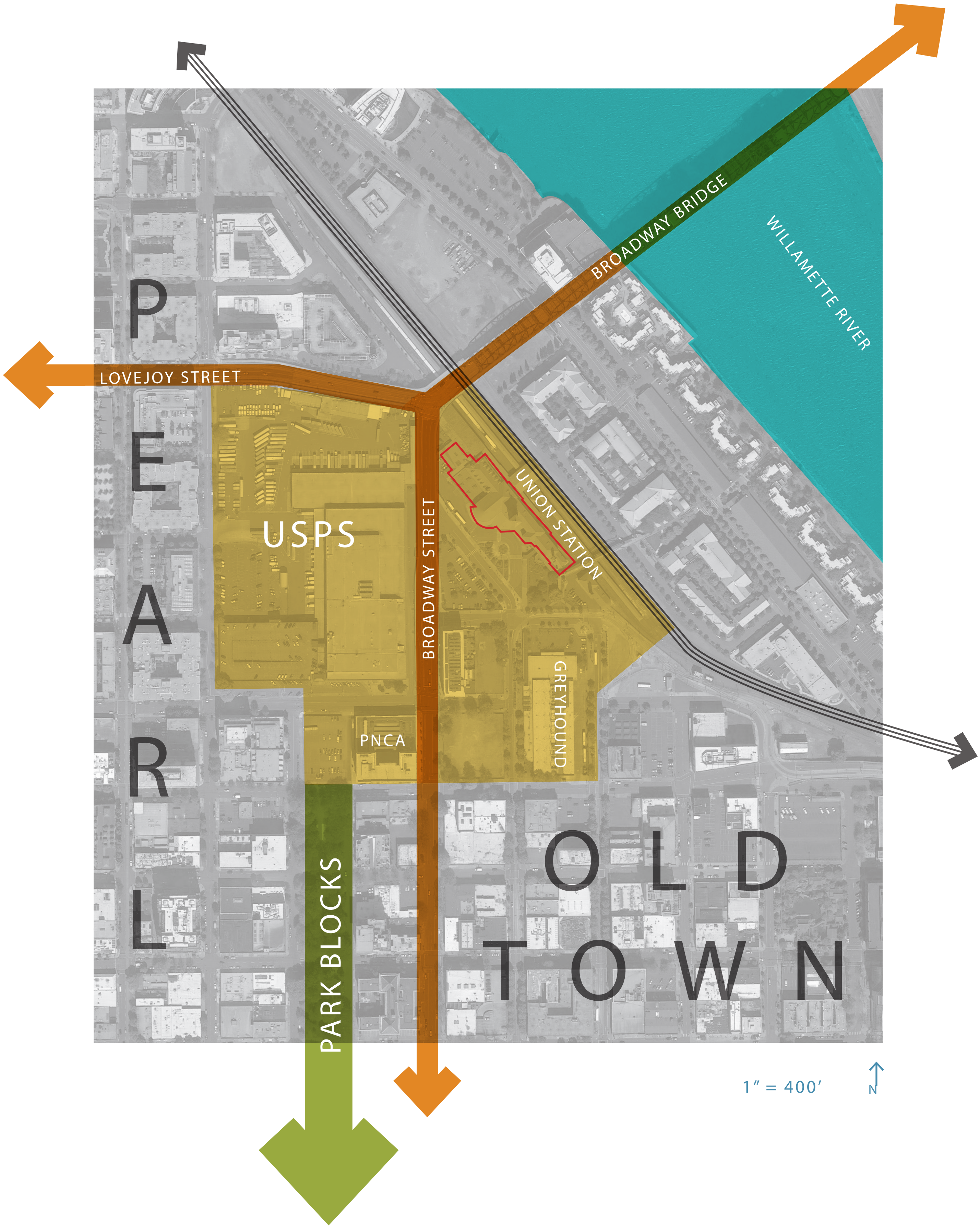

BROADWAY BRIDGE


BROADWAY STREET

UNION STATION


NORTH PARK BLOCKS


PNCA BUILDING


BROADWAY BRIDGE
WILLAMETTE RIVER
LOVEJOY STREET
PEARL
USPS
BROADWAY STREET
UNION STATION
GREYHOUND
PNCA
OLD TOWN
PARK BLOCKS
1″ = 400′
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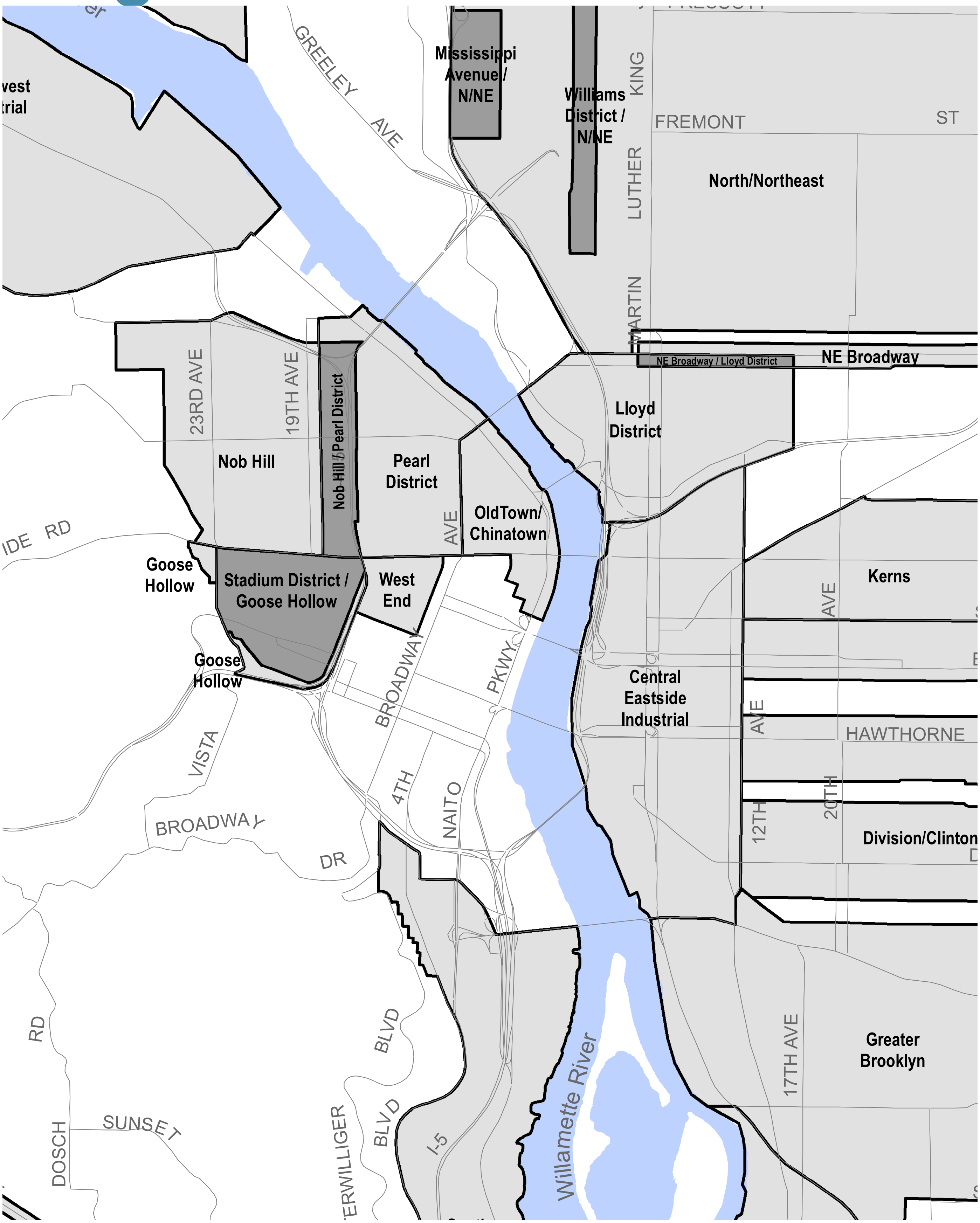
Neighborhood Context



Community

Neighborhood

Union Park is located in the River District, north of the traditional central business district (CBD), and just across the Broadway Bridge from the Lloyd District. The Lloyd District-an area with major planned growth and development-is the city's entertainment and hospitality center, focused on activities at the Moda Center arena and Portland's Convention Center. Union Park is adjacent to the Willamette River, but disconnected from the waterfront by train tracks, major roadways, and other developments.

Directly to the east and south of Union Park is Old Town Chinatown. The neighborhood features some of Portland's oldest and most distinct architecture. Old Town Chinatown is also home to independent merchants, multifamily developments, and office uses. The neighborhood also contains underutilized and under-maintained buildings, in addition to unimproved surface parking lots. Old Town Chinatown is host to the city's largest concentration of homeless service providers. To the north and west of Union Park is the Pearl District: Portland's trendiest neighborhood marked by high-end local and national retail and attractive streetscapes. The Pearl is home to luxury condominiums and apartments, but also has a healthy mix of affordable housing and office uses.

Planning

Zoning | Transit | Open Space | Inclusivity

Zoning
AND ENTITLEMENTS

Union Park requires an adjustment in existing zoning and entitlements in order to be a viable development site. This change is reflected in the Central City 2035 and West Quadrant Plans, which outline broad comprehensive plan goals, but also dictate future changes in the Zoning Code and Central City Plan District. Central City 2035 is still in draft form, but nearly complete, with recommendations planned to go before City Council in the fall of 2016, at which point they will go before the state for acknowledgment, with final adoption expected in early 2018.

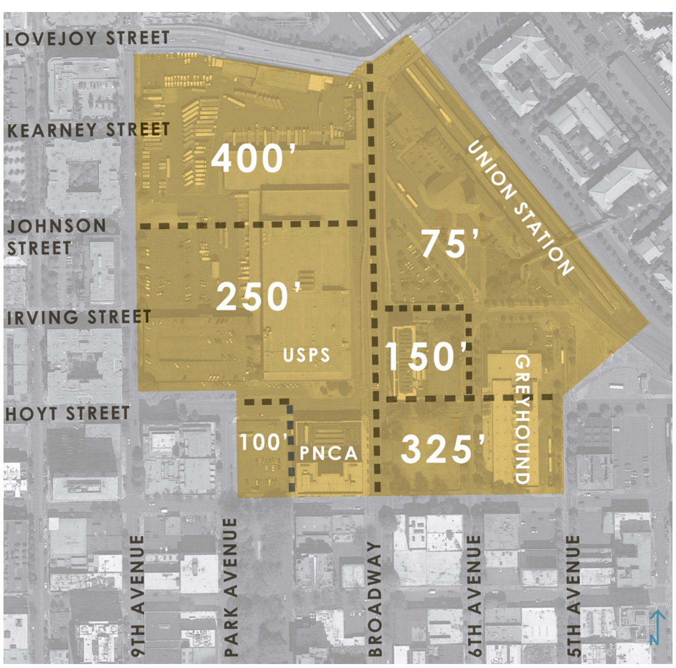
Under Central City 2035, the following zoning guidelines are recommended for Union Park:

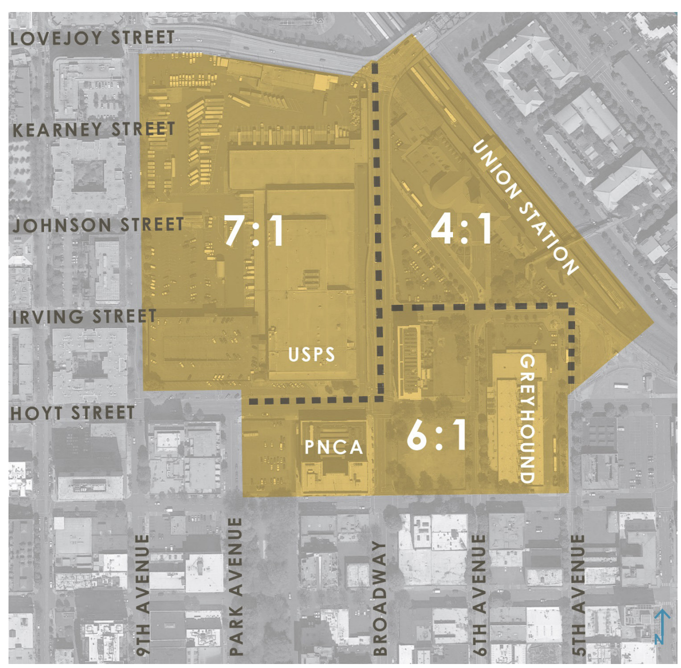
- Union Park is zoned Central Commercial (CX) and Central Employment (EX), allowing for a range of commercial uses
- As pictured below, FAR for the 14 acre post office site is 7:1, with the Union Station area limited to 4:1, and southern properties proposed at 6:1
- As pictured below, maximum height varies in the master plan area from a high of 400 feet at the north end of the project to just 75 feet

Typical Central City design and activation requirements will apply on most of the site, including active ground floor uses, window requirements, and required building lines. There are no parking minimum requirements, but maximum parking requirements do apply in order to discourage car usage and drive towards a stated goal of 85% non-single occupancy vehicle mode-split. Parking specifics can be found in Appendix 2.

Importantly, Central City 2035's recommended zoning code changes also that require a master planning process. This plan, to be approved by the Portland Design Commission, will establish basic massing and sections, main entrances of buildings, proposed land uses, traffic, parking locations, open space and transit, and bike and pedestrian circulation. FAR transfer and height bonuses are significantly eased through the master planning process, allowing for easy transfer of FAR from any parcels within the master plan area, including streets, parks, and other public access-ways.

Below: Height and FAR Allotments

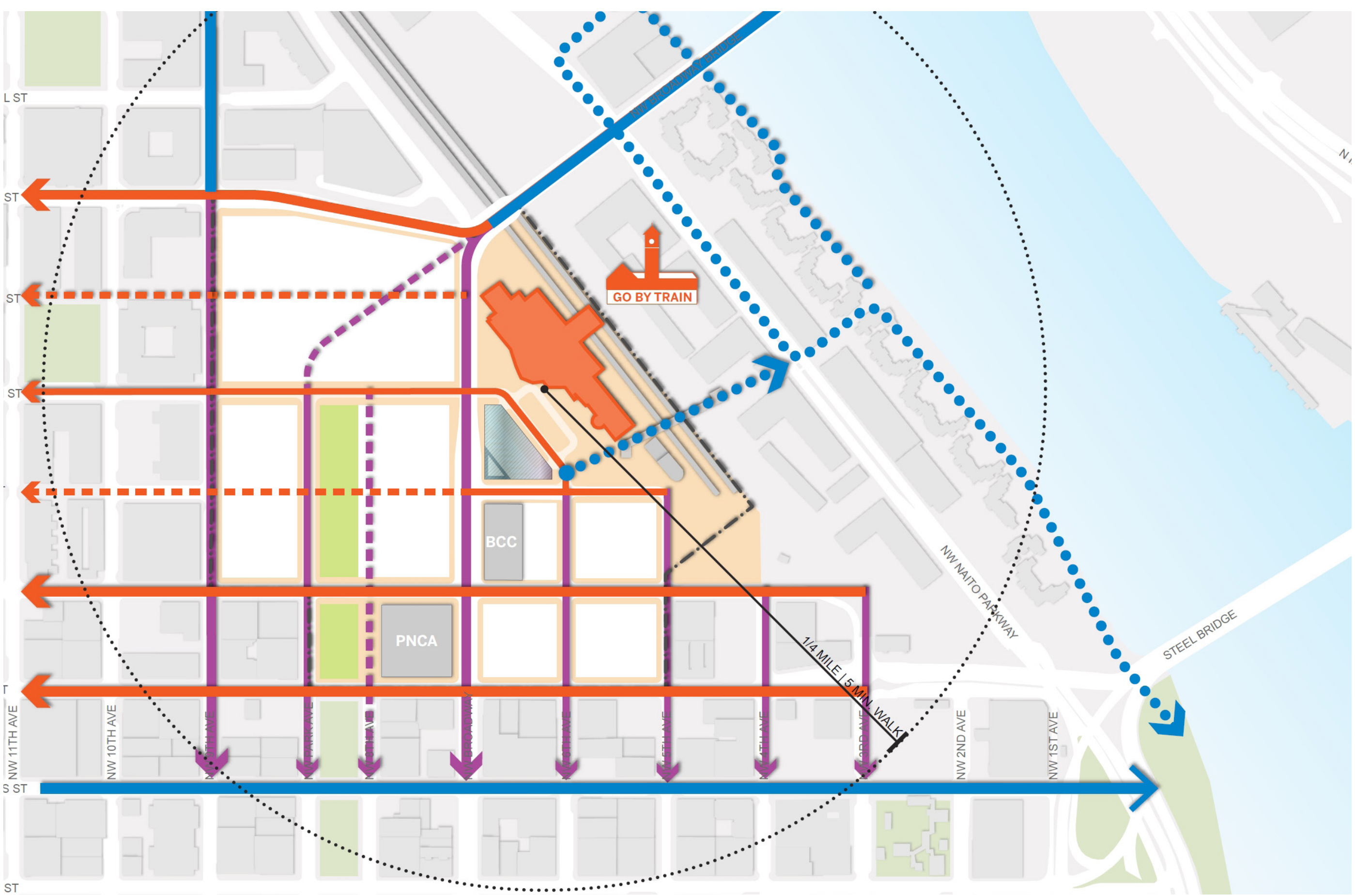


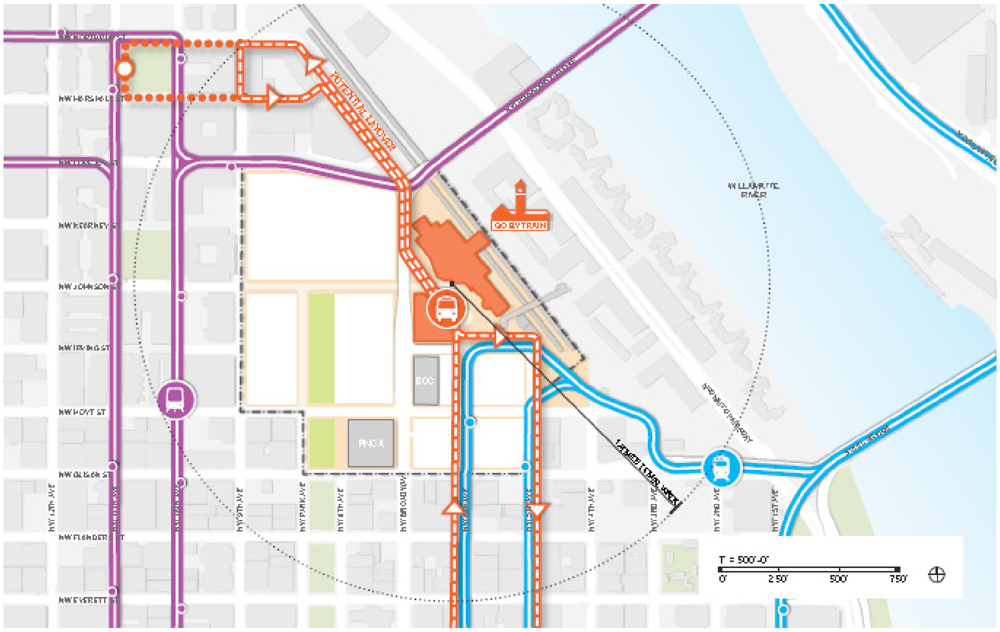


Transportation
AND ACCESS

Union Park is arguably the most transit-rich area in the City. Light Rail, streetcar, local and intercity bus, and passenger rail all converge on the site. Major commuter bike paths run along Broadway and Lovejoy, and a greenway (a low traffic street where bicycles and pedestrians are given priority) runs along Johnson and currently dead-ends at the site. The site also has good vehicular access, sitting at the apex of the Broadway Bridge, and close by I-405 and I-5.

Amtrak Cascades service, which connects from Eugene, OR to Vancouver, B.C. has increased in ridership by 255% since its inception in 1994. In March 2011, the Oregon Department of Transportation (ODOT) announced that the State had invested $36.6 million in federal stimulus funds to buy two new train sets from Talgo America. The 13-car sets were delivered during 2013 and were introduced to Amtrak's revenue service in January of 2014. However, in 2014, a serious down-tick in ridership occurred with trip sales falling nearly 15% (Oregon Department of Transportation 2015). Union Station's ridership has followed suit: increasing to become the busiest station on the Cascades line in 2008, and then decreasing more recently. Nevertheless, Amtrak continues to plan for expansion both along the Cascades line and at Union Station. Multiple upgrades, which have been primarily funded with federal grants, have already been completed at the station to ensure passenger safety and regulatory compliance. Additional upgrades are planned to take place soon and will include track, platform, building code, and operational improvements. PDC, as the owner of the station, has already budgeted about $3.5 million for these upgrades, but it is anticipated that much more funding will be needed from state or federal sources.





Left: Existing Transportation Networks and possible BRT Route
Page Left: Enhanced Pedestrian and Car connections

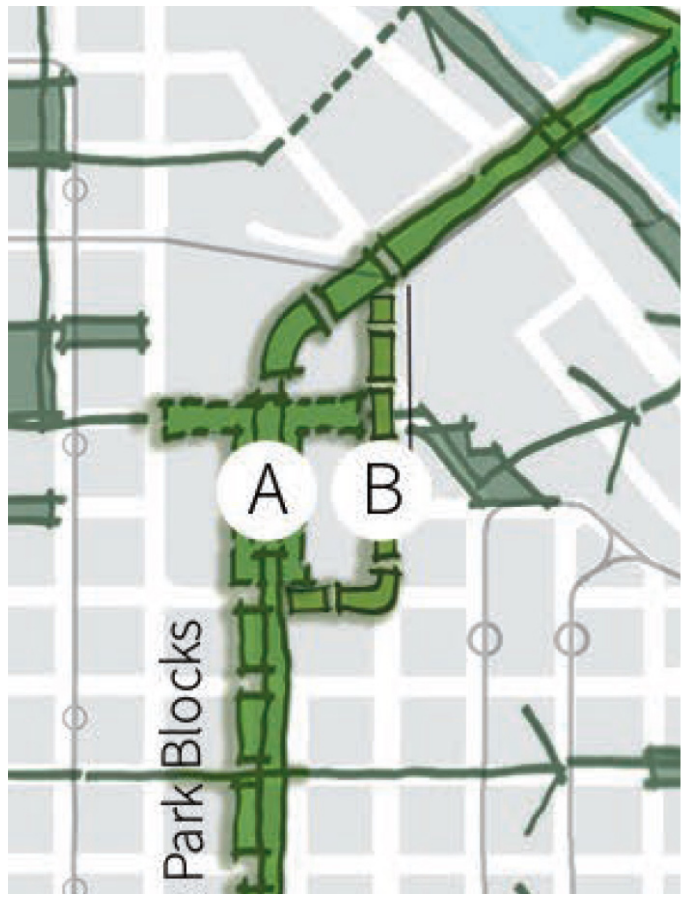
Interestingly, the converse scenario is taking place at neighboring Greyhound Lines, Inc. Although intercity bus transport declined for 25 straight years, since 2006 it has increased each year. It is worth noting that much of the increase is due to non-traditional bus operations like Megabus or Greyhound Lines-owned BoltBus, rather than the Greyhound's traditional ticketed, stationed operations. Still, Greyhound's future outlook is to maintain a 12% margin target, "recognizing however that long term oil price trends may impact the timing" (FirstGroup 2015). Nevertheless, due to improvements in technology and a changing marketplace, Greyhound is looking to downsize its Portland operations, limiting its ticketing operations to a fraction of their current size at about 7-8,000 square feet, plus bus and passenger loading.

The Union Station area has long been envisioned as a transit hub, most recently by the Broadway Corridor Framework Plan. A 2009 report "Portland Union Station Multi-modal Conceptual Engineering Study" proposed moving Greyhound to Block Y; but changing Greyhound priorities rendered the plan obsolete (IBI Group 2009). TriMet is currently planning a new Bus Rapid Transit route that will run from Gresham along Powell and Division Streets, primarily, that will likely terminate at Union Station. And, as with other major corridor lines throughout the United States, Amtrak Cascades could implement high-speed rail in the future, which could be a game-changing prospect for Union Station.

Access to the edges of the site is excellent, as the current 14 acre USPS site is without any transportation infrastructure. All new streets and pedestrian and bicycle access will need to be built through the site. The Broadway Corridor Framework Plan establishes that Johnson Street will be continued from 9th Avenue through to Union Station, and that Park Avenue will be built from Hoyt Street to an intersection with Johnson Street. The Framework plan does not preclude additional infrastructure and did not plan for funding of other streets.

Open Space
AND GREEN LOOP

The Green Loop is an urban design concept that proposes a 6-mile signature linear park and active transportation path that will bring new life and energy to the Central City. The Green Loop concept emerged as a portion of the Central City 2035 Plan as a partnership between Bureau of Planning and Sustainability, Portland Parks and Recreation, Portland Bureau of Environmental Services, and Portland Bureau of Transportation. It represents the "next phase" of Portland's innovative and collaborative successes. The concept invites residents, employees and visitors to experience the central city in an entirely new way. The existing River Loop will be enhanced by the implementation of the Green Loop, and will eventually activate adjacent neighborhoods and districts with supporting east-west connections. The Green Loop concept will promote more walking, biking, rolling, jogging and public transit trips helping contribute to a smaller city-wide carbon footprint.



Above: Green Loop options on USPS site as envisioned in the Green Loop Plan

Perhaps the most prominent feature of the Green Loop is the existing park blocks, which is a linear park system that runs through downtown Portland, terminating at the edge of Union Park. During the original settlement of Portland, a 100 foot firebreak was established to protect the town from the forest beyond. This fire break has stayed almost entirely in place throughout Portland's history, and what we now know as the north and south Park Blocks form a central feature of the city's urban landscape.

The Broadway Corridor Framework plan requires that the future Green Loop, as envisioned by Central City 2035, run through the Union Park site in some fashion, although it does not stipulate the route. The park blocks, too, are envisioned to continue through to Johnson Street, creating an additional three blocks of park space.

Inclusivity

MIXED HOUSING

Requirement Sources

One of the most unique and challenging aspects of the development planning process was the affordable housing requirement. According to the Tax Increment Financing Set Aside For Affordable Housing Policy Implementation Plan:

> *"Beginning on July 1, 2015, the% for affordable housing calculation in the River District Urban renewal area includes $20 million in either TIF debt proceeds, a $20 million ownership interest in the Broadway Corridor/USPS acquisition, or a combination of TIF debt proceeds and ownership interest in the Broadway Corridor/ USPS acquisition equal to $20 million. If the acquisition has not been executed prior to June 30, 2020, the option of $20 million of TIF debt proceeds will be executed."*

As part of a 2015 Intergovernmental Agreement between PDC and the City of Portland, the Portland Housing Bureau (PHB) agreed to contribute $20 million for the acquisition of the Post Office site in exchange for rights to residential FAR. From the memo:

> *"If the acquisition is executed prior to June 30, 2020, PHB anticipates investing at least $13M to acquire rights to develop affordable housing on the site through land, FAR or any combination thereof; this level of investment would secure rights to approximately 30% of residential FAR. PHB will determine whether and how to use the remaining $7M, either at the USPS site or at another location in the River District."*

PHB eventually contributed $14.5 million for the acquisition with an additional $5.5 million remaining to help fund affordable housing. While the agreement does not specifically dictate the required MFI bracket, PHB expressed a strong desire that any units constructed be affordable to the 0-60% MFI bracket.

A financial feasibility study conducted by HR&A for the Broadway Corridor Framework Plan used an assumption of 25% of units being affordable at 0-60% MFI and concluded that to meet this goal an additional $65 million in subsidies would be required. This is equal to a $100K per unit funding gap in their calculation. PHB performed a separate analysis assuming 30% of units affordable at incomes of both 0-80%, as well as 0-60% MFI, and using a combination of 4% and 9% Low Income Housing Tax Credits (LIHTC) and Multiple-Unit Limited Tax Exemption (MULTE). This analysis found that to provide 30% affordable housing at 0-60% MFI would require a subsidy of approximately $75 million, or a $33-50K per unit funding gap using 9% LIHTC and a $100-133K per unit funding gap using 4% LIHTC.

Inclusionary Zoning & MULTE

Another important factor that we considered in deciding the best way to implement the affordable housing requirement was the impact that Inclusionary zoning might have on the development. Passed in 2016, Oregon Senate Bill 1533 allows for inclusionary zoning requirements. This would mean that for multi-family developments exceeding 20 units in size, the city of Portland could mandate that 20% of the units be affordable at 80% of area MFI. In return the city would offer incentives such as "full or partial exemption from ad valorem property taxes" (78th OREGON LEGISLATIVE ASSEMBLY, 2). It is important to note that while the bill enabling inclusionary zoning has been passed, the city is still refining the incentive and implementation policies, which have yet to be revealed. While SB 1533 defines "low income housing" as income at or below 80% MFI, it is likely that the city will offer additional incentives for developers who choose to include 20% of units at 60% of MFI.

A similar program already exists in Portland called the Multiple-Unit Limited Tax Exemption (MULTE) program. This program offers a ten-year property tax exemption on structural improvements to a property as long as program requirements are met. Program requirements include the following:

> *"During the term of the exemption, a minimum of 20% of the number of units must be affordable to households earning 60% or less of the area median family income (MFI), or to households earning 80% or less of the area MFI when the project's market rents are at or exceed 120% of the area MFI levels or a market study supports rents of similar units in the same geographic area at or above 120% of the area MFI." (Portland Housing Bureau)*

Affordable Housing Implementation

Our proposal would implement a legally binding requirement that all multi-family rental developments on the USPS site include 20% of units affordable at 60% of area MFI. In return, we have discounted the land sale values for these lots to levels that ensure a fair-market return for the developers. Based on our development proposal, this provides 349 units of affordable housing at 60% MFI. The additional units necessary to achieve the requirement laid out in the Intergovernmental Agreement that 30% of total units be affordable, will be provided in a single building featuring 100% affordable units (building 8 in our development plan - see page 74). This buildinvvg will include around 75 units (10% of total affordable units) at 30% MFI with the remainder of the units at 60% MFI. This building will face Bud Clark Commons and feature substantial space for social services that will serve the residents with the greatest needs. Grouping the remaining affordable housing into one building also allows us to take the greatest advantage of Low Income Housing Tax Credits (LIHTC) and assistance from the Home Forward program. Using the assistance from Home Forward, all of the units at 30% MFI will have their subsidized up to market rent. The 9% and 4% LIHTC then provide additional funds to help narrow the funding gap for this building.

From a financial perspective, we feel that our proposal that about half of the required affordable units be provided as part of mixed income developments is also beneficial to PDC. Instead of simply giving 659K developable SF to PHB free of cost, only Building 8 is given up free of cost. While the mixed income developments feature slightly discounted land values, we believe that financially there is an overall net benefit to PDC versus giving away the net square footage required for affordable housing. There is also a strong likelihood that actual land values for the mixed income developments will be higher than shown in our models due to the aforementioned impact of inclusionary zoning once it is passed. Our financial models only account for tax exemptions through the MULTE program. If additional incentives are offered by the city as part of inclusionary zoning, this would have the effect of lowering the impact of affordable housing on developers, and thus raising the residual land values of those lots.

Finally, we believe that there is also a social benefit gained by incorporating mixed income housing that is of equal or greater importance to the financial benefits. We believe that segregating affordable housing entirely to one or two buildings on the site is against the spirit of the city's goals related to affordable housing as laid out in the Central City 2035 Goals and Policies, as well as the goals of our plan including accountability and inclusivity.

Market Conditions

Forecast & Trends | Analysis

Forecast
AND MARKET TRENDS

National Employment Trends

From 1980-2005, the job count in the US grew by 48% to approximately 133.7 million non-farm jobs, at a rate of approximately 1.6% per year with particularly high growth rates in the 1980s. Job growth from 2000-2005 was a mere 0.3% per year. Forecasts predict job growth of 1.5-1.6% annually for the recovery period of 2010-2015 declining to around 0.9% by 2025-2035. This would equal an increase of around 40 million jobs and 30% growth over 2005 levels.

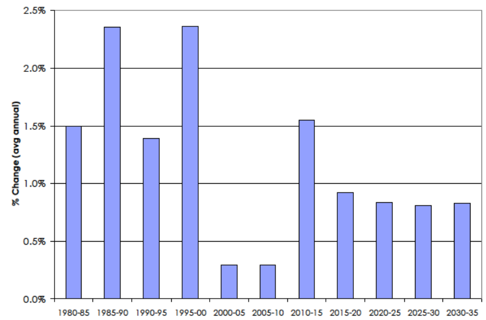
By Sector

The overall trend in the US job market represents a shift from industrial employment to service-related employment and this trend is expected to continue through 2035 with some caveats:

Manufacturing accounted for 16% of non-farm jobs in 1990 and declined to 10-11% in 2005 and is expected to decline further to 6-7% by 2035. Despite the decline in overall employment numbers, manufacturing output has continued to increase as a share of GDP in many areas. This is indicative of manufacturing becoming a more capital intensive industry and a less labor intensive one.

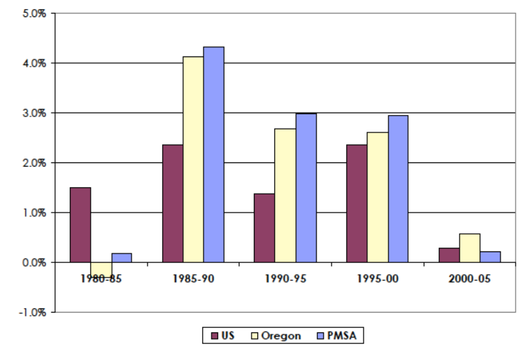
Service sector jobs have increased rapidly since 1990 with growth rates ranging from 3.1% for education and health and 3% for professional services, to 1% for retail and 1.1% for government. Overall service sector grew from 67% of non-farm jobs in 1990, to 73% of non-farm jobs in 2005. All service sectors except retail are expected to add jobs over the next 25 years, with professional services and education & health expected to increase their share of the base.

Figure 1. U.S. Non-Farm Employment Growth Rates (1980-2035)



Source: Global Insight, *2008 QR US Long-Term Outlook*, as compiled by Metro.

Figure 2. Employment Growth Rates – U.S., Oregon & Portland PMSA (1980-2005)



Source: Metro, Oregon Employment Department, and E. D. Hovee & Company, LLC.

Regional Employment Trends

Although Oregon was particularly hard hit during the economic slowdown of the early 1980's, from 1985-2000 Oregon outperformed the US in employment growth rates, with the Portland MSA beating the statewide rates. When the economy again slowed in the early 2000's Oregon beat national growth rates, while the Portland MSA trailed slightly behind the national rates.

The market cycle from 2000-2008 saw unusually slow job growth of 0.8% for the region with Portland only capturing 5% of regional growth. However, from 2008 to 2013, the city of Portland had an average annual growth rate of 1.3% - compared to 1.4% in the region - and had a job capture rate of 23%. This is in line with Multnomah County's historical capture rate of 25% and job growth of 1.1% from 1980-2008. As of 2015 the Portland MSA had regained twice as many jobs as were lost during the Great Recession and job growth appears to be steady in the near term. Although unemployment rates were higher than the national average during the peak of the

Figure 3. Unemployment rate

Portland region vs. U.S. average

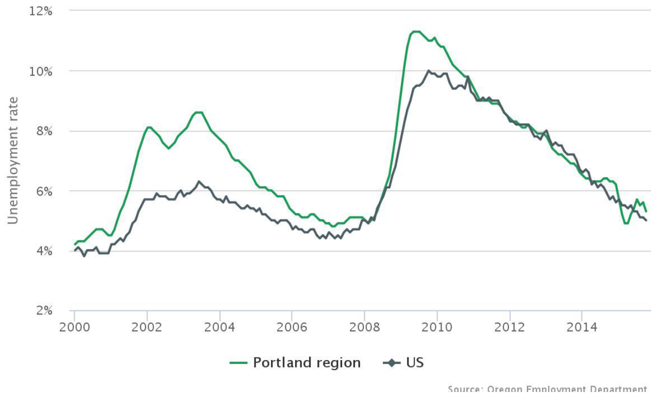


Figure 4. Total jobs

Portland MSA 2001–2015

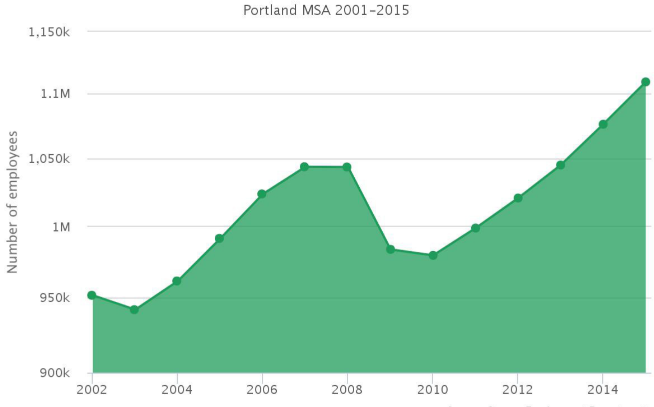
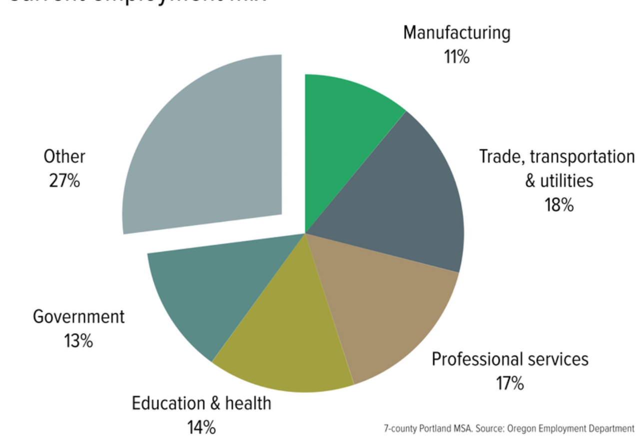


Figure 5.

Current employment mix



recession, the Portland region's unemployment trend is now in sync with the US average and stands at around 5%.

According to the City of Portland's Economic Opportunity Analysis released June 2016, Metro's regional forecast predicts non-farm job growth from 1 million jobs coming out of the great recession in 2010, to 1.5 million by 2035, with an annual growth rate averaging 1.7% per year. Job growth rates are expected to range from 0.6% for manufacturing to 2.3% for professional services and 2.6% to 2.7% in education and health services in the 2010-2035 period.

The current employment mix in Portland shows that about half of all residents work in trade transportation and utilities, professional services, or education and health. Among the fastest growing industries in Portland are Leisure and hospitality (growing at 5.8%), professional services (growing at 5.1%), information services (growing at 4.2%), and healthcare and social assistance (growing at 4%).

Job and Income Growth

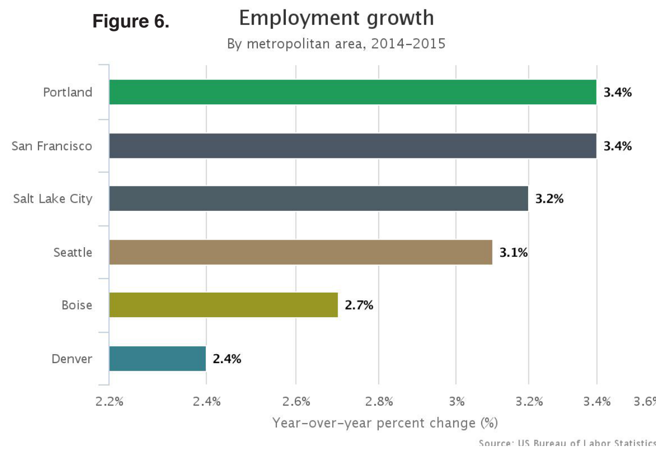
From 2014-2015 Portland added jobs at a rate of nearly 3.4% which was equal to San Francisco and outpaced other markets such as Salt Lake City, Seattle, Boise, and Denver. Meanwhile unemployment is falling, job growth is rising, and the Portland area continues to attract a young, highly educated work force.

According to the Oregon Department of Administrative Services Economic Forecasts, Oregon had the 2nd fastest job growth in the country at 3.4% in 2015. Within the state, the Portland MSA is one of only 2 regions with a positive job gap, meaning enough local jobs to match or exceed population gains.

Based on historical trends Multnomah County is predicted to gain approximately 184K jobs between 2010 and 2035. This represents a 34% capture rate of the MSA. Portland is expected to capture around 82% of the Multnomah County growth and 28% of the MSA growth in the 2010-2035 time-frame, which would account for 151K new jobs in Portland.

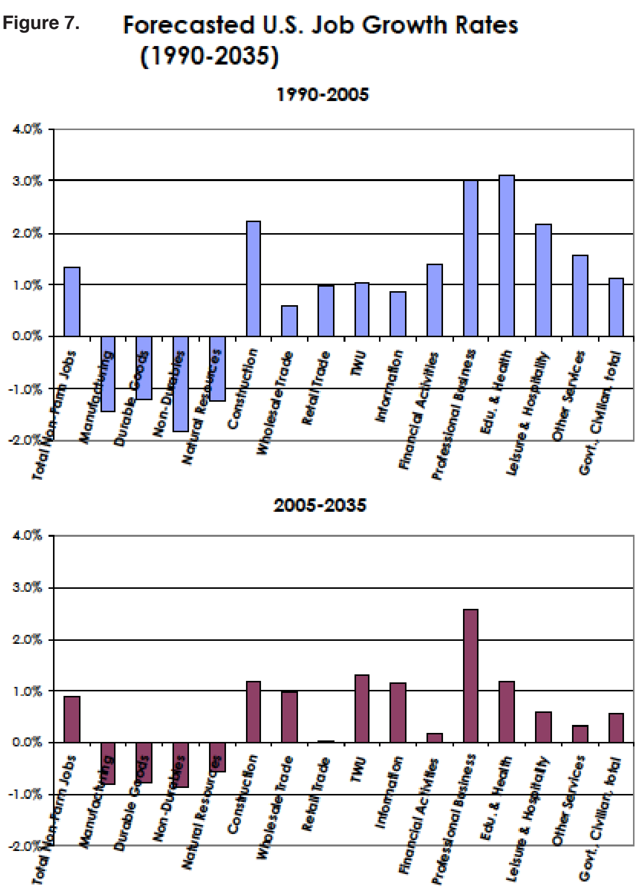
Geographically, the Central City accounted for about 27% of Portland's job base with around 108K jobs in 2008. The most rapid job growth in the Central City occurred in the River District with 2.1% annual job growth. When looking at office demand in the Central City, some of the trends that emerged were a resurgence of leasing fueled in part by live-work opportunities, and the potential of the Central City to capture an increasing share of the regional office market. These trends are something that our development seeks to capitalize on by providing new and innovative class-A office space with vertical and horizontal mixed uses.

Figure 6.



Job growth will likely be focused on Portland's industry clusters of clean tech, software, athletic & outdoor apparel, advanced manufacturing, and research & commercialization. With high location quotients in the outdoor apparel and software industries though, Portland's job market is highly susceptible to downturns in these industries.

Figure 7.



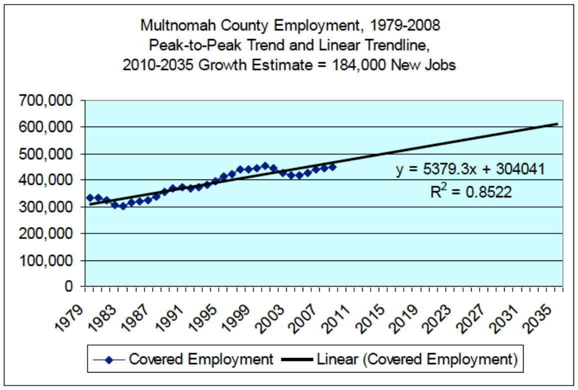
Source: Global Insight, *2008 QR US Long-Term Outlook*, as compiled by Metro.

Although still lagging behind the 2008 peak of $64,610, Portland's current median household income of $60,248 is more than 4 percent above the Recession low and exceeds the current national average by nearly $6,600. High and low wage jobs are the fastest growing, while middle income jobs are seeing very little growth in the Portland Metro area. Job growth has not been equally distributed across the income spectrum. The strongest increase since the recession has taken place in households earning more than $200K per year and households earning less than $10K per year. At the same time, households earning $50-75K per year, arguably the heart of the middle class, have been the only income bracket to actually decrease in number of households.

Market Opportunities

One of the key findings of the Economic Opportunity Analysis was that there is "solid potential for mid to high-rise development primarily in the Central City", specifically for office development. It also notes that "Proximity to retail and housing is increasingly important for future office development."

Figure 8. Multnomah County Employment Trendline, 1979-2035



Source: Bureau of Planning and Sustainability from Oregon Employment Department QCEW data.

Figure 9.

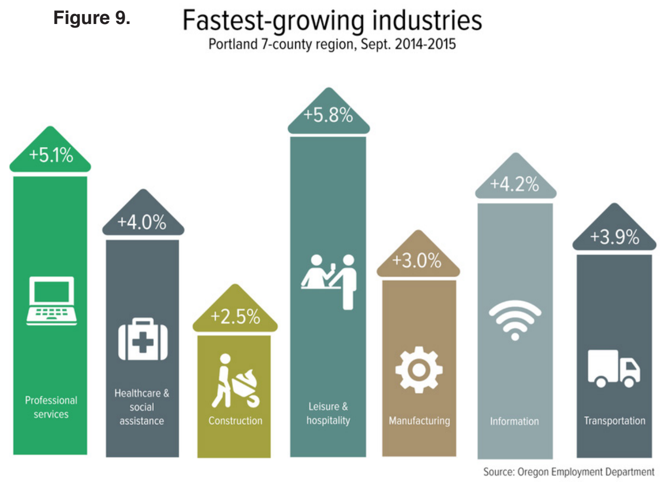


Figure 10.

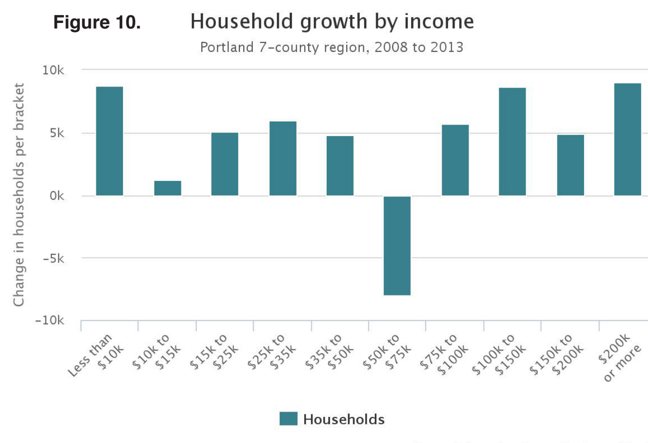
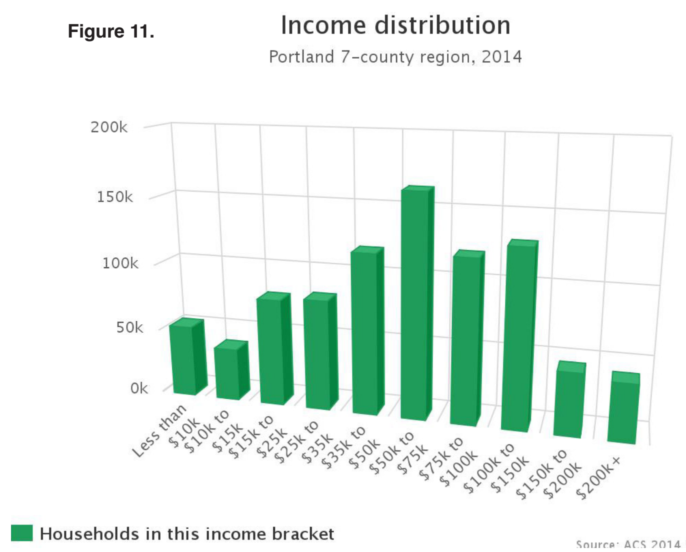


Figure 11.



In 2009, a focus group on the topic of 'Central City Office' was hosted by the Portland Business Alliance. Below are some of the trends that emerged and how the Union Park development addresses these trends:

Live-work options create added urban synergy

- By providing vertical and horizontal mixed uses within a master planned development, Union Park will take advantage of these synergies

Central City has greater potential to increase its capture of the regional office market

- Union Park will include around 850K SF of office, including office formats unavailable anywhere else in Portland

New and alternate office locations are desired, especially close to the core

- Situated between the Pearl District and the downtown CBD, Union Park offers a highly appealing location for both businesses and residents

Portland's Central City is viewed as vital to defining the PDX brand

- Union Park will be a landmark development for Portland in the coming decades and should catalyze the city's economy the way that The Pearl has done in the past decade

Figure 12. Wage Comparison

	Average annual income (in thousands, 2015)	Industry	Job growth (2004-2014)
High wage	$ 129	High tech manufacturing	**11%**
	$ 79	Professional, scientific and technical	
	$ 67	Financial activities	
Middle wage	$ 59	Construction	**2%**
	$ 57	Government	
	$ 54	Manufacturing (non-high tech)	
Low wage	$ 30	Retail	**15%**
	$ 26	Nursing and residential care	
	$ 20	Leisure and hospitality	

Figure 13. Large Floor Plate Vacancy

	Group Name	Northeast of Portland	Portland CBD	South/East of Portland	West Suburban Portland	San Francisco CBD	Houston CBD
Effective Vacancy Rate	Group Vacancy	6.7%	9.0%	6.0%	8.6%	7.5%	13.0%
	SF < 10,000	6.4%	7.4%	5.6%	9.2%	7.5%	9.7%
	10,000 -20,000	8.7%	10.8%	6.7%	6.8%	7.2%	10.0%
	20,000- 50,000	5.6%	9.5%	7.4%	8.6%	7.9%	14.3%
	50,000- 100,000	0.0%	**0.0%**	**0.0%**	3.9%	7.4%	15.5%
	SF >= 100,000	6.6%	**0.0%**	**0.0%**	0.0%	0.0%	16.9%
% Group Inventory Under Construction		2.7%	2.4%	0.5%	1.5%	3.7%	2.7%
Space Vacant (SF 000s)	SF < 10,000	526	574	486	810	1,333	930
	10,000 -20,000	100	404	79	171	811	656
	20,000- 50,000	63	417	105	260	944	1,168
	50,000- 100,000	0	0	0	53	633	712
	SF >= 100,000	125	0	0	0	0	428

Analysis
BY MARKET SECTOR

Office Market Overview

Per CoStar's 2016 Q1 Office Report, historical average deliveries for the Portland Metro office market have been about 1.4M SF and as of 1Q16 there is approximately 1.8M SF under construction with 1.5M SF pre-leased. In the Portland CBD, there is 523K SF under construction with 77.9% pre-leased (407K SF). The average building size for the CBD is 105K SF while the metro average is 113K SF. The Class A market for the CBD has a total rentable building area (RBA) of 11.6M SF and a 9% vacancy rate with an average quoted rent of $30.52.

Historical rental rates since 2003 have trended up from just over $20/SF to around $27/SF despite setbacks caused by the recession.

According to a Costar report, effective vacancy for large floor office space in Portland's CBD is 0%. This further demonstrates the market demand for this product type.

Under Construction

As can be seen in the following table, most of the large properties currently under construction are located outside of the CBD and are 100% pre-leased. Park Avenue West and Pearl West are 87% and 83% pre-leased with quoted rents of $29 and $31.50, respectively.

Office Comps

There has been minimal development of class A high-rise office space in the last 10 years in Portland, which makes comparative properties difficult to find. The most direct comparison of office space currently on the market is the recently opened Park Avenue West. The building features 13 floors and 192K SF of office space, which was largely pre-leased by anchor tenants such as Stoel Rives and Morgan Stanley. Current rents for office space at Park Avenue West are $40/SF and while lease terms for anchor tenants were not made public, rents in the mid-to-high 30's can be assumed based on the current market.

Other office space to be developed would likely be at a smaller scale more closely resembling developments recently opened in the inner northeast such as One North, Radiator, and Albina Yards. These open/creative office formats are currently getting rents around $30/SF.

Office sales comps and lease comps are detailed in Appendix 3.

Retail Market Overview

According to Costar reports general retail in the Portland metro for 1Q16 had a 2.4% vacancy rate and an average rental rate $16.92/SF. Historical deliveries are 1.3M SF per year with 2016 at only 400K SF. For the CBD, the vacancy rate is 3.9% with GLA of 4.15M SF and quoted rents averaging $19.52/SF

Retail Lease Comps

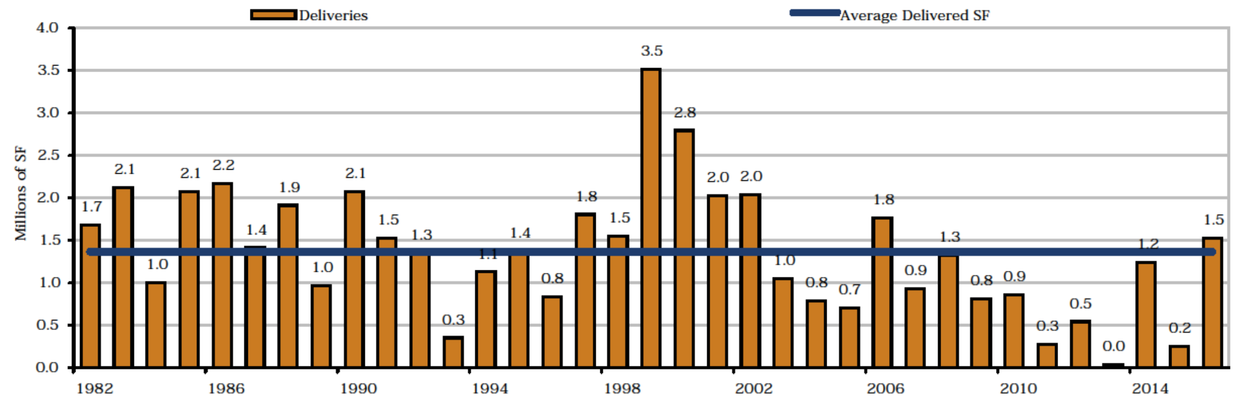
Currently, new construction retail spaces in class A buildings in the central city are seeking rents from $27/SF to $60/SF, with the average just above $30/SF. Retail lease comparables are detailed in Appendix 3.

Hotel Market

According to a recent Oregonlive article, there are currently 3,000 hotel rooms under development or recently constructed, with a 40% total increase in hotel capacity projected by 2020 (Luke 2016). According to Travel Portland's State of the Industry 2016 report, hotels in Portland had an 80.3%

Figure 14.

Historical Deliveries 1982 - 2016



Source: CoStar Property® * Future deliveries based on current under construction buildings.

Figure 15.

Construction Activity Markets Ranked by Under Construction Square Footage

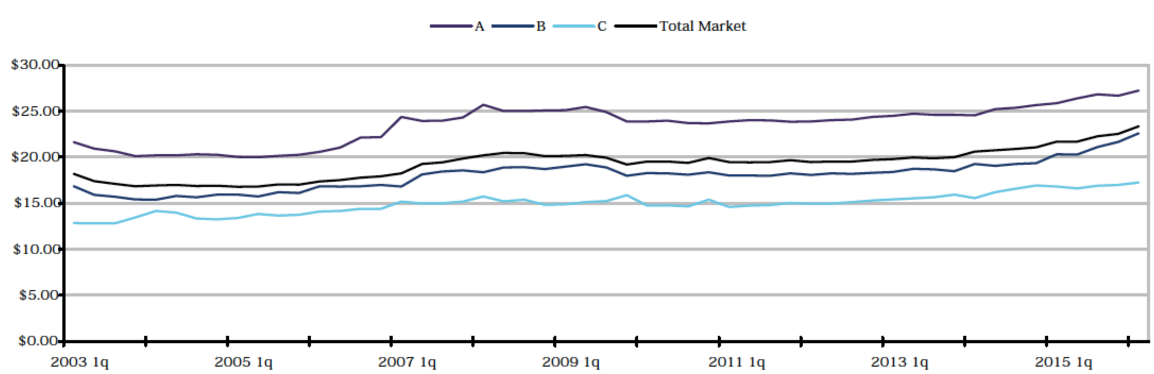
Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
CBD	5	522,722	407,438	77.9%	71,372	104,544
Westside	1	412,000	412,000	100.0%	33,358	412,000
Northeast	3	402,500	399,700	99.3%	9,235	134,167
Clark County	2	210,383	210,383	100.0%	13,262	105,191
Lloyd District	2	135,350	15,694	11.6%	23,563	67,675
Southeast	3	122,985	63,000	51.2%	9,236	40,995
Skamania County	0	0	0	0.0%	4,388	0
Southwest	0	0	0	0.0%	15,874	0
Northwest	0	0	0	0.0%	16,906	0
I-5 Corridor	0	0	0	0.0%	16,720	0
Totals	16	1,805,940	1,508,215	83.5%	18,606	112,871

Source: CoStar Property®

Figure 16.

Historical Rental Rates

Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Figure 17. Office Space Under Constuction

Select Top Under Construction Properties

Based on Project Square Footage

1. Nike North Expansion Bldg A

Submarket:	**Westside**
RBA:	**412,000**
# Floors:	**1**
Class:	**A**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Fourth Quarter 2015**
Deliv Date:	**Second Quarter 2017**
Leasing Co:	**NIKE, Inc.**
Developer:	**Gerding Edlen**
Architect:	**ZGF Architects**

2. Daimler Trucks North America HQ

Submarket:	**Northeast**
RBA:	**265,000**
# Floors:	**8**
Class:	**A**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**First Quarter 2015**
Deliv Date:	**Second Quarter 2016**
Leasing Co:	**Daimler Trucks North America LLC**
Developer:	**N/A**
Architect:	**Ankrom Moisan**

3. Park Avenue West Tower

Submarket:	**CBD**
RBA:	**220,889**
# Floors:	**30**
Class:	**A**
Preleased:	**87%**
Quoted Rate:	**$29.00**
Grnd Brk Date:	**Fourth Quarter 2013**
Deliv Date:	**Second Quarter 2016**
Leasing Co:	**Capacity Commercial Group**
Developer:	**TMT Development Co., Inc.**
Architect:	**TVA Architects**

4. 17801 SE 6th Way

Submarket:	**Clark County**
RBA:	**206,000**
# Floors:	**1**
Class:	**A**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**First Quarter 2015**
Deliv Date:	**Third Quarter 2016**
Leasing Co:	**Columbia Tech Center LLC**
Developer:	**Banfield Pet Hospital**
Architect:	**TVA Architects, Inc.**

5. Pearl West

Submarket:	**CBD**
RBA:	**155,661**
# Floors:	**9**
Class:	**A**
Preleased:	**83%**
Quoted Rate:	**$31.50**
Grnd Brk Date:	**Fourth Quarter 2014**
Deliv Date:	**Second Quarter 2016**
Leasing Co:	**Kidder Mathews**
Developer:	**BPM Real Estate Group**
Architect:	**GBD Architects, Inc.**

6. DHS Multi-Service Center

Submarket:	**Northeast**
RBA:	**117,500**
# Floors:	**1**
Class:	**B**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Second Quarter 2015**
Deliv Date:	**Third Quarter 2016**
Leasing Co:	**American Property Management**
Developer:	**LCG Pence Construction LLC**
Architect:	**TVA Architects, Inc.**

7. Towne Storage

Submarket:	**Lloyd District**
RBA:	**108,750**
# Floors:	**5**
Class:	**B**
Preleased:	**0%**
Quoted Rate:	**$31.00**
Grnd Brk Date:	**Fourth Quarter 2015**
Deliv Date:	**Fourth Quarter 2016**
Leasing Co:	**Apex Real Estate Partners**
Developer:	**N/A**
Architect:	**N/A**

8. Block 8L

Submarket:	**CBD**
RBA:	**90,991**
# Floors:	**6**
Class:	**A**
Preleased:	**94%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Second Quarter 2015**
Deliv Date:	**Second Quarter 2016**
Leasing Co:	**Apex Real Estate Partners**
Developer:	**Gerding Edlen**
Architect:	**Ankrom Moisan Architects, Inc.**

9. Clay Creative

Submarket:	**Southeast**
RBA:	**72,000**
# Floors:	**5**
Class:	**B**
Preleased:	**83%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Second Quarter 2015**
Deliv Date:	**Fourth Quarter 2016**
Leasing Co:	**Apex Real Estate Partners**
Developer:	**N/A**
Architect:	**Mackenzie**

occupancy rate in 2015 and an average daily room rate of $147.3 (Dean Runyan Associates 2016). Much of the recent development has focused on "boutique" hotels such as the Hotel Eastlund, Canopy by Hilton, AC Hotel, and Curio Hotel by Hilton. There are also plans to move forward with a 600-room Hilton Hotel at the Portland Convention center. All of this is combined with the continued pressure from services like Airbnb that compete with traditional hotels for tourists.

Based on our research plus advice from industry experts, we do not feel that there will be a strong market for additional hotel during the initial phases of development at Union Park. However, given its unique position as a nexus of transit options and with possible future developments in public transportation such as expanded bus rapid transit and high-speed rail, we do recognize that there is strong potential for a hotel on this site in the long-term.

Corporate and Long-Term Stay Hotel

Based on conversations with local developers and finance professionals we have identified long-term stay and corporate hotels as an underserved market with room for growth. These rooms can be incorporated into market rate rental buildings and are leased on an annual basis by large companies for employees. Building owners also echo this sentiment as these accommodations are nearly 100% booked. Another opportunity that has been pursued by some building developers is short-term rentals integrated into market rate housing and managed by third-party services such as Vacasa or Stay Alfred. Like corporate housing, these units are leased on an annual basis by the management party, who then handles the nightly rentals on their own. While building owners report almost no vacancy for these product types, and a slightly inflated income over market rate rentals on a per-square-foot basis, they do report some problems with nightly rental customers that should be carefully considered.

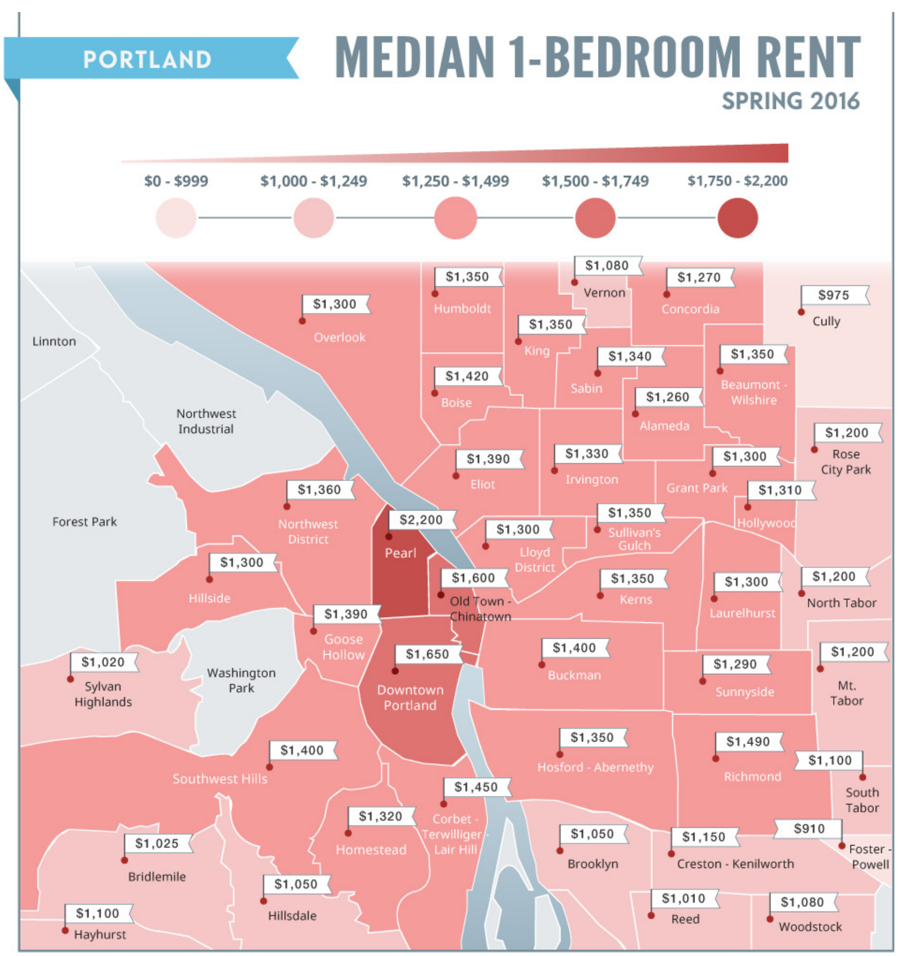
Multi-Family Market

As reported by Colliers, the multifamily market continues to be strong in Portland with an effective annualized rent growth of 8.5% from Q2 2016. The vacancy is at 4% in Q2 of 2016, which is higher than the national average due to the increased supply. Portland is the 12th most expensive rental market in the country according to Zumper. A median one-bedroom unit is renting at $1,340 and 2 bedroom unit rents for $1,640. As seen in the image below the USPS site is located in the highest rent districts in between the Pearl District and Old Town/Chinatown. The number of sale transactions is down from 2015 Q1 but the dollar amount is higher meaning the size of the deals have increased. There have been 78 transactions equating to 450 million dollars of investment as of Q2 reported by Colliers. Colliers estimates that 962 units were delivered in Q2 2016 and there are 4,908 currently under construction in Multnomah County. The Waterline apartment was one of the largest multifamily sales in 2016 and it sold for $94M at a cap rate of 4.2.

Detailed apartment comparables are outlined in Appendix 3.

Condo Market

Few condominium projects have been built in the past several years, leading to a shortage of this product type and a subsequent up-tick in the condo market, with increasing sales, and fewer days-on-market. A total of 48 condos were sold in 2015 that were over a million dollars compared to 26 in 2009 as reported by Realty Today. Currently there are only 54 homes for sale within the Pearl District ranging from $2.9 million (2 bed/3 bath) to $320K(1 bed/1 bath) according to Zillow. Completed in the summer of 2016, the Cosmopolitan is the most recent condo project to be built. All but a few of the 150 units were pre-sold, and the average cost per square foot was roughly $700, according to Hoyt Street Properties. There are currently two units for sale in the Cosmopolitan and they are listed at $1.56 million and $1.8 million. Condominiums continue to be a liability from a legal standpoint; however, the Cosmopolitan demonstrates that the market for condominiums is strong enough to overcome these issues.



Left: Median apartment rental rates by neighborhood

Plan Summary

Disposition | Concept | Program

Disposition

PDC OPTIONS

Our group discussed two main options for how PDC could dispose of the site: a single disposition to a large national/international developer who would develop the entire site, or parceling the site and selling to individual developers. In evaluating each option, the guiding principle that drove our thinking was:

> *"ACCOUNTABILITY: Create an implementable strategy that attracts private investment and delivers appropriate and equitable public benefit."*

Below are outlined the considerations we took into account while weighing these two options.

Option 1 – Single Large Developer

In this scenario PDC would market the site to a single, large firm who would develop the master plan and implement it themselves. PDC would put out an RFP for the site or hold an international design competition to attract the attention of large development firms.

Advantages

- PDC disposes of the site all at once; recoups its investment in a shorter time frame with less personnel requirements
- Mitigation of risk for PDC

Disadvantages

- Site likely sold to a large national/international development firm without roots in the Portland region
- Could lead to a homogeneity of design
- More difficult for PDC to ensure that the development meets the goals laid out in the Broadway Corridor Framework Plan
- Due to the scale of the project and the total investment required, a single large developer would also have a strong bargaining position to influence the direction of the development during negotiations with the city
- A single developer may optimize the development in a way that best suits their business needs, but not necessarily what is best for the city as a whole
- Because few developers-even large-scale national ones-have the capacity to work on many buildings on one site at once, this scheme could slow the pace of development

Option 2 – Multiple Developers

Alternatively, PDC can perform the master planning for the site and then sell individual lots to different developers with a preference for local developers who have an understanding of the Portland market and a history of success in the city. Because PDC does not have experience with the planning and management of a project of this scale, under this scenario we recommend that PDC hire a consultant to act as an owner's representative for PDC. The owner's representative would work for PDC to ensure that the project is executed efficiently and that PDC's goals for the project are met. The owner's representative would manage the master planning process on behalf of PDC and subsequently assist with RFPs and manage infrastructure projects.

Advantages

- Allows a multitude of local developers to work on individual buildings
- Encourages a heterogeneity of design throughout the site
- Reduces risk for the development as a whole, since a problem with any one building won't necessarily mean the failure of the entire project
- Reduces the risk to the developers, since they can choose projects according to their experience in mixed-use, residential, condo, or office
- Since several of the buildings are mixed-use, there are opportunities for developers to partner in a joint venture to further reduce

risk and bring development expertise in a particular niche
- Allows flexibility to respond to changing market demands throughout the phasing
- Potential for higher pay-off since this approach better ensures that PDC's goals are met by keeping them in control of negotiations, and can ensure that the deal involves the creation of ongoing revenue streams for PDC

Disadvantages

- Longer disposition process
- Delays the full payback to PDC until the end of Phase II
- Requires PDC to be actively involved in the development process for years to come
- While the Owner's Representative would handle much of the day-to-day work, there will be staffing implications for PDC
- This approach shifts more of the financial risk to PDC

Selection

Despite the potential drawbacks and increased financial risk, we feel that the Option 2, especially in the long-term, will result in the best outcome for both PDC and the city of Portland. This development will be a highlight feature in the Portland landscape for decades to come and will act as a hub for employment, living, and transportation. By keeping PDC in control of the development process, they can ensure the needs of the city are fulfilled, while allowing the actual development work to be undertaken by local firms who know the city best. Meanwhile, an experienced owner's representative can help guide the master planning process and ensure a smooth course for the ensuing land disposition and infrastructure projects.

We recommend seeking an owner's representative through a competitive process; as described by ULI, "The ideal candidate would have a good understanding of TOD, community engagement, design, and master development to provide third-party expertise and focus on implementation." (ULI 2011). An example that PDC could look to in seeking an experienced Owner's Representative is the Denver Union Station redevelopment, where Trammell Crow Company was hired by a consortium of local governmental agencies to manage a $480 million redevelopment project (Trammel Crow. "Denver Union Station"). It should be noted that PDC would act as the master developer for the project and retain full decision making power. The owner's representative would serve solely in a consultant role.

Another step that PDC should consider taking is forming a "project focus team" consisting of decision makers from different stakeholders in the project such as PDC, City Council, PHB, PBOT, and community groups from the River District, Pearl District, and Old Town, etc. This team would meet on an intermittent basis to offer guidance and ensure effective communication between stakeholder groups.

Program Summary Massing

Concept

AND STRATEGY

The development strategy and concept for Union Park is driven by multiple technical requirements established by City agreements and site conditions, a strong urban design vision for the site inspired by the Broadway Corridor Framework Plan, and a rigorous analysis of the Portland real estate market.

Technical Requirements and Challenges

Union Park's development concept is guided by technical requirements inherited from relevant city plans and city priorities, as well as existing site conditions.

1. Cash Flow: as explained in more detail in Finance pg 77, it is necessary that the site generate significant revenue particularly in early phases in order to (a) pay back a $36 million line of credit that is funding improvements in the River District Urban Renewal Area, and (b) provide a source of funding for latter-phase infrastructure improvements.
2. Affordable Housing: 30% of all housing units built on-site must be affordable, as detailed in Planning pg 33.
3. Future Revenue Stream: as part of PDC's potential financial restructuring, the organization is seeking new sources of revenue to fund its operations and objectives, and Union Park will create new revenue generation models.
4. Open space: As detailed in Open Space pg 32, several public realm requirements define and constrain the site, including:
   • continuation of the Park Blocks
   • construction of a Green Loop pedestrian and cycling path through the site
   • creation of a 20,000 SF Bridgehead Plaza.
5. Sustainability: on-site buildings and infrastructure must meet high performance goals for energy, waste and water reduction.
6. Contamination: soil contamination has been discovered on-site, and with an elevation of only about 30 feet above sea level, excavating into contaminated groundwater is a concern. PDC wants to mitigate this risk and it means that no underground parking can be built, nor any unusually deep foundations or building systems constructed (for example, geothermal heating).
7. USPS Retail Site: A permanent Post Office retail facility of approximately 15,000 square feet must be constructed within the project site, or surrounding area, to house the Post Office permanently. The cost of construction must be born by PDC or its assignee developer or property owner.

For a detailed table of these requirements and their sources, please see Appendix 4.

Urban Design Vision

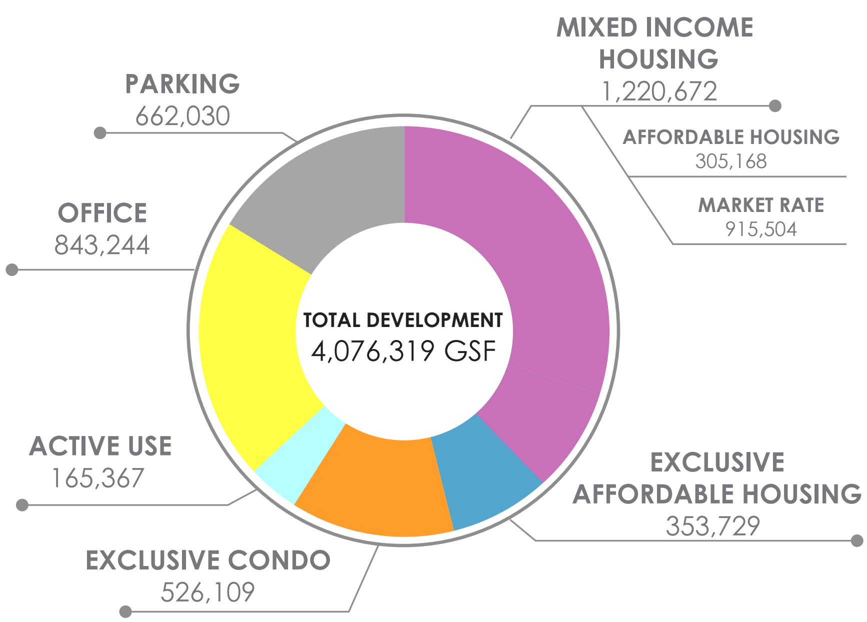
The vision for Union Park established a new, vibrant, and dynamic neighborhood that leverages the site's excellent location and strength as a multimodal transit hub and creative corridor. As a city landmark, Union Station stands as the icon of public transit and placemaking. The familiar Portland city grid is extended through the site forging new connections between the station and to the surrounding neighborhoods. Streets will be lively, activated and pedestrian-oriented throughout the site. In addition, the pedestrian focused networks are strengthened on Irving and Kearney Street, which will extend the existing pedestrian corridors. Automobile access is located on Johnson Street and Park Avenue, with additional limited access through the northern blocks, and ample parking will be underground or in the buildings nearby. The Green Loop will pass through the core of the site, exiting through a series ramps and terraces emerging at the elevated Broadway Plaza. Inviting a steady stream of activity, the park blocks will be expanded and heavily programmed to create a premier park destination that will draw users throughout the day and evening from the surrounding area.

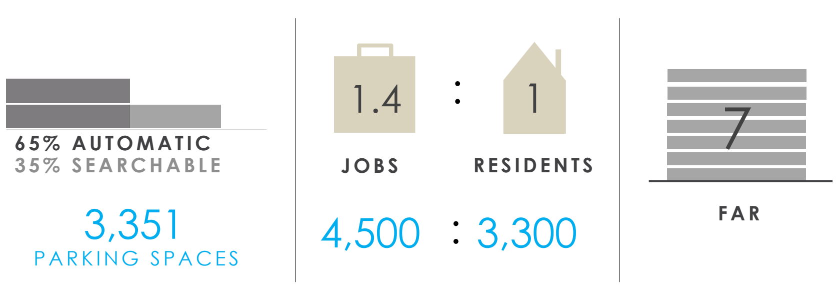
Development

PROGRAM OVERVIEW

How do these principles translate to a tangible, marketable development plan? Broadly, by creating an innovative new urban space where residents will want to live, employees will want to work, and people will want to visit. Union Park will accomplish this by creating active open spaces, and high quality buildings.

Union Park will be a phased, mixed-use community including high-end condominiums, mixed-income residential, Class A office, affordable housing, and retail. The northern portion of the site is raised 10 feet to accommodate a publicly-owned parking plinth that will connect all of the buildings north of Johnson Street. Each building will house additional levels of mechanical parking, which allows the buildings to meet market demand based on use, but limit the visual impact of many floors of parking. Buildings will cascade from heights reaching 400 feet in the north portion of the site, to shorter, more modest buildings in the south.





STREETS CONNECT TO UNION STATION

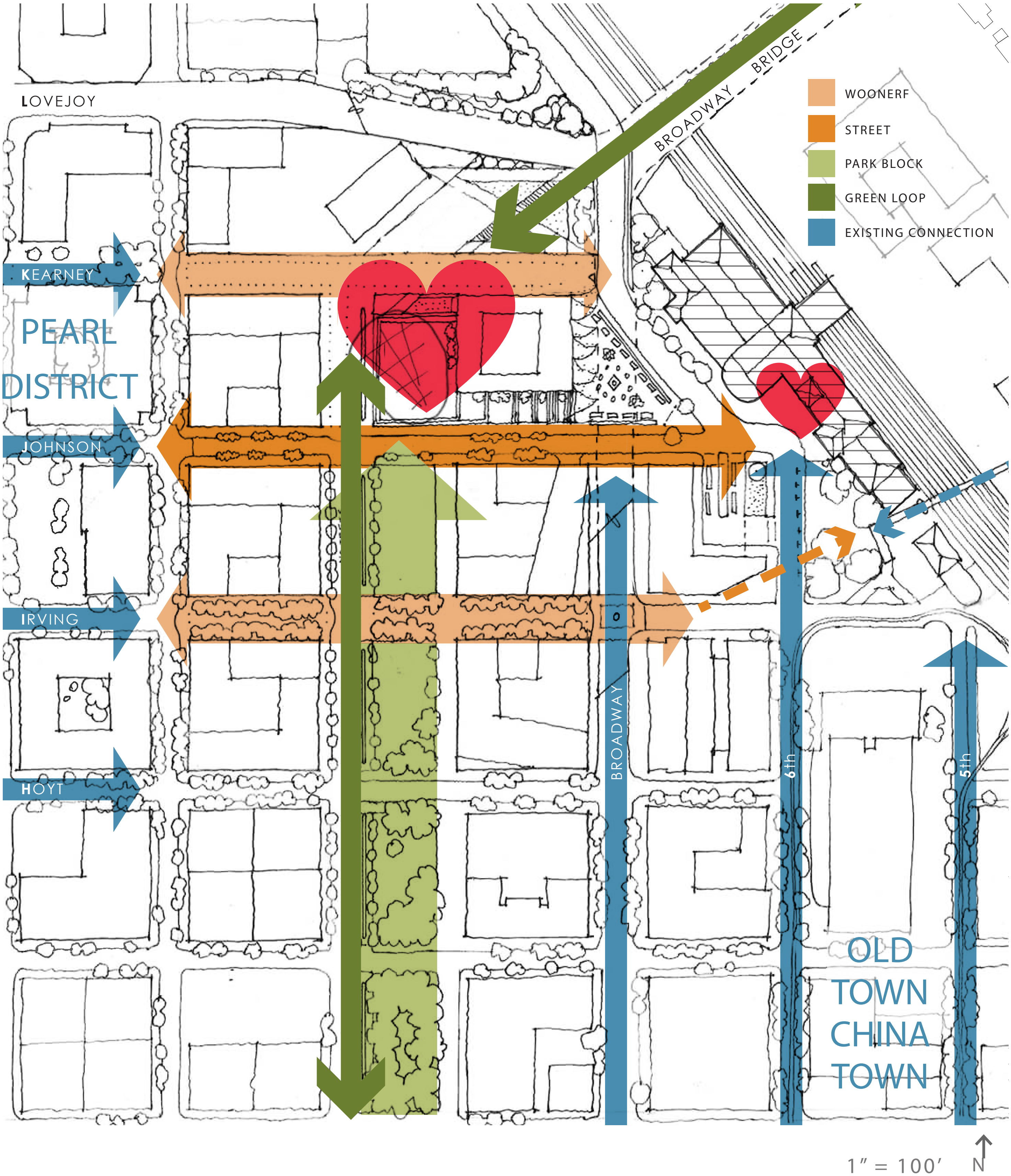
which extends the Pearl District's vitality
into both the site and station.

GREEN LOOP ENGAGES PARK BLOCKS

which invites a steady stream
of activity Into the heart of the site

ACTIVE USES ON STREETS

enliven every streetscape while
parking is hidden nearby

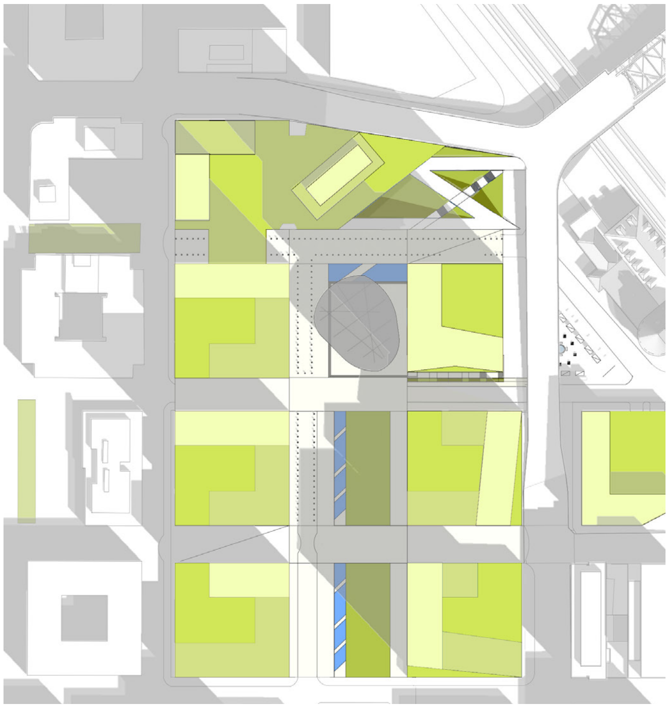


LOVEJOY
BROADWAY BRIDGE
WOONERF
STREET
PARK BLOCK
GREEN LOOP
EXISTING CONNECTION
KEARNEY
PEARL DISTRICT
JOHNSON
IRVING
HOYT
BROADWAY
6th
5th
OLD TOWN CHINA TOWN
1" = 100'
N

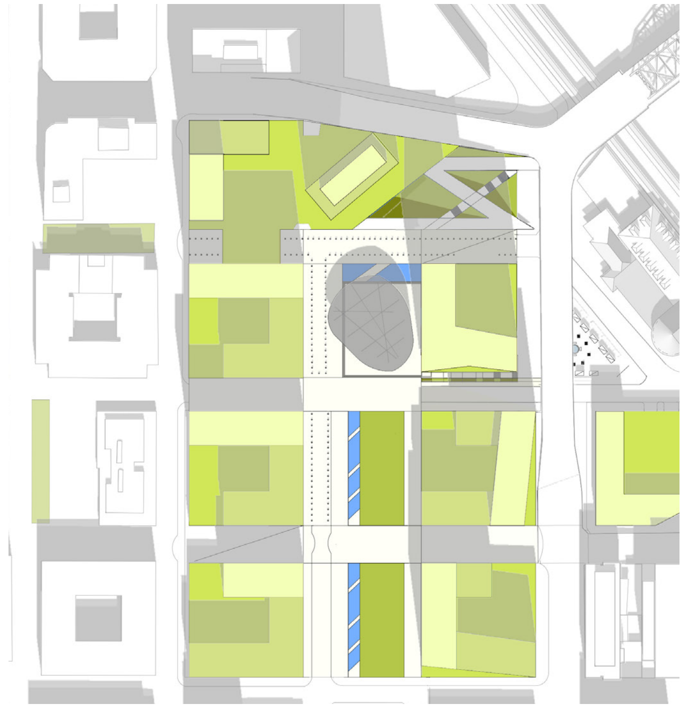
Open Space
ACTIVATION

Buildings on the site will be centered around parks, plazas, and public spaces. Here, Union Park works to balance the creation of a new, unique space in the city with connections to the existing neighborhoods. To achieve this, the familiar street grid of the Pearl and Old Town Chinatown neighborhoods continues into the site, and new the parks, plazas and public spaces contain destination features. Key portions of the open space plan include:

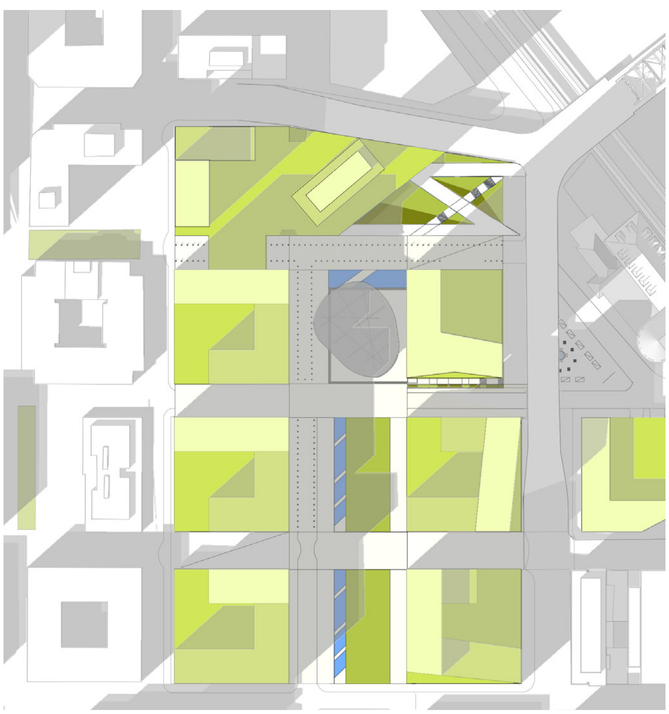
- A continuation of the park blocks into the Union Park site. The newly constructed parks will be intensively programmed, including a children's play area, a dog park, outdoor seating areas, a landscaped garden area, and a signature covered pavilion area designed for year-round events.
- A natural storm-water management bioswale will run through the site from Kearney to Hoyt, providing visual interest, and filtering 100% of the site's storm-water
- The Green Loop, a new six-mile pedestrian and bike path, will run through the site, connecting Old Town to Lloyd District via the Broadway Bridge.
- A Green Loop-oriented plaza at the Broadway Bridgehead will functionally and elegantly move bike and pedestrian traffic from the site up to the Broadway Bridge.
- "Block Y" across from Union Station will be transformed into a pedestrian plaza, including activation underneath of the Broadway Bridge with art, food, retail, and outdoor seating.
- A "woonerf"--a street oriented towards pedestrians but allowing slow-moving car traffic --will be constructed along Kearney and Irving Streets.
- While not pictured, nor technically part of the public space of the site, green roofs are incorporated into every building on site, providing additional green space, storm-water managements, energy efficiency, and other green benefits.
- To ensure that light penetrates to the site's open spaces, a shadow study has been performed and appears on the adjacent page.



MARCH 21 10:00am



MARCH 21 12:00noon



MARCH 21 3:00pm

SHADOW STUDIES

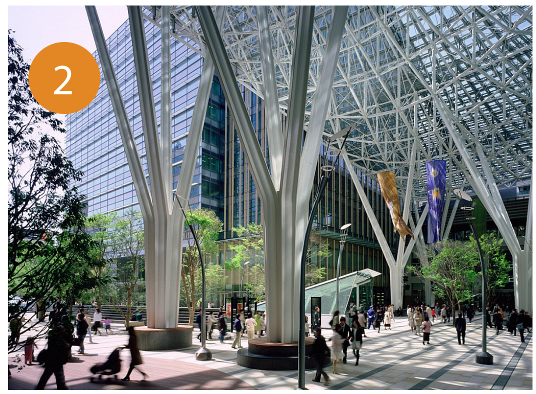
To visualize the solar access throughout the site, shadow studies were taken at the spring equinox (March 21) in the morning (10am), noon, and afternoon (3pm)

GREEN LOOP 'SQUIGGLE'

bike ramp
sloped lawn
stair
transition to greenway
biketown hub

CANOPY PLAZA

canopy
civic plaza
green loop
movable seating
splash pad



PLAYGROUND GARDENS

adventure playground
green loop
gardens & greenspace
stormwater management
dog park
game zone

BROADWAY 'UNDERBELLY'

food carts
incubator restaurants
skate park
transit hub
public artwork
seating
lighting

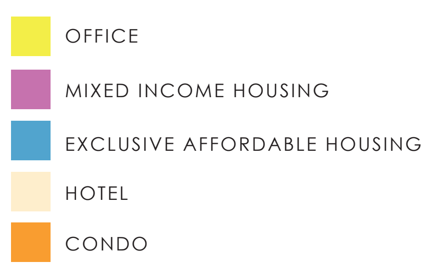
ACTIVITIES

OPEN SPACE PLAN

1″ = 100′ N

ROOF PLAN (ELEVATION +400')

1" = 100' N



Phasing

Implementation | Construction

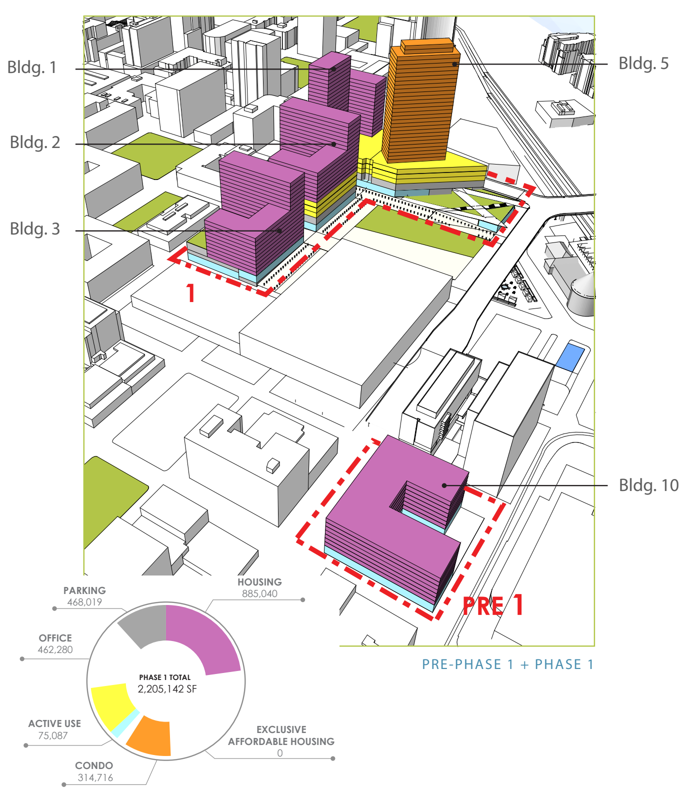
Overview
PHASING

The Union Park phasing strategy is guided by several goals. First and foremost, the sequence of construction is impacted by public finances, and specifically the need to generate cash in the form of land sales to payback the existing line of credit, and to generate monies for future infrastructure. This has two implications: (a) not all public space and infrastructure can be built at once; and (b) more valuable land (in terms of location and entitlements) will need to be sold and constructed first. Secondly, phasing of Union Park is informed by market conditions, although it is worth noting that with a long-term plan like this, market projections are difficult. Lastly, agreements between USPS and PDC stipulate certain dates before which no action can take place. Two dates are particularly important here: (a) PDC may not engage a master developer/planner before January 2017; and (b) no construction on the 14-acre post office site may commence before January, 2019.

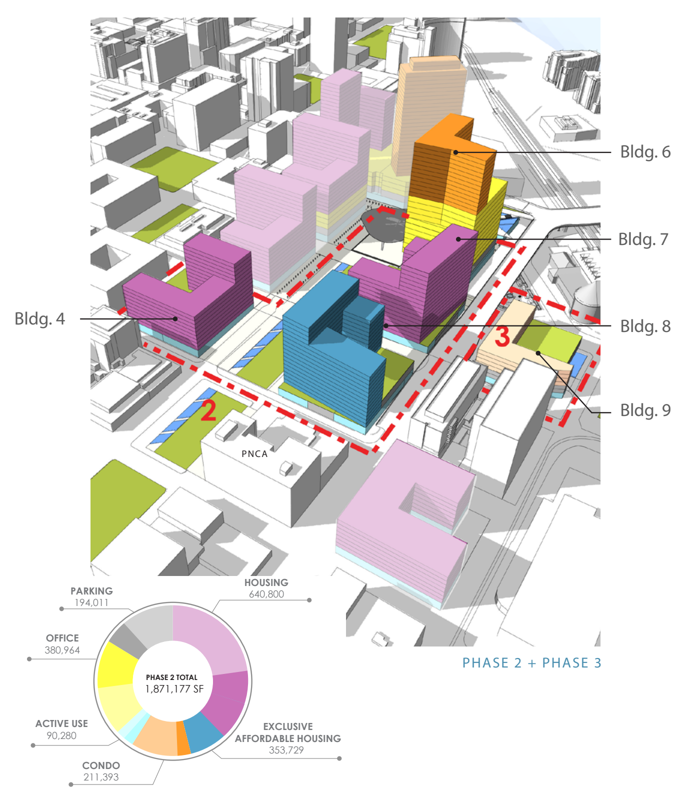
An overview of the phasing timeline appears on page 62-63. Broadly, it is broken up into seven categories:

- Pre-construction activities, which include hiring an owner's representative; executing the master plan required by Central City 2035; and issuing requests for proposals (RFPs) for Phase I sites;
- Pre-Phase I construction, entailing the disposition and construction of the site known as "Block R";
- Phase I infrastructure, which is designed to get the first four parcels ready for the market, including beautification projects to entice residents and tenants, and includes interim use of the Post Office, the creation of an underground parking plinth, construction of Johnson and Kearney Street,and the Bridgehead plaza;

Below: Phase I



Below: Phase II



- Phase I private development of buildings containing condos, office, mixed-income apartments, and retail;
- Phase II infrastructure--designed to complete the remaining public spaces and right-of-ways, including full demolition of the USPS building and parking garage, and construction of the Park Blocks, the Green Loop, and Park Avenue, and a transit plaza on "Block Y",
- Phase II private development, including office, condos, affordable housing, mixed-income apartments, and retail; and
- Future phases, including possible hotel development on "Block Y", and redevelopment of the Greyhound Station.
- Pre-construction Activities

Pre-construction Activities

As mentioned previously, it is recommended that PDC hire an Owner's Representative or similar entity to undertake coordination and execution of the master plan. While this entity may or may not write the master plan, it should be brought on early enough to be part of and provide technical expertise for the master planning process. The selection process of a firm or multiple firms to complete the master plan, as well as the selection of an Owner's Representative, is recommended to begin as early as possible, in January of 2017.

It is also recommended that PDC begin to issue RFPs for the pre- Phase I and Phase II sites in mid-2018, so that plans for those buildings are firming up come January 2019 when work can commence. It will be necessary to know the basic structures of those first buildings in order to build the parking plinth to the appropriate structural integrity.

Pre-Phase I: Block R (Building 10)

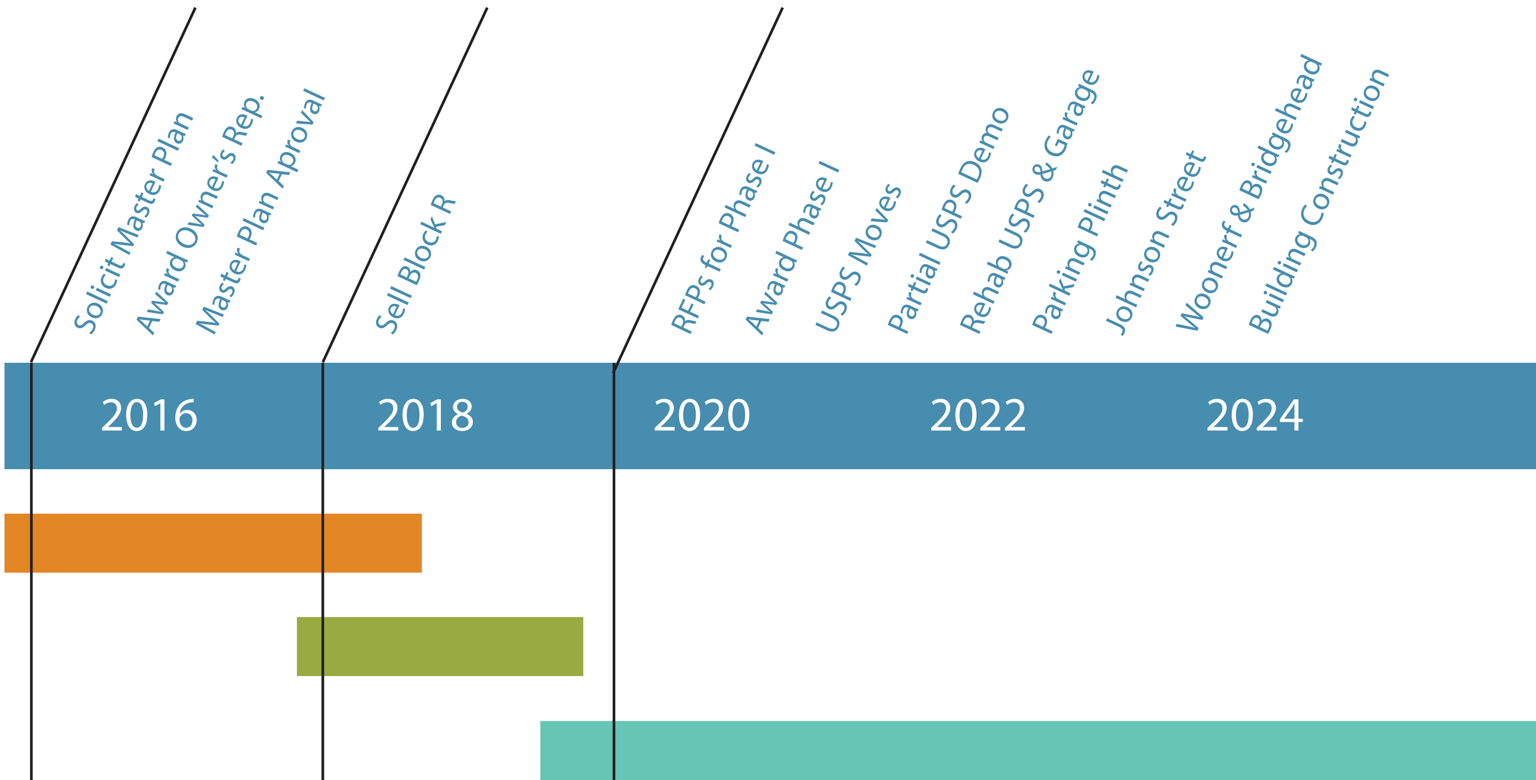
Block R is an unimproved parking lot that is shovel-ready. Block R is not bound by the USPS-PDC agreement, and thus can be sold and developed prior to January 2019. Block R will provide space on its ground level for the USPS retail facility, which will need to be condo-zed and owned by USPS. With Block R anticipated to be constructed in the early stages of the Union Park redevelopment, this will ensure that USPS is moved early-on, leaving the current Post Office site available for interim uses and eventual demolition. The facility will require 15,100 gross square feet, two loading docks, and 50 dedicated parking spaces for staff and customers. No rent is anticipated to be generated by this space, although operational costs will be covered. It is recommended that PDC stipulate in the Development and Disposition Agreement (DDA) that the new developer and property owner will be required to provide the facility at its cost. It is anticipated that the cost to provide such a facility will impact the overall purchase price PDC can receive on the site.

Based on current market conditions, Block R is envisioned as market rate apartments with the Post Office retail facility on the ground floor. A potential massing option would include an 8-story, 237,000 square-foot building including 238 apartments, 27,000 square feet of retail (15,000 square feet of which is allocated to the post office), and 44 parking spaces. However, it may be advantageous for PDC not to dictate a specific use on this site--excluding the need for the Post Office retail facility--and offer the site for whatever the private market will support, within the confines of the master plan.

Financial details are contained in the table below. The proforma shows a residual land value of $9.6 Million; however, this does not account for the cost to build the Post Office retail facility. The cost to build this facility is estimated at $3,125,000. In order for PDC to cover the cost of building the Post Office facility, which will be required by the PDC-USPS Purchase and Sale Agreement, it is recommended that PDC deduct this cost from the sale purchase price. Doing so will decrease the total land sale to $6.5 Million.

Block R Financials	
Construction Cost	$62,053,167
Loan to Cost	56.74%
Total Loan	$43,437,217
Total Equity Required	$33,111,230
DCR Year 1	1.68
10 Year IRR	14.49%
Residual Land Value	$6,500,000

Project Timeline



Phase I

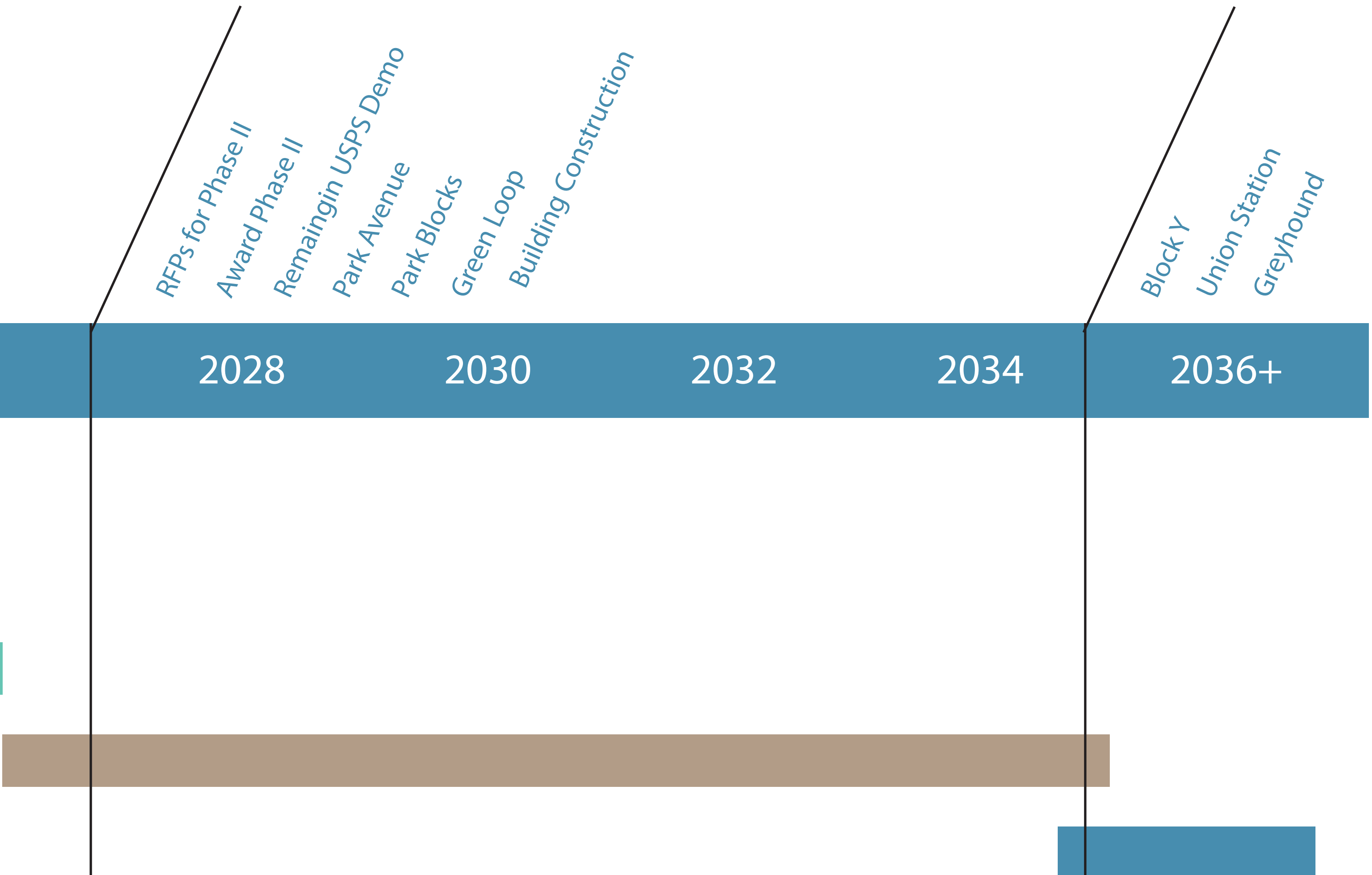
Phase I should begin with the construction of the parking plinth, Johnson St., and the two public plazas for Phase I, as well as the redevelopment of the USPS building for its interim use. Construction of the plazas and parking plinth can be performed concurrent with Phase I buildings.

Pre-Phase I

Once the master plan for the Broadway Corridor is completed, PDC should release requests for proposals (RFP's) for Block R and lots to be developed in Phase I.

Project Start

PDC should release a request for qualifications (RFQ) for an owner's representative. Once a qualified owner's representative has been found, PDC should begin the master planning process for the Broadway Corridor.



Phase II

Phase II should begin with the release of RFP's for Phase II buildings followed by commencement of Phase II infrastructure projects. Phase II infrastructure includes tear down of the USPS building and parking structure, connection of Park Ave. to Johnson St., and the construction of the three new Park Blocks. Construction of a transit hub in front of Union Station can also take place at this stage.

Post-Phase II

Should market demand for hotel prove sufficient, PDC may consider developing a hotel above the transit hub fronting Union Station.

Infrastructure

PHASE I

USPS Warehouse

Union Park is land-rich and cash-constrained, and this scenario drives a decision to retain most of the USPS building for interim uses. The existing Post Office will be demolished to the point that Johnson street will be able to run east and connect to Union Station. A shear wall will then be constructed to allow the building to cash flow until Phase II. The boiler room and main electrical panels are to the south of Johnson, thus limiting the cost to get the building up to code. The building is extremely strong, being made of concrete, which benefits the adaptive reuse. As the Post Offices retail will be moving to Block R in Pre-Phase I, this allows for the potential lease up of 16,000 square feet of ground floor retail or office. The first and second floor warehouse sections of the structure consist of 145,000 square feet of 20 foot tall ceiling space. This can be leased as either office or dry storage on a 5 year lease. There is an additional 25,000 square feet of office space on the third floor that wraps around the 88,000 square foot second floor due to the high ceilings. Lastly, the fourth floor has limited use as it holds the boiler room, locker rooms and the cafeteria, however there is 6,000 square feet of office space that can be used as construction office for the development around the USPS site. The cost of the adaptive re-use is estimated to be $3 million. Detailed financials, including the building's interim cash flow, are included on page 78.

Above: USPS Demo Line

Johnson Street

Johnson Street, as stated, will be constructed from 9th Avenue to Union Station as soon as the USPS Building is demolished. Importantly, Johnson Street will be connected with the existing drop-off area for Union Station. By eliminating a portion of the 6th Avenue connection between Irving and Station Way, and with some slight realignment and reconfiguration of the existing drop-off street, this new connection will yield a full city block from the formerly triangular-shaped parking lot at Block Y.

Existing Parking Garage

The existing 448 space parking structure that is on site will stay for Phase I as it will generate a cash flow with limited upgrades. If the parking structure and entire USPS building were to come down it would cost roughly $10.4 million and that land would likely remain vacant until late in Phase II. Although not the most attractive, the parking structure and USPS building will provide a cash flow stream to put back into the site.

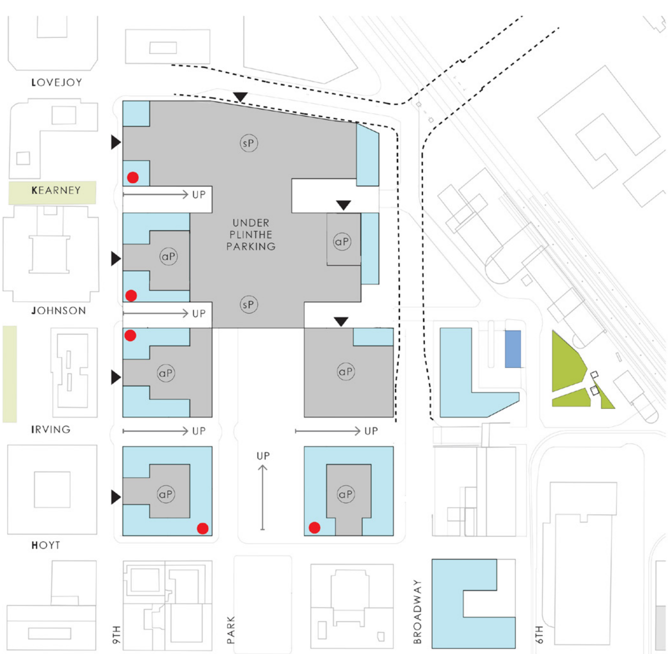
Parking Plinth

After the USPS warehouse is demolished past Johnson street it will allow for the parking plinth to be constructed. As mentioned previously, one of the operating assumptions that had to be made to mitigate risk for PDC was to not go underground. With that constraint, a parking plinth was the best option to limit above ground parking within the buildings . At Johnson there will be a gradual grade change that will reach 10 feet when it connects with the Lovejoy ramp. Effectively, the parking plinth raises ground level to 10 feet, creating 270,000 square feet of below street level parking.

The large office/condo tower that is coming online in Phase II will add 40,000 additional square feet of plinth when it is constructed. If this part of the plinth were created in Phase I, it would effectively lock in the shape and size of the building and therefore would not be able to adapt for market conditions. The interim use of this block will be a simple grass seeded area used for relaxation or frisbee-tossing for the residential tenants and visitors to the site.

An easement under the Lovejoy ramp should be struck with the Marriott Residence Inn to gain an entry and exit point to Lovejoy Ct. which goes east to Station Way. They currently have a small parking lot for valet under the ramp. A simple addition of parking spaces in the plinth could be dedicated to them in exchange.

The City had preliminary plans to build a parking garage on Block R for a long-term cash flow opportunity. The plinth allows PDC to sell block R at market rate, retain ownership of parking and have 2.2 million square feet of parking users above it.



GROUND LEVEL PLAN (ELEVATION +0')

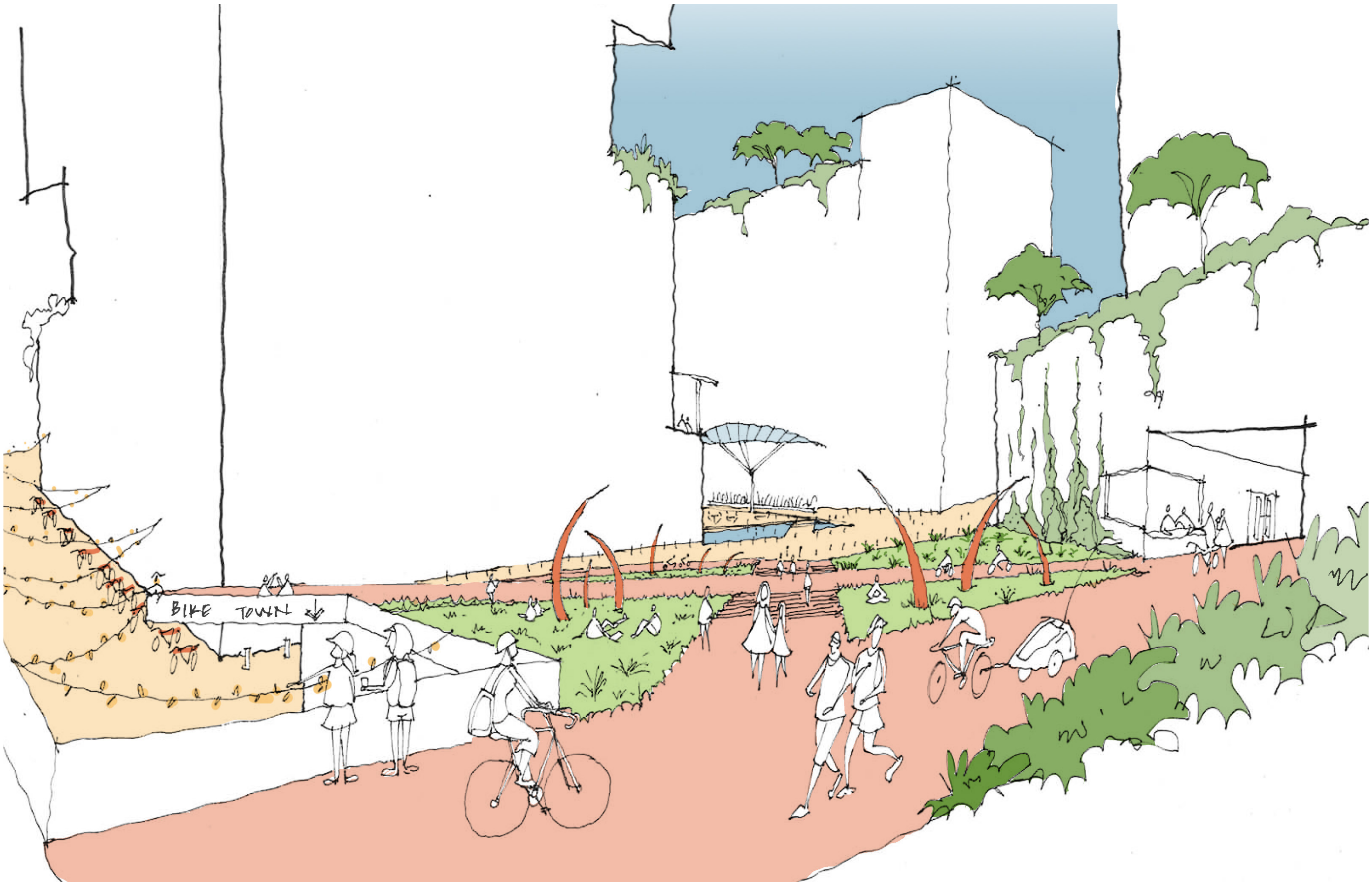
Searchable Parking	240,036
Automated Parking	422,354
Total Parking Provided	**679,890**

ACTIVE USE PROGRAM
AUTOMATED PARKING (20')
SEARCHABLE PARKING (10')
GARAGE ENTRY
BUILDING ENTRY

PLINTH LEVEL PLAN (ELEVATION +10')

ACTIVE USE PROGRAM
AUTOMATED PARKING (20')
SEARCHABLE PARKING (10')
GARAGE ENTRY
BUILDING ENTRY

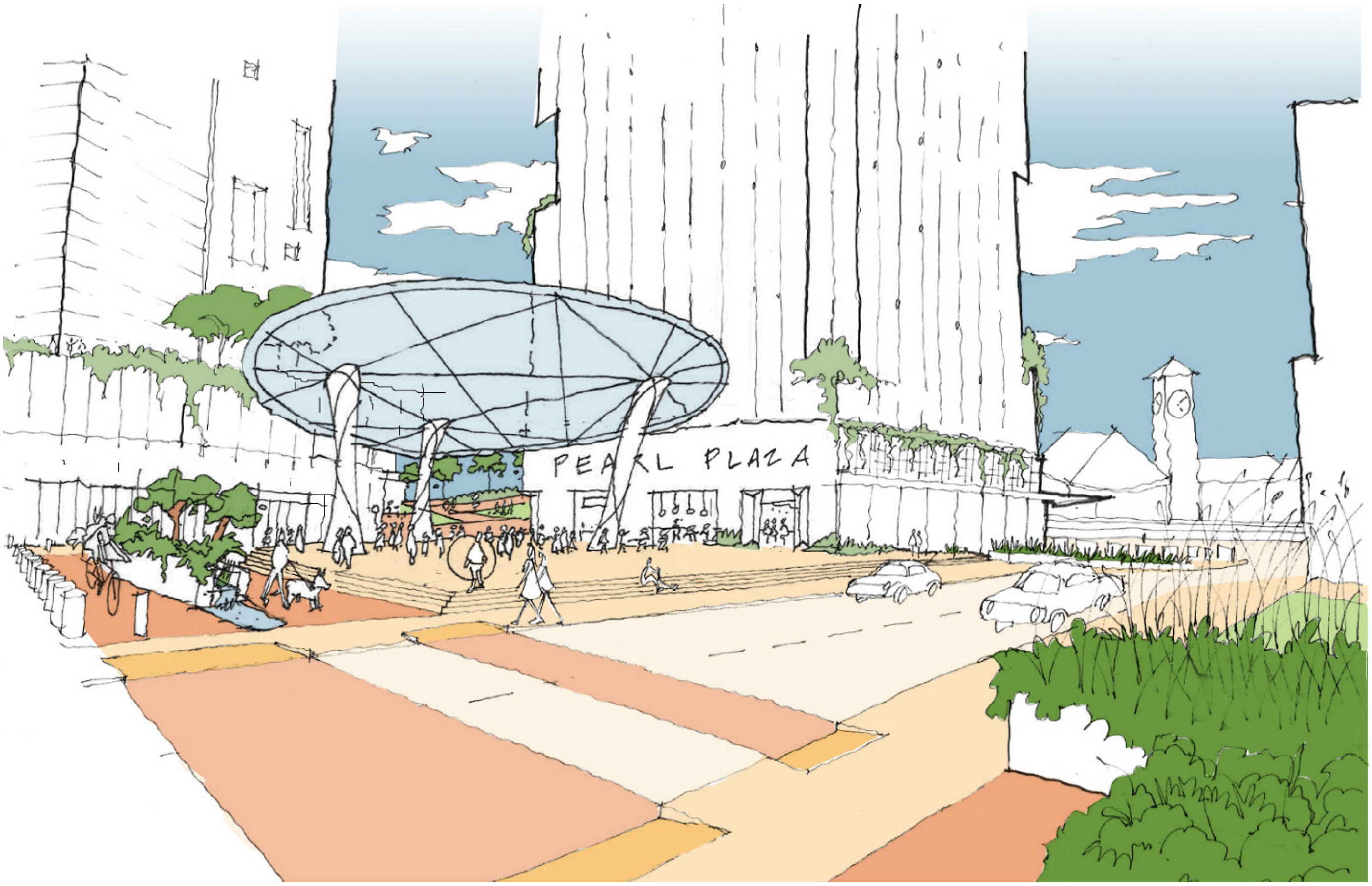
Above: Ground level plan showing parking plinth



Above: Bridgehead Plaza rendering

Bridgehead Plaza

The bridgehead of Lovejoy and Broadway stands at 30 feet, the creation of the plinth will decrease the gap to only 20 feet. A 20,000-foot plaza will be constructed at the corner of the bridge and gradually descend toward the Park Block level. It will include a switch back system designed to provide seamless connectivity by calming the existing grade and incorporating a bike ramp, network of stairs and a sloped lawn to offer the most efficient transition and continuation between the Green Loop and park block extension. The grade will allow more casual bike riders to come down the plaza slowly rather than using the steeper and more commuter focused Broadway bridge. A PBOT Bike-town Hub is envisioned at this location as a featured attraction to promote bike ridership and usability. The sloping plaza lawns will offer spectacular views of Union Park and the Willamette River, as well as offer a space for leisure and relaxation.



Above: Canopy Plaza

Canopy Plaza & Woonerf

The last infrastructure that is set to go in during Phase I is a concert plaza and abutting "woonerf", a pedestrian-oriented living street that feels like a plaza, but allows slow-moving traffic to pass through. As seen above, a signature plaza towards the north end of the site will serve as a multi-functional public space. A large glass canopy will be created in the middle of the plaza to provide a grand stage at the top the park blocks. The Canopy will be heavily programmed with live concerts and various events as well as provide seating for visitors and patrons of the surrounding retailers.

The woonerf will run along Kearney from 9th Avenue to the bridgehead, and along Park north of Johnson Street. These roads will allow drivers to drop off/pick up people from the buildings that are constrained by the Broadway and Lovejoy ramp. The woonerf structure blends two goals: (1) the continuation of the feel of Kearney, which is a pedestrian-only street just west of Union Park; and (2) the need to have some access for drop off/pickup at abutting buildings. The woonerf combines the two by providing a higher end stone street that is mainly used for pedestrians walking around the site with the occasional car passing through.

Buildings

PHASE I

Signature Condo Tower (Building 5)

The most iconic building in the development will be a 400 foot tall mixed-use retail, office and condominium building. The condominium tower is situated and massed in a manner that maximizes views down the park blocks and to the Willamette River. As the keystone structure of the Union Park development, this tower provides the opportunity for a striking architectural statement. The structure will consist of 125,000 square feet of office space, 13,000 square feet of retail, and 210 condominium units. The building will have ample amenities for both the office and condominium space. Mechanized parking is provided for condominium residents at a rate of one parking space per unit. A valet, funded through the homeowners association fees, will be on-site 24 hours a day. The condominiums are forecasted to sell at a rate of $750 per square foot.

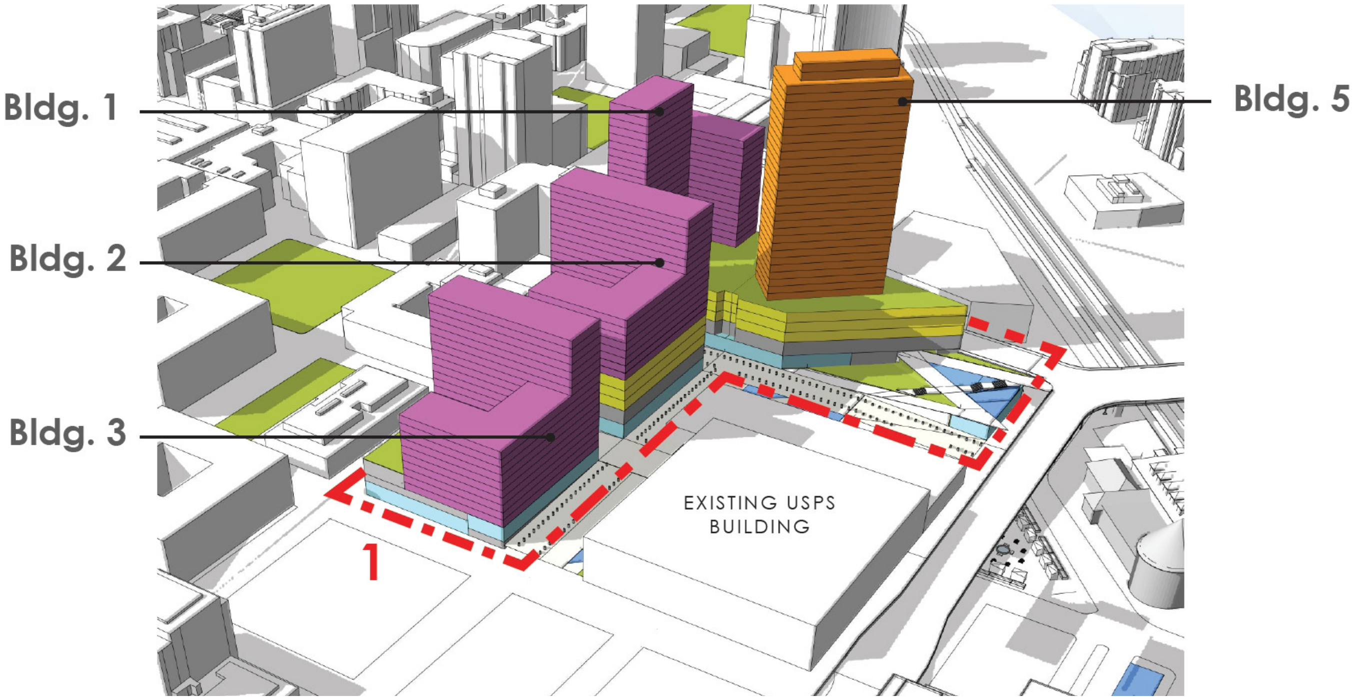
Building 5 Financials	
Construction Cost	$151,937,277
Loan to Cost	57.29%
Total Loan	$107,069,773
Total Equity Required	$79,832,779
DCR Year 1	1.45
10 Year IRR	14.17%
Residual Land Value	$18,000,000

Large floor-plate office and residential buildings (Building 1 and 2)

Portland's grid structure does not allow for floor plates to extend past the 40,000 square feet footprints, except in rare circumstances. The USPS site provides an opportunity to bring something new and exciting to the Portland office market that can attract tenants seeking larger floor plates, including landmark technology firms. As such, Building 1 and 2 will be a combined development and will be a mixed-use building. There will be ground floor retail, four stories of large floor plate office space, and mixed income housing in two separate towers. The large floor plate office will be vaulted well above ground level and will create a grand entrance to the site on Kearney the pedestrian only street. This connection will also provide covered space for ground floor retail tenants. The gross square footage of office is 336,000 square feet between the two buildings. Taking advantages of an elevated sky-bridge between the buildings over Kearney Street and abutment of building 1 and 5, floor-plates of over 100K SF are possible. One large tenant or a handful of large tenants would be the ideal fit; however, the building's large floor plates can be subdivided into smaller footprints should the developer fail to secure a tenant desiring a large contiguous space. Ensuring that the office spaces are sub-dividable decreases the risk to the developer.

The residential towers will consist of 825 units of mixed-income housing, 660 units of market rate housing, and 165 units at 60% MFI. The building will offer ample amenities such as a rooftop terrace, gym, common area, etc. The market rate units will have an average square foot cost of $3.10.

Building 1 & 2 Financials	
Construction Cost	$328,782,784.00
Loan to Cost	56.20%
Total Loan	$213,708,809
Total Equity Required	$160,650,488
DCR Year 1	1.49
10 Year IRR	14.24%
Residual Land Value	$21,000,000

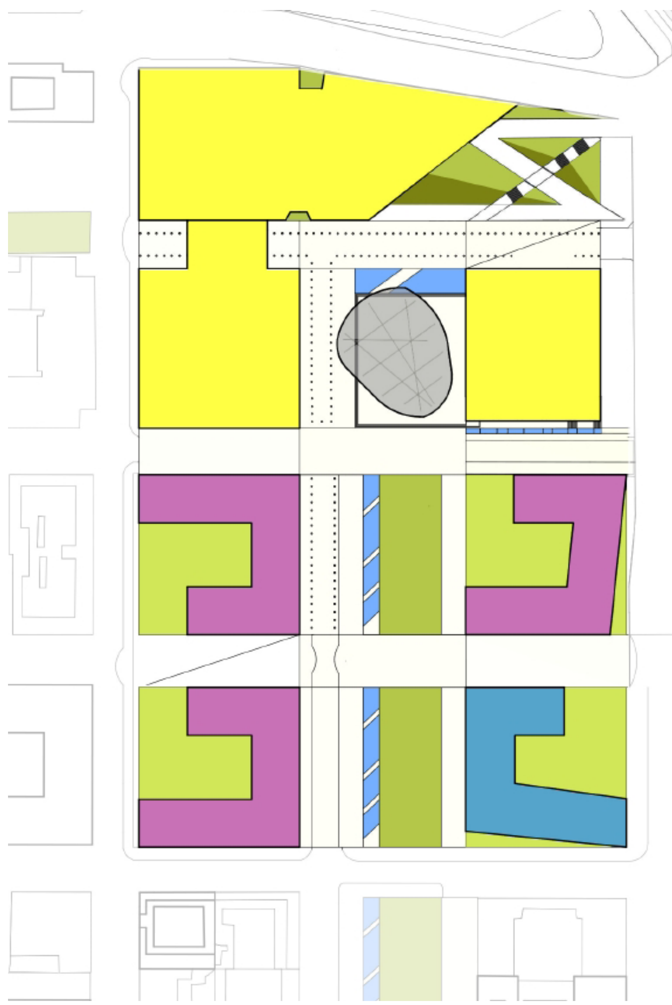


Top: Phase I buildings

Mixed income apartment building west (Building 3)

Building 3 will be the final building completed in Phase I of the development and is envisioned as a mixed-income residential building with ground floor retail. The building will consist of 384 units, with 307 market rate units and 76 units at 60% MFI. The retail provided at ground floor level will consist of 21,000 square feet.

Building 3 Financials	
Construction Cost	$113,232,430
Loan to Cost	56.10%
Total Loan	$73,601,080
Total Equity Required	$57,595,475
DCR Year 1	1.69
10 Year IRR	14.23%
Residual Land Value	$9,500,000



Bottom: Plan view from level 50 feet

Infrastructure

PHASE II

The office/condo building will be ready for development at the beginning of Phase II and will include the completion of the parking plinth. The remaining USPS warehouse will be demolished along with the parking structure to make way for additional park space and residential housing. Once the demolition is complete, parceled lots can be sold and the remaining three park blocks can be constructed, with the Green Loop now connected from the Bridgehead Plaza, through the park blocks, and onto the rest of the Central City.

To increase pedestrian activity, the park blocks will include a dog park and a play area for children as an amenity for the surrounding residential units. The green loop will also be connected from the Canopy Plaza to the rest of the park blocks and will run along the west side of the park blocks. Park Avenue will be extended north into the site and will stop at Johnson street. After Johnson Street, Park Avenue becomes the private woonerf street that was completed in Phase I.

The Broadway Bridge underpass will receive an upgrade and brightening in Phase II. Simultaneously, improvements will be made at Union Station primarily to enhance safety and infrastructure; however, there will be some minor cosmetic upgrades surrounding the building that will tie into the underpass enhancements. Block Y, the small triangle shape lot in front of Union Station, will become a pedestrian plaza and transit area.

The Park Blocks and Green Loop

The park blocks will now extend from Glisan Street to Kearney Street where the Canopy Plaza is already built out, and will be carried up to the Bridgehead through the Bridgehead Plaza. For PNCA, this will mean elimination of their current surface parking, but enough parking will be constructed on-site to accommodate their needs at market rate. The extension of the park blocks and integration of the Green Loop will provide an opportunity to implement gardens and greenspace to serve both aesthetic and functional requirements, and-most importantly-increase on-site activity and visitation. A storm-water management system will run the length of the park blocks, filtering 100% of on-site storm-water in conjunction with private green roofs, and provide an aesthetically pleasing stream-like feature through the site.
As pictured on the adjacent page, the park blocks are intended to be highly programed with active "play" area, including an all-ages adventure park, a games area, and a dog park. Increasing landscape features will increase habitat opportunities for native vegetation and trees, birds and other pollinators, while promoting more active and healthy transportation options. Additional features within the open space include gardens, greenspace, foliage and trees to enhance the district's urban canopy and provide functional opportunities for storm-water management facilities.

PARK BLOCKS PROGRAM

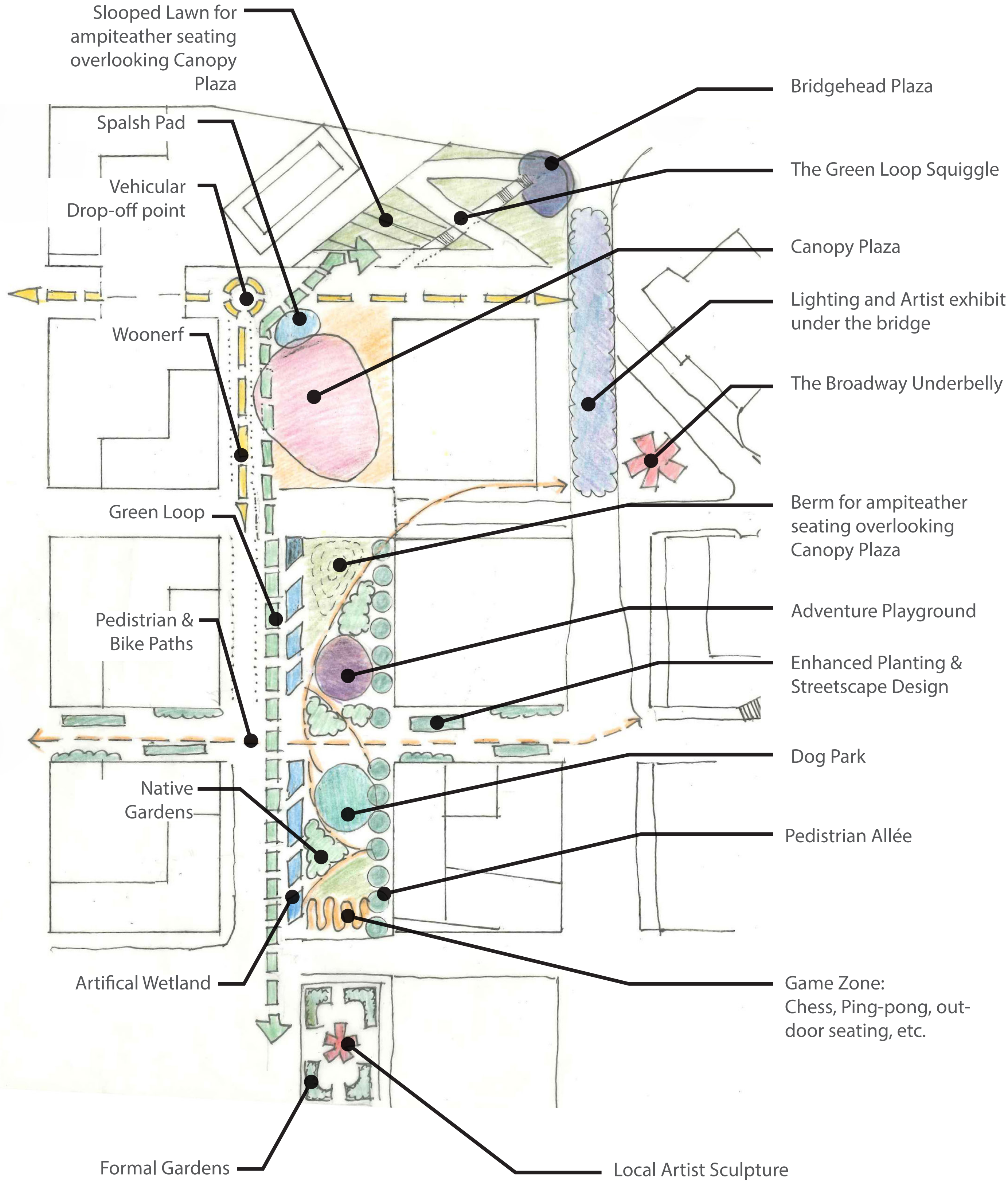
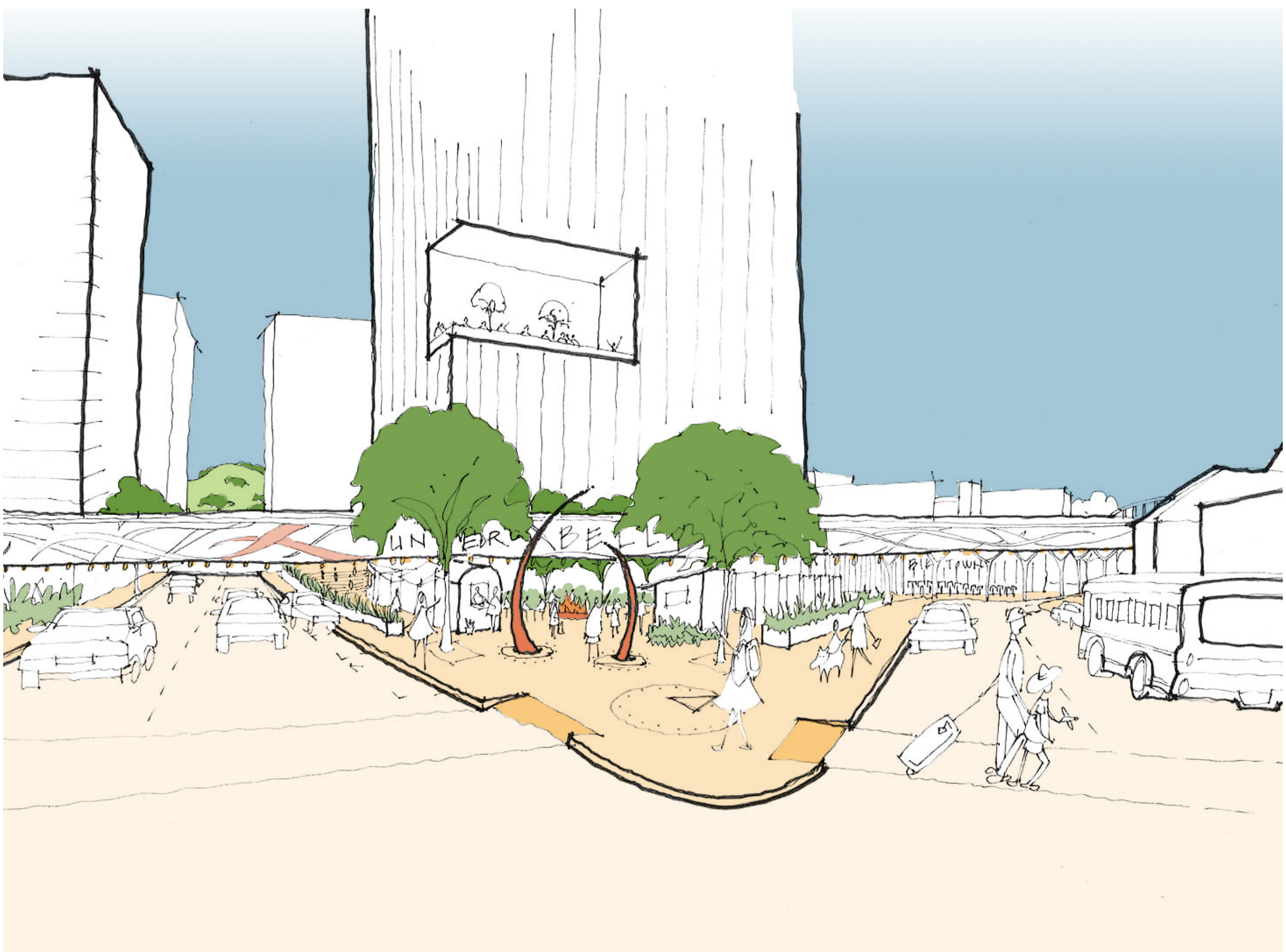


Figure: Park Blocks

Broadway Underbelly

The Broadway "Underbelly" is designed as a unique public hub located under the Broadway viaduct. This design feature represents an opportunity to activate the area by implementing the use of small-scale "incubator" restaurants, food carts and seating arrangements to bring new life into an area traditionally thought of as unwelcoming and perilous. The "Underbelly" is envisioned to include public artwork created in conjunction with PNCA. The new feature will serve to bridge the gap between Union Station and the heart of Union Park that has been created by Broadway and the Bridgehead.

Below: Broadway Underbelly rendering
Right: Broadway Underbelly precedent image



Buildings

PHASE II

In Phase II, there are a total of four additional buildings, totaling 1,871,177 square feet. We imagine that Phase II will begin around the year 2025. The four buildings will begin construction after all of the infrastructure of roads and parks are in place. Each of the buildings in Phase II will go through a competitive proposal process and be developed by individual developers. Buildings 4, 6, 7 and 8 will be constructed over a ten year period of time.

Building 4

Building 4 will be located at the southwest corner of the development on the west side of the Green loop, between NW Irving and NW Hoyt. Building 4 will be 14 floors and 330,000 square feet of mixed-income housing, with commercial on the bottom floor. The remaining 13 floors will be residential, comprising 80% market and 20% affordable. There will be 306 units comprising of 61 studio, 184 one bedroom, 46 two bedrooms, and 13 three bed rooms. Building 4 will include 36,200 square feet of parking or 201 parking stalls.

Building 4 Financials	
Construction Cost	$93,011,136
Loan to Cost	62.81%
Total Loan	$65,107,795
Total Equity Required	$35,390,737
DCR Year 1	1.55
10 Year IRR	13.54%
Residual Land Value	$11,000,000

Building 6

Building 6 will be located at the top of the Broadway ramp, east of the Green Loop and in between NW Kearney and NW Johnson. Building 6 is Union Park's largest building by square footage at 646,000 square feet over 26 floors. The first floor of 20,000 square feet will be active use (retail, commercial, and lobby entrances), and the next 12 floors and 381,000 square feet will be Class A Office. The remaining 13 floors of 211,000 square feet will be luxury condominium on top. There will be 141 units of luxury condo apartments, ranging from studio to 3 bedroom. Building 6 will include 34,000 square feet or 189 parking stalls.

Building 6 Financials	
Construction Cost	$192,879,038
Loan to Cost	60.31%
Total Loan	$132,038,343
Total Equity Required	$86,897,463
DCR Year 1	1.45
10 Year IRR	14.09%
Residual Land Value	$16,000,000

Building 7

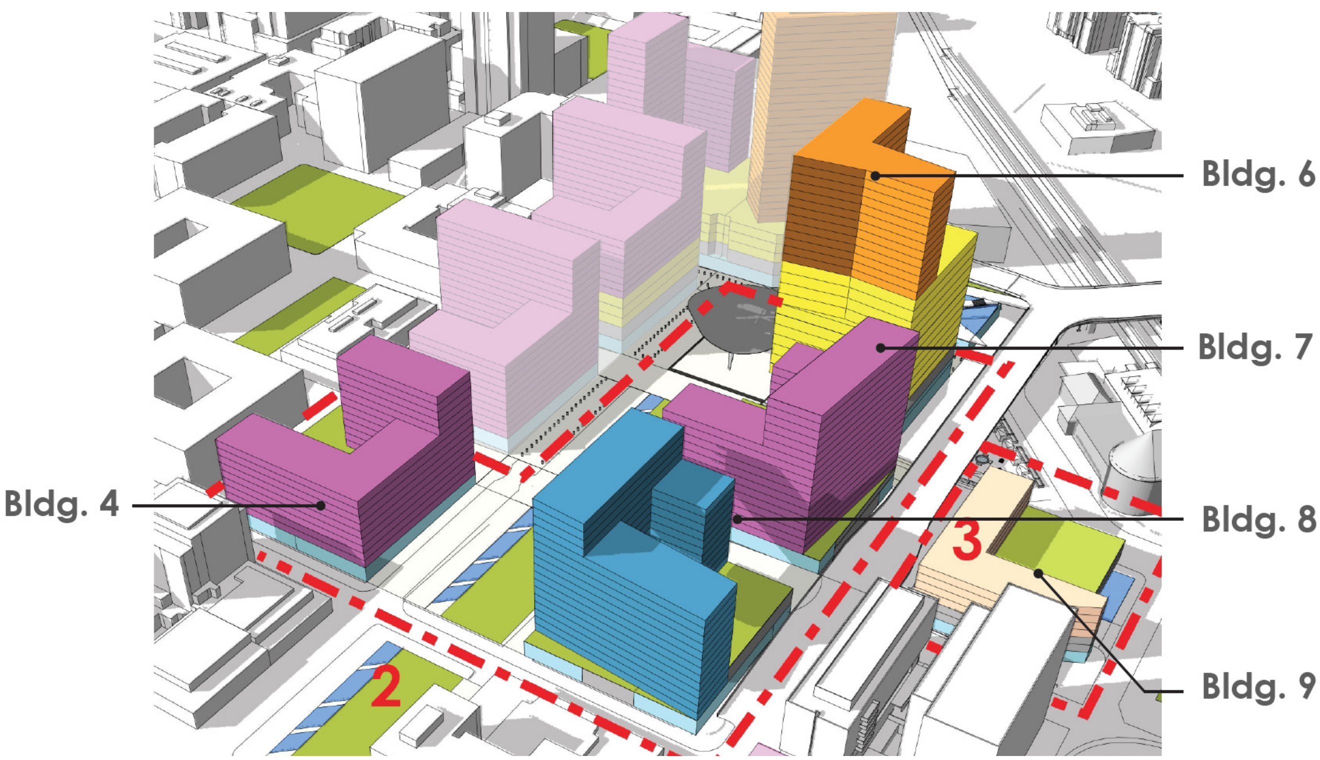
Building 7 will be located along the Broadway on-ramp, east of the Green Loop and in between NW Johnson and NW Irving. Building 7 will be 20 floors of mixed use with first floor retail and commercial, and the remaining 19 floors of 457,179 square feet residential. Twenty percent of the residential will be affordable at sixty percent. There will be 425 units, comprising of 85 studio, 255 one bedroom, 64 two bedroom, and 21 three bedroom. Building 7 will include 85,000 square feet of on site parking or 472 parking stalls.

Building 7 Financials	
Construction Cost	$122,883,449
Loan to Cost	56.41%
Total Loan	$79,874,242
Total Equity Required	$63,585,155
DCR Year 1	1.68
10 Year IRR	14.33%
Residual Land Value	$10,000,000

Building 8

Building 8 will be located at the corner of NW Hoyt and the Broadway ramp, where the old USPS building's retail was located. Building 8 will be 16 floors of residential. Building 8 contains a substantial portion of the site's required affordable housing, and is the only building on site that will incorporate units servicing a population at 0-30% Medium Family Income. While the goal at Union Park is generally to mix affordable housing into market rate buildings, a standalone affordable housing building was necessary for two reasons. First, there is a financial benefit in grouping and condo-izing all 0-30% MFI units is one building, as 4 & 9% Low Income Housing Tax Credits (LIHTC) and Home Forward assistance can be used to our advantage. Second, lower-income residents require higher thresholds of service, and there is value and efficiency in having the programmed services concentrated in one area. All of the 418,000 square feet in Building 8 will be affordable housing, with 329 units comprising of 33 studio, 262 one bedroom, and 33 two bedroom (10-80-10 ratio). The remaining 39,000 square feet will be designated for Active uses and housing programmed services.

Building 8 Financials	
Development Cost	$117,132,920
9% LIHTC Equity	$10,835,781
4% LIHTC Equity	$31,851,588
PHB Equity Funding	$5,500,000
Additional Equity	$38,138,012
DCR Year 1	1.15
Land Sale Price	$1



Future Phases
PRIVATE BUILDINGS

Greyhound Site

The Greyhound bus terminal is a low-rise station that spans approximately 53,000 square feet over two contiguous blocks. As mentioned in the existing conditions section, the property is owned by Transportation Realty Income Property by Greyhound Lines Inc, the real estate arm of Greyhound Lines. The depot building is severely underutilized, and it is known that Greyhound is interested in consolidating its operation into a smaller 7-8,000 square foot ticketing station, bus and passenger loading area. As development occurs in and around Union Park, the obsolescence of this site will only raise its market value.

These pressures, combined with Greyhound's stated preference for a smaller operation, indicate that the market will eventually "take care" of this site; meaning that the attractiveness of the site to developers and investors, and the associated increase in the value of land, will induce Greyhound to sell the site in part or in its entirety. Greyhound has the option of relocating to an entirely new site, but given the Terminal's excellent access and proximity to complementary uses, as well as a large potential ridership base nearby, it is likely against Greyhound's interests to move. As such, Greyhound would be well served by (a) selling the entire site and reserving rights in its purchase agreement for long-term use of a portion of the site, or (b) selling a portion of the site, and redeveloping the other portion to suit its needs. Precedents for such a scenario already exist, as Greyhound is currently disposing of or redeveloping its stations in other parts of the nation. As it is estimated that market forces will appropriately handle the redevelopment of this site, it is not recommended that the City allocate resources in purchasing and flipping this site.

Hotel on Block Y (Building 9)

As detailed in the Market Research Sections above, it is anticipated that the hotel market will be overbuilt and underperforming for the foreseeable future. However, a change in current market conditions, or an infusion of visitors based on some unexpected development in the Portland tourism industry, could prompt the need for more hotel in the city. At Union Park, the introduction of high speed rail at Union Station could prompt a competitive advantage for a hotel proximate to Union Station.

Block Y is well positioned for a small to mid-size hotel, given that it is mere steps away from Union Station and other transit, and given the increasing activation of the area. Block Y will be formed from the connection of Johnson Street with the existing Union Station drop-off area, and is originally planned as a transit hub and pedestrian plaza. However, should the market indicate at any point that a hotel use would be competitive at this site, it is recommended that the site be developed/redeveloped as hotel with a transit plaza on its ground level. Maximizing FAR, the building could be 160,000 square feet, 75 feet tall, and contain between 200 and 300 rooms, depending on the brand and associated room, meeting space, and amenity area specifications. It is important to note that with Block Y having multiple uses on-site, it will be crucial that another location be assigned for any extended layovers for Bus traffic, especially when TriMet moves forward with their plans for Bus Rapid Transit. In order to make the highest use and best pedestrian activation of Block Y, all transit activation should be of limited "pick up/drop off" use.

Finance

Implementation | Construction

Cash Flow
PHASE I

As stated above, the USPS warehouse and parking garage will be redeveloped as a cash flow stream for PDC. If the two structures were to be demolished in Phase I it would cost over 10 million dollars. Limited upgrades to the parking garage are needed, and only require a cash infusion of $200,000 to install payment machines and arms. The structure cash flows at $766,080 annually after year two. The USPS building is not intended to have heavy tenant improvements, and the only expenditure will be demolition of the building North of Johnson and construction of a new shear wall. The warehouse is split between two levels and will lease for $4.50 a square foot triple net (NNN) with no tenant improvement (TI) allowance. The office will be leased for $9.00 a square foot NNN and no TI allowance. Both sections will have 5 year leases so that the building can be demolished for Phase II. The warehouse and the office is below market rate to facilitate for the space to be absorbed quickly. After 5 years the two properties will have netted $5.7 million. This money can assist with the garage and building's final demolition.

USPS Parking Garage		**USPS Building**	
Parking Stalls	448	Warehouse	145,000
		Office	47,000
Revenue per Month	$150	Rent (NNN - Lease) Warehouse	$4.50
Months	$12	Rent (NNN - Lease) Office	$9.00
PGI	$806,400	PGI	$1,075,500
Costs		Costs	
Capital Expenses	($200,00)	Capital Expenses	($3,000,000)
Mgmt. 5%	($40,320)	Mgmt. 5%	($53,775)
NOI-Y1	$566,080	NOI-Y1	($1,978,275)
NOI-Y2	$766,080	NOI-Y2	$1,021,725
NOI-Y3	$766,080	NOI-Y3	$1,021,725
NOI-Y4	$766,080	NOI-Y4	$1,021,725
NOI-Y5	$766,080	NOI-Y5	$1,021,725
	$3,630,400		$2,108,625
Total Revenue			**$5,739,025**

Public Sources
AND USES

PDC's $88 million purchase of the Post Office site was funded through the River District urban renewal fund. As a part of this purchase, PDC request that the City of Portland open up a line of credit (LOC) for $36 million to pay for projects that were diverted from the River District due to the Post Office site purchase. City Council authorized PDC to take out a LOC for up to $45 million, so there is still the potential to draw additional funds without seeking additional authorization. Under the current terms, the LOC must be paid down by 2021; however, if there is not enough cash available to do so, the LOC can be extended for a short term, or the city can issue medium-term bonds to pay down the LOC. Interest on the line of credit is being paid for by proceeds from a parking garage and other assets owned by the City; PDC's immediate priority is to use funds from the sale of individual lots on the Post office site and block R in Phase I to pay down/ off the LOC by 2021. PDC can earn additional revenue by renting out the existing Post Office building as an interim use before Phase II. Once the initial $36 million LOC is paid off with proceeds from Phase I, a new LOC (up to $90 mil) can be opened if need be.

In addition, PDC has allocated nearly $30.2 million over fiscal years 2018-2021 in the River District budget to pay for some of the initial infrastructure. PHB is entitled to $5.5 million in TIF funding that it can choose to use to build affordable housing in Union Park, but is entitled to use these funds elsewhere in the River District.

To pay off the $36 million LOC in Phase I, our plan proposes that PDC sell Block R on the open market for an estimated $6.5 million (the highest and best use for Block R is envisioned to be a market rate apartment building with Post Office retail site on the ground floor), sell Blocks 1 and 2 together for mixed-use, mixed-income buildings that will have adjoined office spaces for a combined $21 million, sell Building 3 for $9.5 million for what will become a mixed income residential building, and sell Building 5 for a premium price of $18 million. Building 5's sales price will be justified by luxury condominiums on the top floors that will have panoramic views of the city, and an average sales price of $750 a SF. Revenue is also expected from the parking plinth.

To calculate residual land values for residential, office, and retail uses, a Year 1 minimum return on cost of 6% was assumed, along with Cash on Cash 10 year internal rate of return (IRR) of at least 13.5%. These figures allow for land to be calculated based on the cost of construction and cash flows. For the residential condominium uses, a minimum IRR from construction through buy-up period of at least 16% was assumed. Given the sale of Blocks R, 1, 2, 3, and 5 in Phase I, PDC will make back $54.8 million.

To help alleviate the gap in affordable housing on this site, all of the market rate apartment buildings will be required to make use of the Multiple-Unit Limited Tax Exemption (MULTE) program that allows developers to waive property taxes for all residential improvements if 20% of units in the building are rented to individuals and families making 60% or lower of MFI (the tax savings equate to approximately 19% of residential NOI to be deducted from annual expenses).

In Phase II, Building 4 will sell for $11 million, Building 6 (that will become another luxury condo mixed use building) will sell for $16 million, and Building 7 will sell for $10 million. Building 8 (the 100% affordable building) will be given to the PHB to award to a nonprofit developer who will assume development responsibilities of the remaining 404 affordable units on the site. Even with condo-ized 9% and 4% LIHTC allocations given, and the PHB's $5.5 million going toward the project's equity allocation, a $38 million gap in equity will still exist, to be paid for by a nonprofit developer or outside funds gathered from the PHB.

The net sources/uses for Phase I show a shortage of $14.6 million which we recommend be funded by a new line of credit by PDC. The shortage is accounted by the construction of the parking plinth to provide a desired long term cash flow stream to PDC. The parking plinth provides many more parking spaces than the standard parking garage initially planned for Block R. The plinth creates a 5% return on cost. SDC fees derived from the development were not factored into the creation of the sources/uses, but have the potential to contribute significantly to PDC's sources for development.

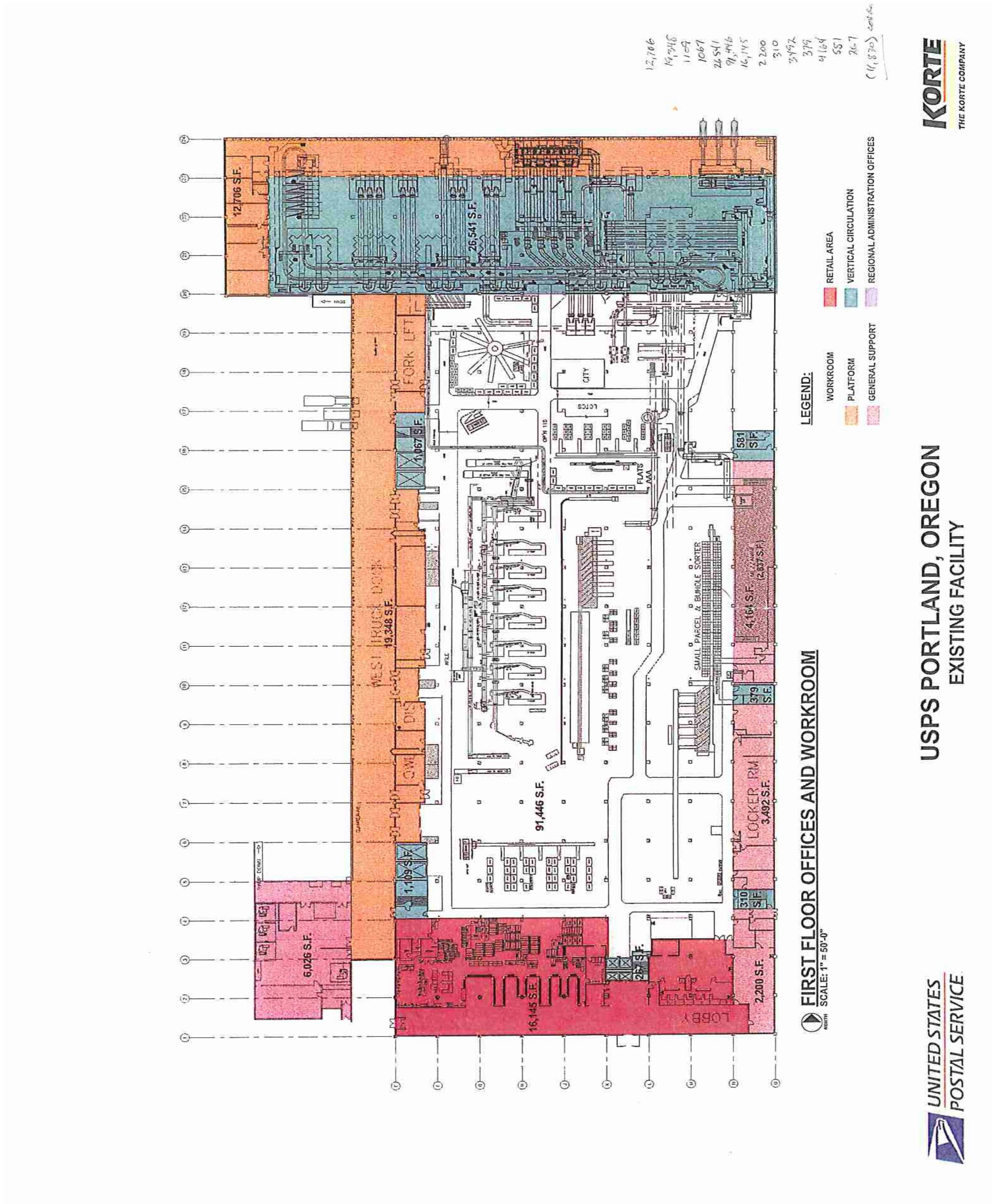
PDC Sources and Uses			
Sources		**Phase 1**	**Phase 2**
River District TIF Funding			
2018-2012 Allocated Funding		$ 30,171,000.00	
Land Sales			
Block R minus PDC's Assumed 3.7M in TIF		$ 2,800,000	
Block 1 & 2		$ 21,000,000	
Block 3		$ 9,500,000	
Block 5		$ 18,000,000	
Block 4			$ 11,000,000
Block 6			$ 16,000,000
Block7			$ 10,000,000
Block 8			$ -
Cash Flowing Assets			
USPS Warehouse 5 Years Net			$ 2,108,000
USPS Parking Garage Net			$ 3,630,000
Plinthe Revenue		$ 6,460,156	$ 9,124,369
Total Sources		**$ 87,931,156**	**$ 51,862,369**
Minus Line of Credit		($36,000,000)	($14,674,641)
Sources after LOC Payment		$ 51,931,156	$ 37,187,728
Total uses			
Excavation & Disposal		$ 2,150,000	
Excavation & Disposal, Park			$ 700,000
Streets-embankment		$ 555,750	$ 394,250
Street Improvments		$ 2,486,250	$ 1,763,750
Utilities		$ 1,750,000	
Frontage Improvement		$ 1,250,000	
Traffic Signals (Johnson)		$ 2,750,000	
Green Loop			$ 1,750,000
Parks			$ 9,750,000
Enviormental Remediation		$ 1,600,000	
USPS Re-use		$ 3,500,000	
USPS Demolition			$ 7,000,000
Garage Demolition			$ 3,000,000
Parking Plinth 776 Spaces		$ 23,280,000	$ 3,880,000.00
Bridgehead Plaza		$ 5,000,000	
Woonerf/Canopy Plaza		$ 20,000,000	
Block Y Plaza			$ 2,600,000
Total Uses		**$ 64,322,000**	**$ 30,838,000**
Owners Rep Consulting Fee 1%		$ 2,283,797	$ 1,240,506
Net Sources/Uses		**$ (14,674,641)**	**$ 5,109,223**

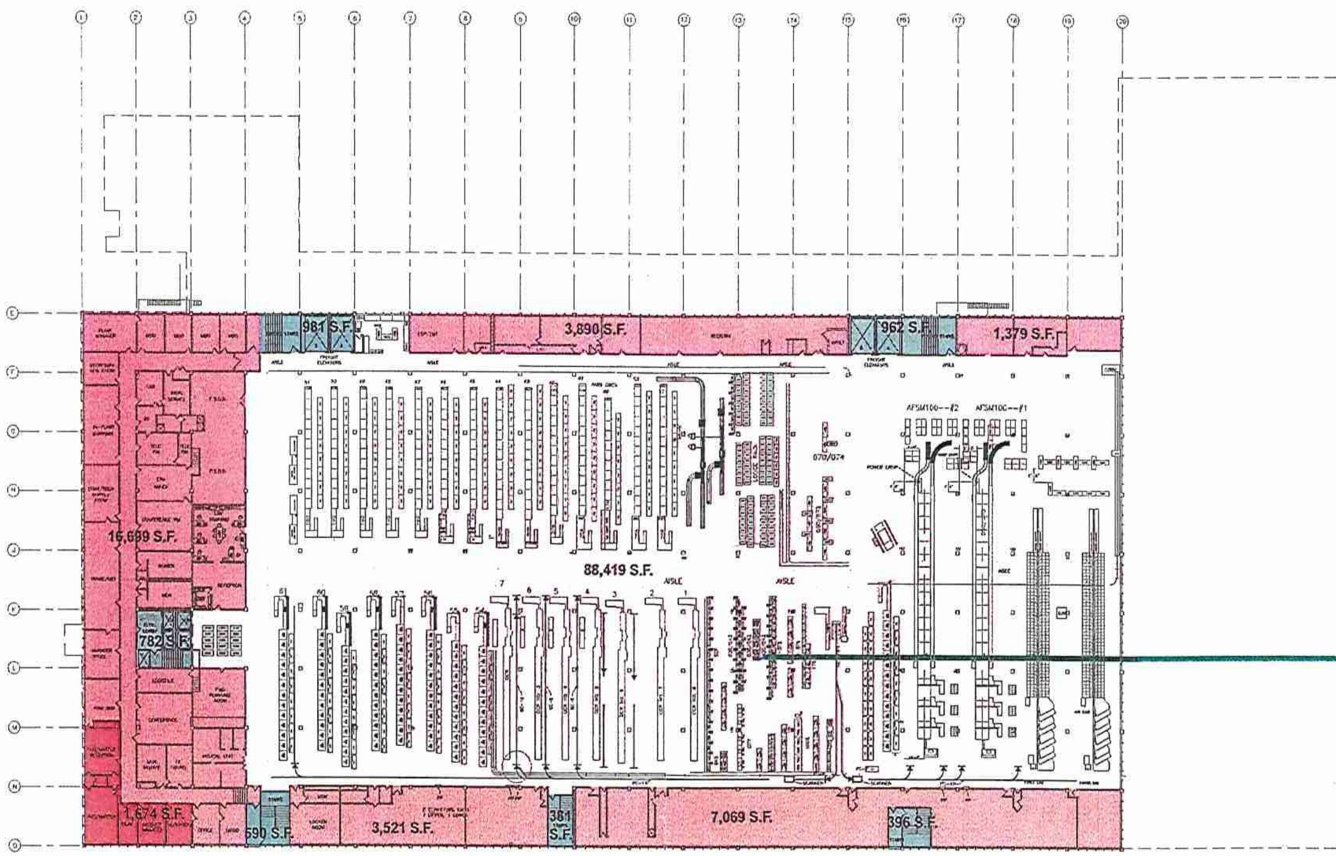
Concluding Remarks

Portland has a once-in-a-generation opportunity to create the type of development that can change the landscape of the City: inclusive, bold, captivating. Yet this neighborhood will not develop overnight, nor by accident. To create a game-changing development, intentional placemaking is necessary; and placemaking will require substantial investment of public and private resources, as well as a healthy real estate market. Over the course of development of this long-term master plan, it is not only probable, but almost inevitable that a market downturn will take place. When this occurs, the City needs to be prepared to place a hold on development and wait until the market returns, rather than sacrificing the integrity of the development to turn a quick profit. The temptation to sell quickly is especially pronounced in the early years of this master plan, as the City needs to pay back a line of credit taken out in order to facilitate the purchase of the site. It is important to remember that there is the option of extending the line of credit, or converting to a mid-term financing solution. Union Park has the potential to be a truly transformational development; but only if executed with intention and innovation.

APPENDIX

Appendix 1: Post Office Floor Plans





981
3890
962
1379
88419
16,699
782
1674
590
3521
381
7069
396

THIRD FLOOR OFFICES/ SECOND FLOOR WORKROOM
SCALE: 1" = 50'-0"

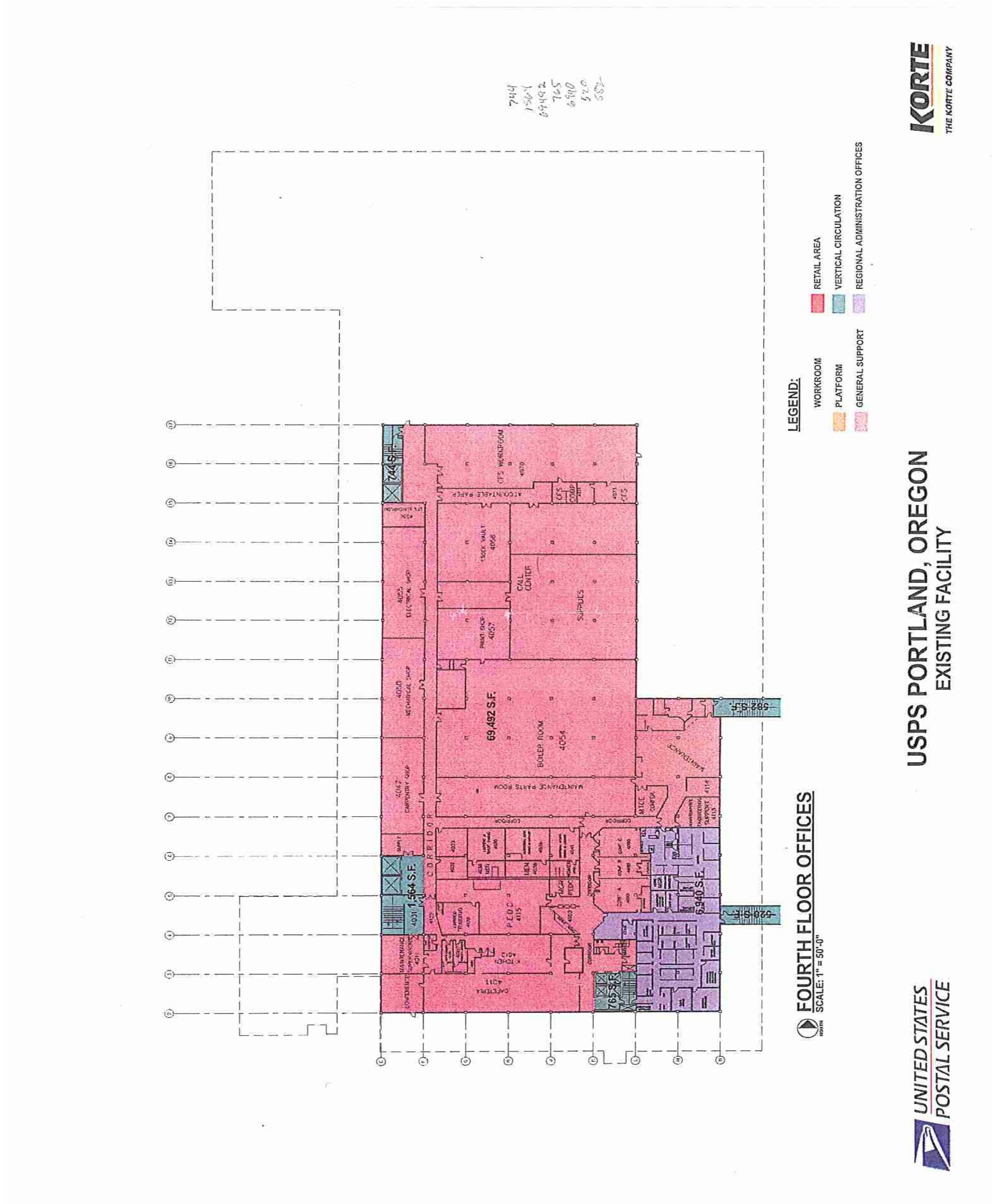
LEGEND:

- WORKROOM
- PLATFORM
- GENERAL SUPPORT
- RETAIL AREA
- VERTICAL CIRCULATION
- REGIONAL ADMINISTRATION OFFICES

UNITED STATES POSTAL SERVICE

USPS PORTLAND, OREGON
EXISTING FACILITY

KORTE
THE KORTE COMPANY


FOURTH FLOOR OFFICES
SCALE: 1" = 50'-0"
USPS PORTLAND, OREGON
EXISTING FACILITY
LEGEND:
WORKROOM
PLATFORM
GENERAL SUPPORT
RETAIL AREA
VERTICAL CIRCULATION
REGIONAL ADMINISTRATION OFFICES
69,492 S.F.
1,564 S.F.
744 S.F.
765 S.F.
6,940 S.F.
520 S.F.
582 S.F.
744
1564
69492
765
6940
520
582
KORTE
THE KORTE COMPANY
UNITED STATES
POSTAL SERVICE

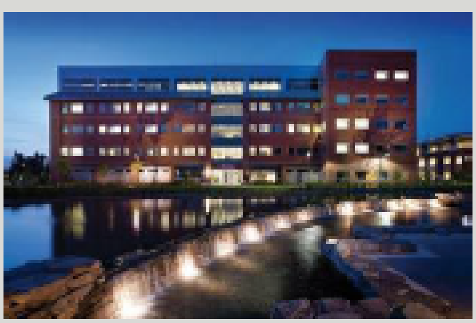
Appendix 2: Parking Maximums

Uses	Post office site plus southern blocks to Glisan	Amtrak and blocks East of Post Office
Residential	1.2	1.2
Office and Retail	1.5	1
Supermarkets	2	2
Anchor Retail	1.5	1.5
Hotel	1/room	1/room
Medical	1.5	1.5
Community Service, Religious, Theater and Other Uses	0.5	0.5

Appendix 3: Comparables & Additional Market Data

Office Sales Comps:

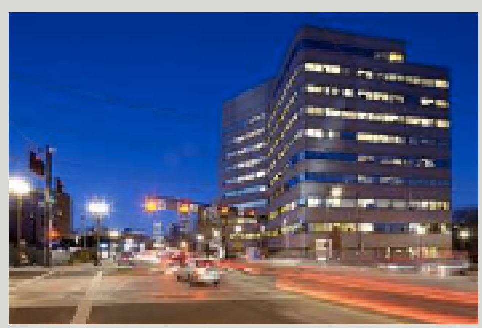
4. Northwest Specialty Clinics



Springfield

Price:	$61,400,000
Price/SF:	$501.31
Cap Rate:	N/A
RBA:	122,479
Date:	1/6/2015
Year Built:	2009
Buyer:	Harrison Street Real Estate Capital LLC
Seller:	Northwest Specialty Clinics LLC

5. CH2M Center



Portland

Price:	$55,000,000
Price/SF:	$244.16
Cap Rate:	4.9%
RBA:	225,261
Date:	5/5/2015
Year Built:	1982
Buyer:	Goldman, Sachs & Co.
Seller:	ScanlanKemperBard Companies

8. Skidmore Building

Portland

Price:	**$42,600,000**
Price/SF:	**$309.69**
Cap Rate:	**N/A**
RBA:	**137,559**
Date:	**11/4/2015**
Year Built:	**1883**
Buyer:	**University of Oregon Foundation**
Seller:	**Venerable Properties LLC**

9. 2100 SW River Pky

Portland

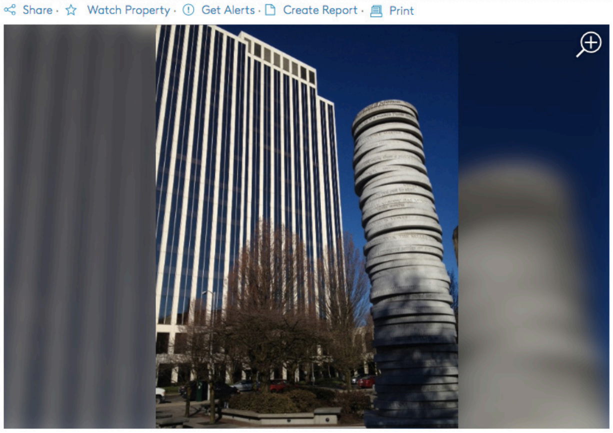
Price:	**$35,350,000**
Price/SF:	**$367.21**
Cap Rate:	**N/A**
RBA:	**96,266**
Date:	**1/30/2015**
Year Built:	**1995**
Buyer:	**BDC Advisors**
Seller:	**CalSTRS**

Office Lease Comps:

825 NE Multnomah Street — $31 /SF/Year

Portland, OR 97232 · 33,119 SF · Office For Lease

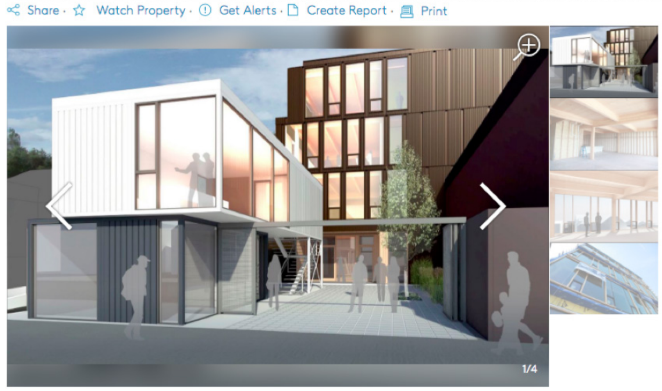
Share · Watch Property · Get Alerts · Create Report · Print



4713 N. Albina Ave. — $28 - $30 /SF/Year

Portland, OR 97217 · Office For Lease

Share · Watch Property · Get Alerts · Create Report · Print

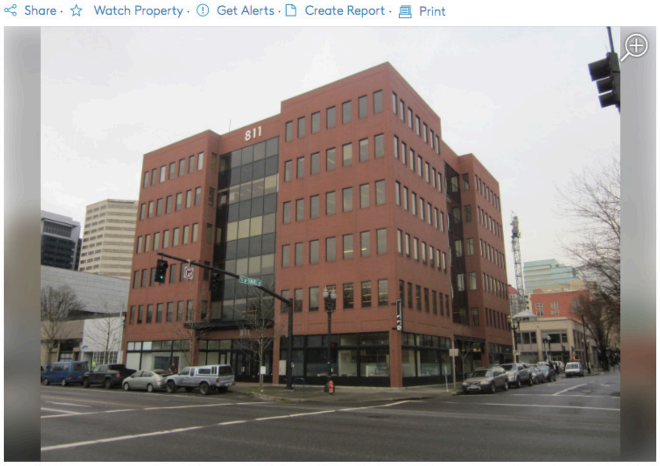


Albina Yard

811 SW Naito Parkway — $29 /SF/Year

Portland, OR 97204 · 3,502 SF · Office For Lease

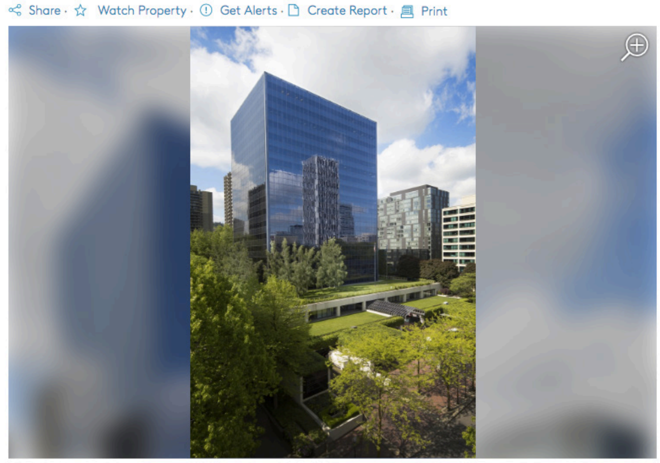
Share · Watch Property · Get Alerts · Create Report · Print



200 SW Market Street — $28.83 - $31.90 /SF/Year

Portland, OR 97201 · 39,013 SF · Office For Lease

Share · Watch Property · Get Alerts · Create Report · Print



Retail Lease Comps:

SW 12th Ave & SW Morrison St

Portland, OR 97205 · 6,460 SF · Retail For Lease

$36 - $42 /SF/Year

Share · Watch Property · Get Alerts · Create Report · Print

1210 NW 10th Avenue

Portland, OR 97209 · 4,410 SF · Retail For Lease

$27 /SF/Year

Share · Watch Property · Get Alerts · Create Report · Print

111 NE Martin Luther King Jr Blvd

Portland, OR 97232 · 5,855 SF · Retail For Lease

$28 - $30 /SF/Year

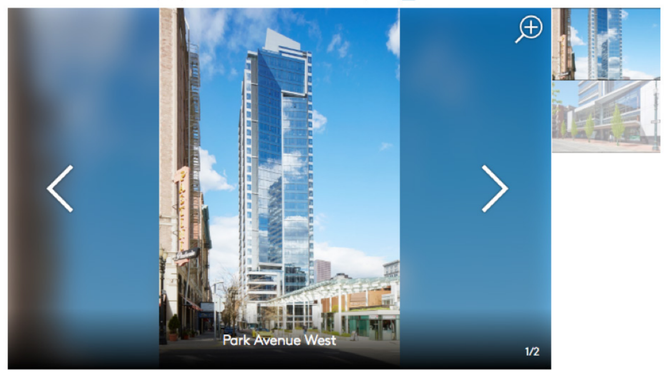
Share · Watch Property · Create Report · Print

SW Yamhill & Park Avenue

Portland, OR 97205 · 13,380 SF · Retail For Lease

$40 - $60 /SF/Year

Share · Watch Property · Get Alerts · Create Report · Print



Apartment Comps:

Market Rate Housing Comparables		
Indigo West		
Pricing:		
Studio Stating at:	$1,620	per month
1 Bedrooms Starting at:	$2,100	per month
2 Bedrooms Starting at:	$3,090	per month
3 Bedrooms Starting at:	$3,865	per month
Penthouses (2 bed) Starting at:	$5,800	per month
Penthouses (3 bed) Starting at:	$5,995	per month
The LAD Tower		
Pricing:		
Studio Stating at:	$1,490	per month
1 Bedrooms Starting at:	$1,725	per month
2 Bedrooms Starting at:	$2,040	per month

Appendix 4: Site Requirements & Sources

Goal	Details	Source
Line of Credit Payback	The City has taken out a line of credit in the amount of $36 Million that will provide “gap funding” to the River District, and is expected to be paid back by 2021 through revenue generated at Union Park. In addition, there is only limited money available to build infrastructure at Union Yards, and much of the site’s infrastructure and open space will need to be funded by land sales.	City Council Ordinance No. 187434; Intergovernmental Agreement Between Portland Development Commission And the City of Portland, Oregon For River District Urban Renewal Area Support
Infrastructure Funding	The city has set aside approximately $30 Million in funding for on-site infrastructure in fiscal years 2018-2021. Infrastructure and site improvements that surpass the $30 Million will need to be funded by revenue sources (land sales or other methods) generated on Union Park	River District URA Adopted Budget
Affordable Housing	30% of all housing built on-site must be permanently affordable. Official documentation defines affordability as between 0 and 80% of Median Family Income (MFI); however, the project team has been advised that targeting a maximum of 60% MFI is strongly preferred.	Broadway Corridor Framework Plan; City Council Ordinance No. 187434
PDC Revenue Stream	With the sunsetting of many TIF districts, PDC’s available funding is dwindling. As such, PDC is prioritizing the creation of new revenue streams in its future projects.	PDC Long-Term Business Plan 50% Draft
Park Blocks	The linear Park Blocks must extending northwards into the Union Park site, specifically for two blocks between Hoyt and Johnson Streets.	Broadway Corridor Framework Plan
Green Loop	The north-western end of the green loop, a future six-mile pedestrian and cycling path through the center of the city, is envisioned to pass through the Union Park site via the park blocks, and extend eastward across the Broadway Bridge.	Central City 2035; Green Loop Plan; Broadway Corridor Framework Plan
Bridgehead Plaza	A 20,000 square foot plaza must be constructed at the intersection of Broadway and Lovejoy.	Broadway Corridor Framework Plan
Sustainability	Buildings and infrastructure must be constructed to meet high performance goals for water, energy, and waste reduction.	Central City 2035 West Quadrant Plan; Broadway Corridor Framework Plan
Contamination	In its due diligence for the USPS-PDC Purchase and Sale Agreement, USPS has detected soil contamination on its site. In addition, with an elevation of only about 30 feet above sea level, excavating into contaminated groundwater is also a concern. Practically, this means that no underground parking can be built, nor any unusually deep foundations or building systems constructed (for example, geothermal heating).	None
USPS Retail Facility	At its cost, PDC, or its assignee, must provide USPS with a retail facility on the USPS project site, or in the nearby area bounded by NW Lovejoy, Burnside, NW Naito Parkway, and I-405. The facility must be about 15,100 gross square feet, and include 2 loading docks and 50 parking spaces. A temporary facility may house USPS during construction if necessary.	Purchase and Sale Agreement with the United States Postal Service

Appendix 5: Proformas

Proforma - Building 1 & 2

Union Park	
Building One and Two: Residential	
Development Proforma	
September 9, 2016	

Proforma results	
Construction loan	**$145,683,216**
Const period cash equity required	**$ 108,198,379**
year one cash flow	**$6,263,124**
Year one DCR	**1.68**
Cash on cash 10 year IRR	**15.4%**
Return on Cost	**6.09%**

PROJECT FACTS:				
Site Area				**80,000**
Number of stories				**22**
Studio	165	575	sq.ft	**109,106**
One Bedroom	495	725	sq.ft	**412,706**
Two Bedroom	124	900	sq.ft	**128,340**
Three Bedroom	41	1,175	sq.ft	**55,401**
Gross area	825			**705,554**
FAR				8.82
Net Leasable				
Studio	165	575	sq.ft	**94,875**
One Bedroom	495	725	sq.ft	**358,875**
Two Bedroom	124	900	sq.ft	**111,600**
Three Bedroom	41	1,175	sq.ft	**48,175**
Total leasable				**613,525**
GROSS BUILDING AREA				**705,554**
TOTAL NET LEASABLE				**613,525**
Overall Efficiency				87%

INCOME TABLE - Martet Rate Pricing				
Studio	**$2.96**	/ sq.ft./mo	**$1,700**	rent/mo.
One Bedroom	**$3.10**	/ sq.ft./mo	**$2,250**	rent/mo.
Two Bedroom	**$3.22**	/ sq.ft./mo	**$2,900**	rent/mo.
Three Bedroom	**$3.32**	/ sq.ft./mo	**$3,900**	rent/mo.
Total gross rent with affordable units			**$1,672,076**	rent/mo.

PROJECT COSTS			
Land Value	**$162.50**	**per sq.ft.**	**$ 13,000,000**

Parking	
SF	**101403**
Spaces	**743**
Rent/Month	**150**
Revenue from Parking	**$111,450.00**
Cost/SF	**$136.60**
Total Cost	**$13,851,650**

Construction costs			
Construction Hard Costs- Residential	$220	/sq.ft.	$169,073,475
Hard Cost Contingency	5.0%	of hd costs	$8,453,674
Total proforma construction hard costs		sq.ft.	**$177,527,149**
Soft costs			
	25.0%	of hd costs	$44,381,787
contingency	5.0%	of soft costs	$2,219,089
Subtotal Soft Costs	**$66.05**	**/sq. ft.**	**$46,600,876**
	26.25%	of hard costs	
		Constuction Costs	**$224,128,025**

CONSTRUCTION LOAN CALCULATION		
Interest Rate		5.00%
Const term (Months)		24
Rental term (months)		12
Construction Loan, DCR test	**1.25**	**$192,139,314**
Const. Loan, max of % of LTV test	**75%**	**$273,029,661**
Const. loan, min of DCR, cost and LTV tests		**$192,139,314**
Approved loan		**$145,683,216**
Loan-to-Cost		**57.38%**
Loan-to-Value		**40%**
Const. Period Drawdown Factor		55%
construction period interest		$8,012,577
rental period interest		$8,740,993
Interest		**$16,753,570**

PERMANENT FINANCING ASSUMPTIONS		
	DCR	**LTV**
Loan Amount	**$192,139,314**	**$145,683,216**
Perm. Interest Rate	**4.75%**	**4.75%**
Term (Years)	**30**	**30**
Debt-Coverage Ratio	**1.25**	
Stabilized NOI	**$ 15,471,681**	**$ 15,471,681**
CAP Rate		**4.25%**
Project Value		**$364,039,548**
Supportable Mort, min of DCR, % of cost or LTV		**$145,683,216**
Loan-to-Value		**40%**
Approved Loan Primary Debt Service		**($9,208,557)**
DCR		**1.68**
Value per Net Square Foot		**$516**

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 253,881,595
Const. loan, assume same as term loan	($145,683,216)
CASH EQUITY , const period	**$ 108,198,379**
Total Equity-to-Cost Ratio	**42.62%**
NET OPERATING INCOME, year one	**$ 15,471,681**
Term Loan debt service	($9,208,557)
NET CASH FLOW, year one	**$ 6,263,124**

Proforma - Building 1 & 2 cont'd

Assumption: Property Taxes are typically 19% of NOI and will be eliminated with use of the MULTE program

Property Tax % of NOI 19.0%

Market Rate Units:

	# of units	SF	$/SF	Rent per unit	Total Rent Rev Monthy	Total Rent Revenue Yearly
Studio	132	575	$2.96	$1,700	$224,400	$2,692,800
One Bedroom	396	725	$3.10	$2,250	$891,000	$10,692,000
Two Bedroom	99	900	$3.22	$2,900	$287,680	$3,452,160
Three Bedroom	33	1,175	$3.32	$3,900	$127,920	$1,535,040
Gross Units	660					
Total Revenue					$1,531,000.00	$18,372,000.00

60% Units:

	# of units	SF	$/SF	Rent Per Unit	Total Rent Revenue	
Studio	33	575	$ 1.34	$772	$25,476	$305,712
One Bedroom	99	725	$ 1.14	$825	$81,675	$980,100
Two Bedroom	25	900	$ 1.10	$990	$24,552	$294,624
Three Bedroom	8	1,175	$ 0.97	$1,143	$9,373	$112,471
Gross Units	165					
Total Revenue					$141,076	$1,692,907

Total Rent Revenue	$1,672,076	
Total Annual Revenue		$20,064,907

PROFORMA - BUILDING 1 & 2 CONT'D

OPERATING PRO FORMA (PER YEAR)		
Property income		per year
Studio		$2,998,512
One Bedroom		$11,672,100
Two Bedroom		$3,746,784
Three Bedroom		$1,647,511
Res utility recovery		$660,000
other income		$206,250
Gross residential income		**$20,931,157**
(-) Vacancy	5%	($1,046,558)
Gross income after vacancy		**$19,884,599**
before deduction expenses		
Residential	35%	($6,959,610)
Parking Gross Revenue		$111,450
(-) Vacancy	4%	($4,458)
Expenses	15%	($16,049)
Net Parking Revenue		$90,943
Subtotal Expenses		**$6,975,659**
...per sq. ft.		($11.37)
Before MULTE Property Tax Deduction NOI Year 1		$ 13,015,933
MULTE Tax deduction		$ 2,455,748
Post Multi NOI		$ 15,471,681

10 year proforma	3% revenue escalator
assume sell end of year 10	3% expense escalator

TOTAL PROJECT COST	per sq.ft.	$359.83	$ 253,881,595

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)	$19,991,591	$20,591,339	$21,209,079	$21,845,352	$22,500,712	$23,175,734	$23,871,006
Expenses after MUlTE Tax Deduction(see escalator above)	($4,519,911)	($4,655,508)	($4,795,173)	($4,939,028)	($5,087,199)	($5,239,815)	($5,397,010)
NOI	$15,471,681	$15,935,831	$16,413,906	$16,906,323	$17,413,513	$17,935,918	$18,473,996
Debt Service	($9,208,557)	($9,208,557)	($9,208,557)	($9,208,557)	($9,208,557)	($9,208,557)	($9,208,557)
NET CASH FLOW, after debt service	**$6,263,124**	**$6,727,275**	**$7,205,350**	**$7,697,767**	**$8,204,956**	**$8,727,362**	**$9,265,439**
DCR	1.68	1.73	1.78	1.84	1.89	1.95	2.01
PROJECT VALUE at a 4.25% CAP	$364,039,548	$374,960,734	$386,209,556	$397,795,843	$409,729,718	$422,021,610	$434,682,258
Value per sq.ft.	$516	$531	$547	$564	$581	$598	$616
GROSS SALES PROCEEDS YEAR 10 at 94% of value							$408,601,323
Less LOAN BALANCE							144,384,850
NET SALES PROCEEDS							$290,297,408.12
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds							$299,562,848
Cash return to cash equity	**5.8%**	**6.2%**	**6.7%**	**7.1%**	**7.6%**	**8.1%**	**8.6%**

10 yr IRR, based on land and total cash equity	15.4%										
	(86,558,703)	($21,639,676)	3,131,562	6,263,124	6,727,275	7,205,350	7,697,767	8,204,956	8,727,362	299,562,848	

Proforma - Building 1 & 2 cont'd

Union Park
Building One and Two: Retail and Office
Development Proforma
September 9, 2016

Proforma results	
Construction loan	$68,025,593
Const period cash equity required	$ 52,452,109
year one cash flow	$2,825,393
Year one DCR	1.61
Cash on cash 10 year IRR	11.6%
Return on Cost	6.6%

PROJECT FACTS:		
Site Area	sq. ft	80,000
Number of stories		5
Office	sq. ft	336,292
Retail	sq. ft	36,044
Gross area		372,336
FAR		4.65
Net Leasable		
Office	sq. ft	285,848
Retail	sq. ft	30,637
Total leasable	sq. ft	316,486
GROSS BUILDING AREA	sq. ft	372,336
TOTAL NET LEASABLE	sq. ft	316,486
Overall Efficiency	sq. ft	85%

INCOME TABLE - YEAR 1			
Office	$2.33 /sq.ft/mo	$666,979	rent/mo.
Retail	$2.67 /sq.ft/mo	$81,700	rent/mo.
Total gross rent		$748,679	

PROJECT COSTS			
Land Value	$100.00	per sq.ft.	$ 8,000,000
Construction costs			
Construction Hard Costs - Retail	$180	/sq.ft.	$6,487,920
Construction Hard Costs - Office	$180	/sq.ft.	$60,532,560
Tenant Improvements - Office	$30	/sq.ft.	$10,088,760
Tenant Improvements - Retail	$60	/sq.ft.	$1,838,244
Hard Cost Contingency	5.0%	of hd costs	$3,947,374
Total Hard Costs	$223	sq.ft.	$82,894,858
Soft costs			
	25.0%	of hd costs	$20,723,715
contingency	5.0%	of soft costs	$1,036,186
Subtotal Soft Costs	$58.44 /sq. ft.		$21,759,900
	26.25% of hard costs		
		Construction Costs	$104,654,758

CONSTRUCTION LOAN CALCULATION		
Interest Rate		5.00%
Const term (Months)		24
Rental term (months)		12
Construction Loan, DCR test	1.25	$92,883,763
Const. Loan, max of % of LTV test	75%	$106,847,170
Const. loan, min of DCR, cost and LTV tests		$92,883,763
Approved loan		$68,025,593
Loan-to-Cost		60.38%
Loan-to-Value		48%
Const. Period Drawdown Factor		55%
construction period interest		$3,741,408
rental period interest		$4,081,536
Interest		$7,822,943

PERMANENT FINANCING ASSUMPTIONS	DCR	LTV
Loan Amount	$92,883,763	$68,025,593
Perm. Interest Rate	4.75%	4.75%
Term (Years)	25	25
Debt-Coverage Ratio	1.25	
Stabilized NOI	$7,479,302	$ 7,479,302
CAP Rate		5.25%
Project Value		$142,462,893
Supportable Mort, min of DCR, % of cost or LTV		$68,025,593
Loan-to-Value		48%
Approved Loan Primary Debt Service		($4,653,909)
DCR		1.61
Value per Net Square Foot		$383

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 120,477,702
Const. loan, assume same as term loan	($68,025,593)
CASH EQUITY , const period	$ 52,452,109
Total Equity-to-Cost Ratio	56.46%
NET OPERATING INCOME, year one	$ 7,479,302
Term Loan debt service	($4,653,909)
NET CASH FLOW, year one	$2,825,393

Proforma - Building 1 & 2 cont'd

OPERATING PRO FORMA (PER YEAR)			
Property income	per month		per year
Office	$666,979		$8,003,750
(-) Vacancy	10%		($800,375)
Retail	$81,700		$980,397
(-) Vacancy	10%		($98,040)
Gross income after vacancy	**$73,530**		**$8,085,732**
expenses			
Office	7.5%	Per FT	($540,253)
Retail	7.5%		($66,177)
Subtotal Expenses			**$606,430**
...per sq. ft.			($1.92)
NET OPERATING INCOME Year one			**$ 7,479,302**

10 year proforma	3%	revenue escalator
assume sell end of year 10	3%	expense escalator

TOTAL PROJECT COST	**per sq.ft.**	**$302.56**	**$ 112,654,758**

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)	$8,085,732	$8,328,304	$8,578,153	$8,835,497	$9,100,562	$9,373,579	$9,654,787
Expenses (see escalator above)	($606,430)	($624,623)	($643,361)	($662,662)	($682,542)	($703,018)	($724,109)
NOI	$7,479,302	$7,703,681	$7,934,791	$8,172,835	$8,418,020	$8,670,561	$8,930,678
Debt Service	($4,653,909)	($4,653,909)	($4,653,909)	($4,653,909)	($4,653,909)	($4,653,909)	($4,653,909)
NET CASH FLOW, after debt service	**$2,825,393**	**$3,049,772**	**$3,280,883**	**$3,518,927**	**$3,764,112**	**$4,016,652**	**$4,276,769**
DCR	**1.61**	**1.66**	**1.70**	**1.76**	**1.81**	**1.86**	**1.92**
PROJECT VALUE at a 5.25% CAP	$142,462,893	$146,736,780	$151,138,883	$155,673,050	$160,343,241	$165,153,538	$170,108,144
Value per sq.ft.	$383	$394	$406	$418	$431	$444	$457
GROSS SALES PROCEEDS YEAR 10 at 94% of value							$159,901,655.79
Less LOAN BALANCE							59,390,591.14
NET SALES PROCEEDS							$100,511,064.65
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds							$104,787,833.64
Cash return to cash equity	**5.4%**	**5.8%**	**6.3%**	**6.7%**	**7.2%**	**7.7%**	**8.2%**

10 yr IRR, based on land and total cash equity	**11.6%**									
	(41,961,687)	($10,490,422)	1,412,697	2,825,393	3,049,772	3,280,883	3,518,927	3,764,112	4,016,652	104,787,834

Proforma - Building 3

Union Park	
Building One and Two: Residential	
Development Proforma	
September 9, 2016	

Proforma results	
Construction loan	**$68,307,064**
Const period cash equity required	**$ 54,136,039**
year one cash flow	**$2,969,487**
Year one DCR	**1.69**
Cash on cash 10 year IRR	**14.2%**
Return on Cost	**5.95%**

PROJECT FACTS:				
Site Area			sq.ft	**40,000**
Number of stories	**Units**	SF		**22**
Studio	77	575	sq.ft	
One Bedroom	230	725	sq.ft	
Two Bedroom	58	900	sq.ft	
Three Bedroom	19	1,175	sq.ft	
Gross area	384			**336,000**
FAR				8.40
Net Leasable				
Studio	77	575	sq.ft	**44,275**
One Bedroom	230	725	sq.ft	**166,750**
Two Bedroom	58	900	sq.ft	**52,200**
Three Bedroom	19	1,175	sq.ft	**22,325**
Total leasable				**285,550**

CONSTRUCTION LOAN CALCULATION		
Interest Rate		5.00%
Const term (Months)		24
Rental term (months)		12
Construction Loan, DCR test	**1.25**	**$90,497,343**
Const. Loan, max of % of LTV test	**75%**	**$128,596,581**
Const. loan, min of DCR, cost and LTV tests		**$90,497,343**
Approved loan		**$68,307,064**
Loan-to-Cost		**55.79%**
Loan-to-Value		**40%**
Const. Period Drawdown Factor		55%
construction period interest		$3,756,889
rental period interest		$4,098,424
Interest		**$7,855,312**

Parking	All Parking in building rented through
Parking SF	39200
Cost/SF	$136.59
Park Spaces Provided	287
Rent Per month per space	$150.00
Cost to build parking	$5,354,146.34
Gross Yearly Rent	$516,600.00

GROSS BUILDING AREA	**336,000**
TOTAL NET LEASABLE	**285,550**
Overall Efficiency	85%

PERMANENT FINANCING ASSUMPTIONS	DCR	LTV
Loan Amount	**$90,497,343**	**$68,307,064**
Perm. Interest Rate	**4.75%**	**4.75%**
Term (Years)	**30**	**30**
Debt-Coverage Ratio	**1.25**	
Stabilized NOI	**$ 7,287,140**	**$ 7,287,140**
CAP Rate		**4.25%**
Project Value		**$171,462,109**
Supportable Mort, min of DCR, % of cost or LTV		**$68,307,064**
Loan-to-Value		**40%**
Approved Loan Primary Debt Service		($4,317,652)
DCR		**1.69**
Value per Net Square Foot		**$510**

INCOME TABLE - Martet Rate Pricing

Studio	**$2.96**	/ sq.ft./mo	**$1,700**	rent/mo.
One Bedroom	**$3.10**	/ sq.ft./mo	**$2,250**	rent/mo.
Two Bedroom	**$3.22**	/ sq.ft./mo	**$2,900**	rent/mo.
Three Bedroom	**$3.32**	/ sq.ft./mo	**$3,900**	rent/mo.
Total gross rent with affordable units	**$3.15**		**$778,597**	rent/mo.

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 122,443,103
Const. loan, assume same as term loan	($68,307,064)
CASH EQUITY , const period	**$ 54,136,039**
Total Equity-to-Cost Ratio	**44.21%**
NET OPERATING INCOME, year one	**$ 6,190,952**
Term Loan debt service	($4,317,652)
NET CASH FLOW, year one	**$1,873,300**

PROJECT COSTS				
Land Value	**$237.50**	**per sq.ft.**	**$**	**9,500,000**
Construction costs				
Construction Hard Costs- Residential/Parking	$220	/sq.ft.	$79,274,146	
Hard Cost Contingency	5.0%	of hd costs	$3,963,707	
Total proforma construction hard costs		sq.ft.	**$83,237,854**	
Soft costs				
	25.0%	of hd costs	$20,809,463	
contingency	5.0%	of soft costs	$1,040,473	
Subtotal Soft Costs	**$65.03**	**/sq. ft.**	**$21,849,937**	
	26.25%	of hard costs		
		Total Constuction	$105,087,790	

Proforma - Building 3 cont'd

Assumption: Property Taxes are typically 19% of NOI and will be eliminated with use of the MULTE program	
Property Tax % of NOI	19.0%

			Market Rate Units:			
	# of units	SF	$/SF	Rent per unit	Total Monthy	Total Annual
Studio	62	575	$2.96	$1,700.00	$105,400.00	$1,264,800.00
One Bedroom	184	725	$3.10	$2,250.00	$414,000.00	$4,968,000.00
Two Bedroom	46	900	$3.22	$2,900.00	$134,560.00	$1,614,720.00
Three Bedroom	15	1,175	$3.32	$3,900.00	$59,280.00	$711,360.00
Gross Units	307					
Total Revenue					$713,240.00	$8,558,880.00

	60% Units:					
	# of units	SF	$/SF	Rent Per Unit	Total Rent Revenue	
Studio	15	575	$2.96	$772.00	$11,580.00	$138,960.00
One Bedroom	46	725	$3.10	$825.00	$37,950.00	$455,400.00
Two Bedroom	12	900	$3.22	$990.00	$11,484.00	$137,808.00
Three Bedroom	4	1,175	$3.32	$1,143.00	$4,343.40	$52,120.80
Gross Units	76					
Total Revenue					$65,357.40	$784,288.80

Total Rent Revenue	$778,597.40	
Total Annual Revenue		$9,343,168.80

PROFORMA - BUILDING 3 CONT'D

10 year proforma	3% revenue escalator
assume sell end of year 10	3% expense escalator

TOTAL PROJECT COST	per sq.ft.	$364.41	$ 122,443,103

OPERATING PRO FORMA (PER YEAR)		
Property income		per year
Gross Parking Income		$516,600
(-) Vacancy	4%	($20,664)
Gross income after vacancy		$495,936
Gross residential income		$9,343,169
(-) Vacancy	5%	($467,158)
Gross income after vacancy		$8,876,010
before deduction expenses		
Parking	15%	$74,390.40
Residential	35%	($3,106,604)
Subtotal Expenses		$3,180,994
...per sq. ft.		($11.14)
Before MULTE Property Tax Deduction NOI Year 1		$ 6,190,952
MULTE Tax deduction		$ 1,096,187
Post Multi NOI		$ 7,287,140

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)	$9,371,946	$9,653,105	$9,942,698	$10,240,979	$10,548,208	$10,864,654	$11,190,594
Expenses With MULTE Tax Deduction (see escalator above)	($2,084,807)	($2,147,351)	($2,211,771)	($2,278,125)	($2,346,468)	($2,416,862)	($2,489,368)
NOI	$7,287,140	$7,505,754	$7,730,926	$7,962,854	$8,201,740	$8,447,792	$8,701,226
Debt Service	($4,317,652)	($4,317,652)	($4,317,652)	($4,317,652)	($4,317,652)	($4,317,652)	($4,317,652)
NET CASH FLOW, after debt service	$2,969,487	$3,188,102	$3,413,274	$3,645,202	$3,884,088	$4,130,140	$4,383,574
DCR	1.69	1.74	1.79	1.84	1.90	1.96	2.02
PROJECT VALUE at a 4.25% CAP	$171,462,109	$176,605,972	$181,904,151	$187,361,275	$192,982,114	$198,771,577	$204,734,724
Value per sq.ft.	$510	$526	$541	$558	$574	$592	$609
GROSS SALES PROCEEDS YEAR 10 at 94% of value							$192,450,641
Less LOAN BALANCE							$59,636,333
NET SALES PROCEEDS							$132,814,308
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds							$137,197,882
Cash return to cash equity	6.9%	5.9%	6.3%	6.7%	7.2%	7.6%	8.1%

10 yr IRR	14.2%									
	(43,308,831)	(10,827,208)	1,484,744	2,969,487	3,188,102	3,413,274	3,645,202	3,884,088	4,130,140	137,197,882

Proforma - Building 3 cont'd

Union Park
Building 3: Retail Portion
Development Proforma
September 9, 2016

Proforma results	
Construction loan	$5,294,016
Const period cash equity required	$ 3,459,436
year one cash flow	$245,055
Year one DCR	1.73
Cash on cash 10 year IRR	14.2%
Return on Cost	6.6%

PROJECT FACTS:	
Gross SF	
	Total SF
Retail	25,600
Gross area	25,600

Net Leasable	Net SF
Retail	21,760.00
Total leasable	21,760.00

GROSS BUILDING AREA	25,600
TOTAL NET LEASABLE	21,760
Overall Efficiency	

INCOME TABLE - YEAR 1			
Retail	$2.67 /sq.ft/mo	$58,027	rent/mo.
Total gross rent		$58,027	

PROJECT COSTS

Land Value		per sq.ft.	$ -
Construction costs			
Construction Hard Costs - Retail	$180	/sq.ft.	$4,608,000
Tenant Improvements - Retail	$60	/sq.ft.	$1,536,000
Hard Cost Contingency	5.0%	of hd costs	$307,200
Total proforma construction hard costs			$6,451,200
Soft costs			
	25.0%	of hd costs	$1,612,800
contingency	5.0%	of soft costs	$80,640
Subtotal Soft Costs	$66.15 /sq. ft.		$1,693,440
	26.25% of hard costs		
		Total Construction Costs	$8,144,640

CONSTRUCTION LOAN CALCULATION	
Interest Rate	5.00%
Const term (Months)	24
Rental term (months)	12
Approved loan	$5,294,016
Loan-to-Cost	60.48%
Loan-to-Value	48%
Const. Period Drawdown Factor	55%
construction period interest	$291,171
rental period interest	$317,641
Construction Loan Cost	$608,812

PERMANENT FINANCING ASSUMPTIONS		
	DCR	LTV
Loan Amount	$5,294,016	$5,294,016
Perm. Interest Rate	4.75%	4.75%
Term (Years)	30	30
Debt-Coverage Ratio	1.25	
Stabilized NOI	$579,686	$ 579,686
CAP Rate		5.25%
Project Value		$11,041,646
Supportable Mort, min of DCR, % of cost or LTV		$5,294,016
Loan-to-Value		48%
Approved Loan Primary Debt Service		($334,632)
DCR		1.73
Value per Net Square Foot		$431

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 8,753,452
Const. loan, assume same as term loan	($5,294,016)
CASH EQUITY , const period	$ 3,459,436
Total Equity-to-Cost Ratio	60.48%
NET OPERATING INCOME, year one	$ 579,686
Term Loan debt service	($334,632)
NET CASH FLOW, year one	$245,055

Proforma - Building 3 cont'd

OPERATING PRO FORMA (PER YEAR)		
Property income	per month	per year
Retail	$58,027	$696,320
(-) Vacancy	10%	($69,632)
Gross income after vacancy	**$52,224**	**$626,688**
expenses		
Retail	7.5%	($47,002)
Subtotal Expenses		**$47,002**
...per sq. ft.		($2.16)
NET OPERATING INCOME Year one		$ 579,686

10 year proforma	3% revenue escalator		
assume sell end of year 10	3% expense escalator		
TOTAL PROJECT COST	**per sq.ft.**	**$341.93**	**$ 8,753,452**

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)	$626,688	$645,489	$664,853	$684,799	$705,343	$726,503	$748,298
Expenses (see escalator above)	($47,002)	($48,412)	($49,864)	($51,360)	($52,901)	($54,488)	($56,122)
NOI	$579,686	$597,077	$614,989	$633,439	$652,442	$672,015	$692,176
Debt Service	($334,632)	($334,632)	($334,632)	($334,632)	($334,632)	($334,632)	($334,632)
NET CASH FLOW, after debt service	**$245,055**	**$262,445**	**$280,357**	**$298,807**	**$317,810**	**$337,384**	**$357,544**
DCR	**1.73**	**1.78**	**1.84**	**1.89**	**1.95**	**2.01**	**2.07**
PROJECT VALUE With 5.25% CAP	$11,041,646	$11,372,895	$11,714,082	$12,065,504	$12,427,470	$12,800,294	$13,184,302
Value per sq.ft.	$431	$444	$458	$471	$485	$500	$515
GROSS SALES PROCEEDS YEAR 10 at 94% of value							**$12,393,244**
Less LOAN BALANCE							**$4,681,642**
NET SALES PROCEEDS							**$7,711,602**
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds							**$8,069,146**
Cash return to cash equity	**7.1%**	**7.6%**	**8.1%**	**8.6%**	**9.2%**	**9.8%**	**10.3%**

10 yr IRR, based on land and total cash equity	**14.2%**									
	(2,767,549)	($691,887)	122,527	245,055	262,445	280,357	298,807	317,810	337,384	8,069,146

Proforma - Building 4

Union Park	
Building One and Two: Residential	
Development Proforma	
September 9, 2016	

Proforma results	
Construction loan	**$59,463,215**
Const period cash equity required	**$ 32,322,505**
year one cash flow	**$2,099,289**
Year one DCR	**1.56**
Cash on cash 10 year IRR	**13.8%**
Return on Cost	**6.17%**

PROJECT FACTS:				
Site Area				**40,000**
Number of stories	**Units**			**22**
Studio	61	575	sq.ft	
One Bedroom	184	725	sq.ft	
Two Bedroom	46	900	sq.ft	
Three Bedroom	15	1,175	sq.ft	
Gross area	306			**268,800**
FAR				6.72

Net Leasable				
Studio	61	575	sq.ft	**35,075**
One Bedroom	184	725	sq.ft	**133,400**
Two Bedroom	46	900	sq.ft	**41,400**
Three Bedroom	15	1,175	sq.ft	**17,625**
Total leasable				**227,500**

Parking	All Parking in building rented through
Parking SF	36200
Cost/SF	$136.60
Park Spaces Provided	265
Rent Per month per space	$150.00
Cost to build parking	$4,945,056.60
Gross Yearly Rent	$477,000.00

GROSS BUILDING AREA	**268,800**
TOTAL NET LEASABLE	**227,500**
Overall Efficiency	85%

INCOME TABLE - Martet Rate Pricing

Studio	**$2.96**	/ sq.ft./mo	**$1,700**	rent/mo.
One Bedroom	**$3.10**	/ sq.ft./mo	**$2,250**	rent/mo.
Two Bedroom	**$3.22**	/ sq.ft./mo	**$2,900**	rent/mo.
Three Bedroom	**$3.32**	/ sq.ft./mo	**$3,900**	rent/mo.
Total gross rent with affordable units	**$3.15**		**$620,181**	rent/mo.

PROJECT COSTS

Land Value		**$250.00**	**per sq.ft.**	**$ 10,000,000**
Construction costs				
Construction Hard Costs- Residential/Parking		$220	/sq.ft.	$64,081,057
Hard Cost Contingency		5.0%	of hd costs	$3,204,053
Total proforma construction hard costs			sq.ft.	**$67,285,109**
Soft costs				
		25.0%	of hd costs	$16,821,277
contingency		5.0%	of soft costs	$841,064
Subtotal Soft Costs		**$65.71**	**/sq. ft.**	**$17,662,341**
		26.25%	of hard costs	
		Total Constuction Cost		$84,947,451

CONSTRUCTION LOAN CALCULATION		
Interest Rate		5.00%
Const term (Months)		24
Rental term (months)		12
Construction Loan, DCR test	**1.25**	**$72,748,262**
Const. Loan, max of % of LTV test	**75%**	**$103,375,165**
Const. loan, min of DCR, cost and LTV tests		**$72,748,262**
Approved loan		**$59,463,215**
Loan-to-Cost		**62.63%**
Loan-to-Value		**43%**
Const. Period Drawdown Factor		55%
construction period interest		$3,270,477
rental period interest		$3,567,793
Interest		**$6,838,270**

PERMANENT FINANCING ASSUMPTIONS		
	DCR	**LTV**
Loan Amount	**$72,748,262**	**$59,463,215**
Perm. Interest Rate	**4.75%**	**4.75%**
Term (Years)	**30**	**30**
Debt-Coverage Ratio	**1.25**	
Stabilized NOI	**$5,857,926**	**$ 5,857,926**
CAP Rate		**4.25%**
Project Value		**$137,833,554**
Supportable Mort, min of DCR, % of cost or LTV		**$59,463,215**
Loan-to-Value		**43%**
Approved Loan Primary Debt Service		($3,758,637)
DCR		**1.56**
Value per Net Square Foot		**$513**

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 91,785,720
Const. loan, assume same as term loan	($59,463,215)
CASH EQUITY , const period	**$ 32,322,505**
Total Equity-to-Cost Ratio	**35.22%**
NET OPERATING INCOME, year one	**$ 4,984,773**
Term Loan debt service	($3,758,637)
NET CASH FLOW, year one	**$1,226,136**

PROFORMA - BUILDING 4 CONT'D

Assumption: Property Taxes are typically 19% of NOI and will be eliminated with use of the MULTE program	
Property Tax % of NOI	19.0%

Market Rate Units:

	# of units	SF	$/SF	Rent per unit	Mothly Rent	Annual Rent
Studio	49	575	$2.96	$1,700.00	$83,300.00	$999,600.00
One Bedroom	147.2	725	$3.10	$2,250.00	$331,200.00	$3,974,400.00
Two Bedroom	37	900	$3.22	$2,900.00	$106,720.00	$1,280,640.00
Three Bedroom	12	1,175	$3.32	$3,900.00	$46,800.00	$561,600.00
Gross Units	245					
Total Revenue					$568,020.00	$6,816,240.00

60% Units:

	# of units	SF	$/SF	Rent Per Unit	Total Rent Revenue	
Studio	12	575	$1.34	$772.00	$9,264.00	$111,168.00
One Bedroom	36.8	725	$1.14	$825.00	$30,360.00	$364,320.00
Two Bedroom	9	900	$1.10	$990.00	$9,108.00	$109,296.00
Three Bedroom	3	1,175	$0.97	$1,143.00	$3,429.00	$41,148.00
Gross Units	61					
Total Revenue					$52,161.00	$625,932.00

Total Rent Revenue	$620,181.00	
Total Annual Revenue		$7,442,172.00

Proforma - Building 4 cont'd

OPERATING PRO FORMA (PER YEAR)		
Property income		per year
Gross Parking Income		$477,000
(-) Vacancy	4.00%	($19,080)
Gross income after vacancy		$457,920
Gross residential income		**$7,442,172**
(-) Vacancy	5%	($372,109)
Gross income after vacancy		**$7,070,063**
before deduction expenses		
Parking	15%	$68,688.00
Residential	35%	($2,474,522)
Subtotal Expenses		**$2,543,210**
...per sq. ft.		($11.18)
Before MULTE Property Tax Deduction NOI Year 1	$	**4,984,773**
MULTE Tax deduction	$	**873,152.83**
Post Multi NOI	$	**5,857,926**

10 year proforma	3% revenue escalator
assume sell end of 10th year	3% expense escalator

TOTAL PROJECT COST	**per sq.ft.**	**$353.23**	**$ 94,947,451**

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)	$7,527,983	$7,753,823	$7,986,438	$8,226,031	$8,472,812	$8,726,996	$8,988,806
Expenses With MULTE Tax Deduction (see escalator above)	($1,670,057)	($1,720,159)	($1,771,764)	($1,824,917)	($1,879,664)	($1,936,054)	($1,994,136)
NOI	$5,857,926	$6,033,664	$6,214,674	$6,401,114	$6,593,147	$6,790,942	$6,994,670
Debt Service	($3,758,637)	($3,758,637)	($3,758,637)	($3,758,637)	($3,758,637)	($3,758,637)	($3,758,637)
NET CASH FLOW, after debt service	**$2,099,289**	**$2,275,026**	**$2,456,036**	**$2,642,477**	**$2,834,510**	**$3,032,304**	**$3,236,033**
DCR	**1.56**	**1.61**	**1.65**	**1.70**	**1.75**	**1.81**	**1.86**
PROJECT VALUE With a 4.25% CAP	$137,833,554	$141,968,560	$146,227,617	$150,614,446	$155,132,879	$159,786,866	$164,580,472
Value per sq.ft.	$513	$528	$544	$560	$577	$594	$612
GROSS SALES PROCEEDS YEAR 10 at 94% of value							$154,705,643
Less LOAN BALANCE							51,915,101
NET SALES PROCEEDS							102,790,542
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds							$106,026,575
Cash return to cash equity	**5.9%**	**7.0%**	**7.6%**	**8.2%**	**8.8%**	**9.4%**	**10.0%**

10 yr IRR	**13.8%**									
	(35,858,004)	(6,464,501)	1049644.33	2,099,289	2,275,026	2,456,036	2,642,477	2,834,510	3,032,304	106,026,575

Proforma - Building 4 cont'd

Union Park
Building One and Two: Retail and Office
Development Proforma
September 9, 2016

Proforma results	
Construction loan	$5,644,580
Const period cash equity required	$ 3,068,232
year one cash flow	$189,143
Year one DCR	1.48
Cash on cash 10 year IRR	11.0%
Return on Cost	6.7%

PROJECT FACTS:		
Gross SF	Total SF	
Retail	25,599	
Gross area	25,599	
Net Leasable	Net SF	
Retail	21,759.15	
Total leasable	21,759.15	
GROSS BUILDING AREA		25,599
TOTAL NET LEASABLE		21,759
Overall Efficiency		

INCOME TABLE - YEAR 1			
Retail	$2.67 /sq.ft/mo	$58,024	rent/mo.
Total gross rent		$58,024	

PROJECT COSTS			
Land Value		per sq.ft.	$ 1,000,000
Construction costs			
Construction Hard Costs - Retail	$180	/sq.ft.	$4,607,820
Tenant Improvements - Retail	$60	/sq.ft.	$1,535,940
Hard Cost Contingency	5.0%	of hd costs	$307,188
Total proforma construction hard costs			$6,450,948
Soft costs			
	25.0%	of hd costs	$1,535,940
contingency	5.0%	of soft costs	$76,797
Subtotal Soft Costs	$63.00 /sq. ft.		$1,612,737
	25.00% of hard costs		
	Total Construction Costs		$8,063,685

CONSTRUCTION LOAN CALCULATION	
Interest Rate	5.00%
Const term (Months)	24
Rental term (months)	12
Approved loan	$5,644,580
Loan-to-Cost	64.78%
Loan-to-Value	51%
Const. Period Drawdown Factor	55%
construction period interest	$310,452
rental period interest	$338,675
Construction Loan Cost	$649,127

PERMANENT FINANCING ASSUMPTIONS	DCR	LTV
Loan Amount	$5,644,580	$5,644,580
Perm. Interest Rate	4.75%	4.75%
Term (Years)	25	25
Debt-Coverage Ratio	1.25	
Stabilized NOI	$579,664	$ 579,664
CAP Rate		5.25%
Project Value		$11,041,214
Supportable Mort, min of DCR, % of cost or LTV		$5,644,580
Loan-to-Value		51%
Approved Loan Primary Debt Service		($390,521)
DCR		1.48
Value per Net Square Foot		$431

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 8,712,812
Const. loan, assume same as term loan	($5,644,580)
CASH EQUITY , const period	$ 3,068,232
Total Equity-to-Cost Ratio	64.78%
NET OPERATING INCOME, year one	$ 579,664
Term Loan debt service	($390,521)
NET CASH FLOW, year one	$189,143

Proforma - Building 4 cont'd

10 year proforma	3%	revenue escalator
assume sell end of year 10	3%	expense escalator
TOTAL PROJECT COST	**per sq.ft.** **$340.36**	**$ 8,712,812**

OPERATING PRO FORMA (PER YEAR)		
Property income	per month	per year
Retail	$58,024	$696,293
(-) Vacancy	10%	($69,629)
Gross income after vacancy	**$52,222**	**$626,664**
expenses		
Retail	7.5%	($47,000)
Subtotal Expenses		**$47,000**
...per sq. ft.		($2.16)
NET OPERATING INCOME Year one		**$ 579,664**

				YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)				$626,664	$645,463	$664,827	$684,772	$705,315	$726,475	$748,269
Expenses (see escalator above)				($47,000)	($48,410)	($49,862)	($51,358)	($52,899)	($54,486)	($56,120)
NOI				$579,664	$597,054	$614,965	$633,414	$652,417	$671,989	$692,149
Debt Service				($390,521)	($390,521)	($390,521)	($390,521)	($390,521)	($390,521)	($390,521)
NET CASH FLOW, after debt service				**$189,143**	**$206,533**	**$224,444**	**$242,893**	**$261,896**	**$281,468**	**$301,628**
DCR				**1.48**	**1.53**	**1.57**	**1.62**	**1.67**	**1.72**	**1.77**
PROJECT VALUE With 5.25% CAP				$11,041,214	$11,372,451	$11,713,624	$12,065,033	$12,426,984	$12,799,794	$13,183,787
Value per sq.ft.				$431	$444	$458	$471	$485	$500	$515
GROSS SALES PROCEEDS YEAR 10 at 94% of value										$12,392,760
Less LOAN BALANCE										$4,655,520
NET SALES PROCEEDS										$7,737,240
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds										$8,038,868
Cash return to cash equity				**6.2%**	**6.7%**	**7.3%**	**7.9%**	**8.5%**	**9.2%**	**9.8%**
10 yr IRR, based on land and total cash equity	**11.0%**									
	(3,454,586)	($613,646)	94571.407	189,143	206,533	224,444	242,893	261,896	281,468	8,038,868

Proforma - Building 5

Union Park
Building 5

Gross Sales Proceeds	$181,520,769.23
Closing Costs	$10,891,246.15
Net Sale Proceeds	**$170,629,523.08**

Condo Land Value $16,000,000.00

Unit Breakdown

Unit Type	Percentage of Bu	SF	Price Sold	$/SF	Amount of Units Calc	Gross Proceeds from Sale
Studio	20%	650	$450,000.00	$692.31	42	$18,900,000.00
1 bed	50%	800	$600,000.00	$750.00	105	$63,000,000.00
2 Bed	25%	1680	$1,197,538.46	$712.82	53	$62,870,769.23
3 Bed	5%	3000	$3,500,000.00	$1,166.67	11	$36,750,000.00
Average		1100				
Total				$750.00	210	**$181,520,769.23**

Constuction Costs

Column1	
Hard Costs	$85,498,960.00
Contingency	$4,274,948.00
Soft Costs	$31,420,867.80
Contingency	$1,571,043.39
Cost to Build	**$122,765,819.19**

CONSTRUCTION LOAN CALCULATION	
Interest Rate	5.00%
Const term (Months)	24
Rental Term (Months)	12
Approved loan	**$79,797,782**
Loan-to-Cost	**65.00%**
Const. Period Drawdown Factor	55%
construction period interest	$4,388,878
rental period interest	$4,787,867
Lending Cost	**$9,176,745**

Assumptions	Column1
Efficiency	27%
Average Unit	1,100
Average Unit	1,500
Avereage $/S	$750.00
Average Price	$825,000.00
Gross Area	314,716
Net Area	230,792
Units	210
Soft Cost % o	35%
Contingency	5%
Hard Cost/SF	250
Cost/SF Parki	120
Parking SF	56833
LTC on Const	65%

Total Project Cost	**$147,942,564.17**			
	Year 1	**Year 2**	**Year 3**	**Year 4**
Revenue			**$90,760,384.62**	**$90,760,384.62**
Expenses	**$52,185,225.21**	**$15,959,556.49**	**$79,797,782.47**	
Total	**$52,185,225.21**	**$15,959,556.49**	**$10,962,602.14**	**$90,760,384.62**

IRR	16.23%

Proforma - Building 5 cont'd

Union Park
Building One and Two: Retail and Office
Development Proforma
September 9, 2016

Proforma results	
Construction loan	$27,271,991
Const period cash equity required	$ 16,824,275
year one cash flow	$865,652
Year one DCR	1.45
Cash on cash 10 year IRR	11.4%
Return on Cash Stabilized	6.4%

PROJECT FACTS:				
Gross SF				
	Total SF			
Office	125,988			
Retail	13,443			
Gross area	**139,431**			
Net Leasable	Net SF			
Office	107,089.80			
Retail	11,426.55			
Total leasable	**118,516.35**			
GROSS BUILDING AREA				**139,431**
TOTAL NET LEASABLE				**118,516**
Overall Efficiency				
INCOME TABLE - YEAR 1				
Office	**$2.33** /sq.ft/mo	**$249,876**	rent/mo.	
Retail	**$2.67** /sq.ft/mo	**$30,471**	rent/mo.	
Total gross rent		**$280,347**		

PROJECT COSTS			
Land Value		**per sq.ft.**	**$ 2,000,000**
Construction costs			
Construction Hard Costs - Retail	$180	/sq.ft.	$2,419,740
Construction Hard Costs - Office	$180	/sq.ft.	$22,677,840
Tenant Improvements - Office	$30	/sq.ft.	$3,779,640
Tenant Improvements - Retail	$60	/sq.ft.	$806,580
Hard Cost Contingency	5.0%	of hd costs	$1,484,190
Total proforma construction hard costs			**$31,167,990**
Soft costs			
	25.0%	of hd costs	$7,420,950
contingency	5.0%	of soft costs	$371,048
Subtotal Soft Costs	**$55.88**	**/sq. ft.**	**$7,791,998**
	25.00%	of hard costs	
		Total Costs	**$38,959,988**

CONSTRUCTION LOAN CALCULATION	
Interest Rate	5.00%
Const term (Months)	24
Rental term (months)	12
Approved loan	**$27,271,991**
Loan-to-Cost	**61.85%**
Loan-to-Value	**51%**
Const. Period Drawdown Factor	55%
construction period interest	$1,499,960
rental period interest	$1,636,319
Construction Loan Cost	**$3,136,279**

PERMANENT FINANCING ASSUMPTIONS	DCR	LTV
Loan Amount	**$27,271,991**	**$27,271,991**
Perm. Interest Rate	**5.00%**	**5.00%**
Term (Years)	**25**	**25**
Debt-Coverage Ratio	**1.25**	
Stabilized NOI	**$2,800,667**	**$ 2,800,667**
CAP Rate		**5.25%**
Project Value		**$53,346,029**
Supportable Mort, min of DCR, % of cost or LTV		**$27,271,991**
Loan-to-Value		**51%**
Approved Loan Primary Debt Service		($1,935,015)
DCR		**1.45**
Value per Net Square Foot		**$383**

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 44,096,266
Const. loan, assume same as term loan	($27,271,991)
CASH EQUITY , const period	**$ 16,824,275**
Total Equity-to-Cost Ratio	**61.85%**
NET OPERATING INCOME, year one	**$ 2,800,667**
Term Loan debt service	($1,935,015)
NET CASH FLOW, year one	**$865,652**

Proforma - Building 5 cont'd

10 year proforma	3% revenue escalator	
assume sell end of year 10	3% expense escalator	
TOTAL PROJECT COST	per sq.ft. $316.26	$ 44,096,266

OPERATING PRO FORMA (PER YEAR)			
Property income	per month		per year
Office	$249,876		$2,998,514
(-) Vacancy	10%		($299,851)
Retail	$30,471		$365,650
(-) Vacancy	10%		($36,565)
Gross income after vacancy	$27,424		$3,027,748
expenses			
Office	7.5%	Per FT	($202,400)
Retail	7.5%		($24,681)
Subtotal Expenses			$227,081
...per sq. ft.			($1.92)
NET OPERATING INCOME Year one			$ 2,800,667

				YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)				$3,027,748	$3,118,580	$3,212,137	$3,308,502	$3,407,757	$3,509,989	$3,615,289
Expenses (see escalator above)				($227,081)	($233,894)	($240,910)	($248,138)	($255,582)	($263,249)	($271,147)
NOI				$2,800,667	$2,884,687	$2,971,227	$3,060,364	$3,152,175	$3,246,740	$3,344,142
Debt Service				($1,935,015)	($1,935,015)	($1,935,015)	($1,935,015)	($1,935,015)	($1,935,015)	($1,935,015)
NET CASH FLOW, after debt service				$865,652	$949,672	$1,036,212	$1,125,349	$1,217,160	$1,311,725	$1,409,128
DCR				1.45	1.49	1.54	1.58	1.63	1.68	1.73
PROJECT VALUE With 5.25% CAP				$53,346,029	$54,946,410	$56,594,802	$58,292,646	$60,041,426	$61,842,669	$63,697,949
Value per sq.ft.				$383	$394	$406	$418	$431	$444	$457
GROSS SALES PROCEEDS YEAR 10 at 94% of value										$59,876,071.69
Less LOAN BALANCE										22,619,523.60
NET SALES PROCEEDS										$37,256,548.09
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds										$38,665,675.60
Cash return to cash equity				5.1%	5.6%	6.2%	6.7%	7.2%	7.8%	8.4%
10 yr IRR, based on land and total cash equity	11.4%									
	$15,613,921.24	$3,210,354.00	$432,825.87	$865,651.74	$949,671.73	$1,036,212.33	$1,125,349.14	$1,217,160.06	$1,311,725.30	$38,665,675.60

PROFORMA - BUILDING 6

Union Park
Building 5

Gross Sales Proceed	$121,878,231
Closing Costs	$7,312,694
Net Sale Proceeds	**$114,565,537**

Condo Land Value	$11,000,000

Constuction Costs

Column1	
Hard Costs	$56,925,610
Contingency	$2,846,281
Soft Costs	$20,920,162
Contingency	$1,046,008
Cost to Build	**$81,738,060**

Unit Breakdown

Unit Type	Percentage of Bu	SF	Price Sold	$/SF	Amount of Units Calc	Gross Proceeds from Sale
Studio	20%	650	$450,000	$692	28.2	$12,690,000
1 bed	50%	800	$600,000	$750	70.5	$42,300,000
2 Bed	25%	1680	$1,197,538	$713	35	$42,213,231
3 Bed	5%	3000	$3,500,000	$1,167	7	$24,675,000
Average		1100				
Total				$750	141	**$121,878,231**

CONSTRUCTION LOAN CALCULATION	
Interest Rate	5.00%
Const term (Months)	24
Rental Term (Months)	12
Approved loan	**$53,129,739**
Loan-to-Cost	**65.00%**
Const. Period Drawdown Factor	55%
construction period interest	$2,922,136
rental period interest	$3,187,784
Lending Cost	**$6,109,920**

Assumptions	Column1
Common Area	27%
Average Unit Size	1,100
Average Unit Size	1,500
Avereage $/SF Sc	$750.00
Average Price	$825,000.00
Gross Area	211,393
Net Area	155,022
Units	141
Soft Cost % of HC	35%
Contingency per	5%
Hard Cost/SF Res	250
Cost/SF Parking	120
Parking SF	33978
LTC on Construct	65%

Total Project Cost	**$98,847,980**

	Year 1	Year 2	Year 3	Year 4
Revenue			$60,939,115	$60,939,115
Expenses	$35,092,293	$10,625,948	$53,129,739	
Total	$35,092,293	$10,625,948	$7,809,376	$60,939,115

IRR	16.58%

Proforma - Building 6 cont'd

Union Park
Building One and Two: Retail and Office
Development Proforma
September 9, 2016

Proforma results	
Construction loan	$77,798,684
Const period cash equity required	$ 42,289,142
year one cash flow	$2,469,441
Year one DCR	1.45
Cash on cash 10 year IRR	13.2%
Stabilized Cash on Cash	6.7%

PROJECT FACTS:			
Gross SF			
	Total SF		
Office	380,964		
Retail	19,485		
Gross area	**400,449**		
Net Leasable	Net SF		
Office	323,819.40		
Retail	16,562.25		
Total leasable	**340,381.65**		
GROSS BUILDING AREA			**400,449**
TOTAL NET LEASABLE			**340,382**
Overall Efficiency			

INCOME TABLE - YEAR 1			
Office	**$2.33** /sq.ft/mo	**$755,579**	rent/mo.
Retail	**$2.67** /sq.ft/mo	**$44,166**	rent/mo.
Total gross rent		**$799,745**	

PROJECT COSTS

Land Value		**per sq.ft.**	**$ 5,000,000**
Construction costs			
Construction Hard Costs - Retail	$180	/sq.ft.	$3,507,300
Construction Hard Costs - Office	$180	/sq.ft.	$68,573,520
Tenant Improvements - Office	$30	/sq.ft.	$11,428,920
Tenant Improvements - Retail	$60	/sq.ft.	$1,169,100
Hard Cost Contingency	5.0%	of hd costs	$4,233,942
Total proforma construction hard costs			**$88,912,782**
Soft costs			
	25.0%	of hd costs	$21,169,710
contingency	5.0%	of soft costs	$1,058,486
Subtotal Soft Costs	**$55.51 /sq. ft.**		**$22,228,196**
	25.00% of hard costs		
		Total Construction Costs	**$111,140,978**

CONSTRUCTION LOAN CALCULATION	
Interest Rate	5.00%
Const term (Months)	24
Rental term (months)	12
Approved loan	**$77,798,684**
Loan-to-Cost	**64.78%**
Loan-to-Value	**51%**
Const. Period Drawdown Factor	55%
construction period interest	$4,278,928
rental period interest	$4,667,921
Construction Loan Cost	**$8,946,849**

PERMANENT FINANCING ASSUMPTIONS	DCR	LTV
Loan Amount	**$77,798,684**	**$77,798,684**
Perm. Interest Rate	**5.00%**	**5.00%**
Term (Years)	**25**	**25**
Debt-Coverage Ratio	**1.25**	
Stabilized NOI	**$7,989,449**	**$ 7,989,449**
CAP Rate		**5.25%**
Project Value		**$152,179,972**
Supportable Mort, min of DCR, % of cost or LTV		**$77,798,684**
Loan-to-Value		**51%**
Approved Loan Primary Debt Service		($5,520,008)
DCR		**1.45**
Value per Net Square Foot		**$380**

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 120,087,826
Const. loan, assume same as term loan	($77,798,684)
CASH EQUITY , const period	**$ 42,289,142**
Total Equity-to-Cost Ratio	**64.78%**
NET OPERATING INCOME, year one	**$ 7,989,449**
Term Loan debt service	($5,520,008)
NET CASH FLOW, year one	**$2,469,441**

PROFORMA - BUILDING 6 CONT'D

OPERATING PRO FORMA (PER YEAR)			
Property income	per month		per year
Office	$755,579		$9,066,943
(-) Vacancy	10%		($906,694)
Retail	$44,166		$529,992
(-) Vacancy	10%		($52,999)
Gross income after vacancy	$39,749		$8,637,242
expenses			
Office	7.5%	Per FT	($612,019)
Retail	7.5%		($35,774)
Subtotal Expenses			$647,793
...per sq. ft.			($1.90)
NET OPERATING INCOME Year one			$ 7,989,449

10 year proforma	3%	revenue escalator
assume sell end of year 10	3%	expense escalator

TOTAL PROJECT COST	per sq.ft.	$299.88	$ 120,087,826

				YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)				$8,637,242	$8,896,359	$9,163,250	$9,438,147	$9,721,292	$10,012,930	$10,313,318
Expenses (see escalator above)				($647,793)	($667,227)	($687,244)	($707,861)	($729,097)	($750,970)	($773,499)
NOI				$7,989,449	$8,229,132	$8,476,006	$8,730,286	$8,992,195	$9,261,961	$9,539,819
Debt Service				($5,520,008)	($5,520,008)	($5,520,008)	($5,520,008)	($5,520,008)	($5,520,008)	($5,520,008)
NET CASH FLOW, after debt service				$2,469,441	$2,709,124	$2,955,998	$3,210,278	$3,472,187	$3,741,953	$4,019,812
DCR				1.45	1.49	1.54	1.58	1.63	1.68	1.73
PROJECT VALUE With 5.25% CAP				$152,179,972	$156,745,372	$161,447,733	$166,291,165	$171,279,900	$176,418,297	$181,710,846
Value per sq.ft.				$380	$391	$403	$415	$428	$441	$454
GROSS SALES PROCEEDS YEAR 10 at 94% of value										$170,808,194.86
Less LOAN BALANCE										64,526,611.14
NET SALES PROCEEDS										$106,281,583.72
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds										$110,301,395.29
Cash return to cash equity				5.8%	6.4%	7.0%	7.6%	8.2%	8.8%	9.5%
10 yr IRR, based on land and total cash equity	13.2%									
	(38,470,528)	($8,818,614)	1,234,720	2,469,441	2,709,124	2,955,998	3,210,278	3,472,187	3,741,953	110,301,395

Proforma - Building 7

Union Park		**Proforma results**	
Building One and Two: Residential		**Construction loan**	**$75,861,961**
Development Proforma		**Const period cash equity required**	**$ 59,572,874**
September 9, 2016		**year one cash flow**	**$3,287,055**
		Year one DCR	**1.69**
		Cash on cash 10 year IRR	**14.3%**
		Return on Cost	**5.97%**

PROJECT FACTS:				
Site Area				**40,000**
Number of stories	**Units**	SF		**22**
Studio	85	575	sq.ft	
One Bedroom	255	725	sq.ft	
Two Bedroom	64	900	sq.ft	
Three Bedroom	21	1,175	sq.ft	
Gross area	425			**372,000**
FAR				9.30
Net Leasable				
Studio	85	575	sq.ft	**48,875**
One Bedroom	255	725	sq.ft	**184,875**
Two Bedroom	64	900	sq.ft	**57,600**
Three Bedroom	21	1,175	sq.ft	**24,675**
Total leasable				**316,025**

Parking	All Parking in building rented through	
Parking SF	45377	
Cost/SF	$136.68	
Park Spaces Provided	332	
Rent Per month per space	$150.00	
Cost to build parking	$6,202,024.48	
Gross Yearly Rent	$597,600.00	

GROSS BUILDING AREA	**372,000**
TOTAL NET LEASABLE	**316,025**
Overall Efficiency	85%

INCOME TABLE - Martet Rate Pricing

Studio	**$2.96**	/ sq.ft./mo	**$1,700**	rent/mo.
One Bedroom	**$3.10**	/ sq.ft./mo	**$2,250**	rent/mo.
Two Bedroom	**$3.22**	/ sq.ft./mo	**$2,900**	rent/mo.
Three Bedroom	**$3.32**	/ sq.ft./mo	**$3,900**	rent/mo.
Total gross rent with affordable units	**$3.15**		**$861,272**	rent/mo.

PROJECT COSTS			
Land Value	**$250.00**	**per sq.ft.**	**$ 10,000,000**
Construction costs			
Construction Hard Costs- Residential/Parking	$220	/sq.ft.	$88,042,024
Hard Cost Contingency	5.0%	of hd costs	$4,402,101
Total proforma construction hard costs	$9,940,229	sq.ft.	**$92,444,126**
Soft costs			
	25.0%	of hd costs	$23,111,031
contingency	5.0%	of soft costs	$1,155,552
Subtotal Soft Costs	**$65.23**	**/sq. ft.**	**$24,266,583**
	26.25%	of hard costs	
		Total Constuction	$116,710,709

CONSTRUCTION LOAN CALCULATION		
Interest Rate		5.00%
Const term (Months)		24
Rental term (months)		12
Construction Loan, DCR test	**1.25**	**$100,371,621**
Const. Loan, max of % of LTV test	**75%**	**$142,627,914**
Const. loan, min of DCR, cost and LTV tests		**$100,371,621**
Approved loan		**$75,861,961**
Loan-to-Cost		**56.01%**
Loan-to-Value		**40%**
Const. Period Drawdown Factor		55%
construction period interest		$4,172,408
rental period interest		$4,551,718
Interest		**$8,724,125**

PERMANENT FINANCING ASSUMPTIONS		
	DCR	**LTV**
Loan Amount	**$100,371,621**	**$75,861,961**
Perm. Interest Rate	**4.75%**	**4.75%**
Term (Years)	**30**	**30**
Debt-Coverage Ratio	**1.25**	
Stabilized NOI	**$8,082,248**	**$ 8,082,248**
CAP Rate		**4.25%**
Project Value		**$190,170,552**
Supportable Mort, min of DCR, % of cost or LTV		**$75,861,961**
Loan-to-Value		**40%**
Approved Loan Primary Debt Service		($4,795,193)
DCR		**1.69**
Value per Net Square Foot		**$511**

EQUITY & CASH FLOW CALCULATION	
TOTAL DEVELOPMENT COST	$ 135,434,834
Const. loan, assume same as term loan	($75,861,961)
CASH EQUITY , const period	**$ 59,572,874**
Total Equity-to-Cost Ratio	**43.99%**
NET OPERATING INCOME, year one	**$ 6,869,664**
Term Loan debt service	($4,795,193)
NET CASH FLOW, year one	**$2,074,471**

Proforma - Building 7 cont'd

Assumption: Property Taxes are typically 19% of NOI and will be eliminated with use of the MULTE program

Property Tax % of NOI	19.0%

Market Rate Units:

	# of units	SF	$/SF	Rent per unit	Total Rent Rev Monthy	Total Rent Revenue Yearly
Studio	68	575	$2.96	$1,700.00	$115,600.00	$1,387,200.00
One Bedroom	204	725	$3.10	$2,250.00	$459,000.00	$5,508,000.00
Two Bedroom	51	900	$3.22	$2,900.00	$148,480.00	$1,781,760.00
Three Bedroom	17	1,175	$3.32	$3,900.00	$65,520.00	$786,240.00
Gross Units	340					
Total Revenue					$788,600.00	$9,463,200.00

60% Units:

	# of units	SF	$/SF	Rent Per Unit	Total Rent Revenue	
Studio	17	575	$1.34	$772.00	$13,124.00	$157,488.00
One Bedroom	51	725	$1.14	$825.00	$42,075.00	$504,900.00
Two Bedroom	13	900	$1.10	$990.00	$12,672.00	$152,064.00
Three Bedroom	4	1175	$0.97	$1,143.00	$4,800.60	$57,607.20
Gross Units	85					
Total Revenue					$72,671.60	$872,059.20

Total Rent Reve	$861,271.60	
Total Annual Revenue		$10,335,259.20

PROFORMA - BUILDING 7 CONT'D

10 year proforma	3% revenue escalator	
assume sell end of year 10	3% expense escalator	
TOTAL PROJECT COST	per sq.ft. $364.07	$ 135,434,834

OPERATING PRO FORMA (PER YEAR)		
Property income		per year
Gross Parking Income		$597,600
(-) Vacancy	4.00%	($23,904)
Gross income after vacancy		$573,696
Gross residential income		$10,335,259
(-) Vacancy	5%	($516,763)
Gross income after vacancy		$9,818,496
before deduction expenses		
Parking	15%	$86,054.40
Residential	35%	($3,436,474)
Subtotal Expenses		$3,522,528
...per sq. ft.		($11.15)
Before MULTE Property Tax Deduction NOI Year 1	$	6,869,664
MULTE Tax deduction	$	1,212,584
Post Multi NOI	$	8,082,248

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
Revenue (see escalator above)	$10,392,192	$10,703,958	$11,025,077	$11,355,829	$11,696,504	$12,047,399	$12,408,821
Expenses After MULTE Tax Deduction (see escalator above)	($2,309,944)	($2,379,242)	($2,450,619)	($2,524,138)	($2,599,862)	($2,677,858)	($2,758,194)
NOI	$8,082,248	$8,324,716	$8,574,457	$8,831,691	$9,096,642	$9,369,541	$9,650,627
Debt Service	($4,795,193)	($4,795,193)	($4,795,193)	($4,795,193)	($4,795,193)	($4,795,193)	($4,795,193)
NET CASH FLOW, after debt service	$3,287,055	$3,529,523	$3,779,264	$4,036,498	$4,301,449	$4,574,348	$4,855,434
DCR	1.69	1.74	1.79	1.84	1.90	1.95	2.01
PROJECT VALUE With 4.25% CAP	$190,170,552	$195,875,668	$201,751,938	$207,804,496	$214,038,631	$220,459,790	$227,073,584
Value per sq.ft.	$511	$527	$542	$559	$575	$593	$610
GROSS SALES PROCEEDS YEAR 10 at 94% of value							$213,449,169
Less LOAN BALANCE							$66,232,230
NET SALES PROCEEDS							$147,216,939
TOTAL NET EQUITY AFTER SALE, year 10 cash flow plus net sale proceeds							$152,072,374
Cash return to cash equity	6.9%	5.9%	6.3%	6.8%	7.2%	7.7%	8.2%

10 yr IRR	14.3%									
	(47,658,299)	(11,914,575)	1,643,528	3,287,055	3,529,523	3,779,264	4,036,498	4,301,449	4,574,348	152,072,374

Proforma - Building 7 cont'd

Union Park
Building One and Two: Retail and Office
Development Proforma
September 9, 2016

Proforma results	
Construction loan	$4,012,281
Const period cash equity required	$ 2,621,871
year one cash flow	$166,142
Year one DCR	1.60
Cash on cash 10 year IRR	14.4%
Return on Cost	6.7%

PROJECT FACTS:

Gross SF	Total SF
Retail	19,596
Gross area	19,596

Net Leasable	Net SF
Retail	16,657
Total leasable	16,657

GROSS BUILDING AREA	19,596
TOTAL NET LEASABLE	16,657
Overall Efficiency	

INCOME TABLE - YEAR 1			
Retail	$2.67 /sq.ft/mo	$44,418	rent/mo.
Total gross rent		$44,418	

PROJECT COSTS

Land Value		per sq.ft.	$ -

Construction costs			
Construction Hard Costs - Retail	$180	/sq.ft.	$3,527,280
Tenant Improvements - Retail	$60	/sq.ft.	$1,175,760
Hard Cost Contingency	5.0%	of hd costs	$235,152
Total proforma construction hard costs			$4,938,192

Soft costs			
	25.0%	of hd costs	$1,175,760
contingency	5.0%	of soft costs	$58,788
Subtotal Soft Costs	$63.00	/sq. ft.	$1,234,548
	25.00%	of hard costs	
		Total Construction Costs	$6,172,740

CONSTRUCTION LOAN CALCULATION

Interest Rate	5.00%
Const term (Months)	24
Rental term (months)	12
Approved loan	$4,012,281
Loan-to-Cost	60.48%
Loan-to-Value	47%
Const. Period Drawdown Factor	55%
construction period interest	$220,675
rental period interest	$240,737
Construction Loan Cost	$461,412

PERMANENT FINANCING ASSUMPTIONS

	DCR	LTV
Loan Amount	$4,012,281	$4,012,281
Perm. Interest Rate	4.75%	4.75%
Term (Years)	25	25
Debt-Coverage Ratio	1.25	
Stabilized NOI	$443,732	$ 443,732
CAP Rate		5.25%
Project Value		$8,452,035
Supportable Mort, min of DCR, % of cost or LTV		$4,012,281
Loan-to-Value		47%
Approved Loan Primary Debt Service		($277,590)
DCR		1.60
Value per Net Square Foot		$431

EQUITY & CASH FLOW CALCULATION

TOTAL DEVELOPMENT COST	$ 6,634,152
Const. loan, assume same as term loan	($4,012,281)
CASH EQUITY , const period	$ 2,621,871
Total Equity-to-Cost Ratio	60.48%
NET OPERATING INCOME, year one	$ 443,732
Term Loan debt service	($277,590)
NET CASH FLOW, year one	$166,142

PROFORMA - BUILDING 7 CONT'D

OPERATING PRO FORMA (PER YEAR)		
Property income	per month	per year
Retail	$44,418	$533,011
(-) Vacancy	10%	($53,301)
Gross income after vacancy	**$39,976**	**$479,710**
expenses		
Retail	7.5%	($35,978)
Subtotal Expenses		**$35,978**
...per sq. ft.		($2.16)
NET OPERATING INCOME Year one		**$ 443,732**

0	3% revenue escalator
	3% expense escalator
per sq.ft.	**$338.55**
	$ 6,634,152

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7
bove)	$479,710	$494,101	$508,924	$524,192	$539,918	$556,115	$572,799
ıbove)	($35,978)	($37,058)	($38,169)	($39,314)	($40,494)	($41,709)	($42,960)
	$443,732	$457,044	$470,755	$484,878	$499,424	$514,407	$529,839
	($277,590)	($277,590)	($277,590)	($277,590)	($277,590)	($277,590)	($277,590)
ebt service	**$166,142**	**$179,454**	**$193,165**	**$207,288**	**$221,834**	**$236,817**	**$252,249**
	1.60	**1.65**	**1.70**	**1.75**	**1.80**	**1.85**	**1.91**
5% CAP	$8,452,035	$8,705,596	$8,966,764	$9,235,767	$9,512,840	$9,798,225	$10,092,171
	$431	$444	$458	$471	$485	$500	$515
YEAR 10 at 94% of value							**$9,486,641**
							$3,290,303
							$6,196,338
R SALE, year 10 cash flow plus net sale proceeds							**$6,448,587**
y	**6.3%**	**6.8%**	**7.4%**	**7.9%**	**8.5%**	**9.0%**	**9.6%**

Proforma - Building 8 (Affordable Housing)

Affordable Building

Construction Costs to build	
Hard Cost	$89,244,129.86
Soft Costs	$22,311,032.47
Estimated Cost	$111,555,162.33
Contingency	$5,577,758.12
Total Costs to dev	**$117,132,920.44**

LIHTC Info	
Eligible Basis Hard Cost	$77,820,380.00
Soft Costs	$19,455,095.00
Estimated Eligible	$97,275,475.00
Contingency	$4,863,773.75
Total Residential Costs	**$102,139,248.75**
Retail Hard Cost	$14,993,671.69

Land Given to the project	$0.00

Constuction Assumptions	
Units	404
Residential Hard Cost per sq. ft	$220.00
Retail Shell Hard Cost per SF	$180.00
Retail Tis per SF	$60.00
Contingency Per Cost Type	5%
Soft Cost Percentage of HC	25%
Parking Cost per SF	$136.59
Parking SF	38654
Parking Spaces	283

Affordable Building Make up costs	
Unit Construction	$220.00
Building Efficiency	30%

PROFORMA - BUILDING 8 (AFFORDABLE HOUSING) CONT'D

Total Units	**404**

Unit Rent Breakdown: 60% AMI

Type	Unit Rent	Total Revenue	**Unit Breakdown**	**Actual Number of Units**
Studio	$771.00	$25,386.08	**4**	**33**
1 bedroom	$825.00	$217,312.73	**35**	**263**
2 bedroom	$990.00	$32,596.91	**4**	**33**

Total Revenue from 60% AMI	$275,295.72
Total Monthly Revenue from rent	$411,598.84

Total Yearly Rev from Apartment	**$4,939,186.13**
Rev from parking	**$313,200.00**
Rev from Retail	**$115,200.00**
Total Annual Rev	**$5,367,586.13**

Unit Rent Breakdown: 30% AMI

Type	Unit Rent	Total Revenue	**Unit Breakdown**	**Actual Number of Units**
Studio	$385.00	$2,887.50	36	7
1 bed	$412.00	$24,720.00	289	61
2 bed	$495.00	$3,712.50	36	7
		$31,320.00		

Market Rent	Unit Rent	Total Revenue	Actual Unit Count	Amount Subsidized by HF per unit	Total Annual Subsidy
Studio	$1,340	$9,379.83	7	$954.98	$6,684.83
1 bed	$1,817	$110,859.88	61	$1,405.38	$85,727.88
2 bed	$2,295	$16,063.43	7	$1,799.78	$12,598.43
	Rev from HF	**$136,303.13**		**Annual Subsidy pain by HF**	**$105,011.13**

Proforma - Building 8 (Affordable Housing) cont'd

Unit Description

Type of Unit	Percentage of Unit Type	Unit Sizes	Amount Total
Studio	10%	432	40
1 bedroom	80%	586	323
2 bedroom	10%	740	40

Assumptions	
Percentage of total Affordable Units at 30% AMI	10%
Units at 30% AMI in Building	75
Units at 60% AMI in building	329
Percentage of Units at 30% AMI in building	18.6%
Percentage of Units at 60% AMI in building	81.4%
Gross SF	875
Building Efficiency residential	33%
Net SF Unit Average	586
Building Efficiency Retail	15%
Total Retail space	3840
NNN rent	$30.00
Market Rent/SF	$3.10
Rent Per Parking Space	150
Number of Spaces	174
Total Retail Space SF	25600

Proforma - Building 8 (Affordable Housing) cont'd

Eligible Amount	$91,925,323.88
Developer Fee	$5,106,962.44
Eligible Total	**$97,032,286.31**

	Assumptions
Ineligible % of Cost	10%
Developer fee %	5%
Cap for Annual 9% Credits	$942,336.10
0-30% units subsidized by Home Forward	

Condo 1: 9% Credit	
Percentage of Cost	11%
Amount funded by LIHTC	$10,470,401.11
Annual Credits	$942,336.10
10 years	$9,423,361.00
Limited Partner	$9,422,418.66
Equity Price	$1.15
Total Equity	**$10,835,781.46**
Units	44

Condo 2: 4% Credit	
Percentage of Cost	89%
Amount funded by LIHTC	$86,561,885.20
Annual Credits	$2,769,980.33
10 years	$27,699,803.26
Limited Partner	$27,697,033.28
Equity Price	$1.15
Total Equity	**$31,851,588.28**
Units	361

Proforma - Building 8 (Affordable Housing) cont'd

LIHTC Equity for Condo #1	$10,835,781.46
LIHTC Equity for Condo #2	$31,851,588.28
Additional Equity Contribution	$43,638,012.10
Permanent Financing	$30,807,538.61
Total	**$117,132,920.44**

Years	40
Interest Rate	4.00%
Payment	-$1,556,504.35
Loan Amount	$30,807,538.61

Uses	
Hard Costs	
Land	$0.00
Site Work	$2,000,000.00
New Construction Hard Cost	$82,881,923.37
Contingency	$4,362,206.49
Subtotal	***$89,244,129.86***

Additional Equity Contribution	
PHB funds for site	$5,500,000.00
Remaining Gap	**$38,138,012.10**
Gap financing per unit	$108,014.88

Soft Costs	
Architecture and engineering	$2,000,000.00
Survey, permis, environmental	$1,000,000.00
Borrower and investor legal	$1,000,000.00
Title and recording	$500,000.00
Insurance, appraisal, relocation fees	$500,000.00
Soft cost contingency	$1,394,439.53
Budgeted interest - eligible	$2,000,000.00
Budgeted interest - ineligible	$1,000,000.00
Construction period financing - eligibl	$2,000,000.00
Interim financing - ineligible	$100,000.00
Bond fees - eligible	$1,000,000.00
Bond fees - ineligible	$1,000,000.00
Operating reserve	$2,000,000.00
Capitalized replacement reserve	$2,000,000.00
Miscellaneous	$5,287,388.61
Developer Fee	$5,106,962.44
Subtotal	$27,888,790.58
Total	$117,132,920.44

Proforma - Building 8 (Affordable Housing) cont'd

Net Operating Income, Cash Flow, DCR

YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME															
Gross rental income	$4,939,186	$5,037,970	$5,138,729	$5,241,504	$5,346,334	$5,453,261	$5,562,326	$5,673,572	$5,787,044	$5,902,785	$6,020,840	$6,141,257	$6,264,082	$6,389,364	$6,517,151
Rental vacancy, 5%	$246,959	$251,898	$256,936	$262,075	$267,317	$272,663	$278,116	$283,679	$289,352	$295,139	$301,042	$307,063	$313,204	$319,468	$325,858
Parking income	$313,200	$319,464	$325,853	$332,370	$339,018	$345,798	$352,714	$359,768	$366,964	$374,303	$381,789	$389,425	$397,213	$405,158	$413,261
Less Parking Vacancy, 4%	$12,528	$12,779	$13,034	$13,295	$13,561	$13,832	$14,109	$14,391	$14,679	$14,972	$15,272	$15,577	$15,889	$16,206	$16,530
Commercial income	$115,200	$117,504	$119,854	$122,251	$124,696	$127,190	$129,734	$132,329	$134,975	$137,675	$140,428	$143,237	$146,101	$149,023	$152,004
Less commerial vacancy, 10%	$11,520	$11,750	$11,985	$12,225	$12,470	$12,719	$12,973	$13,233	$13,498	$13,767	$14,043	$14,324	$14,610	$14,902	$15,200
EFFECTIVE GROSS INCOME	$5,121,635	$5,224,068	$5,328,549	$5,435,120	$5,543,822	$5,654,699	$5,767,793	$5,883,149	$6,000,811	$6,120,828	$6,243,244	$6,368,109	$6,495,471	$6,625,381	$6,757,888
OPERATING EXPENSES															
Property insurance	$150,000	$154,500	$159,135	$163,909	$168,826	$173,891	$179,108	$184,481	$190,016	$195,716	$201,587	$207,635	$213,864	$220,280	$226,888
Real estate taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Utilities	$450,000	$463,500	$477,405	$491,727	$506,479	$521,673	$537,324	$553,443	$570,047	$587,148	$604,762	$622,905	$641,592	$660,840	$680,665
Management fee	$250,000	$257,500	$265,225	$273,182	$281,377	$289,819	$298,513	$307,468	$316,693	$326,193	$335,979	$346,058	$356,440	$367,133	$378,147
General and administrative	$200,000	$206,000	$212,180	$218,545	$225,102	$231,855	$238,810	$245,975	$253,354	$260,955	$268,783	$276,847	$285,152	$293,707	$302,518
Payroll - maintenance	$150,000	$154,500	$159,135	$163,909	$168,826	$173,891	$179,108	$184,481	$190,016	$195,716	$201,587	$207,635	$213,864	$220,280	$226,888
Services	$75,000	$77,250	$79,568	$81,955	$84,413	$86,946	$89,554	$92,241	$95,008	$97,858	$100,794	$103,818	$106,932	$110,140	$113,444
Repairs and maintenance	$200,000	$206,000	$212,180	$218,545	$225,102	$231,855	$238,810	$245,975	$253,354	$260,955	$268,783	$276,847	$285,152	$293,707	$302,518
Parking	$46,980	$47,920	$48,878	$49,856	$50,853	$51,870	$52,907	$53,965	$55,045	$56,145	$57,268	$58,414	$59,582	$60,774	$61,989
Other	$389,980	$401,679	$413,730	$426,142	$438,926	$452,094	$465,657	$479,626	$494,015	$508,835	$524,101	$539,824	$556,018	$572,699	$589,880
TOTAL OPERATING EXPENSES	$1,864,980	$1,968,849	$2,027,914	$2,088,752	$2,151,414	$2,215,957	$2,282,436	$2,350,909	$2,421,436	$2,494,079	$2,568,901	$2,645,968	$2,725,347	$2,807,108	$2,891,321
Replacement reserves	$75,000	$77,250	$79,568	$81,955	$84,413	$86,946	$89,554	$92,241	$95,008	$97,858	$100,794	$103,818	$106,932	$110,140	$113,444
NET OPERATING INCOME	$1,789,980	$1,843,679	$1,898,990	$1,955,959	$2,014,638	$2,075,077	$2,137,330	$2,201,450	$2,267,493	$2,335,518	$2,405,583	$2,477,751	$2,552,083	$2,628,646	$2,707,505
DEBT SERVICE															
Permanent Mortgage - Tax Exempt	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504	$1,556,504
CASH FLOW	**$233,476**	**$287,175**	**$342,485**	**$399,455**	**$458,134**	**$518,573**	**$580,825**	**$644,945**	**$710,989**	**$779,014**	**$849,079**	**$921,247**	**$995,579**	**$1,072,142**	**$1,151,001**
DCR	1.15	1.18	1.22	1.26	1.29	1.33	1.37	1.41	1.46	1.50	1.55	1.59	1.64	1.69	1.74
Per unit average rents	$758.46														
Per unit average expenses	$384.69														

Permanent Mortgage Terms:
40 year amortization, 4.5 % interest (tax exempt), rents underwritten at max tax credit rents by unit type and income levels.

Appendix 6:

Plinth Cash Flow

	Plinthe					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Annual Net Revenue		1,216,800	1,253,304	1,290,903	1,329,630	1,369,519
Cost of Construction	$ (23,660,000)					
Cash Flow	$ (23,660,000)	$ 1,216,800	$ 1,253,304	$ 1,290,903	$ 1,329,630	$ 1,369,519
Stabilized Return on Cost Year 1	5%					

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Annual Net Revenue	1,410,605	1,452,923	1,496,511	1,541,406	1,587,648	1,635,277
Cost of Construction	$ (3,500,000)					
Cash Flow	$ (2,089,395)	$ 1,452,923	$ 1,496,511	$ 1,541,406	$ 1,587,648	$ 1,635,277
Stabilized Return on Cost Year 1						

PDC Sources & Uses Assumptions

Assumptions	
Plinth Spaces	776
Cost per Space Plinth	$ 35,000
Plaza Square Footage	20,000
Cost per Square Foot Plaza	$ 250
Block Y Square Footage	10,400
Woonerf Square Footage	80,000
Woonerf Cost per Foot	$ 250
Park Blocks Square Footage	65,000
Cost of Park Blocks	$ 150
Net Plinth Space per Month	$ 150
Net Monthly Plinth Revenue	$1,396,800
5 Year Plinth Net Revenue	$6,984,000
Developer Fee	1.5%

Appendix 7:

Consultants

PNC

BRIDGE Housing

debbiethomas

GUARDIAN
REAL ESTATE SERVICES LLC

MACKENZIE.

HOFFMAN

JOHNSON
ECONOMICS

HFF

HOYT.

MILL CREEK
RESIDENTIAL

TMT DEVELOPMENT

PACTRUST
Pacific Realty Associates, L.P.

CITY OF PORTLAND OREGON 1851
Portland
Housing
Bureau

SKANSKA

Appendix 8:

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