

Summer 2017

# God-Willing Development Plan, Willing Company & St. Michael the Archangel Blocks

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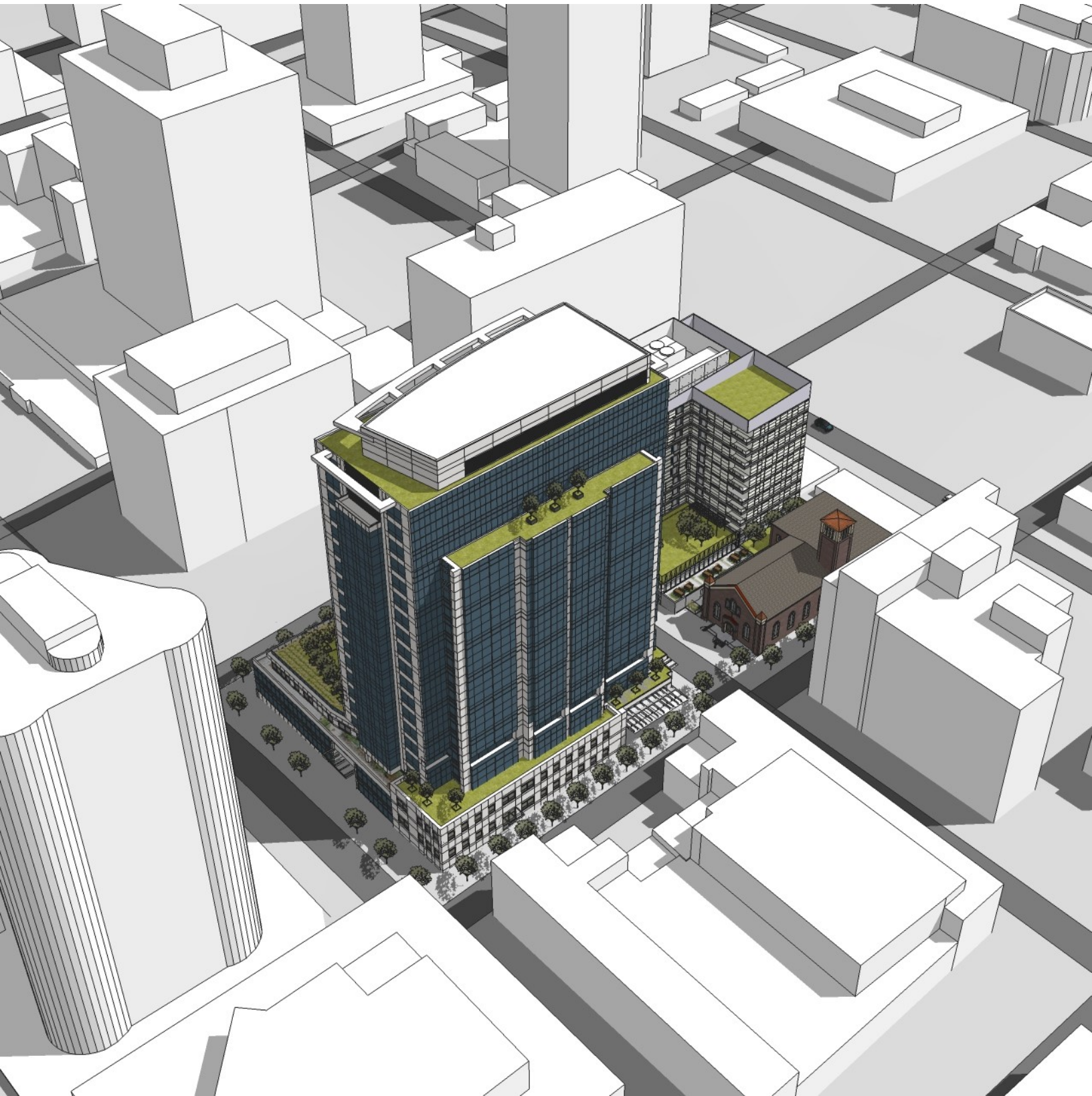
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**Authors**

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# God-Willing Development Plan

Willing Company & St. Michael the Archangel Blocks



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# Introduction

This development plan is the product of the Real Estate Development Workshop and represents the culmination of all knowledge gained by the authors while students in the Master of Real Estate Development program at Portland State University. Three months of work involving research, expert consultations, and extensive discussion were performed to determine the best use for two subject parcels in Downtown Portland.



# The Team



## Paul Hutchins

Paul has a bachelor's degree in Business Management and Leadership from Portland State University. He worked for 15 years in the information technology sector in the Silicon Valley of California and in the Portland Metro area. He is now the principal of Hutchins Development Holdings LLC, and is expected to graduate at the end of Summer 2017.



## Daniel Mandel

Dan has a bachelor's degree from Queens College in New York, where he studied Sociology and Business Administration. He has ten years experience managing an automotive parts warehouse distributor in NY. He is currently enrolled full-time in the MRED program and is an Oregon-licensed real estate broker. Dan is also expected to graduate at the end of this Summer, and is currently seeking new career opportunities in commercial development.



## Dawson Marchant

Dawson has bachelor's degree from the University of Colorado, Boulder where he studied Film and Business Administration. After graduation, he worked in bar and restaurant management and spent summers commercial fishing in Alaska. Looking for a career change, Dawson enrolled in the MRED program full-time and is expected to graduate this summer.



## Scott Miller

Scott has two bachelor's degrees from George Mason University, one in Communication with a concentration in Public Relations and the other in French. He is a career changer, previously working in retail management. After moving to Portland a year ago specifically to pursue the MRED program full-time, he is excited to embark upon this new path in the field of commercial real estate.



## Ryan Sturley

Ryan is a Development Manager at College Housing Northwest with five years experience in student housing development, asset management, leasing and marketing. He has a bachelor's degree from Southern Illinois University Edwardsville, where he studied Music Business and Jazz Guitar Performance. Ryan is expecting to graduate from the MRED program this winter.



## David Wilkes

David is a Research Analyst for Cushman & Wakefield with over a year of experience in commercial real estate market analysis. He has a bachelor's degree from Utah Valley University where he studied Construction Management. He is expecting to graduate from the MRED program this Fall.



## Vern Rifer

Vern Rifer is principal of Rifer Development, a locally-based diversified commercial real estate development company. Mr. Rifer has over 30 years experience in the design, construction and development of major commercial, residential and public facilities. He specializes in the development of office buildings, urban housing, mixed-use and mixed-income projects.

# Acknowledgements

We would like to thank the following professionals and mentors who have graciously taken their time to assist with our project:

Michelle Schulz, Principal, GBD Architects

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Rodrigo Llorente, Seminarian, St. Michael the Archangel Church

Father Lucas Laborde, Pastor, St. Michael the Archangel Church

Tom Miles, Representative, Willing Company; Principal, TR Miles Technical Consultants

Leila Aman, Development Manager, City of Milwaukie

Will Thier, Project Manager, Prosper Portland

Jerry Johnson, Managing Principal, Johnson Economics

Matthew Braun, VP Operations, JE Dunn Construction

Charlie Watson, Associate, HFF

Troy Doss, Senior Planner, Portland Bureau of Planning and Sustainability

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Riley Henderson, Associate, NAI Elliott

Terri Waldroff, Owner, Benicia Senior Living

Bill McCrae, Board Treasurer, CHNW

Heidi Begeot, Director, Barings Multifamily Capital

Cassie Graves, Housing Program Specialist, Portland Housing Bureau

Kira Cador, President, Rembold Companies

Paige Morgan, Executive Vice President, JLL

Brad Malsin, Principal, Beam Development

Jonah Cohen, Principal, Hacker

Bob LeFeber, Principal Broker, Commercial Realty Advisors

Cameron Chester, Appraiser, Cushman & Wakefield

Mark Bryant, Senior Housing Appraiser, Cushman & Wakefield

Mitchell Davis, Architect, GBD

Jared Wilkins, Architect, GBD

Dr. Stephen Percy, Dean, College of Urban and Public Affairs, PSU



# Executive Summary

The God-Willing Development Plan addresses two adjacent sites in Downtown Portland with separate needs and goals. Providing a hotel and a senior housing facility, vibrant and inviting spaces are created in bustling downtown Portland. This plan calls for the construction of two towers on neighboring blocks:

- The first project will provide a senior housing community comprised of
  - 267 independent living units with 10% being affordable
  - 70 assisted living units
  - three ground-floor retail spaces
  - abundant community amenity space
- The second tower will provide
  - 218 upper-midscale hotel rooms
  - a café
  - the cuisine of a locally operated food cart

These separate yet complementary uses will make all of Portland's amenities accessible to residents and guests.

The project sites are located between SW 4<sup>th</sup> and 5<sup>th</sup> Avenues and are bordered to the north by SW Market Street and to the south by SW Montgomery Street. Located between the Portland State University campus and the Central Business District, the sites are well served by public transit.

The owner of the surface lot is the Willing Company, a Japan-based organization with experience owning and operating health-care facilities and student housing, as well as the manufacturing of commercial packaging. The importance of being invested in the neighborhood was instrumental in creating a site plan that provides synergies and amenities for both new tenants and the surrounding community. Owner objectives for the Willing Company include:

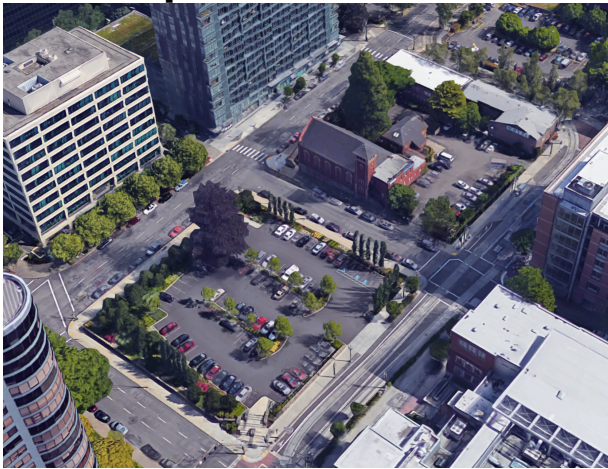
- Minimum 6% return
- Long-term financial participation
- Contribute to the ongoing vitality of the neighborhood
- Mitigate development risk

The neighboring site is owned by the Archdiocese of Portland and consists of a historic church, rectory, and 35-space surface parking lot. The church sanctuary is listed on the Portland Historic Landmark Registry, and is an unreinforced masonry building with significant deferred maintenance. Church objectives include the following:

- Provide similarly sized sanctuary space, social hall, and office spaces
- Provide an onsite Newman Student Center
- Retain historic stained glass windows
- Provide at least 35 parking spaces
- Worship in current space during construction

Recently implemented Inclusionary Housing was analyzed in depth as a part of the due diligence process as were all potential product types permitted under the 2035 Comprehensive Plan. The substantial amount of projects under construction and in permitting were also taken into consideration. As of this writing, inclusionary housing has not been completely defined for some residential uses such as for-sale condos and senior housing. Additionally, the 2035 Comprehensive Plan has not been fully adopted.

## Description of the Sites

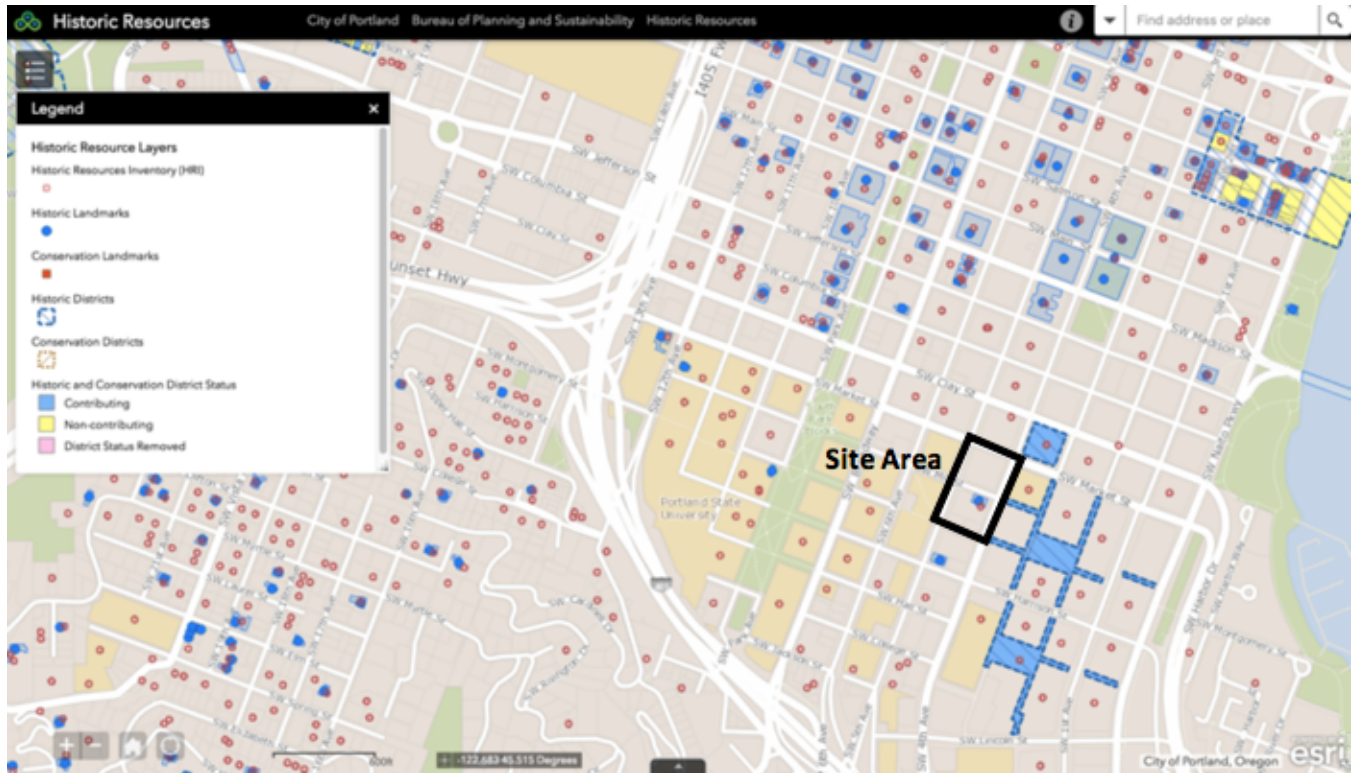


Google

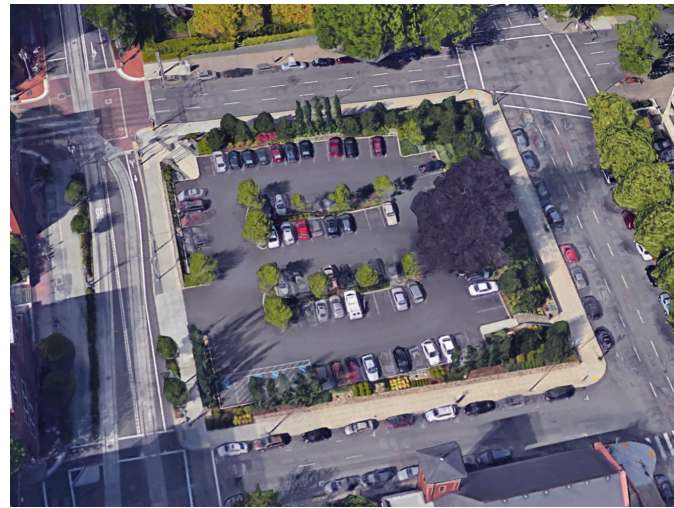
## St. Michael's Catholic Church

The Church site is located at 1716 SW 5<sup>th</sup> Ave, Portland 97201. It encompasses three quarters of a city block, or 30,000 square feet. There is a sanctuary space situated above a below-grade social hall with a combined total of about 8,000 square feet. Located behind the main structure is an attached office building of roughly 2,000 square feet. In addition to this building, there is an ancillary building of roughly 2,000 square feet that serves as a meeting room, one-car garage, and rectory. The remainder of the lot is used for surface parking and a garden. The site has a surface parking lot with 35 parking spaces and curb cuts on SW Mill (for westbound traffic) and SW 5<sup>th</sup> (for southbound traffic). From 5<sup>th</sup> to 4<sup>th</sup> Avenues, the elevation of the church lot decreases approximately 16 feet, increasing the difficulty of ADA accessibility for the front entrance on 4<sup>th</sup> Avenue which sits above a tall masonry staircase.

Only the main church structure is designated a City Historic Landmark and cannot be demolished without a 120-day review period as well as a plan to move the historic landmark designation to a new structure. The offices that are attached to the rear of the church and the detached rectory are not historic, so demolition permits should be easier to obtain.



*A map of buildings that have been designated with Landmark status by the Portland Historic Landmarks Commission.*



## Willing Block

To the immediate north of the church is 1698 SW 5<sup>th</sup> Avenue. It is used as a surface parking lot with 80 parking spaces (including 4 ADA compliant) occupied on a daily and monthly basis. This 200' by 200' [standard-size] city block is located - along with the Church site - within the University District of Downtown Portland. The change in grade for the church applies to this lot as well; a 20-step staircase leads toward 4<sup>th</sup> Avenue near the lot's southeast corner, providing ingress and egress for pedestrians to the parking area which is at grade with 5<sup>th</sup> Avenue. At the northwest corner sits a staircase roughly one-third as tall as its counterpart. A curb cut is located at grade on 5<sup>th</sup> Avenue for vehicular ingress and egress.

The parking lot has developed a reputation in the Portland parking lot industry for being one of the most attractive surface lots in Downtown Portland. A retaining wall with stone façade surrounds most of the perimeter. Manicured landscaping exists mostly along the eastern and northern edges with native plants and roughly 45 young pine and poplar trees, and a mature copper birch tree.

The owner of the lot has extensive experience incorporating all aspects of continuing care including independent living, assisted living, and skilled nursing. It also owns and operates student housing adjacent to Waseda University, a private Tokyo research institution with enrollment of over 52,000 students.



Google

## Neighboring Sites

There are a variety of educational, residential, commercial and cultural amenities in the immediate vicinity. Portland State University's Bookstore is the nearest PSU property, just west of the church. PSU, founded in 1946, comprises roughly 50 acres of Downtown Portland and has a total enrollment of about 28,000 students. PSU classrooms, offices, student housing, parking structures and athletic facilities make up the bulk of downtown real estate south of SW Market Street and west of SW 5<sup>th</sup> Avenue.

St. Mary's Academy, west of the Willing block, is a private, all-girls Roman Catholic high school with an enrollment of approximately 725 students who reside throughout the Portland MSA. Originally founded by twelve nuns of the Holy Sisters of Jesus and Mary in 1859, it is the oldest continuously-operating secondary school in the state of Oregon.

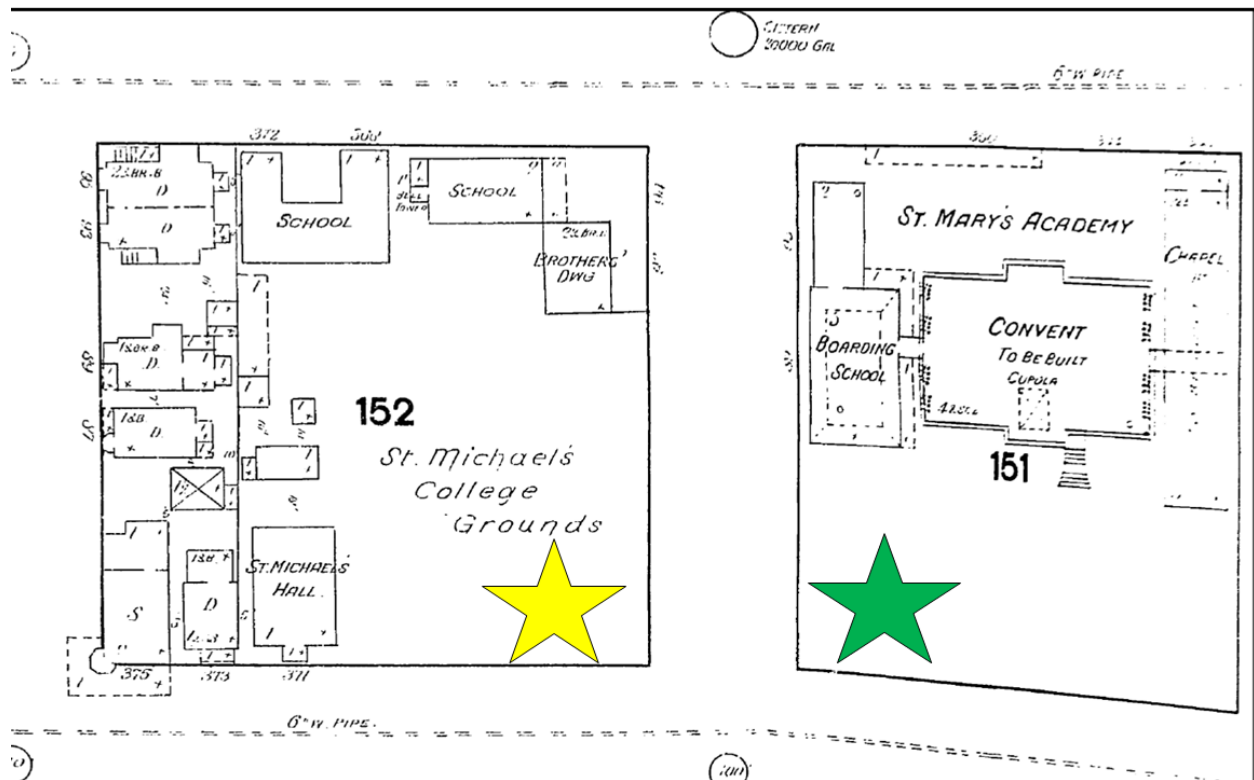
Ira Keller Fountain Park, Pettygrove Park and Lovejoy Fountain Park are nearby public parks. The South Park Blocks, comprised of twelve contiguous blocks of green space running north-south, are three blocks west of the site areas.

# History of the Site and Surrounding Area

## Previous Uses of the Site

Referencing the historic Sandborn Maps electronically from the Multnomah County Library gives a glimpse of the previous uses of the two blocks. The Sandborn Company has published several maps over the past 100+ years. The earliest map dates to 1889.

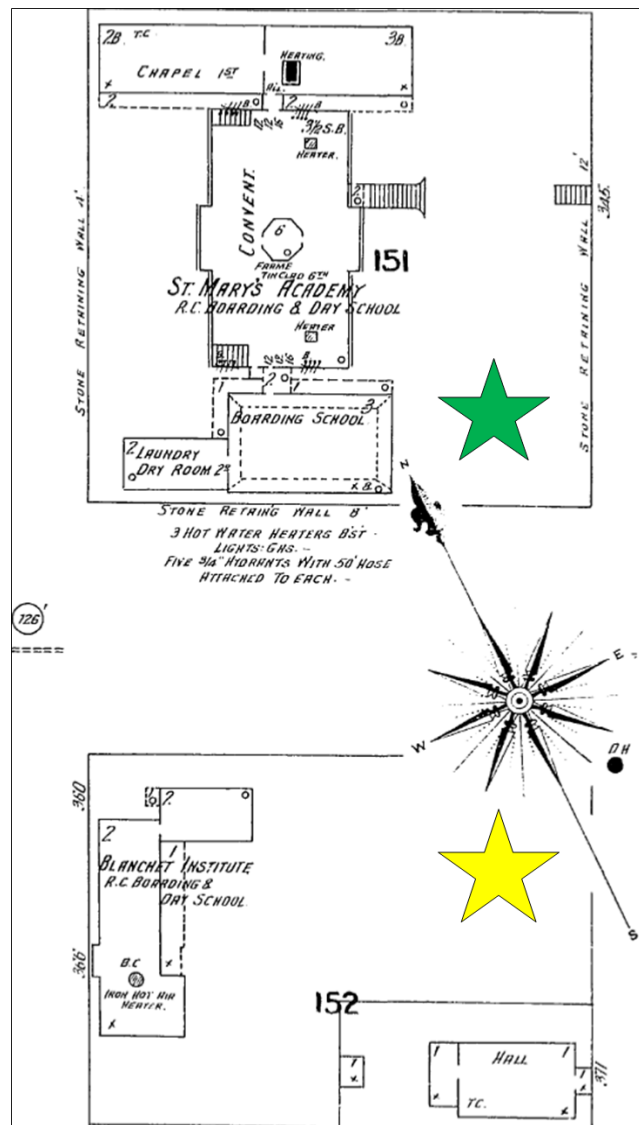
*\*Please note that the yellow star in the following image indicates St. Michael's, while the green represents the block that is owned today by the Willing Co.*



1889<sup>1</sup>

In 1889, the site of St. Michael the Archangel was the campus of St. Michael's College. The Willing block was the former site of St. Mary's Academy, which today is located one block westward.

<sup>1</sup> <http://0-sanborn.umi.com.catalog.multcolib.org/>

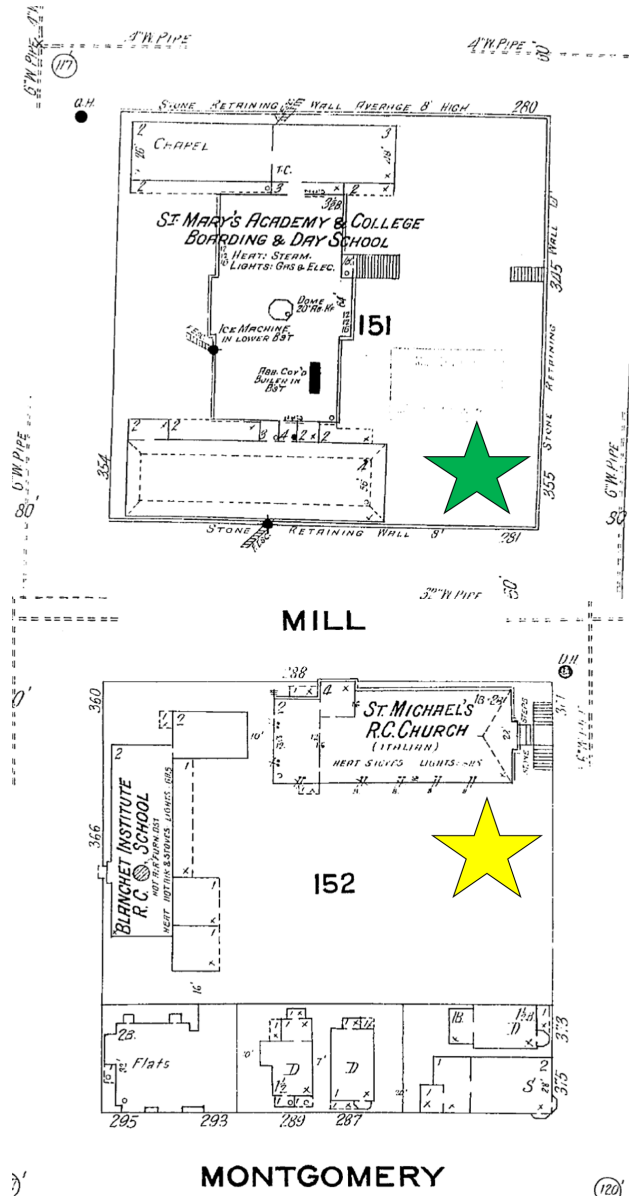


1901<sup>2</sup>

A little over a decade later, St. Michael's College no longer finds itself on the site of what is now St. Michael the Archangel, but rather The Blanchet Institute Roman Catholic Boarding and Day School where the church's rectory currently stands.

<sup>2</sup> <http://0-sanborn.umi.com.catalog.multcolib.org/>

1908<sup>3</sup>



By 1908, St. Michael's the Archangel Roman Catholic Church had been constructed. No other uses of the site have been identified.

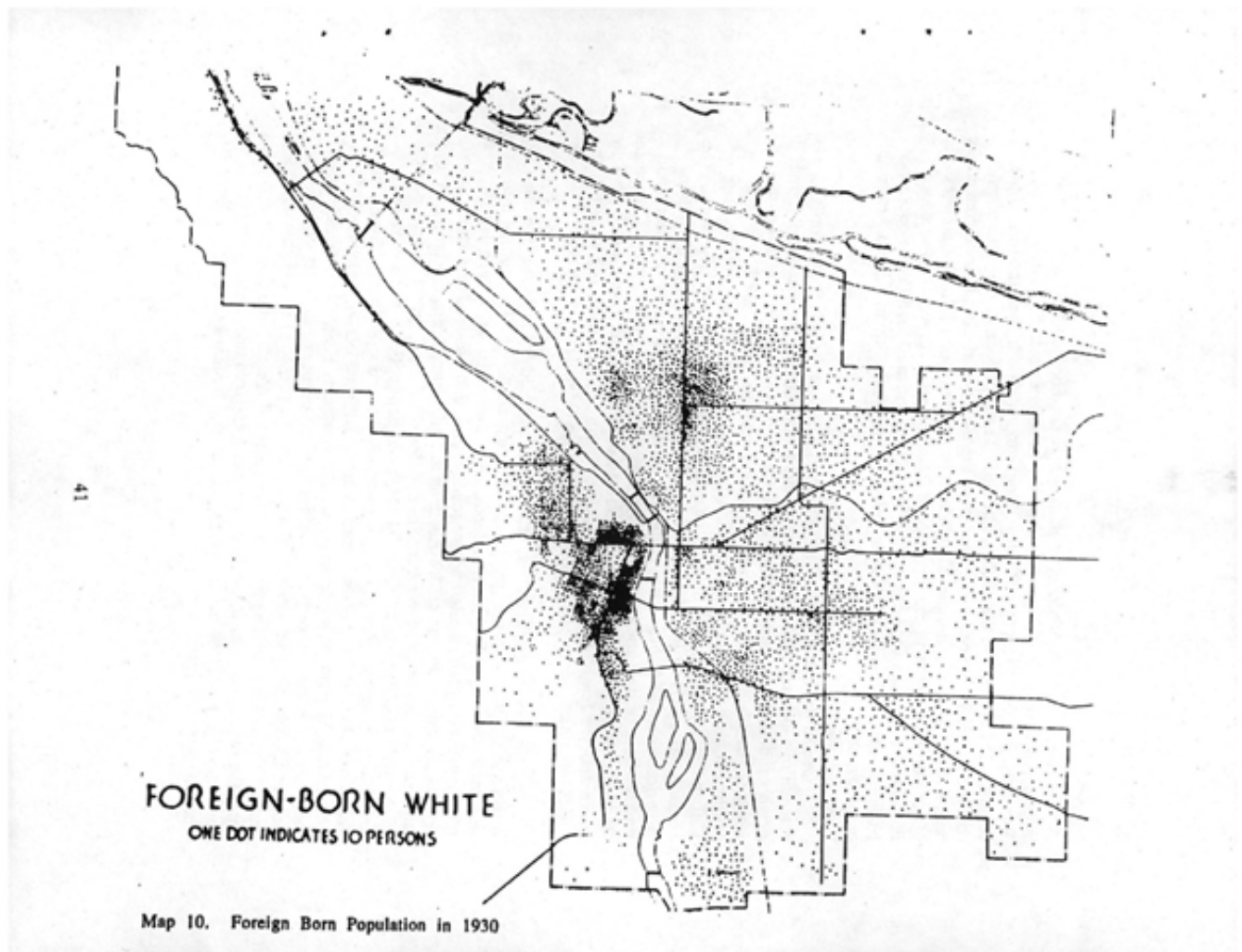
<sup>3</sup> <http://0-sanborn.umi.com.catalog.multcolib.org/>



# Immigration

Testimonies given in *The Immigrants' Children: Jewish and Italian Memories of Old South Portland* by Polina Olsen recount how life once was by the former residents of the neighborhood. The book goes into further detail of former residents giving testimonies for why their families came to Portland and how they contributed to the community.

At the beginning of the 20<sup>th</sup> Century, South Portland was the typical definition of the American Melting Pot. In one interview of *The Immigrants' Children*, someone commented on “how noisy the theater became as children read aloud to their parents,” as many people were not able to understand movies even though they were subtitled in English (Olsen 62).



*The highest concentration of foreign-born white people is shown to be in the neighborhood around the site.*<sup>4</sup>

<sup>4</sup>Abbott, Carl, "Settlement Patterns in the Portland Region: A Historical Overview" (1994). Portland Regional Planning History. Paper 10

# Jewish Heritage

Many Jewish people resided here before Urban Renewal policies took hold in South Portland. Many came here to seek a better quality of life by escaping discrimination and poverty. Their testimonies illustrate their harsh reality.

SOUTH PORTLAND  
Jewish Population and Major Institutions in 1920

1. Ahavai Sholom
2. Beth Israel
3. B'nai B'rith Building
4. Faling School
5. High School of Commerce
6. Jewish Old Peoples Home
7. Jewish Shelter Home
8. Kesser Israel
9. Linath Hazedek
10. Lincoln High School
11. Neighborhood House
12. Neveh Zedek Talmud Torah
13. Shaarie Torah
14. Shattuck School
15. South Portland Library



Map 11. South Portland as a Jewish Neighborhood

<sup>5</sup> Abbott, Carl, "Settlement Patterns in the Portland Region: A Historical Overview" (1994). Portland Regional Planning History. Paper 10

“My father was not about to serve in the Czar’s army. He couldn’t live in Moscow, he couldn’t go to a Russian school, he couldn’t own land, and he couldn’t own a business. He could only die for the Czar. My parents emigrated in 1907” (Olsen 26).

“About 800 Jews came to Oregon under the auspices of the Industrial Removal Office (IRO). This New York-based organization...relocated unemployed Jewish workers from New York’s Lower East Side to Jewish communities throughout the United States. They hoped dispersion would ease slum conditions and unemployment caused by the recent wave of Jewish immigrants from Eastern Europe. They also hoped to avoid an anti-Semitic backlash and anti-immigrant legislation” (Olsen 23).

## Italian Heritage

The Italian community, like the Jewish one, came to South Portland for a new beginning. They formed a strong, tightly knit community, and many opened businesses that contributed to the city as a whole.

“They had real poverty in Italy. When my father, Nat Costanzo, was about 20, he and his brother came to America. They landed at Ellis Island. When Dad found out that the railroad company was laying tracks, he got a job and worked with them all the way to Portland”--Carl Costanzo (Olsen 30).



6

“In 1936 my father started his own store, Colasuonno & Son, on SW Third Ave. between Madison and Jefferson. We all worked...As the store educated people about Italian foods, the clientele also changed. People stopped to buy liquor on their way home from work and my

<sup>6</sup> <http://nebula.wsimg.com/d81405b3706ea7d0b8c79ca3e9da01c2?AccessKeyId=D0F4597265AC90CF35C7&disposition=0&alloworigin=1>

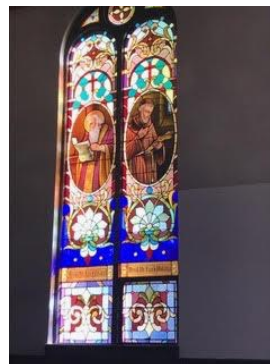
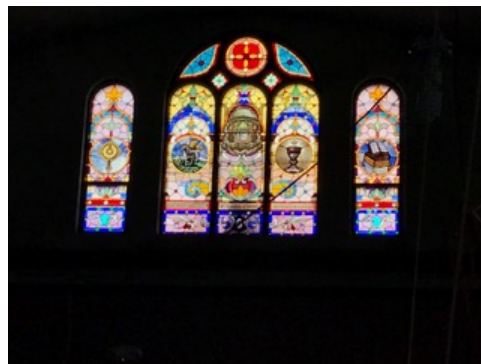
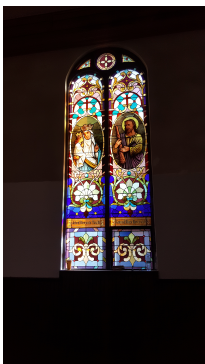
dad explained what things were and how to cook them. Gradually our customers converted from mainly Italian to mainly American” (Olsen 70).

## The Role of St. Michael the Archangel

Like many other institutions, St. Michael’s played a major role in supporting the Italian Community. It was something beautiful of which the people of South Portland could be proud, and was a direct reflection of their hard work.



Take for example the stained-glass windows that were made by David L. Povey, owner of Povey Bros. Glass Co. when the church was constructed in 1902. When the windows were appraised in 1977 they were valued at 12 times the construction cost of the rest of the church. The majority of donations for the stained glass were given by parishioners of St. Michael’s church and their names appear on the windows.<sup>7</sup>



<sup>7</sup> <http://www.catholicsentinel.org/Content/News/Local/Article/Italian-immigrants-became-key-part-of-Portland-life/2/35/15880>

“South Portland was a self-contained community where immigrants replicated the society they left in Europe. The Jews had kosher butcher shops and bakeries, several synagogues and a mikvah [ritual bath]. The Italians had ethnic food, bocce ball [lawn bowling] courts, and St. Michael the Archangel, their beautiful Italian National Church” (Olsen 1).

“My parents always dressed up when they went downtown...Bella figura [the importance of always looking good] was a common trait among Italians. I think that’s why St. Michael’s is such an attractive church. In those days, Catholics in Portland mostly built small wooden churches which were not bella figura.” –Fred Granata (Olsen 97).

## Urban Redevelopment to Present

### Poverty in South Portland

Despite the strength of this community and the richness of the cultures, South Portland struggled. Unlike St. Michael’s, many other facilities have a less glamorous history which reflect the economic situation of the residents. Take for example the story of Duniway Park.

In 1914, the “sanitary fill method” of using garbage to inexpensively fill the Marquam Gulch was used to turn that area into a park. “Despite intentions of controlling odor, the stench quickly became unbearable for South Portland residents, and the plan was discontinued.” In 1923, this method was used once again to provide the children of this neighborhood with a much needed park with garbage collected around the west side to create what is today Duniway Park (Olsen 56).



*Duniway Park in 1955<sup>8</sup>*

<sup>8</sup> <http://image.oregonlive.com/homeolivemediawidth960imgoregonianphoto2015/02/18/1957-61957duniwayparkjpgc33bc33b34ab845d.jpg>

Willamette Week has reported that as many gained wealth, the children and the grandchildren of the original immigrants moved out of the neighborhood to wealthier areas. Eventually, “Portland’s old Little Italy became a place for the low-income immigrants who stayed rooted next to St. Michael. The neighborhood began to deteriorate.”

Measures were taken to improve the area through urban renewal, but they were drastic. “While Little Italys are slowly dying all over the country, in Portland’s case it was murder. At the very least, it was assisted suicide. It took only four years to wipe Little Italy from the Portland map.”<sup>9</sup>

In another article, Oregon Live also covers the story of urban renewal for the South Auditorium district. As the project was controversial, “depending on your point of view, the renewal was a great success or a mixed blessing.”

“Old photos show that many of the homes were in disrepair and in at least one area, people were living in repurposed railroad cars....But other pictures show that some areas that were condemned consisted of homey neighborhoods of well-kept clapboard homes.”<sup>10</sup>

#### *The Pioneering Plan – South Auditorium Project<sup>11</sup>*



<sup>9</sup> <http://www.wweek.com/restaurants/2017/08/22/portland-once-had-a-thriving-little-italy-what-the-hell-happened>

<sup>10</sup> [http://www.oregonlive.com/history/2015/02/throwback\\_thursday\\_60\\_years\\_ag.html](http://www.oregonlive.com/history/2015/02/throwback_thursday_60_years_ag.html)

<sup>11</sup> [http://www.wweek.com/resizer/zeq6n04Ee6a6xkFQ6Dy6cfedKfw=/600x0/filters:quality\(100\)/s3.amazonaws.com/arc-wordpress-client-uploads/wweek/wp-content/uploads/2017/08/22162225/a2001-025-1240-houses-south-auditorium-renewal-area-1962.jpg](http://www.wweek.com/resizer/zeq6n04Ee6a6xkFQ6Dy6cfedKfw=/600x0/filters:quality(100)/s3.amazonaws.com/arc-wordpress-client-uploads/wweek/wp-content/uploads/2017/08/22162225/a2001-025-1240-houses-south-auditorium-renewal-area-1962.jpg)



13

In 1958, the South Auditorium project involved the clearing of 83.5 acres of land just south of Downtown Portland and eventually was extended to include another 26 acres in 1963. "This area was noted for having a high crime and juvenile delinquency rate, deteriorating housing, and overcrowding."

1,573 residents, 336 families, 289 businesses were relocated as well as 445 buildings demolished.



Images courtesy of oregonlive.com

The plan for this area was to extend Downtown Portland and make the area a place for offices and businesses by building “a campus-like mixed use development.” Additionally, as the area found itself within the I-405 freeway along with Downtown Portland, it made sense to integrate South Portland (south of the Hawthorne Bridge) into Downtown Portland.

“Especially affected were the poor, elderly, and single people who comprised about one-third of the displaced residents. Many were elderly Jewish immigrants who saw the project as the end of their neighborhood, along with its five synagogues, Jewish Community Center, and kosher shopping district. Also affected were the area’s Greek, Italian, and Irish residents.”

A group which organized opposition to the project, known as the “Property Owners Committee...challenged the condemnation process and valuation of their land.” The Portland Development Commission was also criticized by originally “saying there would be no new housing in the area, then later including housing beyond the means of most of those displaced.”



*Area demolished for urban renewal, ca 1960. The homes and businesses of many parishioners were taken by urban renewal.*  
Oregon Historical Society OrHi 019594





Today the neighborhood features Ira Keller Fountain, large multi-family developments, office, retail, parks as well as many new streets, trees, and sidewalks. Many parts of the neighborhood were turned into super blocks to promote maximum density while following setback and height restrictions.

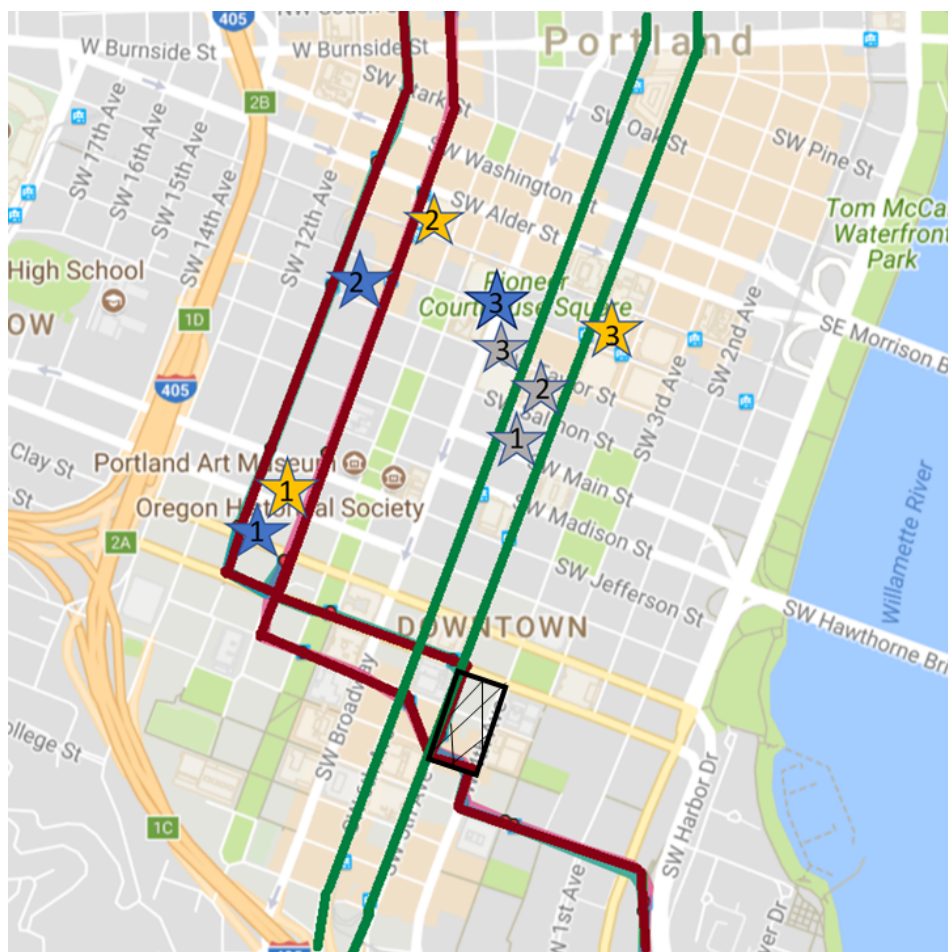
Nevertheless, per the Pioneering Plan, despite all the success of the project, “an extensive clearance project would likely never be undertaken again.”<sup>12</sup>






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<sup>12</sup> Nina Johnson and Jeffrey Tashman, "Urban Renewal in Oregon: History, Case Studies, Policy Issues, and Latest Developments," Tashman Johnson LLC, 2002, 19-20.

# Transportation and Access

Freeway access to I-405 is located on 4<sup>th</sup> and 5<sup>th</sup> Avenues in close proximity to both sites. Both the Willing block and the St. Michael's Church site have noteworthy transit access. The Portland Streetcar runs southbound on 5<sup>th</sup> Avenue, adjacent to both sites. In addition, there is a stop for two southbound MAX trains (the Green and Orange lines) on 5<sup>th</sup> Avenue, bordering the sites to the west. One block farther to the west is a stop for northbound MAX Green and Yellow lines. With easy access to destinations within the Central City and commercial corridors throughout the Portland Metropolitan Statistical Area (MSA), this location is undoubtedly among the most transit-friendly in any US city.



- KEY**
-  Streetcar
  -  Max Light Rail
  -  **SHOPPING**
    - 1. Safeway
    - 2. Target
    - 3. Pioneer Place Mall
  -  **RESTAURANTS**
    - 1. The Melting Pot
    - 2. Fogo de Chão Brazilian
    - 3. Steakhouse
  -  **MISCELLANEOUS**
    - 1. Old Church
    - 2. Central Library
    - 3. Pioneer Courthouse Square

PortlandStreetcar.org



WalkScore.com

The sites are well served by pedestrian and bicycle infrastructure with three Biketown bikeshare hubs located within close proximity, and the Park Blocks three blocks west. Broadway and 3<sup>rd</sup> Avenue are the main north-south bike routes, with Jefferson and Madison Streets providing east-west access. Dedicated bicycle lanes were recently installed on Naito Parkway and provide additional north-south access that is separated from car traffic.

The City of Portland's 2035 Comprehensive Plan calls for the creation of a six-mile linear park dubbed the "Green Loop" which will be comprised of biking, walking, and jogging lanes that are separated from vehicular traffic. The proposed Green Loop will circumnavigate the city and be accessible via the Park Blocks near the project sites.

<https://www.portlandmaps.com/bps/greenloop/>



# Market Conditions

Strong economic conditions and high consumer confidence at a local and national level are benefitting the Portland metro area economy through strong retail spending and a surging housing market. The area is experiencing robust employment growth and a ten-year low unemployment rate. Forbes ranked Portland as fifth among “Best Cities in the U.S. for Business and Careers” due to the area’s in-migration from other major West Coast cities, a low cost of living, and a high quality of life. The Portland area population is increasing at a rapid pace and was ranked 9<sup>th</sup> on Forbes’ “America’s Fastest-Growing Cities 2017” list. This strong population and employment growth has fueled real estate development within Portland and throughout the metropolitan area.

## Market Analysis

### Overview

Portland, Oregon is renowned for its local culture, arts, foods, and lifestyle. These features have made it a destination for tourists from the United States and abroad. The local amenities make the city a highly desirable place for individuals, families, and retirees looking for an affordable place to visit and to live, especially as compared to other west coast cities.

Through her research, Sydney Bowman, a contributing author of Portland State University’s *Center for Real Estate Quarterly Report* describes the overall market as follows:

- Oregon is the third destination for movers in the nation
- Income and wages are still growing and remain strong in all ranges of income types; this growth has been cut in half over the past two years
- Softening of job growth in most industries except for the construction industry which remains in high demand<sup>13</sup>

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<sup>13</sup> Sydney Bowman, "The State of the Economy," Center for Real Estate Quarterly Report, Vol. 11, No.3, Summer 2017, 22-26.

## 2000 and 2010 Census Profile DOWNTOWN

Approximation of 2011 neighborhood boundary based on 2000 and 2010 census blocks

POPULATION	2000		2010		Change	
<b>SEX AND AGE</b>						
Total population	9,950	100.0%	12,801	100.0%	2,851	28.7%
Under 5 years	84	0.8%	129	1.0%	45	53.6%
5 to 9 years	50	0.5%	53	0.4%	3	6.0%
10 to 14 years	34	0.3%	38	0.3%	4	11.8%
15 to 19 years	676	6.8%	1,087	8.5%	411	60.8%
20 to 24 years	1,620	16.3%	2,647	20.7%	1,027	63.4%
25 to 29 years	1,281	12.9%	1,752	13.7%	471	36.8%
30 to 34 years	899	9.0%	1,060	8.3%	161	17.9%
35 to 39 years	743	7.5%	720	5.6%	-23	-3.1%
40 to 44 years	648	6.5%	620	4.8%	-28	-4.3%
45 to 49 years	678	6.8%	641	5.0%	-37	-5.5%
50 to 54 years	716	7.2%	810	6.3%	94	13.1%
55 to 59 years	530	5.3%	849	6.6%	319	60.2%
60 to 64 years	441	4.4%	766	6.0%	325	73.7%
65 to 69 years	399	4.0%	507	4.0%	108	27.1%
70 to 74 years	387	3.9%	371	2.9%	-16	-4.1%
75 to 79 years	319	3.2%	311	2.4%	-8	-2.5%
80 to 84 years	238	2.4%	236	1.8%	-2	-0.8%
85 years and over	207	2.1%	204	1.6%	-3	-1.4%
Median age (years)	37.2		33.3		-3.9	
Under 18 years	259	2.6%	276	2.2%	17	6.6%
18 to 64 years	8,141	81.8%	10,896	85.1%	2,755	33.8%
65 years and over	1,550	15.6%	1,629	12.7%	79	5.1%

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POPULATION ESTIMATES AS OF JULY	Multnomah County, Oregon	Oregon	UNITED STATES
		799,766	4,093,465
<b>PEOPLE</b>			
<b>Population</b>			
Population estimates, July 1, 2016, (V2016)	799,766	4,093,465	323,127,513
Population estimates base, April 1, 2010, (V2016)	735,169	3,831,072	308,758,105
Population, percent change - April 1, 2010 (estimates base) to July 1, 2016, (V2016)	8.8%	6.8%	4.7%
Population, Census, April 1, 2010	735,334	3,831,074	308,745,538
<b>Age and Sex</b>			
Persons under 5 years, percent, July 1, 2016, (V2016)	5.8%	5.8%	6.2%
Persons under 5 years, percent, April 1, 2010	6.3%	6.2%	6.5%
Persons under 18 years, percent, July 1, 2016, (V2016)	19.3%	21.2%	22.8%
Persons under 18 years, percent, April 1, 2010	20.5%	22.6%	24.0%
Persons 65 years and over, percent, July 1, 2016, (V2016)	12.6%	16.8%	15.2%
Persons 65 years and over, percent, April 1, 2010	10.5%	13.9%	13.0%
Female persons, percent, July 1, 2016, (V2016)	50.4%	50.5%	50.8%
Female persons, percent, April 1, 2010	50.5%	50.5%	50.8%

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<sup>14</sup> <https://www.portlandoregon.gov/oni/article/375861>

<sup>15</sup> <https://www.census.gov/quickfacts/fact/table/multnomahcountyoregon,OR,US/PST045216>

# Senior Housing

Senior housing in Portland is in strong demand with very few units in the pipeline within the downtown area. There has been no recently completed development of such properties in the surrounding market over the last five years. The most recent senior housing development in the Portland downtown market was The Mirabella in the South Waterfront district in 2010. There are currently four senior communities under construction or proposed within the Portland MSA. However, there are no such facilities proposed or under construction in Downtown Portland.

Occupancy trends in the Portland MSA have been trending upward over the last few years with the average occupancy rate among other comparable properties near a healthy 95 percent in the second quarter of 2017. The Mirabella is in a similar setting as the subject property and has a four-year waiting list. A large resource for many seniors is the equity in their home. As residential real estate values continues to rise in Portland, more seniors may be motivated to sell their home and use the proceeds to move into an independent or assisted living facility.

## *Trends in Buildings with a Majority of Independent Senior Living Units in Portland*

MAJORITY IL									
METRO TRENDS									
Period	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		YoY Rent Growth <sup>1</sup>
	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	
3Q2016	57	10,054	92.9%	94.1%	51	154	2	113	2.9%
2Q2016	56	9,900	93.8%	94.0%	48	-22	3	266	3.3%
1Q2016	56	9,922	93.1%	93.4%	-34	-7	2	228	3.0%
4Q2015	56	9,929	93.4%	93.8%	226	228	2	228	3.7%
3Q2015	55	9,701	93.3%	93.8%	71	0	3	297	2.7%
2Q2015	55	9,701	92.5%	93.2%	-6	3	3	297	2.8%
1Q2015	55	9,698	92.6%	93.5%	3	121	3	297	3.5%
2014	54	9,577	93.8%	93.8%	140	65	2	144	4.7%
2013	54	9,512	92.9%	92.9%	67	28	3	81	2.2%
2012	54	9,484	92.5%	92.5%	205	-15	1	23	4.3%

# Demographics

By developing senior housing, there is a great opportunity to promote age diversity of the Central Business District (CBD) residents. Currently, seniors make up less than 13% of the urban core, despite forming a much larger part of the population of Portland, the state of Oregon and the country as a whole.

One of the largest segments of the population, Baby Boomers, are beginning to enter the senior housing market. The 55-plus population has grown at a steady pace since 2000, at an annual average rate of 1.2 percent in the subject’s primary market area, outpacing surrounding areas. Furthermore the 65-plus and 75-plus population is expected to grow at a faster rate than any other age group over the next five years, according to Experian Marketing Solutions, Inc. The predominant age for senior housing facilities ranges from 75 to 85, which is projected to grow at 2.6 percent annually through 2021. As shown in the table below, the retired population is growing at a faster rate in the downtown area as the “downtown lifestyle” continues to become more attractive to the senior demographics.

## Population Statistics

## Growth Rates

Population Statistics					Growth Rates				
Primary Market Area			Secondary Market Area		Primary Market Area			Secondary Market Area	
3 miles			5 miles		3 miles			5 miles	
Year	Population	%	Population	%	Period	Total	Annual	Total	Annual
<b>2000</b>					<b>2000-2021</b>				
Total *	157,339		381,384		Total *	25.8%	1.1%	18.0%	0.8%
55+	28,932	0.184	71,318		55+	170.9%	2.6%	61.6%	2.3%
65+	17,262	11.0%	43,067	11.3%	65+	53.8%	2.1%	41.6%	1.7%
75+	9,700	6.2%	23,607	6.2%	75+	-2.7%	-0.1%	-5.2%	-0.3%
85+	3,020	1.9%	6,833	1.8%	85+	3.4%	0.2%	11.2%	0.5%
<b>2016</b>	<b>Estimate</b>				<b>2000-2016</b>				
Total *	191,352		438,340		Total *	21.6%	1.2%	14.9%	0.9%
55+	44,851	23.4%	105,288		55+	155.0%	2.8%	47.6%	2.5%
65+	21,828	11.4%	51,018	11.6%	65+	26.4%	1.5%	18.5%	1.1%
75+	8,302	4.3%	20,181	4.6%	75+	-14.4%	-1.0%	-14.5%	-1.0%
85+	3,060	1.6%	7,517	1.7%	85+	1.3%	0.1%	10.0%	0.6%
<b>2021</b>	<b>Projection</b>				<b>2016-2021</b>				
Total *	198,004		450,029		Total *	3.5%	0.7%	2.7%	0.5%
55+	49,443	0.25	115,231		55+	110.2%	2.0%	9.4%	1.8%
65+	26,543	13.4%	60,993	13.6%	65+	21.6%	4.0%	19.6%	3.6%
75+	9,438	4.8%	22,386	5.0%	75+	13.7%	2.6%	10.9%	2.1%
85+	3,122	1.6%	7,601	1.7%	85+	2.0%	0.4%	1.1%	0.2%

\* Total population unadjusted for age

Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•

# Target Market

The majority of seniors relocating to senior living facilities are located within five miles of the facility. Our target market would be the 65-plus population that are mid- to high-level income earners, living within a five-mile radius. There are ten other senior housing developments within a three mile radius that are considered competitive facilities. Two of these buildings are Continuing Care Retirement Communities (CCRC's) and have a buy-in model or a large down payment as an entrance fee and lower monthly service fees. The Touchmark in the West Hills is currently under development and offers both a large entry fee model and a month-to-month model.

While demand for independent living can vary as it is based on *wants* as opposed to *needs*, these findings suggest that there is good demand for additional independent and assisted living units in the primary market area. The largest demand is for independent living, while the lowest demand figures are for memory care units.

The specific location of the proposed development is considered highly desirable with close proximity to valuable amenities such as the PSU campus, Keller Auditorium, the waterfront, and MAX and Streetcar stops. With the Willamette River and downtown Portland serving as a backdrop, the proposed development is well positioned to capture a large percentage of the unmet demand for independent and assisted living in the downtown area. The development should be quick to reach a stabilized occupancy given the current market conditions of the primary market area.

RELOCATION TRENDS – SENIOR LIVING FACILITIES				
	ASSISTED LIVING	ASSISTED & ALZHEIMER'S CARE	ASSISTED & INDEPENDENT LIVING	CCRC
Under 5 Miles	40.0 percent	26.7 percent	43.5 percent	52.2 percent
5 – 10 Miles	20.4 percent	34.7 percent	20.0 percent	16.4 percent
11 – 25 Miles	20.0 percent	16.7 percent	15.3 percent	13.4 percent
26 – 50 Miles	7.3 percent	6.0 percent	5.9 percent	6.0 percent
Over 50 Miles	12.4 percent	16.0 percent	15.3 percent	11.9 percent

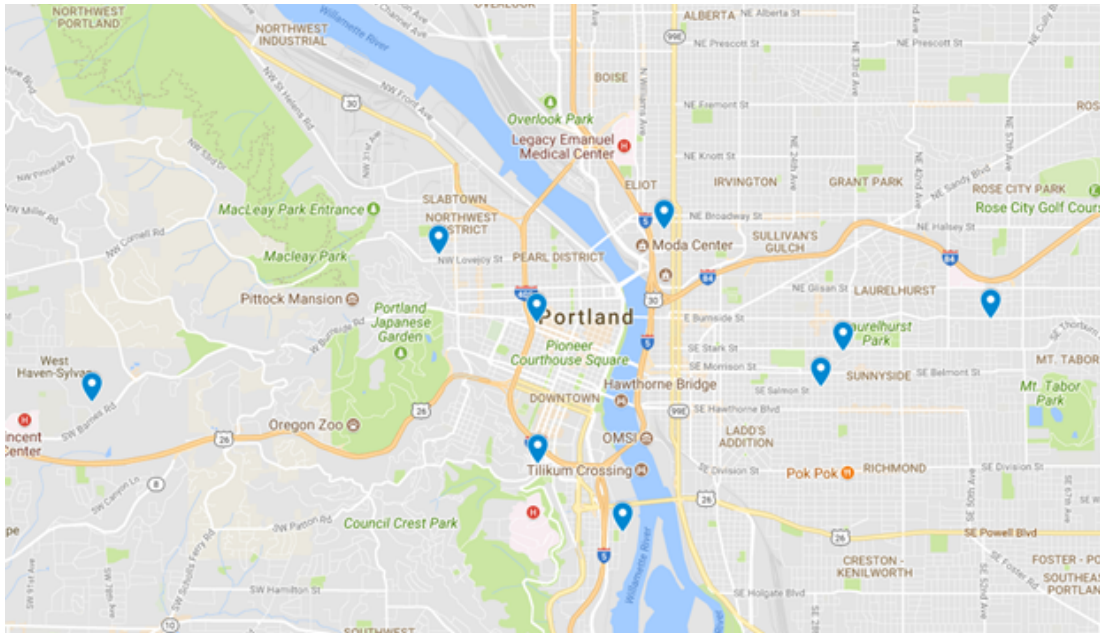
Source: AAHSA – 2009 Overview of Assisted Living



# Rents

One-Bedroom Units - Independent Living						
Facility Name	Unit Size (SF)		Unadjusted Rental Range			
			\$/Month		\$/SF/Month	
Calaroga Terrace	570	730	\$ 3,500	\$ 4,100	\$ 5.62	\$ 6.14
Northwest Place	636	954	\$ 3,300	\$ 4,100	\$ 4.30	\$ 5.19
The Ackerly at Timberland	596	596	\$ 3,575	\$ 3,575	\$ 6.00	\$ 6.00
Touchmark (Westhills)	556	858	\$ 3,035	\$ 5,865	\$ 5.46	\$ 6.84
<b>Subject</b>	<b>750</b>	<b>750</b>	<b>\$ 5,062</b>	<b>\$ 5,062</b>	<b>\$ 6.75</b>	<b>\$ 6.75</b>
Range (Excluding Subject)	556	954	\$ 3,300	\$ 5,865	\$ 4.30	\$ 6.84

*Cushman & Wakefield Research*



*Senior Housing Communities in Portland--Google Maps*

	Shelter	Activities	Transport, Laundry	Meals	Basic Care Services	ADL Care Services	Specialized MC	Long-Term Chronic Care
55+	Real Estate Component							
IL	Real Estate Component		Services Component					
AL	Real Estate Component		Services Component					
MC	Real Estate Component		Services Component					
NC	Real Estate Component		Services Component					

Source: NIC Investment Guide



*Components of 55+, independent living (IL), assisted living (AL), memory care (MC), and nursing care (NC) facilities.*

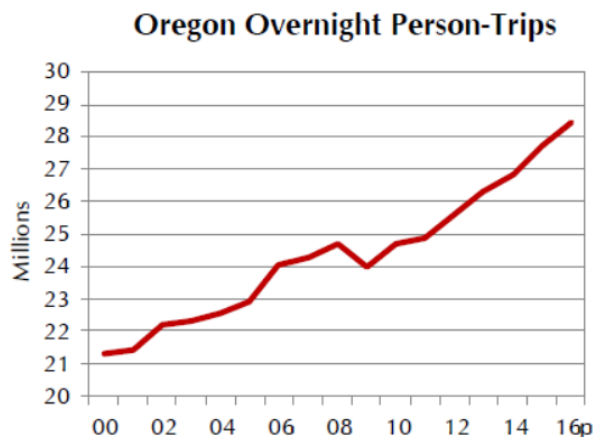
# Hospitality

The hospitality industry in Portland is currently booming as there are more than 3,000 rooms in the pipeline. Average daily rates and occupancy rates are climbing, driving up revenue per available room. Hotels are selling at cap rates at or below 6%.

When making the decision to build or purchase a hotel, up-to-date industry research reports would be purchased. The necessary reports are sold by Star Travel Research, Dean Runyan Associates, and HVS. Additionally, as our team did, enlisting the help of a hospitality consultant with local market knowledge could prove invaluable.

## Travel Industry Trends

In 2016 all measures of travel activity were up over 2015. This includes the number of visitors to Oregon, the amount they spend, the number of jobs required to support the travel industry and secondary impacts. These increases have led to growth in average daily rates, occupancy rates, and revenue per available room (RevPAR). They have also led to a substantial increase in the number of rooms in the Portland metro area. All industry data was compiled by Dean Runyan Associates and Star Travel Research and was presented to the State of Oregon and Travel Portland.



*Dean Runyan Associates<sup>16</sup>*

Visitor volume in the Portland metro area in 2016 was 8.3 million with 3.8 million staying in a hotel or motel. Those hotel or motel guests generated 9.2 million person-nights or 4.3 million room rentals. This represents a gain of 4.1% in the number of rented rooms over 2015. The average group size was 2.1 people with an average stay of 2.5 nights.

<sup>16</sup> [http://www.deanrunyan.com/doc\\_library/ORImp.pdf](http://www.deanrunyan.com/doc_library/ORImp.pdf)

### Direct Visitor Spending by Type of Traveler Accommodation (\$Million)

	2008	2010	2012	2013	2014	2015	2016p
All Overnight	2,234	2,228	2,549	2,655	2,802	3,012	3,167
Hotel, Motel*	1,474	1,439	1,708	1,793	1,908	2,074	2,219
Private Home	732	764	813	833	865	909	917
Other Overnight	27	26	28	29	29	29	30
Campground	20	18	19	20	21	21	21
Vacation Home	8	8	9	9	9	9	9
Day Travel	386	396	448	462	472	489	500
Spending at Destination	2,620	2,624	2,997	3,118	3,274	3,501	3,667

*Dean Runyan Associates*

Direct visitor spending increased from \$2.0 billion in 2015 to 2.2 billion in 2016 for all visitors that stayed in a hotel or motel in the Portland area. This represents an increase in spending of 7%. On average, each visitor to the Portland metro area spent \$241 per day in 2016.

### Average Expenditures for Overnight Visitors, 2016p

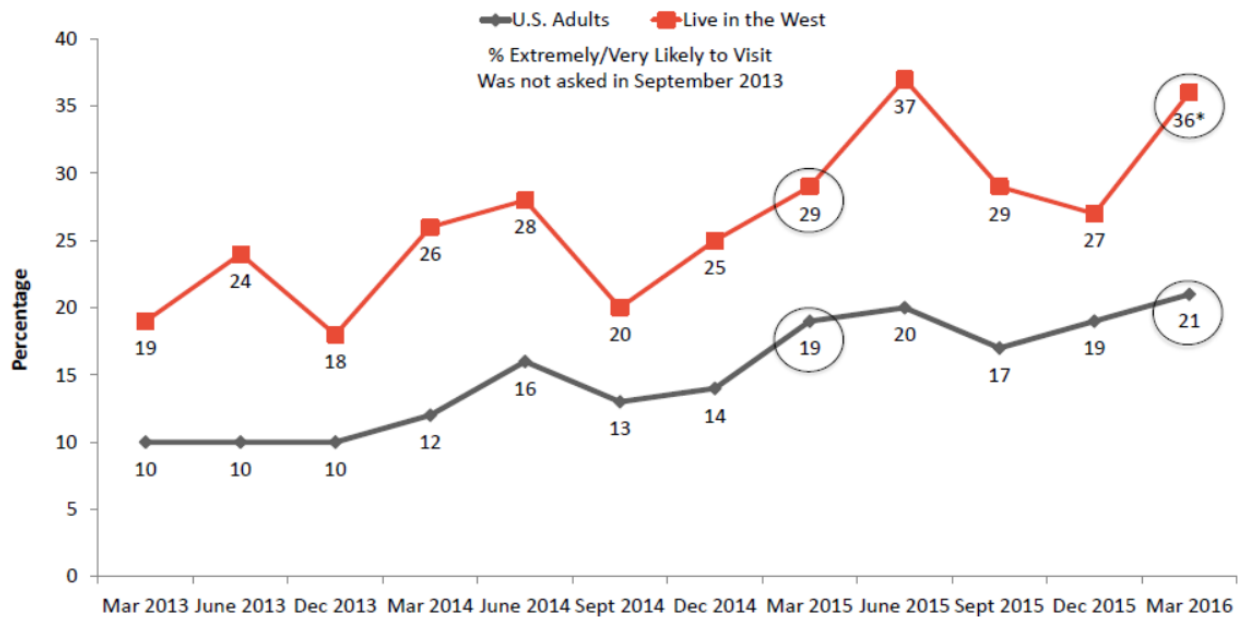
	Travel Party		Person		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
Hotel, Motel*	\$507	\$1,248	\$241	\$579	2.1	2.5
Private Home	\$115	\$432	\$59	\$214	2.0	3.7
Other Overnight	\$116	\$463	\$38	\$151	3.0	4.0
All Overnight	\$251	\$798	\$124	\$381	2.0	3.2

## Target Market

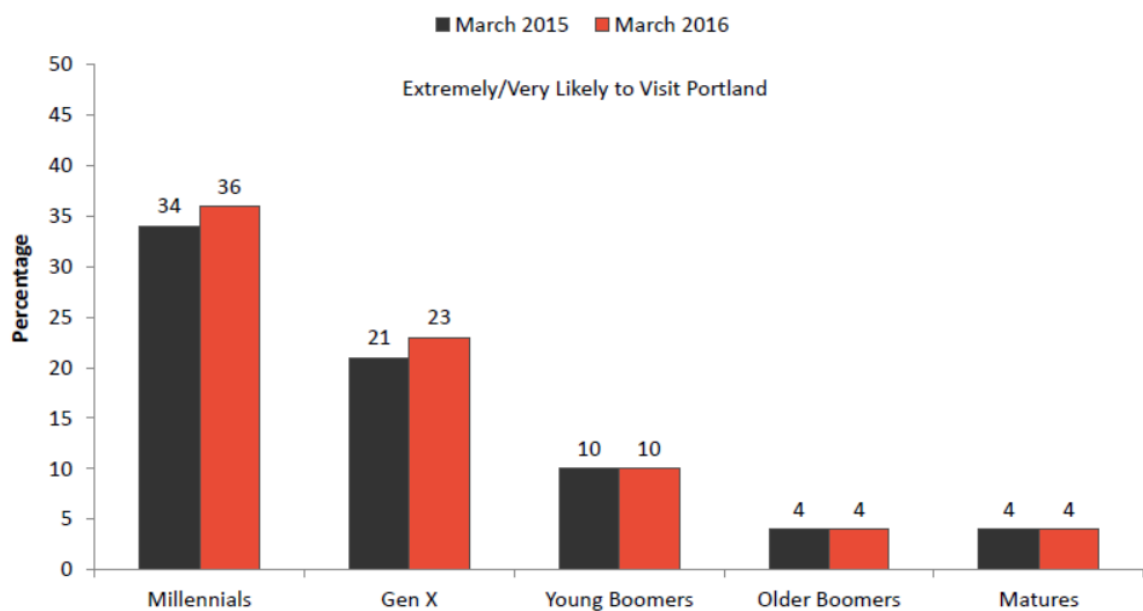
The hotel will target the upper-midscale market segment. This segment is comprised of people of moderate means who can afford to stay in a better class of hotel but either do not want or cannot afford a full service or luxury hotel. According to MMGY Global Travel Horizons Wave I 2016 Report<sup>17</sup>, adults who live on the west coast and earn between \$100,000 and \$150,000 are likely to visit Portland with males being significantly more likely than females. The most likely generation to visit Portland are Millennials followed closely by Generation X. The likelihood of adults to visit Portland has increased by 75% over the 2014 Wave I report.

<sup>17</sup> <https://www.travelportland.com/wp-content/uploads/2016/06/Travelhorizons-Wave-I-2016-Sponsor-Report-Travel-Portland.pdf>

## Likelihood of Visiting Portland OVER TIME



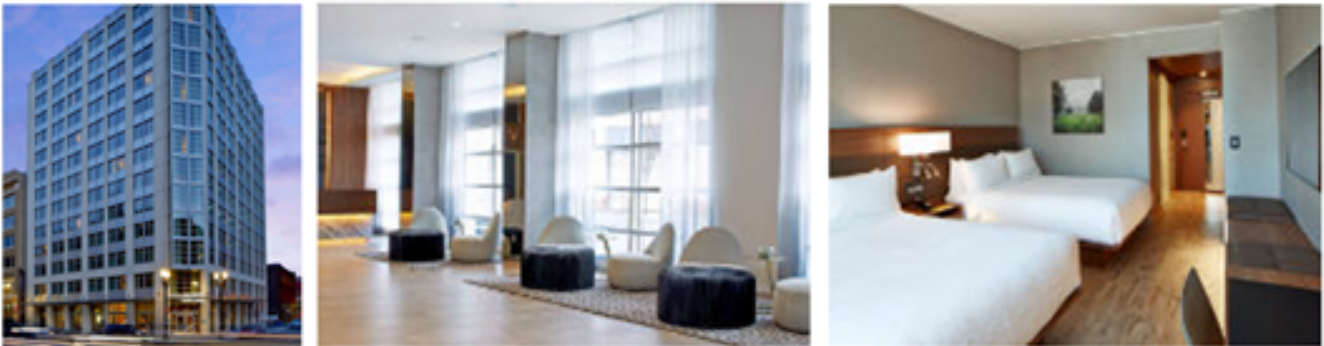
## Likelihood of Visiting Portland BY GENERATION - OVER TIME



# Competition

Other area hotels in the upper-midscale and upscale markets will be this hotel's direct competitors. These comps were chosen based on similar location, room prices, and amenities. The competitive market area has been limited to downtown Portland as other areas do not have comparable access to public transportation. More detailed information about each of these hotels would be obtained through Star Travel Research. Details would include occupancy rates, average daily rates, and RevPAR.

## AC Hotel by Marriott<sup>18</sup>



**Rooms** - 204

**Year Built** - 2017

**Approximate Cost / Key** - \$245,000

**Primary Market** - "The AC Hotel was designed for the modern traveler who appreciates architecture and design. We offer an elevated travel experience with a European soul and a modern mindset."

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<sup>18</sup> <http://www.marriott.com/hotels/travel/pdxar-ac-hotel-portland-downtown/>

## Hotel Modera<sup>19</sup>



**Rooms** - 174

**Year Built** - 1962

**Year Remodeled** - 2008

**Approximate Cost / Key** - \$273,000

**Primary Market** - “Hotel Modera features the finest luxury hotel accommodations in downtown Portland with 174 stylish guest rooms and spacious suites.”

## Hi-Lo by Marriott<sup>20</sup>



**Rooms** - 120

**Year Built** - 1910

**Year Remodeled** - 2017

**Primary Market** - “Catered towards foodies, artists, young professionals and the savvy business traveler looking for a true Portland experience.”

<sup>19</sup> <http://www.hotelmodera.com/>

<sup>20</sup> <http://www.hi-lo-hotel.com/>

# Hotel Rose<sup>21</sup>



**Rooms** - 142

**Year Built** - 1962

**Year Remodeled** - 2008 & 2013

**Primary Market** - “A funky, fun and “oh-so-Portland” boutique hotel” aimed at attracting guests who want an authentic “Keep Portland Weird” experience.

In 2016 average occupancy was 81.4% in Portland’s Central City with an average daily rate of \$182.45 and RevPAR of \$148.50. While 2017 data was not available for this development plan, conversations have placed the 2017 RevPAR around \$160. Assuming an occupancy rate that is level from the previous year the average daily rate would be approximately \$196. The numbers from 2016 were used in the financial model.

## Portland Central City Hotels

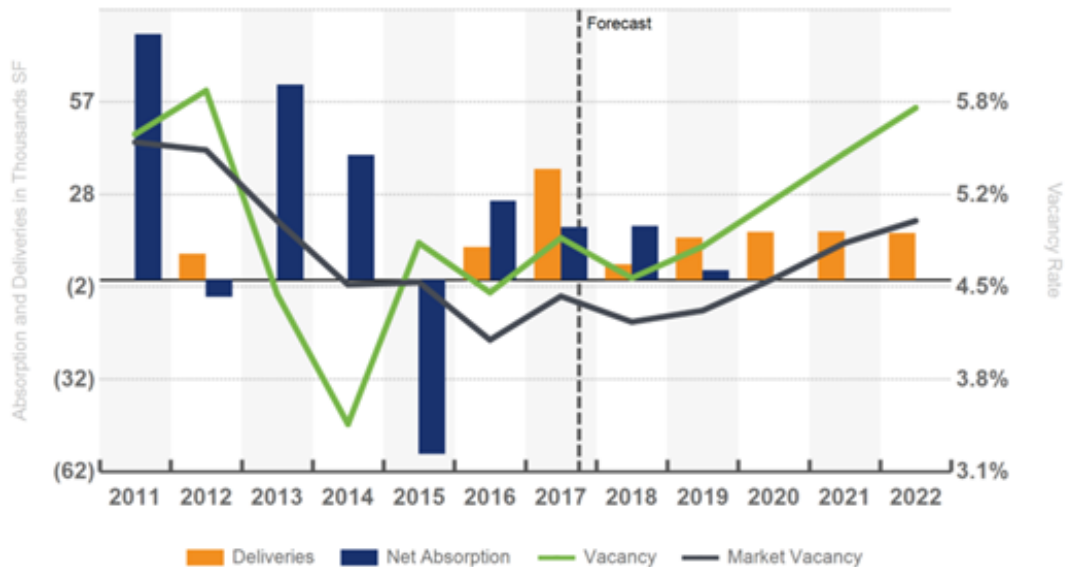
	2014	2015	2016	2017 (Projected)
Occupancy	80.3%	80.3%	81.4%	81.4%
ADR	160.74	179.39	182.45	196.56
RevPAR	129.05	144.11	148.50	160.00

<sup>21</sup> <http://www.hotelroseportland.com/>

<sup>22</sup> <https://travelporland.app.box.com/s/ac1i5t98jx9ijfaj8myoqg8zi4p1vbdp>

# Retail

NET ABSORPTION, NET DELIVERIES AND VACANCY RATE



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Per CoStar in the second quarter of 2017, the current retail market in the CBD of Portland is performing the worst in the metro.

Kidder Mathews' Real Estate Market Review for the Second Quarter of 2017 shows rising rents on average of 6.2% year over year:

- Rents in Portland are \$19.05 NNN market wide
- The Portland CBD and the Lloyd District are obtaining over \$25 NNN

## General Retail Market Statistics

Mid-Year 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total GLA	Direct SF	Total SF	Vac %				
<b>CBD</b>	288	3,837,515	317,902	317,902	8.3%	(153,367)	28,000	5,871	\$25.10
Clark County	953	6,803,946	194,090	194,090	2.9%	(41,104)	13,234	0	\$16.61
I-5 Corridor	448	4,257,354	66,829	99,829	2.3%	13,103	0	4,700	\$15.70
Lloyd District	364	3,701,601	72,587	72,587	2.0%	(15,209)	0	0	\$22.92
Northeast	2,124	11,962,278	214,653	226,153	1.9%	41,651	73,906	25,000	\$18.14
Northwest	243	1,615,650	37,145	37,145	2.3%	1,726	0	36,000	\$20.92
Skamania County	22	115,031	3,494	3,494	3.0%	(3,494)	0	0	\$0.00
Southeast	2,178	13,775,104	187,433	204,368	1.5%	128,967	121,666	76,320	\$17.96
Southwest	809	5,935,350	103,070	107,442	1.8%	55,177	0	40,937	\$16.74
Westside	400	4,086,552	49,909	52,442	1.3%	25,108	19,130	10,690	\$19.49
<b>Totals</b>	<b>7,829</b>	<b>56,090,381</b>	<b>1,247,112</b>	<b>1,315,452</b>	<b>2.3%</b>	<b>52,558</b>	<b>255,936</b>	<b>199,518</b>	<b>\$18.14</b>

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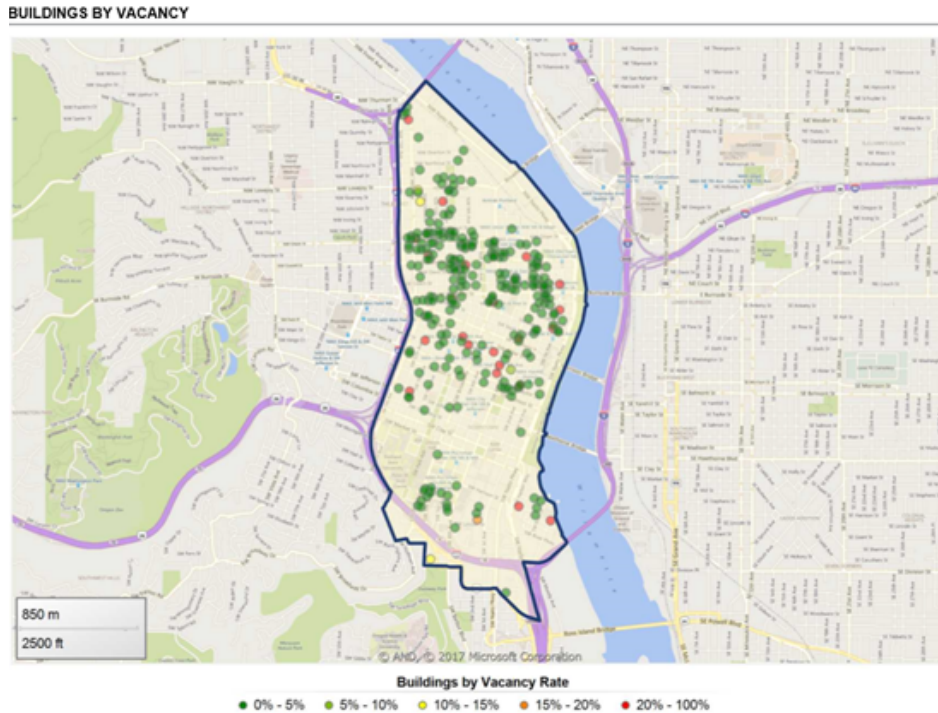
<sup>23</sup> CoStar.com

<sup>24</sup> CoStar.com



Per the Center of Real Estate at Portland State University, despite the issues facing the retail industry for the rest of the country, the Portland retail market is fortunate to be seeing:

- Strong in-migration
- Strong job growth across a variety of industries
- A strong 2017 second quarter well ahead of the national average
- Strong rental growth rates when compared to the US average of 2%
- Increased construction is expected to remain near current levels of supply <sup>25</sup>



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## Retail Needs

Upon surveying the existing businesses located in the retail spaces surrounding the site within walking distance (less than a half mile), this area lacks the following:

- High-end restaurant space
- A major pharmacy, as the closest pharmacy to the site is a half-mile away

<sup>25</sup> Riley Henderson, "Retail Market Analysis," Center for Real Estate Quarterly Report, Vol. 11, No.3, Summer 2017, 63-67.

<sup>26</sup> CoStar.com

## Land Comparables

Several demolishable buildings have recently sold as development opportunities in the vicinity. County records also reveal several less than arm's-length transactions. The following comps are for bare land with similar zoning<sup>27</sup>:

Location	Price	Land Area	Price/SF	Sale Date
350 NW 12th Ave	\$5,750,000	10,019sf (0.23ac)	\$573.92	3/25/16
SW 13th & Washington	\$4,023,000	10,019sf (0.23ac)	\$402.24	8/14/15
1133 SW Market St	\$3,000,000	10,019sf (0.23ac)	\$297.47	8/4/16
902 SW 3rd Ave	\$3,018,547	12,593sf (0.29ac)	\$239.70	3/10/16

Based on these figures, we applied a land value of \$5,000,000 (\$250/sf) to the half-block parcel on which the hotel will be built. On the full-block senior housing facility, a value of \$12,000,000 (\$300/sf) was applied to the land.

## Zoning and Entitlements

### Inclusionary Housing

Inclusionary housing zoning (IZ) went into effect in Portland on February 1, 2017, after the adoption of Senate Bill 1533 in February 2016. The Portland Housing Bureau's goal in implementing inclusionary housing is to increase the number of units available to households earning 80 percent or less of Median Family Income (MFI), with an emphasis on households earning 60 percent or less of MFI. Residential projects that have 20 or more units are required to provide affordable housing, pay a fee-in-lieu, or build affordable units offsite.

#### *Maximum Monthly Rent Considered Affordable*

Bedrooms	30% AMI	60% AMI	80% AMI
0	\$392	\$784	\$1,046
1	\$420	\$840	\$1,120
2	\$504	\$1,009	\$1,345
3	\$582	\$1,165	\$1,553
4	\$650	\$1,300	\$1,733
5	\$717	\$1,435	\$1,912

<sup>27</sup> CoStar; PortlandMaps

**Median Income Percentages 2017 (effective 4/12/2017)**

Household Size	30%	40%	45%	50%	55%	60%	65%	80%	100%	120%
1	\$15,690	\$20,920	\$23,535	<b>\$26,150</b>	\$28,765	\$31,380	\$33,995	<b>\$41,850</b>	\$52,290	\$62,748
2	\$17,940	\$23,920	\$26,910	<b>\$29,900</b>	\$32,890	\$35,880	\$38,870	<b>\$47,800</b>	\$59,760	\$71,712
3	\$20,190	\$26,920	\$30,285	<b>\$33,650</b>	\$37,015	\$40,380	\$43,745	<b>\$53,800</b>	\$67,230	\$80,676
4	\$22,410	\$29,880	\$33,615	<b>\$37,350</b>	\$41,085	\$44,820	\$48,555	<b>\$59,750</b>	<b>\$74,700</b>	\$89,640
5	\$24,210	\$32,280	\$36,315	<b>\$40,350</b>	\$44,385	\$48,420	\$52,455	<b>\$64,550</b>	\$80,676	\$96,811
6	\$26,010	\$34,680	\$39,015	<b>\$43,350</b>	\$47,685	\$52,020	\$56,355	<b>\$69,350</b>	\$86,652	\$103,982
7	\$27,810	\$37,080	\$41,715	<b>\$46,350</b>	\$50,985	\$55,620	\$60,255	<b>\$74,100</b>	\$92,628	\$111,154
8	\$29,610	\$39,480	\$44,415	<b>\$49,350</b>	\$54,285	\$59,220	\$64,155	<b>\$78,900</b>	\$98,604	\$118,325

## Zoning under the 2035 Comprehensive Plan

### Zoned CX (Central Commercial)

The CX zone (which applies to both sites) is a high density mixed-use zone and is intended for commercial development within Portland's most urban areas. In this zone, buildings can be built up to the street lot line and may cover 100% of the lot. Development is intended to be pedestrian-oriented with a strong emphasis on a safe and attractive streetscape. (via Portland maps)

Since both sites are located within the Central City there are additional design requirements that are outlined by a Design Overlay Zone (d). The purpose is summarized as the following:

#### 33.420.010 Purpose

The **Design Overlay Zone** promotes the conservation, enhancement, and continued vitality of areas of the City with special scenic, architectural, or cultural value. The Design Overlay Zone also promotes quality high-density development adjacent to transit facilities. This is achieved through the creation of design districts and applying the Design Overlay Zone as part of community planning projects, development of design guidelines for each district, and by requiring design review or compliance with the Community Design Standards. In addition, design review or compliance with the Community Design Standards ensures that certain types of infill development will be compatible with the neighborhood and enhance the area.

# Key Zoning Requirements

	Parking Lot / Willing Company	Church / Hotel
Maximum Height	150 ft west to 250 ft East	125 ft
Floor Area Ratio (FAR)	9:1, 12:1 w/ Bonus	9:1, 12:1 w/ Bonus
Parking Required	Exempt with IZ and Transit Proximity	Exempt with IZ and Transit Proximity
Ground Floor Activation	4 <sup>th</sup> and 5 <sup>th</sup> avenue	4 <sup>th</sup> and 5 <sup>th</sup> avenue
Shadow Analysis	Needed for shadow on Keller Fountain Park	Not Needed
Exterior Window Glazing for Bird Safety	Required	Required
View Corridor Restrictions	None	None
Existing Overlay Zones	Design Zone (d)	Design Zone (d)

A breakdown of the regulatory options for complying with inclusionary housing in Portland is listed below, and shows the options considered that apply to the Central City Plan District & Gateway Plan District where our project sites are located.

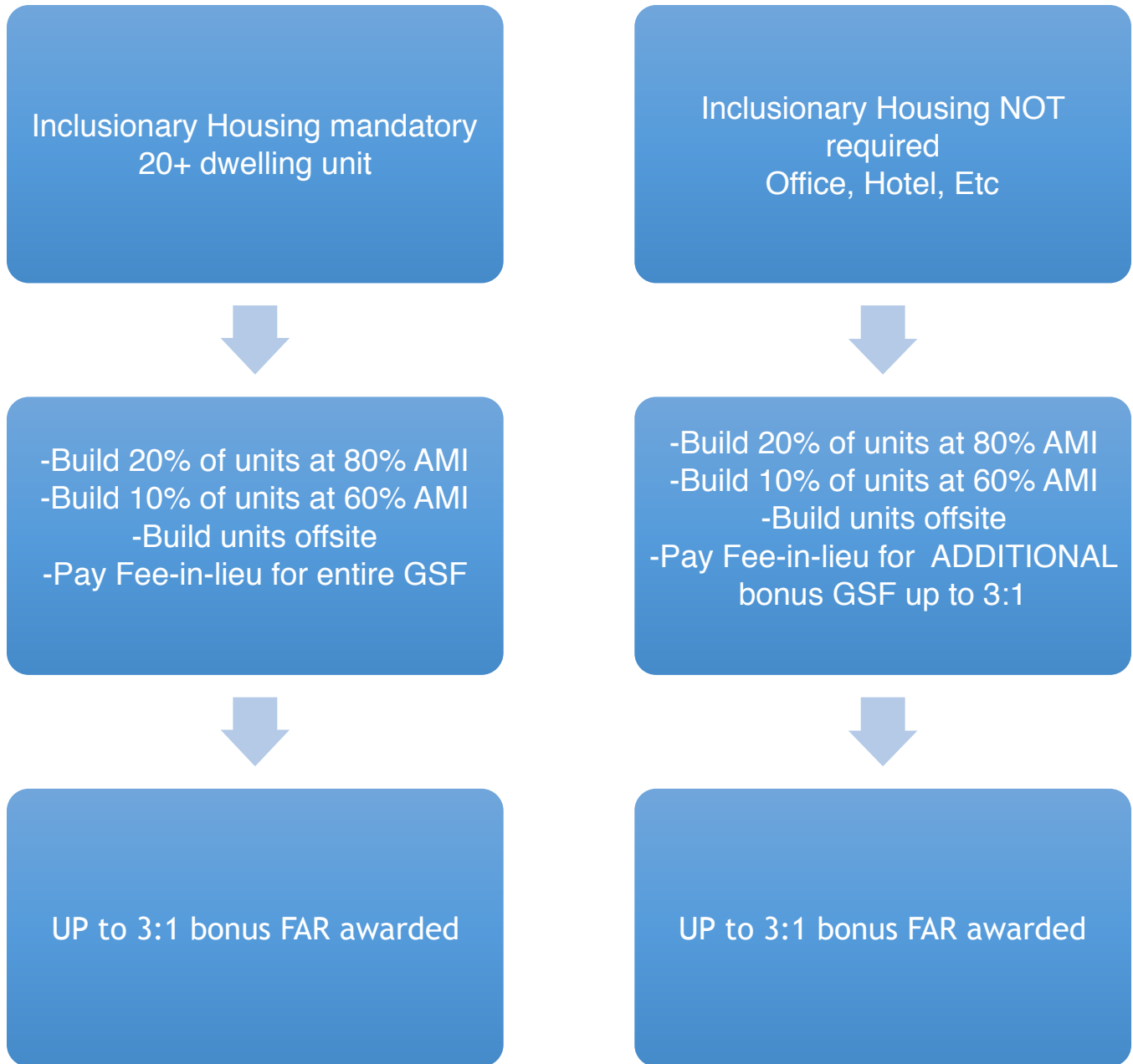
Option 1 Providing 20% of units at 80% of AMI	Option 2 Providing 10% of units at 60% AMI
<p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- 10 years property tax exemption for all residential units</li> <li>- Construction excise tax exemption on affordable units</li> <li>- Additional 3:1 FAR bonus</li> </ul>	<p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- 10 years property tax exemption for all residential units</li> <li>- Construction excise tax exemption on affordable units</li> <li>- Additional 3:1 FAR bonus</li> <li>- SDC exemptions on affordable units</li> <li>- While 60% is a lower rental income less units allocated provide higher income than option 1</li> </ul>
<p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Rental income lost on affordable units</li> <li>- Additional rent for senior amenities lost on affordable units</li> </ul>	<p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Rental income lost on affordable units</li> <li>- Additional rent for senior services lost on affordable units</li> </ul>

<b>Option 3</b> Building units off-site	<b>Option 4</b> Fee-in-lieu
<p style="text-align: center;"><b>Pros</b></p> <ul style="list-style-type: none"> <li>- 3:1 FAR bonus (for “sending” site)</li> <li>- Construction excise tax exemption on affordable units (for “receiving” site)</li> <li>- SDC exemptions on affordable units (for receiving site)</li> </ul>	<p style="text-align: center;"><b>Pros</b></p> <ul style="list-style-type: none"> <li>- Units can be rented at market rate</li> <li>- No continued compliance and management of inclusionary housing</li> </ul>
<p style="text-align: center;"><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Receiving site must also achieve inclusionary zoning requirements before receiving units</li> <li>- Land costs in qualifying proximity (1/2 mile) prohibitively expensive</li> <li>- Receiving site subject to steeper affordability requirements (20% at 60% AMI or 10% at 30% AMI)</li> </ul>	<p style="text-align: center;"><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Fees are based on entire Gross Square footage at a significant cost of \$29.85/sf</li> <li>- No tax or fee exemptions available</li> </ul>

## Obtaining Bonus FAR

Floor area and height bonus options are offered as incentives to encourage facilities and amenities that implement the Central City Plan and provide a public benefit. Portland has made affordable housing one of its highest priorities, and therefore requires the first 3:1 bonus FAR be obtained through mandatory inclusionary zoning requirements (triggered by 20 or more residential units) or in uses that do not trigger inclusionary zoning a floor area of at least 3 to 1 must be earned from the voluntary inclusionary housing bonus option or be transferred through a historic resource transfer before qualifying for other bonus or transfer options.

## Requirements for Obtaining Bonus FAR



While it is clear that standard residential development with twenty or more units is subject to IZ requirements, there are some development types where the implications are less evident or not yet defined. For-sale condo developments for example, while subject to inclusionary

housing according to the Portland Housing Bureau (PHB), do not yet have regulatory options outlined. In talking to a representative at PHB, it was stated that condo regulations were currently being worked on and are expected to be put in place by end of year 2017.

Senior housing and student housing are currently in a grey area with regards to inclusionary housing. In the city zoning code, "Group Living" is considered exempt from inclusionary housing. The definition of group living according to city zoning code is shown below.

While uses like student and senior housing may appear to fall within Group Living and thus be exempt from Inclusionary Housing, this is not necessarily the case. Classification of Group Living is dependent upon the configuration of the kitchens in each dwelling unit in a development. According to the Bureau of Development Services (BDS), units are defined as Household Living and thus not exempt from inclusionary housing if they contain both (1) a kitchen sink apart from the lavatory basin with a 2-inch drain with overhead vent and (2) a cooking setup with a 220V outlet or a gas hookup. If a unit contains both of these components, it is considered to be Household Living and subject to IZ requirements.

### **Residential Use Categories**

#### **33.920.100 Group Living**

- A. Characteristics.** Group Living is characterized by the residential occupancy of a structure by a group of people who do not meet the definition of Household Living. The size of the group will be larger than the average size of a household. Tenancy is arranged on a month-to-month basis, or for a longer period. Uses where tenancy may be arranged for a shorter period are not considered residential. They are considered to be a form of transient lodging (see the Retail Sales And Service and Community Service categories). Generally, Group Living structures have a common eating area for residents. The residents may or may not receive any combination of care, training, or treatment, as long as they also reside at the site. Group Living may include the State definition of residential facility (see Chapter 33.910, Definitions).
- B. Accessory Uses.** Accessory uses commonly found are recreational facilities, parking of autos for the occupants and staff, parking of vehicles for the facility, and food membership distribution.
- C. Examples.** Examples include dormitories; communes; fraternities and sororities; monasteries and convents; nursing and convalescent homes; some group homes for the physically disabled, mentally retarded, or emotionally disturbed; some residential programs for drug and alcohol treatment; and alternative or post incarceration facilities.

It is unclear how new senior housing projects will comply with inclusionary housing if they choose to provide affordable units on-site via the 60% or 80% MFI (aka Area Median Income or AMI) programs. There are several models of senior housing that exist, and most include a variety of essential services as a component of the monthly rent charged to residents. At the time of this writing, Portland Housing Bureau has stated that Independent Living units with full kitchens as defined above are subject to inclusionary housing, and that rents for affordable units, if provided on site, may not include additional services inherent to senior housing.

Assisted living, memory care, and skilled nursing are exempt from IZ according to PHB, as are Continuing Care Retirement Communities (CCRC's) which often require a large entrance fee along with monthly fees. It is worth noting that this is the Portland Housing Bureau's stated position, and that some senior housing developers do not believe there is a legal basis for applying IZ to senior housing facilities.

Below is an analysis of the effect of inclusionary housing on the proposed senior housing development, which includes a mix of independent living and assisted living units. The analysis shows three scenarios: (1) 60% AMI (2) Fee-in-Lieu (3) IZ-exempt. The analysis is done for similar projects at 9:1 FAR and 12:1 FAR and is based on a sale at the end of Year 10.

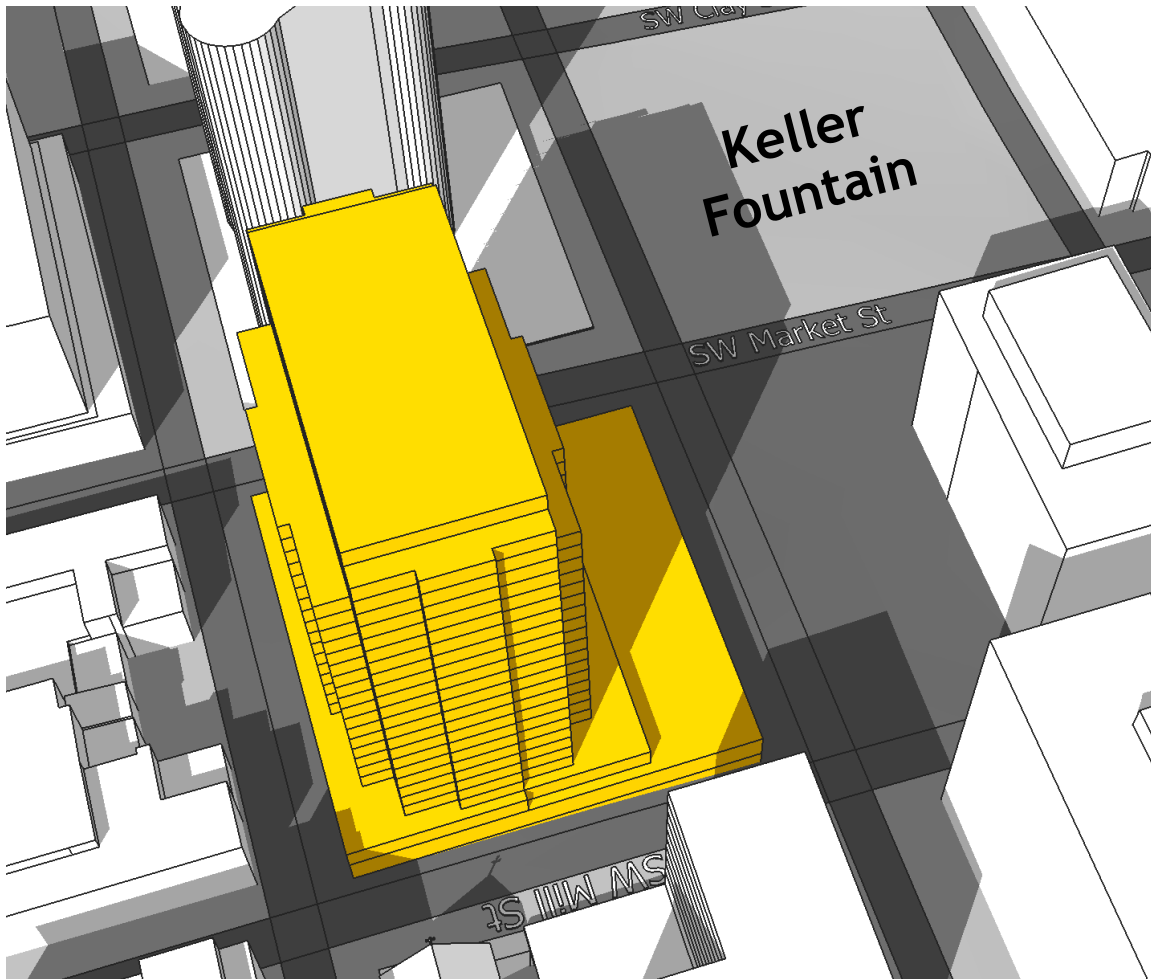
## Senior Housing - Inclusionary Housing Analysis

<b>IZ Analysis - 9:1 FAR Senior Housing</b>	<b>9:1 - 60% AMI</b>	<b>9:1 - Fee-in-Lieu</b>	<b>9:1 - No Inclusionary Housing</b>
<b>Project Cost</b>	\$151,685,100	\$162,681,100	\$151,935,100
<b>Equity Requirement</b>	\$37,921,275	\$40,670,275	\$37,983,775
<b>Return on Equity (Stabilized yr 4)</b>	7.0%	4.7%	5.8%
<b>Return on Equity (Stabilized yr 11)</b>	7.8%	9.3%	10.6%
<b>NOI (Stabilized yr 4)</b>	\$9,224,462	\$8,622,753	\$8,622,753
<b>DCR (Stabilized yr 4)</b>	1.62	1.41	1.51
<b>IRR</b>	7.0%	6.6%	8.5%
<b>NPV (6% Hurdle Rate)</b>	\$4,249,339	\$2,582,409	\$11,640,150

<b>IZ Analysis - 12:1 FAR Senior Housing</b>	<b>12:1 - 60% AMI</b>	<b>12:1 - Fee-in-Lieu</b>	<b>12:1 - No Inclusionary Housing</b>
<b>Project Cost</b>	\$197,557,460	\$212,385,460	\$198,057,460
<b>Equity Requirement</b>	\$49,389,365	\$53,096,365	\$49,514,365
<b>Return on Equity (Stabilized yr 4)</b>	7.6%	5.2%	4.2%
<b>Return on Equity (Stabilized yr 11)</b>	8.6%	10.3%	11.7%
<b>NOI (Stabilized yr 4)</b>	\$12,135,855	\$11,388,642	\$11,388,642
<b>DCR (Stabilized yr 4)</b>	1.63	1.43	1.53
<b>IRR</b>	8.4%	7.7%	9.7%
<b>NPV (6% Hurdle Rate)</b>	\$12,462,569	\$10,464,120	\$22,541,108



The 60% AMI and Fee-in-Lieu options were chosen for this analysis as they proved to be most financially viable of the IZ options available. The 60% AMI scenario performs better than both the Fee-in-Lieu and IZ-exempt options for the first 10 years of operation. This is due to the property tax exemption incentive, to which the Fee-in-Lieu and IZ-exempt options are not entitled. Once the tax exemption stops in year 11, the 60% AMI option performs worse than both other options. Total project costs and annual debt service payments are higher in the Fee-in-Lieu option, adding approximately \$10.7 million in additional development costs in the 9:1 FAR scenario, and approximately \$14.3 million to the the 12:1 FAR scenario.



*Shadow on April 21 at 3:00PM*

## Shadow Study

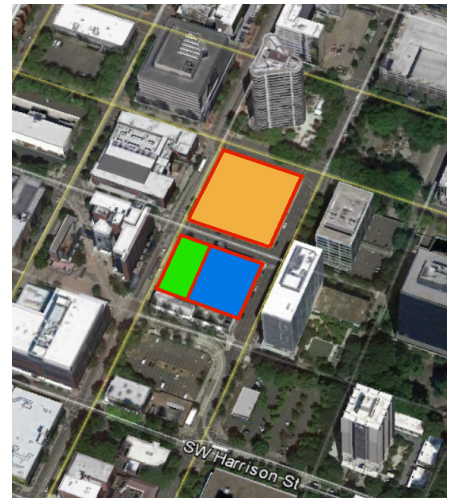
According to the new 2035 Central City plan, a shadow study needed to be performed before a building permit would be granted on the Willing site. A building on the site may cast a shadow that does not cover more than 50 percent of a park or plaza at noon and 75% at 3:00 PM on April 21<sup>st</sup>. Due to this zoning provision the taller portion of the building was located on the west

half of the block in order to prevent casting a substantial shadow on the Keller Fountain Park, located just northeast of the proposed development.

## Development Concept and General Strategy

### St. Michael's Block New Site Plan

The site will be divided into two separate parcels with one being a quarter block at 10,000 square feet and the other being a half block at 20,000 square feet. St Michael the Archangel will be reconstructed on the quarter block parcel to the northwest of the site. The half block parcel will be sold to a developer who will build a 12-story upper-mid market hotel with one level of parking. Once construction is complete the parking will be legally separated as a condominium and sold back to St. Michael's for the cost of construction. The hotel will retain ownership of the land and the remainder of the hotel structure.



### St. Michaels

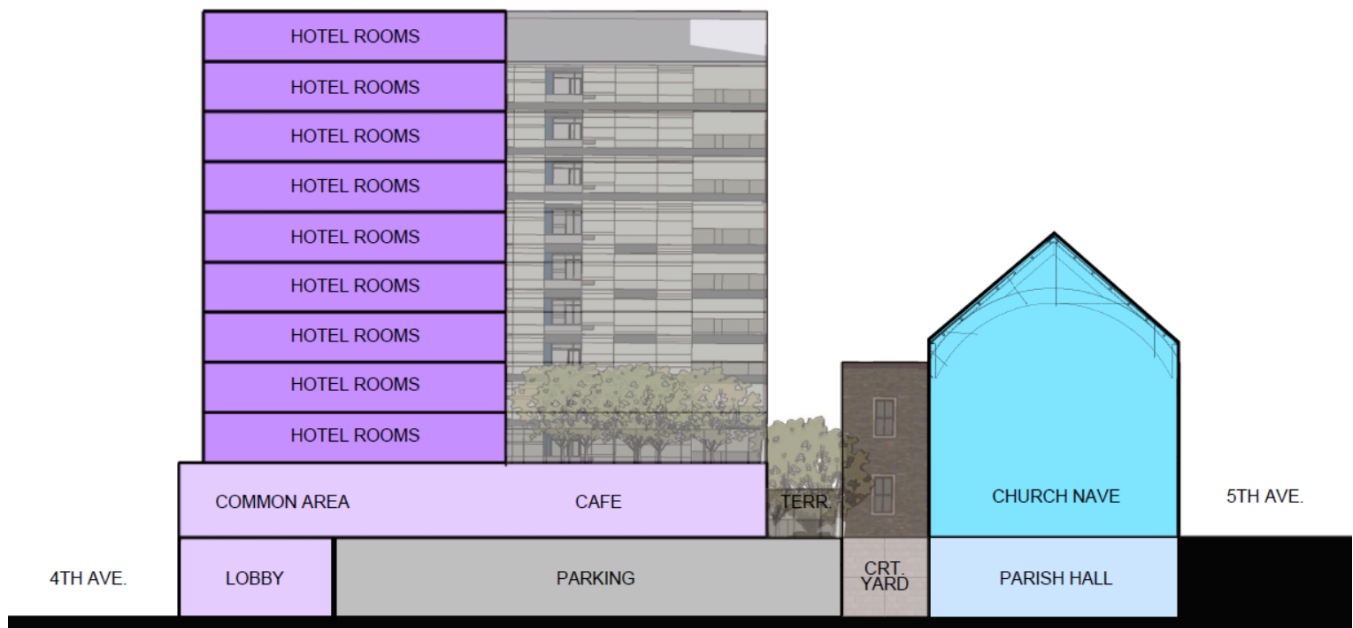
St. Michael's and the Archdiocese of Portland provided a list of requirements that must be met by the new structures. First, the sanctuary must be at least the same size as the original and the Povey Bros. stained glass windows must be retained. Second, the social hall should be at least the same size (but larger is preferred). Third, the church office, Newman Student Center, and rectory need to be 1,500 square feet each. Finally, the new site design must have at least 35 parking spaces.



Based on these requirements as well as budgetary limitations, the following program was developed. The church, social hall, offices, and rectory will be completely rebuilt on the same site but in a different position on the lot. The new structure will be constructed facing SW Mill St. and abutting the property line on SW 5<sup>th</sup> Ave. The sanctuary will be built slightly above grade on SW 5<sup>th</sup> Ave. The social hall will remain beneath the sanctuary but will be a daylight basement facing east. The property will be terraced so that the social hall, while almost a full level below grade, will still have a courtyard and an abundance of natural light.

The new sanctuary will be 5,000 square feet with the social hall at 5,750 square feet. The church office and Newman Center will be in the same structure as the rectory with a total square footage of 5,380.

This project represents a dichotomy of sorts. According to Father Lucas Laborde of St. Michael's, a conversation needs to occur among worshippers and church hierarchy to reach stakeholder hearts - not merely their minds. The Church would be reluctant to part with valuable real estate, so winning them over with a development feasibility study remains to be only half the battle. Worshippers would face high emotional costs to witness the demolition of their 116-year old church, and the Archbishop would need to sign off on any plans. On the site to the north, traditional and thorough development planning to achieve the bottom line should prove sufficient.



## Half Block Hotel Program

The 20,000 square foot parcel on the eastern side of the block will be sold fee simple to a developer with the intent of constructing a hotel and parking garage on the site. The parking garage will be a requirement of the sale and will be included in the verbiage of the purchase and sale agreement. The developer will be a major hotelier such as Marriott International, Hilton Worldwide, InterContinental Hotels Group (IHG), or Wyndham Worldwide. By selecting a large and well-established chain the site is more likely to sell and the resulting hotel will possess the resources to stay in business through future economic cycles.



The new hotel will be 12 stories tall with the podium covering the entire 20,000 square feet of the parcel. The ground floor will consist of a lobby with reception desk and café. There are also 40 below grade parking spaces and a single stall for a local food cart. The lobby will be open and welcoming to guests and customers.

The food cart stall will be located in the covered parking area abutting the sidewalk. This cart stall will have a full set of hookups for power, water, and wastewater so as to alleviate the need for generators and to prevent unsightly drainage issues. The space can be rented to a local food cart owner or be on a rotating schedule whereby a different cart would occupy the space each month. As the hotel will not have a full kitchen and thusly a limited menu the food cart will be able to supply lunch and dinner items that would otherwise be impossible to provide. Guests will have the option of ordering from the food cart menu and having meals delivered to their rooms.

The second floor of the hotel will consist of eight guest rooms as well as a board room, breakfast area, restrooms, and much of the back of house areas such as laundry facilities, offices, and an employee break room. The third through twelfth floors will entirely consist of guest rooms that will be available in three comfort levels: single queen, double queen, and king. Room will average 615 square feet all-in with a target of 460 square feet per room.

The third-floor outdoor terrace will be landscaped with an abundance of local plants and will serve a dual purpose as an attractive garden as well as a stormwater abatement system. Outdoor seating will be available in the warmer months on the second-floor terrace. This area will be located outside of the breakfast dining room and when open, will be staffed so as to provide food and beverage service to guests.

# Willing Block Development Strategy

The decision to develop senior housing on the Willing Company site was made by taking into consideration the investment goals of the owner, which are outlined in the table below. These goals included mitigating risk as well as providing a stable, long-term financial return. Importance was placed on the development’s ability to contribute to the surrounding neighborhood.

<b>Willing Company Goals</b>	
<ul style="list-style-type: none"> <li>· 6% long-term return</li> <li>· Ongoing financial participation</li> <li>· Investment in the neighborhood</li> <li>· Contribute to the ongoing vitality of the neighborhood</li> <li>· Low risk development</li> </ul>	

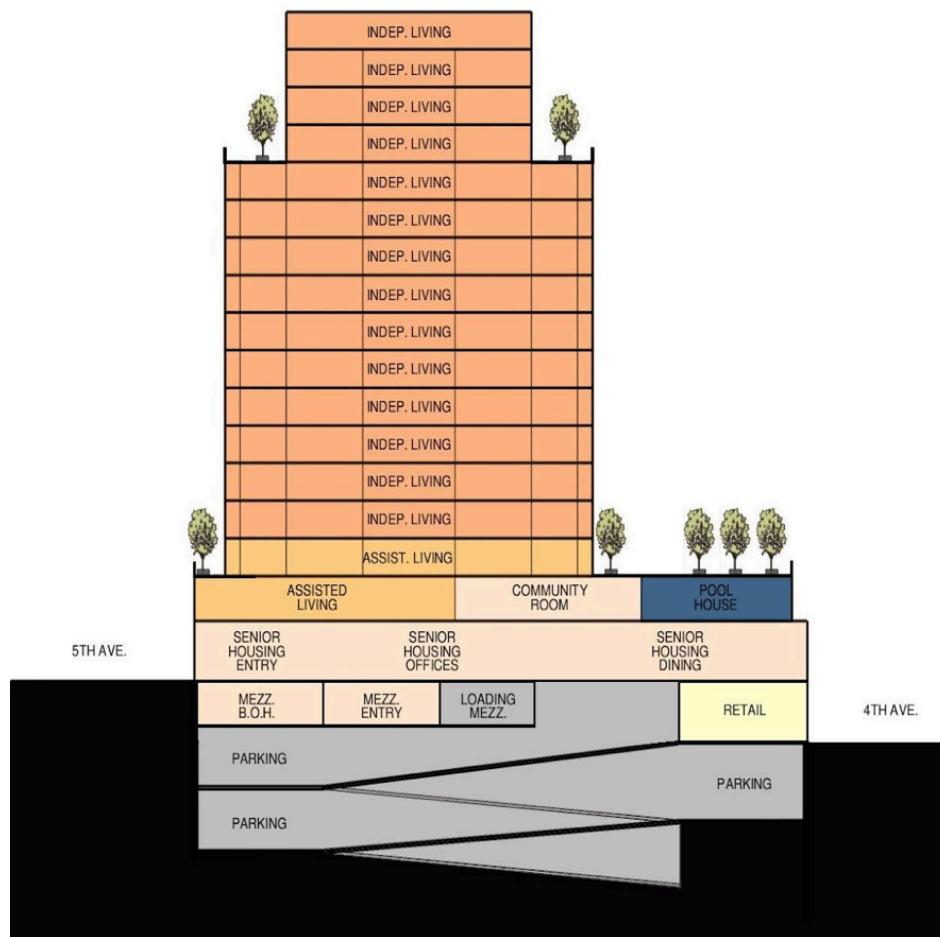
## Willing Block - Senior Housing Program

This project will be a 16-story, 360,000 gross square foot tower comprised of independent and assisted living units, ground floor lobby, three retail spaces, and 68,277 square feet of parking. Total building height will be approximately 168 feet.

Type	Mix	# of Units	Avg Unit Size (in SF)
Independent Living	79%	267	750
Assisted Living	21%	70	500
Total/Avg	100%	337	698

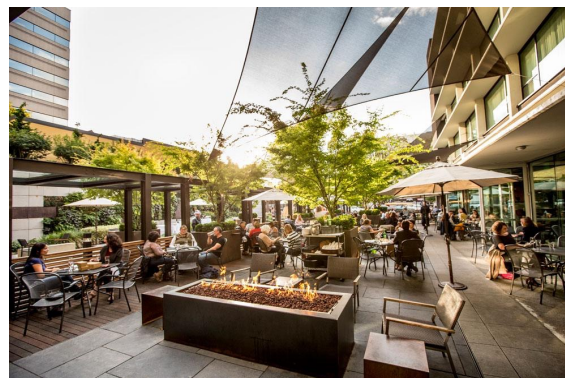
The independent living units run from floors 4-16 and are 750 square feet in size on average. Assisted living units are smaller on average at 500 square feet, and are located on levels two and three. The assisted living floors will contain additional programming space for dining, medical exams, arts and crafts, spa, salon, and break rooms for assisted living staff. The building will contain a total of 337 units: 267 independent living units and 70 assisted living units. In order to obtain Section 232 HUD financing, the independent living units will be built to assisted living unit standards and licensed as such. Skilled nursing will be contracted off-site for residents who need a higher level of care.

The project will be highly amenitized, and will take into account the specific needs of its aging residents. A fitness center and spa will be located on the second floor, complete with an exercise pool that will open onto a courtyard terrace overlooking 4<sup>th</sup> Avenue and Keller Fountain Park. The outdoor terrace will provide a flexible event space and outdoor game programming. The first floor podium will contain a lobby and retail space facing 5<sup>th</sup> Avenue with the remaining ~20,000 square feet utilized for community amenity space that will include a commercial kitchen and dining room, small multi-purpose theater, salon, coffee bar/cafe, game room, and learning/activity rooms. The multi-purpose theater and learning/activity rooms will have regular guest lectures from professors and students at the OHSU-PSU School of Public Health whose new academic building is slated to open in 2020 just two blocks south of Willing site.



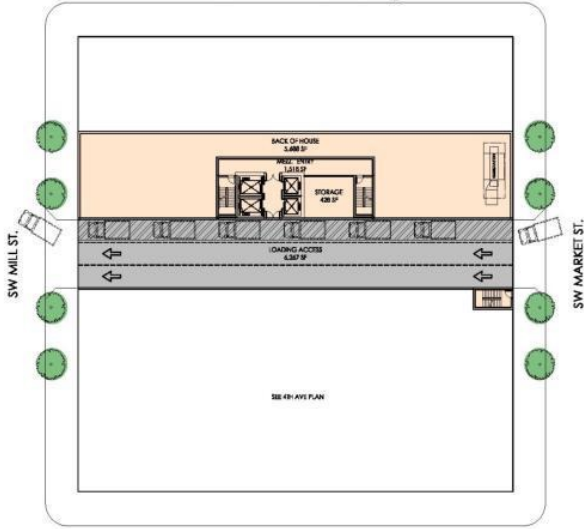
Use	Approximate SF
Independent Living Units	200,400
Assisted Living Units	35,000
Commons	48,132
Retail	17,150
Parking	67,240
Circulation	59,318

The strategy and configuration of the retail spaces on-site was carefully considered. Given the demographic of the building residents and proximity to PSU campus, a healthcare clinic such as ZOOM+Care which offers extended hours or emergency services would be an ideal candidate for the 5<sup>th</sup> Avenue retail space. Other health-related businesses such a small-scale pharmacy or a specialty clinic could also be viable tenants. The retail space on the southeast corner of the building facing 4<sup>th</sup> Avenue has been designed to attract an upscale restaurant tenant similar to Nel Centro or Morton’s Steakhouse nearby. Its location adjacent to Keller Fountain Park and the Keller Auditorium, along with its proximity to the Central Business District make it a great candidate for a restaurant tenant that is open for lunch and dinner hours.

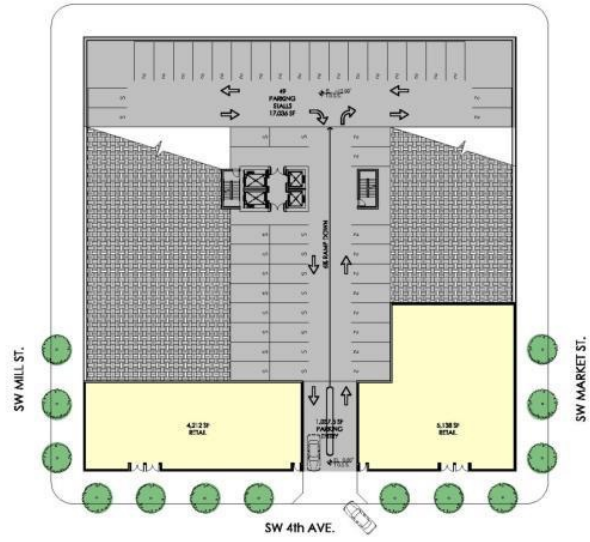


Parking for the senior housing project enters at low grade on 4<sup>th</sup> Avenue and begins ramping down a full level to provide a total of 167 parking spaces, resulting in a ratio of .6 spaces per independent living resident. Entry for loading and drop-off will be located on Market Street with egress on Mill Street. A valet service will be provided to residents, and will allow for tandem parking in order to increase garage efficiency. Many residents of the facility would not require regular access to their vehicles, and a valet would aid in retrieval of vehicles parked in the tandem spaces.

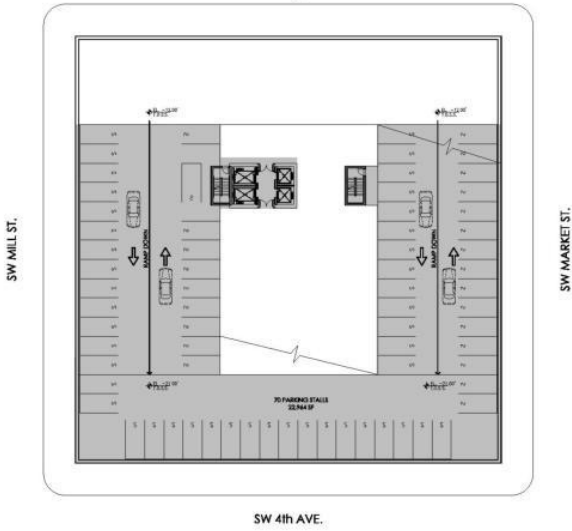
Mezzanine - Loading



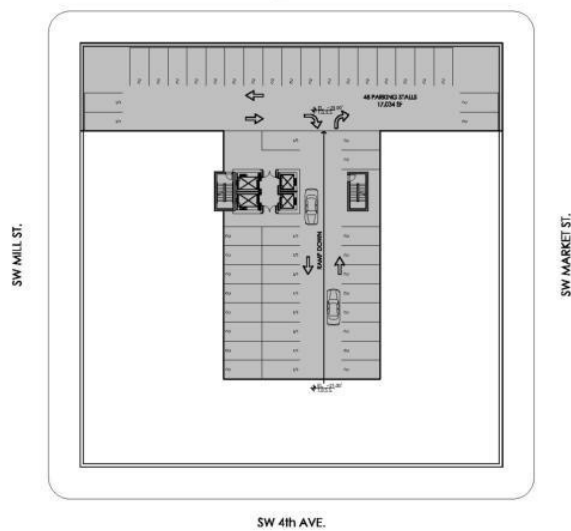
Parking P1 (4<sup>th</sup> Ave)



Parking P2



Parking P2

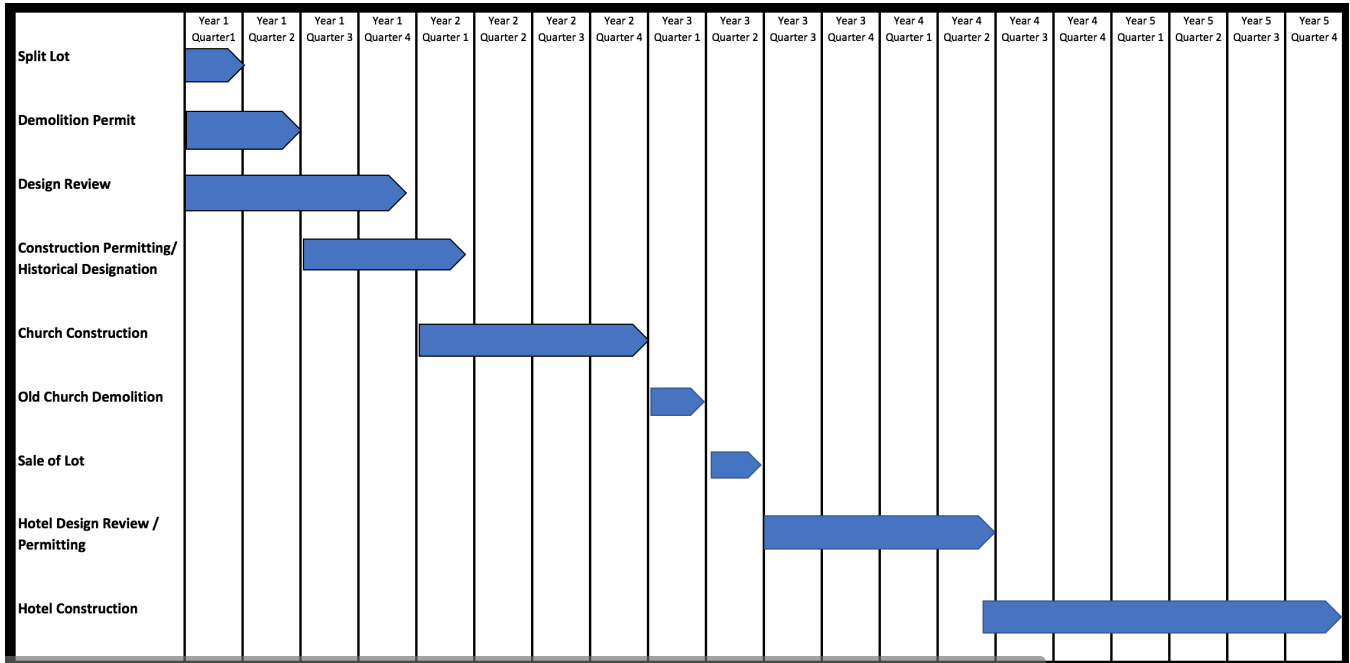




## Potential Synergies

- Sites are in close proximity to cultural amenities such as the Keller Auditorium, Arlene Schnitzer Concert Hall, Portland Art Museum, Oregon Historical Society, and the Portland Center for the Performing Arts
- Seniors may be able to utilize amenities at Portland State University such as the recreation center as well as attend community events and lectures held on campus. Additionally, seniors can audit PSU classes for free (currently, 1600 seniors do). It should be noted that seniors are a major donation base for the University
- Proximity to St. Michael the Archangel as well as other religious institutions provides services to guests and residents
- Opportunities for partnership with health and science academic programs at nearby universities, including the Jasmine Block, a joint City of Portland-PSU-OHSU-PCC nine-story office and academic building targeting professional health education, to the south of the Church block; currently in the planning phase.
- Provide retail amenable to not only the benefit of senior residents, guests at the hotel, and churchgoers, but also for the students and office workers in the neighborhood
- Streetcar and Max allow for easy access to other retail, and provides transportation, greatly reducing the necessity for automobile use

# Timeline Overview



The church site has several factors that extend the overall timeline of the development. This begins with an application to split the property into two separate tax lots and requesting a demolition of the current church. Since the church is a historic landmark registered with the City of Portland, it will require a 120-day comment period from the public. The support of the church and its community will be vital to getting the demolition approved. The next phase of the project is to go through Design Review and permitting followed by construction of the new church. Once completed, the demolition of the old church can occur. The delayed demolition of the old church serves two purposes: First, it allows the parishioners to worship in the existing building while the new church is being constructed. Second, it maximizes the value of the vacant lot created by removing all the uncertainty of demolition and removing a historic landmark.

The Willing site has a straightforward development timeline, considering it sits on a surface parking lot that occupies the entire block. The site will go through Design Review and construction permitting like any other development within Central City, and faces few additional hurdles to its development timeline.

# Construction

## Willing Site

The senior housing project will be a concrete and steel tower that includes below grade parking and a podium. Hard construction costs for the building were estimated at \$270 per square foot and total \$97,200,000. Parking below grade was estimated at \$175 per square foot with above grade parking at \$160 per square foot. A hard cost contingency of 6% was included.

<b>Construction Budget</b>		
	<b>Cost</b>	<b>Price/SF</b>
Land	\$12,000,000	\$300
<b>Hard Costs</b>		
Building	\$97,200,000	\$270
Parking above	\$4,800,000	\$160
Parking Below grade	\$7,000,000	\$175
sub total construction	\$109,000,000	
Hard Costs Contingency	\$6,540,000	6%
<b>Total Hard Costs</b>	<b>\$115,540,000</b>	

## St. Michael's Site

The new hotel will be a concrete and steel tower that includes below grade parking on grade with 4<sup>th</sup> Avenue. Total development costs are \$60,900,000. Hard construction costs for the building were estimated at \$240 per square foot and total \$35,300,000. A hard cost contingency of 5% was included.

<b>Hard Costs</b>	<b>Cost</b>	<b>Price / SF</b>
Construction hard costs (\$/SF)	\$ 31,784,400	\$ 240
Parking (Per SF)	\$ 1,446,750	\$ 90
Fee in Lieu	\$ 480,000	\$ 24
Hard Cost Contingency	\$ 1,661,558	5%
<b>Total Hard Costs</b>	<b>\$ 35,372,708</b>	

The new church will be constructed of concrete below grade and wood framing above. Total development costs are \$7,400,000. Hard construction costs for the building were estimated at \$325 per square foot and total \$5,300,000 including the removal, restoration, and reinstallation of the stained glass windows. Total reserves of 6% are available for the entire project.

<b>Hard Costs</b>	<b>Cost</b>	<b>Price / SF</b>
Construction hard costs (\$/SF)	\$ 5,032,950	325
Stained Glass	\$ 250,000	
Water Line Fee	50,000	
<b>Total Hard Costs</b>	<b>\$ 5,332,950</b>	

# Financing Plan

## St. Michael the Archangel

The current worship facilities are not seismically sound and as such need to be either brought up to current code or replaced. In 2008, plans were drawn up and a contractor was hired to retrofit the existing structure. Before construction began it was discovered that the plans did not account for the structure’s lack of a proper foundation. Once a proper foundation was added to the scope of work the total cost settled at roughly \$7 million. The church had raised \$3.0 million in cash and had another \$1 million in pledges. This amount was sufficient to retrofit the church structure but not enough to handle the lack of a foundation.

<b>St. Michael the Archangel Sources and Uses</b>		
<b>Sources</b>		
Cash	\$ 2,500,000	
Land Sale	\$ 5,000,000	
Short term loan from parking	\$ 1,504,406	
Less Parking re-purchase	\$ (1,446,750)	
Sale of Remaining FAR	\$ 394,512	
<b>Total Sources</b>	<b>\$ 7,952,168</b>	

	<b>Cost</b>	<b>Price / SF</b>
<b>Land</b>	\$ -	\$ -

<b>Total Development Cost</b>	<b>\$ 7,483,844</b>	<b>\$ 483</b>
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<b>Reserves</b>	<b>\$ 468,324</b>	<b>6.3%</b>
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In order to build a new church facility additional funds are required. These funds will come from two main sources. First, the Church will sell 20,000 square feet of land for \$5 million with an agreement to purchase a parking condo in the new hotel for roughly \$1.4 million — the cost of construction. This will provide a net benefit of \$3.5 million. As the church would like to continue to worship in the current structure the new facility must be completed before the half block will be available for new construction. Based on this requirement, the funds from the land sale will be made available by the Archdiocese of Portland immediately and will be repaid once the land is sold. This bridge loan from the Archdiocese will cover the two-year gap between starting construction and selling the land.

The next main source of funds will come from a short-term bank loan based on the net proceeds from the parking structure. When the church purchases the parking condo it will do so through a newly created LLC. The church will own 99.9% of the LLC and be a silent, non-managing partner, providing all of the funds necessary to purchase the parking condo. The other 0.1% of the LLC will be owned by a managing member, a parishioner, who would be willing to take on the duty and risks involved. Based on conversations with stakeholders this should not be a problem. The new LLC will then take out a short-term loan using the parking

condo and a deposit account as collateral. By opening a deposit account at the lending bank, the loan rate would become more favorable. The deposit account will be funded using cash collected from the \$1 million in pledges and will be returned to the church when the loan is paid down completely. The managing member will take on the responsibilities of running the parking lot, servicing the debt, and ensuring that the business is run legally and efficiently on a daily basis. Once the loan is paid down the church will purchase the 0.1% managing ownership interest and take full ownership of the parking lot. Obtaining the loan will only be possible as the church will be using a third-party manager for the duration of the loan. During the term of the loan there is risk for the manager as that individual will be liable for the balance of the loan. The risk for the church is limited to the ownership of the parking lot and the funds that were used to secure it.

The total funds obtained from these sources is roughly \$7.9 million with \$2.5 million in cash, \$3.5 million from the net proceeds of land, \$1.5 million from the short-term parking loan, and \$400 thousand from the sale of excess FAR. The church had \$3.0 million in cash but elected to spend \$500 thousand on critical repairs in order to continue to use the original structure before beginning new construction.

Once the funds have been secured construction of the new structures can begin. The sanctuary, social hall, offices, rectory and Newman Hall will be built for a total cost of roughly \$7.4 million. This is based on a hard cost estimate of \$325 per square foot and 40% of hard costs as soft costs. The stained-glass windows also have a restoration and reinstallation cost of \$250 thousand.

## Hotel Financing

Construction and operation of the hotel will be performed by a major hotelier. When St. Michael's is ready to sell the land, a request for proposals will be drafted and sent out. The RFP will include any design restrictions as well as the sale requirement of the parking condominium. Once proposals have been received and a buyer selected, the Archdiocese of Portland will sell the land with title restrictions in accordance with the RFP and the Purchase and Sale Agreement.

Funding to construct the new hotel will then be made available by the developer/operator that has purchased the land. Based on an industry standard of

Hotel Sources and Uses		
<b>Sources</b>		
Owner Equity	\$ 23,784,866	40%
Permanent Loan	\$ 35,677,299	60%
Parking Condo Sale	\$ 1,446,750	
<b>Total Sources</b>	<b>\$ 60,908,916</b>	

	Cost	Price / SF
<b>Land</b>	<b>\$ 5,000,000</b>	<b>\$ 250</b>

<b>Total Hard and Soft Cost</b>	<b>\$ 49,329,791</b>	
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Tenant Improvements	Cost	Price / SF
Lobby ( \$/SF)	\$ 100,000	100
Café	\$ 225,500	100
Breakfast Dining Room	\$ 75,000	75
Meeting and exercise rooms	\$ 75,000	75
Back of House	\$ 653,625	75
Rooms FFE (per room)	\$ 5,450,000	25000
<b>Total TI Costs</b>	<b>\$ 6,579,125</b>	

<b>Total Development Cost</b>	<b>\$ 60,908,916</b>	<b>\$ 460</b>
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60% loan to value, \$23 million of owner equity will be required to obtain a loan for the remaining \$35 million which will be required for construction.

## Hotel Operations

Income will be generated by room rentals, food, and drink sales. Based on 2016 Central City numbers, an occupancy rate of 81.4%, average daily rate (ADR) of \$182.45, and RevPAR of \$148.50 were used in the financial model. With 218 rooms and moderate sales in the café, gross profit of about \$12 million will be realized. With expenses at 50% of gross profit, below the line expenses of \$1.7 million, annual debt service of \$2.4 million, year one net cash flow will be \$1.9 million. This plan produces a return on equity of 8.0% with a debt coverage ratio of 1.79. Assuming a reversion at the end of year 10 the internal rate of return for the project will be 15.0%.

<b>Hotel Operations</b>	
<b>Income</b>	
Bed Occupancy Level	81%
Rooms (CDB RevPAR)	\$ 11,817,283
Food / Beverage (\$/mo)	\$ 180,000
TOT Admin Fee	\$ 79,767
<b>Gross Profit</b>	<b>\$ 12,077,050</b>

<b>Expenses</b>	
<b>50% of Gross Profit</b>	<b>\$ 6,038,525</b>

<b>Other Expenses</b>	
Insurance	\$ 30,000
Management Fee (% of gross)	\$ 479,891
Replacement Reserves (% on NOI)	\$ 241,541
Property Taxes	\$ 969,220
<b>Total Other Expenses</b>	<b>\$ 1,720,652</b>

<b>Debt Service</b>	
<b>ADS</b>	<b>\$ 2,405,944</b>

<b>Net Cash Flow</b>	<b>\$ 1,911,929</b>
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<b>DCR</b>	<b>\$ 1.79</b>
<b>Yr. 1 Return on Equity</b>	<b>8.0%</b>
<b>Mortgage Const.</b>	<b>6.7%</b>
<b>IRR at EOY 10 Reversion</b>	<b>15.0%</b>

## Willing Company

The Willing Company's parking lot currently generates a net cash flow of an estimated \$20,000 per month. The company has owned the property for 30 years, owns the property outright with no annual debt payment, and has created a steady cash flow with very minimal operating risk. If the property was valued as a parking lot based on the \$240,000 net operating income at a 7.0% percent cap rate, the property would be worth \$4.8 million. However, the property is worth much more as it would likely be sold as developable land rather than an operating parking lot. According to other land sale comparables within the immediate vicinity, the full block would be valued at \$12 million or approximately \$300 per square foot.

The company would be able to leverage its position as the owner of a debt free parking lot by partnering with other equity investors to create higher returns and higher cash flows by using the land as a \$12 million equity investment in a highest and best use development. The company would create an LLC for the purpose of developing the land and attracting other equity investors to partner in the LLC.

As noted earlier in the inclusionary zoning section, the most profitable option with the least amount of risk for the Willing Company is to develop a senior housing facility with an FAR of 9:1 and provide affordable housing for 10% of the units at 60% AMI. By selecting this option this would allow the development to increase its annual cash flow substantially for the first ten years over the life of the project. The return on equity in stabilized Year 4 is 6.9% — much higher than that of the ‘pay the fee in lieu’ option at 4.6%. While this option does provide a high return on equity, the cash flow and debt coverage ratio does decrease substantially in Year 11.

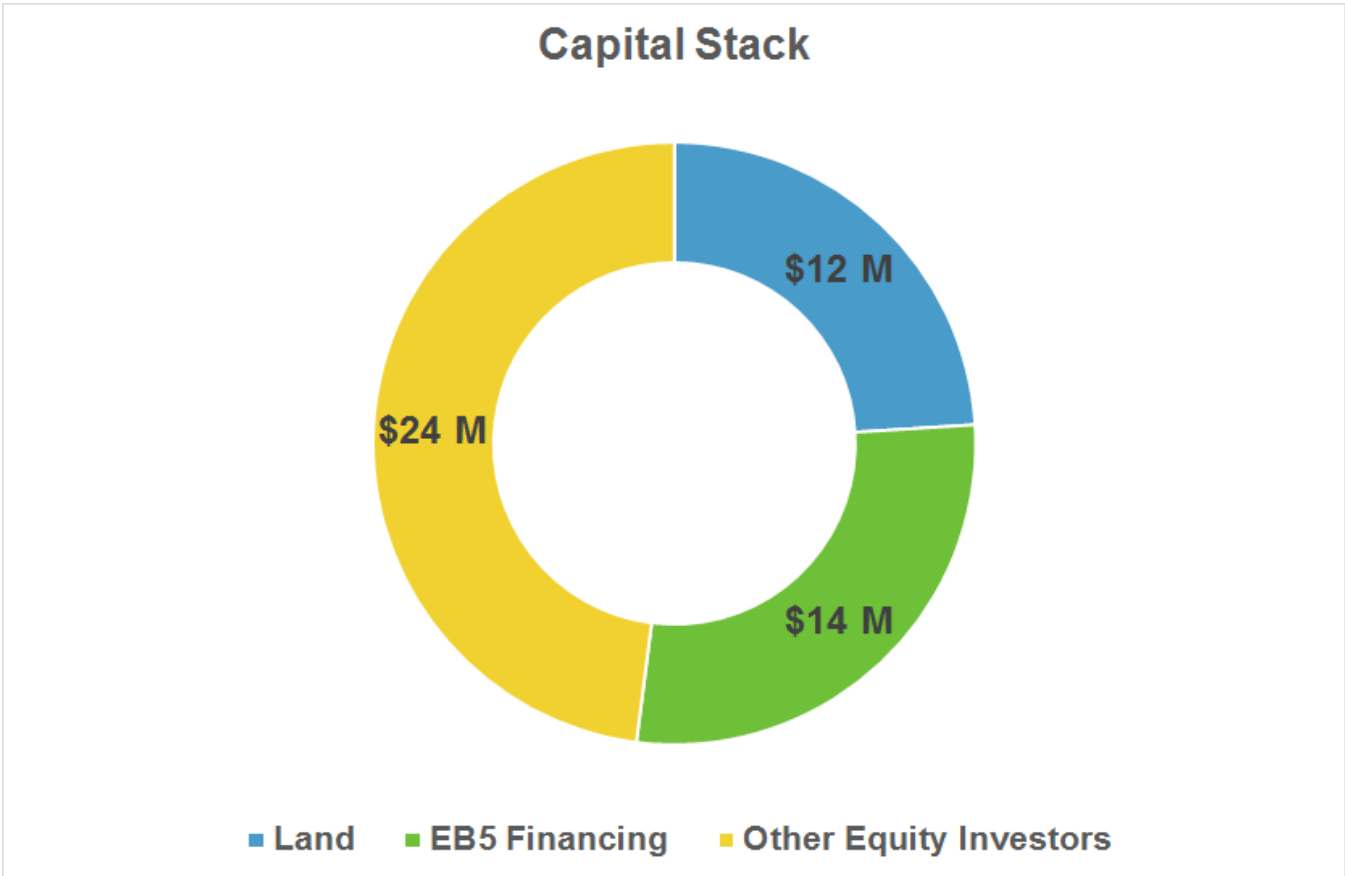
The total development budget is expected to be \$151.9 million, including a soft budget cost of \$34.7 million (30%) and a \$1.7 million (5%) soft cost contingency. Some of the pre-development charges will be before a loan is approved and would be paid from the investor's equity. Furthermore, due to the anticipated lease-up schedule, the negative cash flow of \$2.6 million will be paid out of equity and backed by a letter of credit.

<b>Lease-Up Schedule</b>			
	Independent Living Units	Assisted Living Units	Retail
Year 1	40%	2%	50%
Year 2	70%	60%	75%
Year 3	95%	91%	95%
Year 4	95%	94%	95%

## Capital Stack

Within the newly created LLC the Willing Company would be a non-managing member and have an equity stake equal to the value of the land contributed to the proposed development which would be 25% of the total required equity. They would have the option to seek the remaining \$38 million from other equity investors. The project would qualify for up to \$14 million from EB5 equity investors seeking a visa, as part of its return. The remaining \$24 million (48%) would ideally come from another investor, preferably a senior housing operator that would act as the managing member of the LLC. It is typical for such operators to have a long-term interest in the development, which would suit the investment strategies of the Willing Co.

As part of the LLC agreement the Willing Company would also receive a non-cumulative preferred return on its investment. Once the preferred return is met each year, the remaining portion of the profits would be distributed proportionally among other investor groups. If the annual cash flow exceeds that of the required returns, the excess profits would be distributed evenly among all parties.



## HUD Financing

As the building provides assisted living, the development would qualify for a favorable HUD 232 loan. Through HUD, the Willing Co. would be able to get an interest rate of 4.0% on a 40-year amortization with the balance due in Year 40. The construction loan would be for a two-year period with interest-only payments. Once the certificate of occupancy is achieved, the construction loan would rollover into the 40-year Section 232 loan.

HUD requires the construction permit to be approved first before the loan would be distributed, and the loan process may take up to six months longer than a traditional loan. Furthermore, this type of loan has additional skilled labor and building requirements above a traditional commercial loan. Despite these additional requirements and stipulations, the low interest rate, long holding period and the non-recourse provision makes it worthwhile for the borrower. The non-recourse loan allows the Willing Co. to attract EB5 financing as these investors may not prioritize the lowest interest rate, but weigh in a low risk investment. The interest rate would be at 4.0% and LTV of 75% instead of 5.0% and LTV of 60%. This increases the Willing Co.'s IRR from 5.6% to 10.7%, thereby exceeding its hurdle rate of 6.0%. Ideally the company would hold the property for 30 years as allowed by HUD financing, further increasing their IRR and



receiving a steady cash flow over the entire period, similar to its original long-term investment in the parking lot.

Financial Assumptions		Development Costs (per SF)		Revenue & Expense Assumptions (per SF)	
Loan Rate (HUD Financing)	4%	Building Costs per SF	\$270	Independent Living Avg Monthly Rent per SF	\$6.75
LTV	75%	Below Grade Parking Costs per SF	\$175	Independent Living IZ Rent per SF - 60% AMI	\$1.12
Amortization	40 years	Above Grade Parking Costs per SF	\$160	Assisted Living Avg Monthly Rent per SF	\$11.20
Exit Cap	6%	Hard Cost Contingency	6%	Retail Rent per SF (NNN)	\$30
DCR	1.20	Soft Cost Contingency	5%	Annual Expense Growth	3%
NPV	6%	Land (\$12 million)	\$300	Annual Rent Growth (all units except for IZ)	3%
Tax Abatement for IZ (10% units at 60% AMI)	10 years	Inclusionary Zoning Fee-in-Lieu per SF	\$29.85	Avg Expense Ratio (senior housing)	60%
		Additional FAR per SF	\$8	Efficiency Ratio (Independent Living units)	80%
				Efficiency Ratio (Assisted Living units)	70%

## EB5 Financing

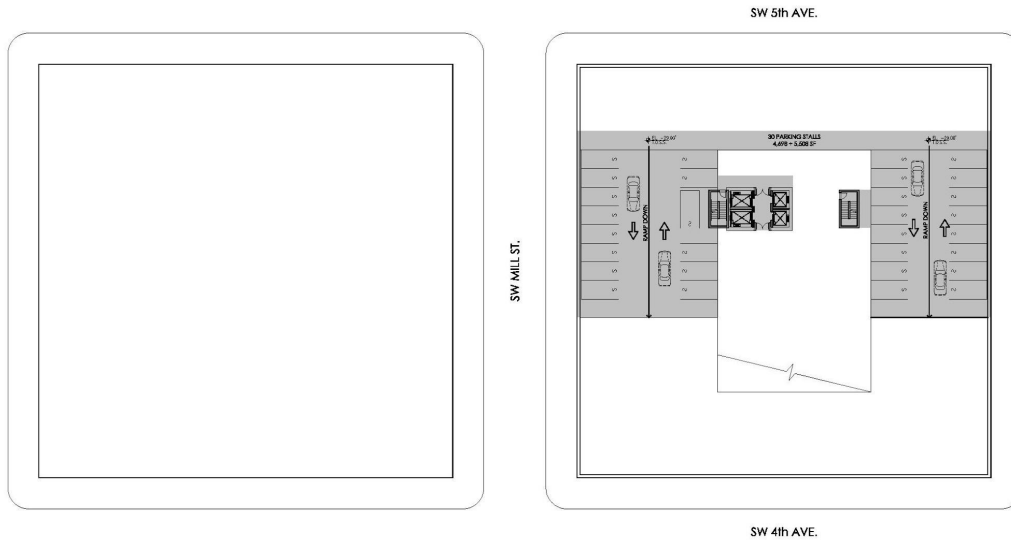
The EB5 financing program is an Immigrant Investor Program that provides foreign investors a green card if they invest a minimum of \$1.0 million in a project or business that will employ at least ten American workers. According to the American Seniors Housing Association, the weighted average full-time equivalent (FTE) per resident is .36 for independent/assisted living facilities. As the proposed development is proposing 270 units and an anticipated 25% will have two occupants, the calculated FTE would be approximately 145. This amount of FTE's would allow for the maximum of \$14 million. Not only would this be a great source for equity investors, it would provide Visas to potential friends and family members of the Willing Company who reside in Japan, where the company is headquartered. The EB5 financing would need to be pursued early in the development process as the EB-5 Visa process is lengthier than other traditional investment processes.

# Appendix

## Site Plans

GOD WILLING - FLOOR PLANS

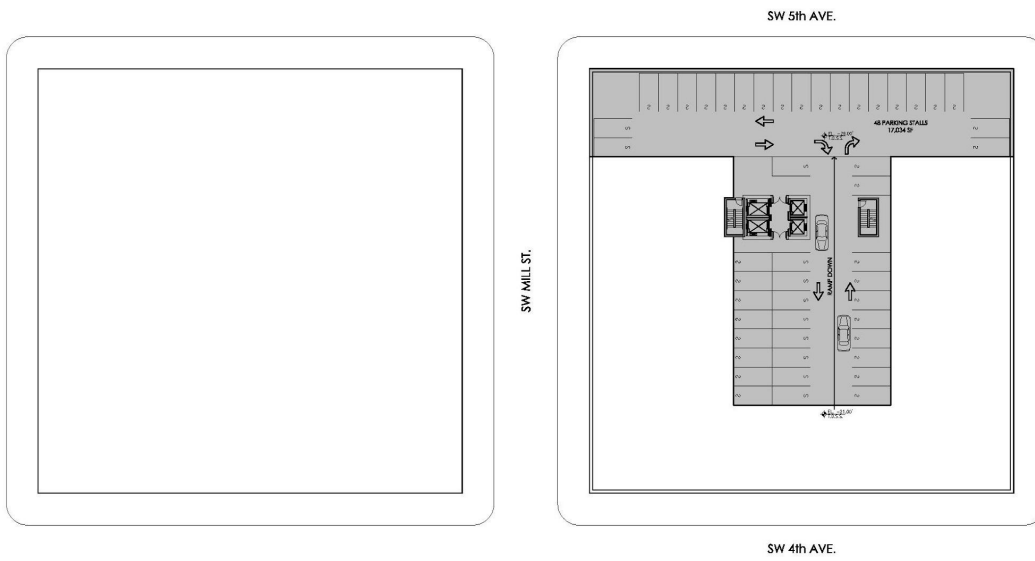
Sept. 5, 2017



Parking P3

GOD WILLING - FLOOR PLANS

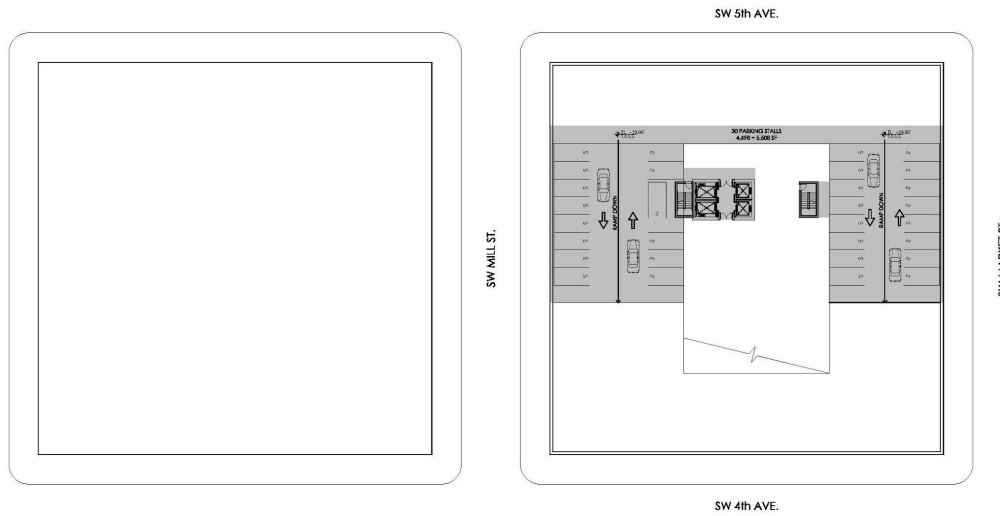
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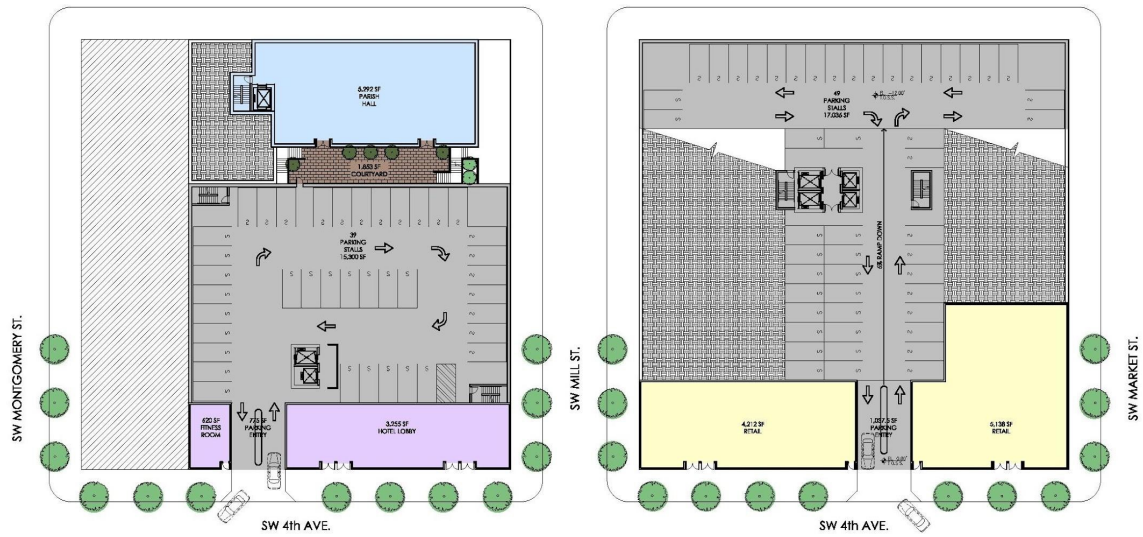
Parking P2.5

GOD WILLING - FLOOR PLANS

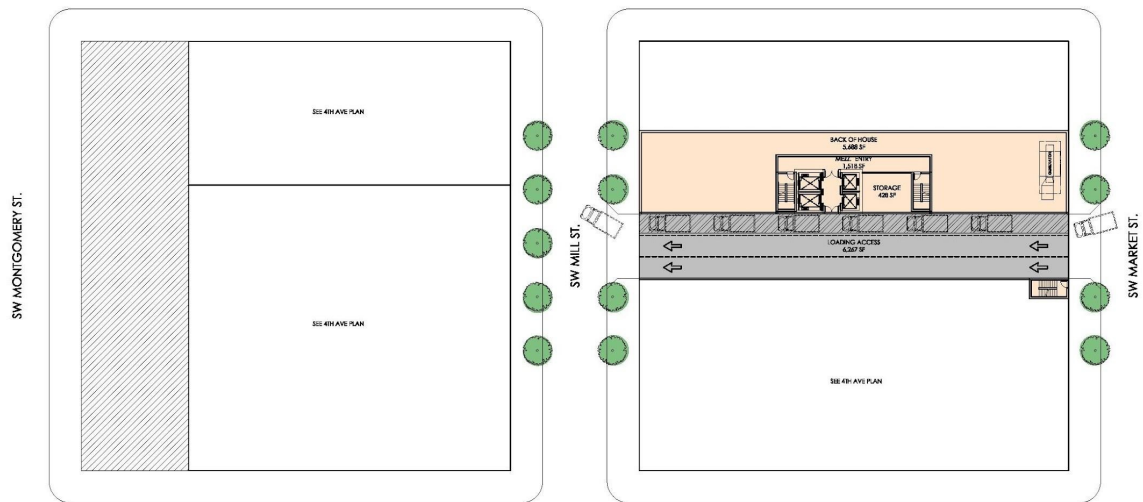
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Parking P3



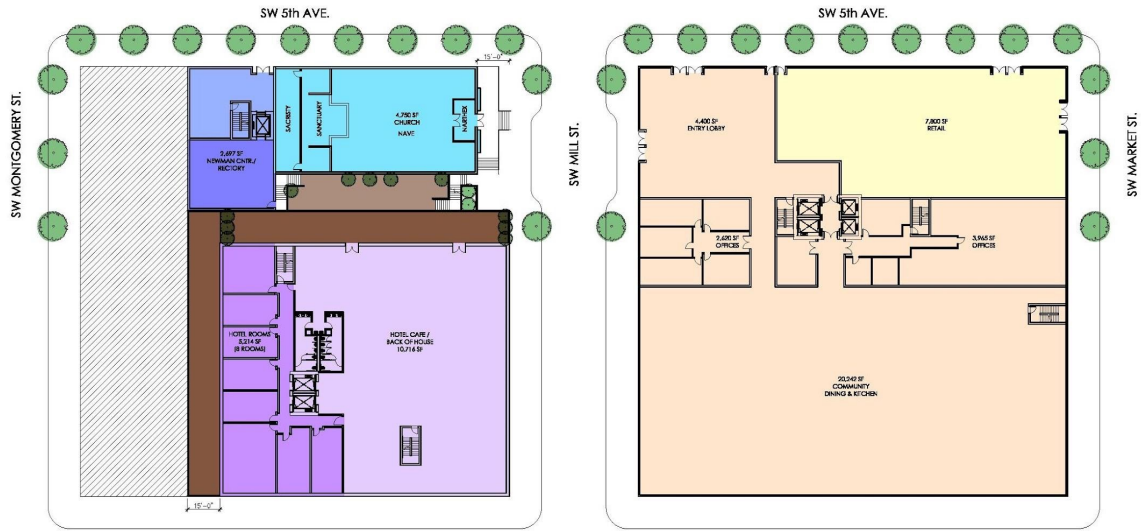
Parking P1 (4th Ave.)



Mezzanine - Loading

**GOD WILLING - FLOOR PLANS**

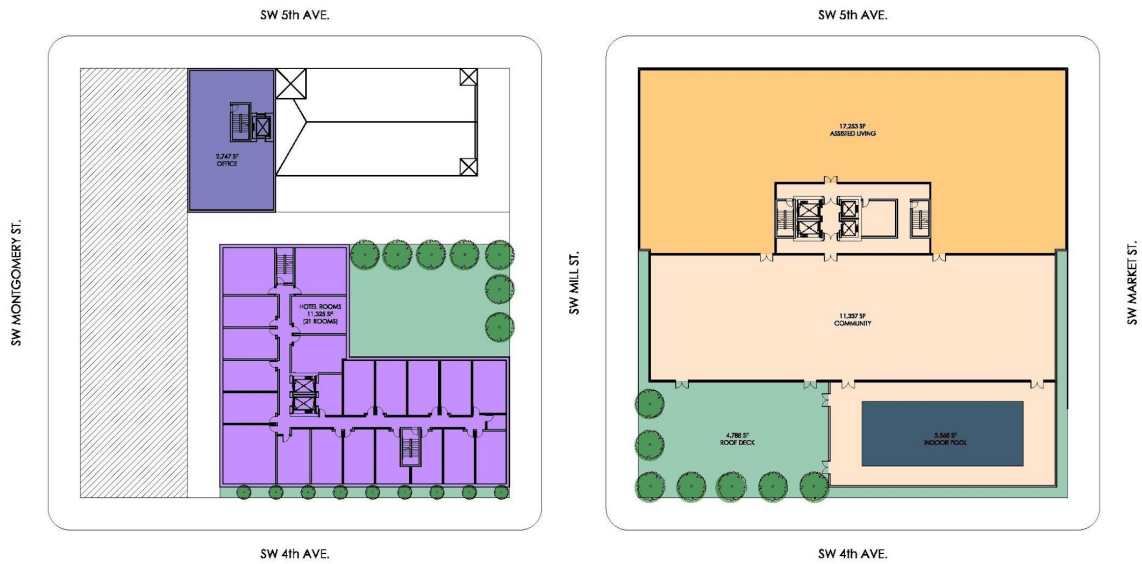
Sept. 5, 2017



**Ground Floor (5th Ave.)**

**GOD WILLING - FLOOR PLANS**

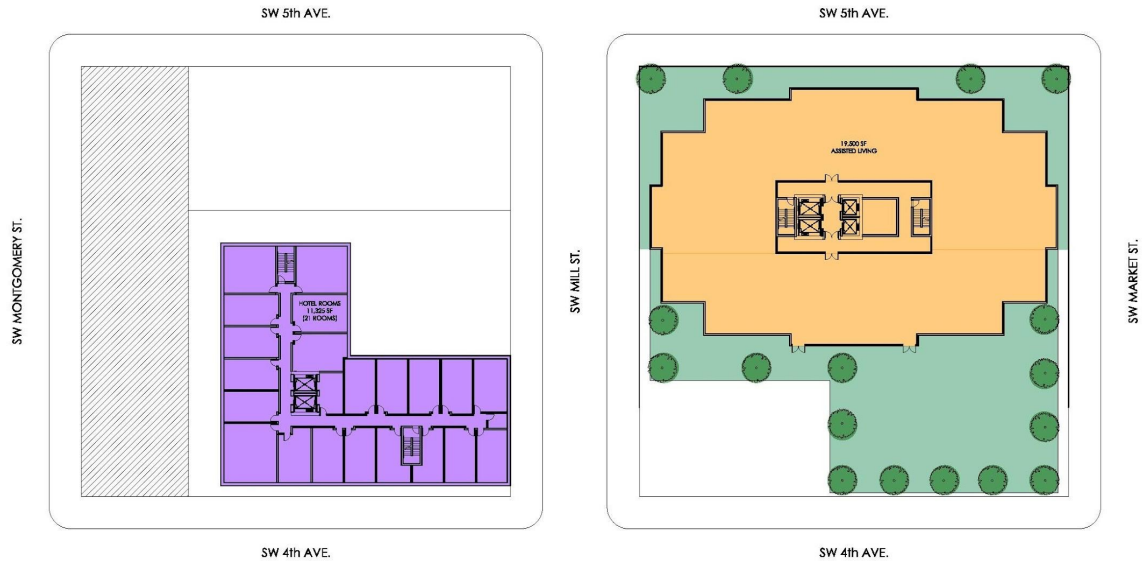
Sept. 5, 2017



**Level 2**

GOD WILLING - FLOOR PLANS

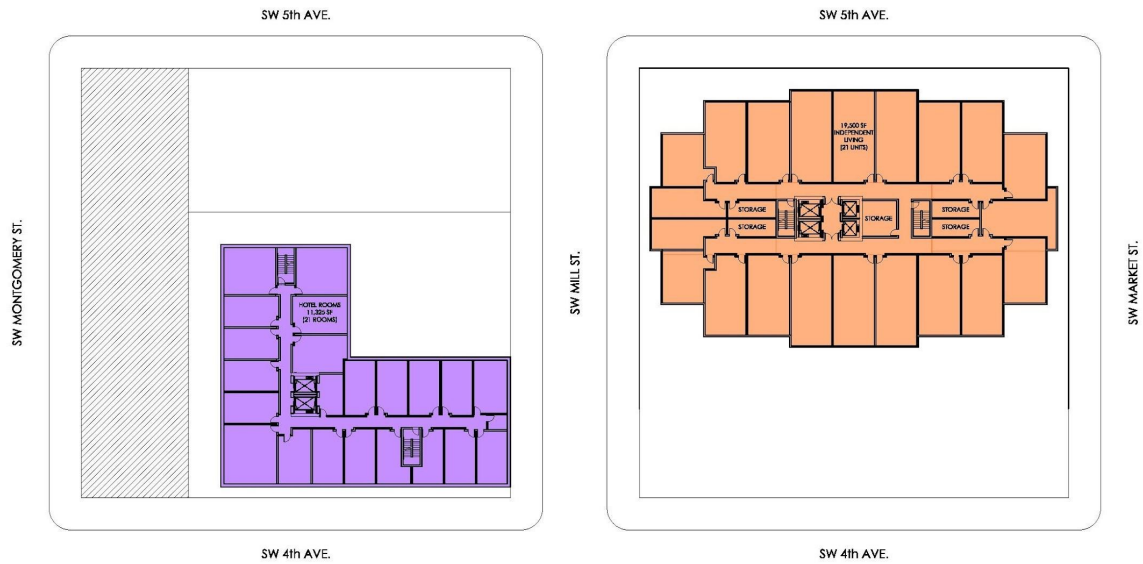
Sept. 5, 2017



Level 3

GOD WILLING - FLOOR PLANS

Sept. 5, 2017



Level 4 (Typ. Tower)

**SENIOR HOUSING INVENTORY  
PRIMARY MARKET AREA**

No.	Facility Name	Address	Location	Target*	Rent Basis	No. Units				Year Built	Market Area	
						Total	IL	AL	MC			
<b>Existing Facilities</b>												
1	Calaroga Terrace	1400 NE 2nd Avenue	Portland	ILAL	Rental	264	201	63		2002	PMA	
2	Emerson House	3577 SE Division Street	Portland	MC	Rental	29			29	2000	PMA	
4	Laurelhurst House	15 SE 55th Avenue	Portland	AL	Rental	38		38		2001	PMA	
5	Laurelhurst Village	3120 SE Stark Street	Portland	AL	Rental	45		45		1963	PMA	
6	Northwest Place	2420 NW Marshall Street	Portland	IL	Rental	46	46			1998	PMA	
7	Taft Home	1337 SW Washington Street	Portland	AL	Rental	75		75		1970	PMA	
8	Hawthorne Gardens	2828 SE Taylor Street	Portland	AL	Rental	65		65		2007	PMA	
9	Mirabella	3550 SW Bond Avenue	Portland	ILALMC	Buy In	262	224	38		2010	PMA	
10	Tenwilliger Plaza	2545 SW Tenwilliger Boulevard	Portland	ILAL	Buy In	293	249	44		1962	PMA	
<b>Subtotals</b>												
Rental Units (Market Rate)						562	247	286	29			
Entrance Fee Units						555	473	82	0			
<b>Total Units in PMA</b>						<b>1,117</b>	<b>720</b>	<b>368</b>	<b>29</b>			
<b>Proposed/Under Construction</b>												
None												
<b>Subtotals - Proposed/Under Construction</b>												

\* IL - Independent; AL - Assisted Living; MC - Memory Care/Alzheimer's

*Amenities within a short walking distance (less than a half mile):*

Grocery/Supermarket/Pharmacy	
Name	Address
Green Zebra	1704 SW Broadway
Natural Mart	1726 SW 4th Ave
Gyms/Recreation	
Name	Address
24 Hour Fitness	1407 SW 4th Ave, Portland
PSU Recreation Center	1800 SW 6th Ave
Fast Food/Casual Dining/Coffee/Ice Cream	
Name	Address
Schmizza	415 SW Montgomery St
Einstein Brothers Bagels	1825 SW Broadway Smith Center
Einstein Brothers Bagels	508 SW College St
TartBerry Too	536 SW College St
Joe's Burgers	540 SW College St
The Daily Feast	1026 SW Salmon St
Honey's Café	936 SW Jefferson St
Café Yum	1806 SW 6th Ave
Rice Munchies	506 SW Mill St #111
Starbucks	1742 SW 6th Ave
Starbucks	1300 SW 3rd Ave
Ben & Jerry's	510 SW Mill St
Pitapit	1811 SW 5th Ave
Chipotle	1948 SW Broadway
Rose City Fresh	1923 SW 6th Ave
Hot Lips Pizza	1909 SW 6th Ave
Duck House	1968 SW 5th Ave
Love Belezan	1503 SW Broadway
Pizzicato	1708 SW 6th Ave
*Approximately 15-30 Foodcarts	
High End Restaurant	
Name	Address
Nel Centro	1408 SW 6th Ave
Raven & Rose	1331 SW Broadway
Mucca Osteria	1022 SW Morrison St,

Specialty Services	
Name	Address
Copy Man	1242 SW 11th Ave
Bee Cleaners	1026 SW Salmon St
REDe Print Job	1915 SW 6th Ave
Mellow Mood	1501 SW Broadway
Convenience Store	
Name	Address
Tower Sundry & News	1211 SW 5th Ave
Chevron	1967 SW 4th Ave
Plaid Pantry	950 SW Mill St
Plaid Pantry	1305 SW 11th Ave
Banks	
Name	Address
US Bank	410 SW Harrison St
US Bank	1340 SW 2nd Ave
Wells Fargo	1900 SW 5th Ave
Bank of the West	222 SW Columbia St #1200
The Commerce Bank of Oregon	1211 SW 5th Ave #1250
Umpqua Bank	1 SW Columbia St
Bars	
Name	Address
Cheerful Tortoise	1939 SW 6th Ave
McMenamins Market Street Pub	1526 SW 10th Ave
Healthcare	
Name	Address
Visualeyes Vision Clinic	1962 SW Broadway
Hair Salons/Barbershops	
Name	Address
Blow & Go	1405 SW 11th Ave
Bishops	1031 SW Columbia St

# Multifamily Rental Market

The City of Portland's multifamily sector has surged over the last three years due primarily to a lack of supply in the face of new demand.

Effective rent increased 2.9% from \$1,372 in 1Q17 to \$1,411 in 2Q17 which resulted in an annual growth rate of 2.1%. Annual effective rent growth is forecast to be 2.3% in 2018, and at an average of 3.6% from 2019 to 2021. Since 3Q96, annual effective rent growth has averaged 3.0%.<sup>28</sup>

Out of 120 markets ranked by multifamily data research firm Axiometrics nationally, the Portland-Vancouver-Hillsboro Metro Area was 21<sup>st</sup> for quarterly effective rent growth, and 58<sup>th</sup> for annual effective rent growth for 2Q17.

From 1Q17 to 2Q17, the market's occupancy rate increased from 94.6% to 95.2% (above the national average of 95.0%), but was down from 95.8% a year ago. Market occupancy rate is expected to be 94.7% at the start of 2018, and average 95.5% from 2019 to 2021.

Market Survey Results and Forecasts												
	Sequential				Month	Annual						
	3Q16	4Q16	1Q17	2Q17	Jul-17	2015	2016	2017F	2018F	2019F	2020F	2021F
<b>Effective Rent Per Unit</b>	\$1,399	\$1,367	\$1,372	<b>\$1,411</b>	\$1,416	\$1,292	\$1,370	<b>\$1,405</b>	\$1,437	\$1,488	\$1,551	\$1,599
<i>Per Sq. Ft</i>	\$1.56	\$1.53	\$1.53	<b>\$1.58</b>	\$1.59	\$1.44	\$1.53	<b>\$1.57</b>	\$1.61	\$1.66	\$1.73	\$1.79
<i>Effective Rent Growth - Annually</i>	<b>3.8%</b>	<b>3.5%</b>	<b>2.9%</b>	<b>2.1%</b>	<b>2.0%</b>	<b>11.7%</b>	<b>6.0%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>3.5%</b>	<b>4.2%</b>	<b>3.1%</b>
<i>Effective Rent Growth - Quarterly</i>	1.2%	-2.3%	0.4%	<b>2.9%</b>								
<b>Occupancy Rate</b>	<b>95.5%</b>	<b>94.6%</b>	<b>94.6%</b>	<b>95.2%</b>	<b>95.3%</b>	<b>96.3%</b>	<b>95.4%</b>	<b>94.9%</b>	<b>94.7%</b>	<b>95.2%</b>	<b>95.8%</b>	<b>95.5%</b>
<i>Occupancy Change - Annually</i>	<b>-0.9%</b>	<b>-1.1%</b>	<b>-1.1%</b>	<b>-0.6%</b>	<b>-0.2%</b>	<b>0.4%</b>	<b>-0.9%</b>	<b>-0.6%</b>	<b>-0.2%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>-0.3%</b>
<i>Occupancy Change - Quarterly</i>	-0.3%	-1.0%	0.0%	<b>0.7%</b>								
<b>Economic Concessions</b>												
<i>Concession Value</i>	<b>\$-5.46</b>	<b>\$-11.39</b>	<b>\$-9.74</b>	<b>\$-5.41</b>	<b>\$-2.57</b>	<b>\$-2.05</b>	<b>\$-5.79</b>					
<i>As a % of Asking Rent</i>	-0.4%	-0.8%	-0.7%	<b>-0.4%</b>	-0.2%	-0.2%	-0.4%					

Market Rank										
2Q17	Market	National	Rank	2Q17 Annual Results						
<b>Effective Rent Per Unit</b>	<b>\$1,411</b>	<b>\$1,264</b>	<b>29</b>	<b>By Bedroom Type</b>	<b>%</b>	<b>Area</b>	<b>Occ</b>	<b>ERG</b>	<b>Erent</b>	<b>ERSF</b>
<i>Effective Rent Growth - Annually</i>	<b>2.1%</b>	<b>2.3%</b>	<b>58</b>	Studio/One bedroom	43.1%	675	95.0%	1.5%	\$1,295	\$1.92
<i>Effective Rent Growth - Quarterly</i>	<b>2.9%</b>	<b>2.2%</b>	<b>21</b>	Two bedroom	47.3%	1,002	95.5%	2.3%	\$1,476	\$1.47
<b>Occupancy Rate</b>	<b>95.2%</b>	<b>95.0%</b>	<b>60</b>	Three + bedrooms	9.6%	1,275	95.2%	3.7%	\$1,739	\$1.36
<i>Occupancy change - Annually</i>	<b>-0.6%</b>	<b>-0.3%</b>	<b>89</b>	<b>By Year Built</b>						
<i>Occupancy change - Quarterly</i>	<b>0.7%</b>	<b>0.5%</b>	<b>33</b>	<= 1980	9.9%	756	95.9%	4.5%	\$1,198	\$1.59
<b>Concession Value</b>	<b>\$-5.41</b>	<b>\$-10.17</b>	<b>40</b>	1981-1990	21.1%	863	96.3%	2.4%	\$1,257	\$1.46
<b>Build Average</b>	<b>1997</b>	<b>1991</b>	<b>19</b>	1991-2000	33.3%	952	95.1%	2.6%	\$1,403	\$1.47
<b>*Ranking based on Axio Top 120 Markets</b>				2001-2010	21.1%	927	94.6%	1.2%	\$1,684	\$1.82
				2011-Current	14.6%	809	94.6%	1.1%	\$1,484	\$1.83

<sup>28</sup> <https://www.cbre.us/~media/cbre/.../portland%20me/.../e2017-market-outlook.pdf>

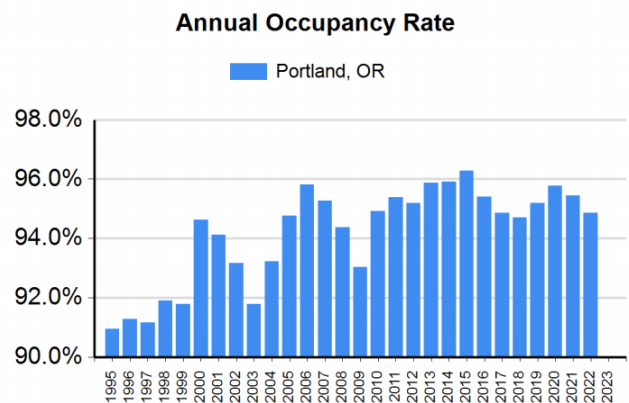
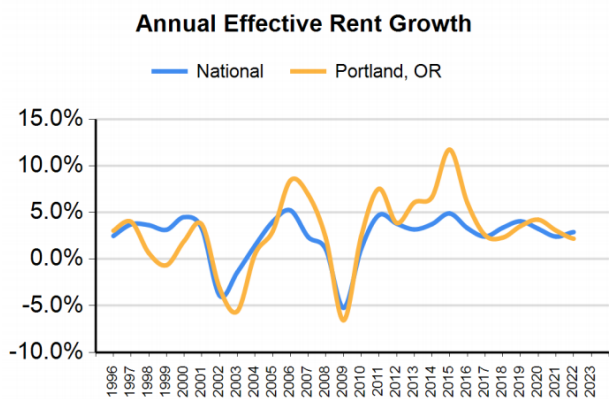


According to a recent Zillow report, median base rents in the nation’s largest metro markets have grown at an annual rate of 2.9%. As per Axiometrics, rents have grown the fastest in Portland Metro, up 9.4% since May 2015, as compared to Seattle (up 9.1%) and San Francisco (up 8.4%).

According to the Bureau of Labor Statistics, job growth in the Portland MSA was 2.7% in July 2017, reflecting 30,900 jobs added during a 12-month period. This is well above the national growth figure of 1.5%.

Permits for 7,715 multifamily units were issued in 12 months ending July 2017, up from 701 units in the prior year, due in part to developers seeking permit approval before the adoption of inclusionary zoning regulations. In terms of total residential housing 14,796 units were permitted in this period ending July 2017, representing an increase of 73 units from the prior year’s total. This represents a 4% increase in the total inventory of renter-occupied residential properties citywide.

Year-over-year rent appreciation was down at the end of 2Q17 from 5.3% to 3.3%. This is low for Portland standards in post-recession years, but is still above the historical average annual increase of 2.4%.



<b>Multifamily Absorption and Supply</b>										
	Annual			2Q17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
Total Units Absorbed	5,130	2,977	2,889	4,365	273,576	5,590	4,115	5,095	3,846	1,563
New Supply	5,154	3,601	5,323	5,903	363,579	5,871	4,582	3,735	2,378	3,304
Inventory Growth	2.6%	1.8%	2.6%	2.7%	1.4%	2.8%	2.1%	1.7%	1.1%	1.5%

# Competing Rental Housing

Apt. Building	Address	Eff. Rent	Eff. Rent/SF	# Units	Occupancy	Year Built (Renovated)	Last Sale Price	Last Sale Date	Price/unit
11 Marche	1115 SW Market St	\$ 1,953	\$ 2.94	62	89.8 %	2016			
Cameron	1500 SW 12th Ave			87		2016	\$ 23,450,000	10/06/2016	\$ 269,540
City View	3050 SW 10th Ave	\$ 1,126	\$ 2.29	87	93.0 %	1945 (2010)	\$ 13,250,000	01/07/2016	\$ 152,299
Collins Circle	1701 SW Columbia St	\$ 1,624	\$ 2.36	128	96.0 %	2000 (2016)	\$ 12,500,000	12/30/2010	\$ 97,656
Cyan/PDX	1720 SW 4th Ave	\$ 1,632	\$ 2.57	352	92.0 %	2009	\$ 65,000,000	12/15/2009	\$ 184,659
Douglas	2083 SW River Dr	\$ 2,037	\$ 1.98	290	96.0 %	1991 (1996)	\$ 15,275,000	07/25/1995	\$ 52,672
Essex House	1330 SW 3rd Ave	\$ 1,878	\$ 2.19	156	97.5 %	1992	\$ 39,700,000	12/14/2006	\$ 254,487
Harrison Tower	222 SW Harrison St	\$ 2,104	\$ 2.60	185	97.8 %	1965 (2008)	\$ 53,000,000	12/16/2014	\$ 286,486
Ladd	1300 SW Park Ave	\$ 1,970	\$ 2.33	332	97.3 %	2009		08/23/2010	
Linc 245	245 SW Lincoln St	\$ 1,580	\$ 2.16	198	95.6 %	1998			
Linc 301	245 SW Lincoln St	\$ 1,498	\$ 2.06	208	92.0 %	1989			
Museum Place	1030 SW Jefferson St	\$ 1,550	\$ 1.99	112	93.0 %	2003	\$ 59,500,000	06/19/2015	\$ 531,250
Park Plaza	1969 SW Park Ave	\$ 1,180	\$ 2.15	150	92.0 %	1950			
Sky 3 Place Apartments	1221 SW 11th St	\$ 2,011	\$ 2.52	196	11.1 %	2017			
Southpark Square	1525 SW Park Ave	\$ 1,908	\$ 2.31	191	93.0 %	1987			
The Emery	3155 SW Moody Ave	\$ 1,565	\$ 2.88	118	95.0 %	2013			
The Vue	1717 SW Park Ave	\$ 1,365	\$ 2.51	315	96.0 %	1952 (2003)	\$ 63,950,000	07/08/2016	\$ 203,016

*Axiometrics*

## In Summary<sup>29</sup>:

- Effective rent growth climbed in Q2 but continues a downward annual trend
- Occupancy remains relatively steady and slightly above the long-term average
- Rent growth is continuing a shift from the Portland CBD to suburban submarkets
- A massive sell-off last year leaves 2017 sales short
- Relocation fees have been upheld, and a statewide ban on rent control remains intact
- Early in 2016, a statewide ban on inclusionary zoning was overturned, requiring developers to include below market-rate units in new multifamily housing projects
- The City of Portland's emergency housing measures still stand:<sup>30</sup>
  1. A landlord must give a minimum 90-day notice for no-cause evictions, and must pay the tenant a relocation fee, depending on unit size; and
  2. A landlord must give a 90-day notice of a rent increase of at least 10%, and must pay the tenant a relocation fee, depending on unit size
    - Relocation fees range from \$2900 to \$4500 per tenant
    - According to House Bill 2004,<sup>31</sup> during the first nine months of occupancy, landlords are prohibited from terminating month-to-month tenancies within 60 days of receiving a tenant's request for repairs to correct building, health, or housing code violations
      - This bill made it through the Oregon House, but then died in the Senate

<sup>29</sup> <https://www.pdx.edu/realestate/center-for-real-estate-quarterly>

<sup>30</sup> <https://www.portlandoregon.gov/citycode/?c=28481>

<sup>31</sup> <https://legiscan.com/OR/bill/2004/2017>

# Condominium Market

Historically, condominiums have followed trends of the single-family market nationwide. With rising rents, buyers looking for entry-level homes are facing bidding wars, while higher-priced homes have the tendency to stay on the market longer. While the market is much more forgiving for those looking to buy larger, more expensive homes, the condominium market in Portland has seen particularly little supply, especially since the implementation of citywide Inclusionary Zoning rules. In addition to IZ restrictions thwarting new condo development, lending institutions have enacted stringent pre-sale requirements, and developers face high litigation risk due to construction defects.

For the first time in history, the average home in Portland has sold at an average of over \$428,000, with 40% fewer homes worth less than \$279,200 than there were a year ago. For condo buyers, such a price point would limit their search to units less than 500 square feet. And when the occasional lower-priced unit does become available, millennials (born in the early 1980s to late 1990s) tend to bid up prices, making it tougher for families to afford desirable, transit-friendly locations. Closed and pending home sales in the region have been seeing a year-over-year decline. Nonetheless, prices have still risen to record levels.

The cyclical laws of boom and bust demand that the historic run in prices will eventually slow down, but there is no law as to when that will happen. Prices will certainly remain high until there is more supply to match the demand.

*Currently Active, Pending & Sold Condominiums (within the past three months) (RMLS)*

**Active**

MLS#	Type	Address	City	Area	Bedrm	Bath	Apx Sqft	Lot Size	Price	Price SqFt
17320529	CONDO	1500 SW 11TH AVE #703	Portland	148		11	536		\$319,000	595
17231546	CONDO	1500 SW 11TH AVE #305	Portland	148		11	505		\$324,000	641
17677009	CONDO	1900 SW RIVER DR N201	Portland	148		11	944		\$425,000	450
17379219	CONDO	1234 SW 18TH AVE #103	Portland	148		11.1	1170		\$449,000	383
17253240	CONDO	1500 SW 11TH AVE #1802	Portland	148		22	910		\$479,999	527
17577868	CONDO	1202 SW 10TH AVE #101	Portland	148		11	953		\$499,000	523
16600626	CONDO	1500 SW 11TH AVE #1502	Portland	148		22	910		\$505,000	554
17407404	CONDO	1930 SW RIVER DR W804	Portland	148		22	1500		\$709,000	472
17596469	CONDO	1221 SW 10TH AVE #806	Portland	148		22	1568		\$819,900	522
17036760	CONDO	1234 SW 18TH AVE #511	Portland	148		22.1	1748		\$925,000	529
17110273	CONDO	1221 SW 10TH AVE #1305	Portland	148		22.1	2151		\$1,599,000	743

<b>Total: 11 Active</b>	<b>Average DOM:</b>	<b>48</b>	<b>Average List:</b>	<b>\$641,264</b>
	<b>Median DOM:</b>	<b>18</b>	<b>Median List:</b>	<b>\$499,000</b>
	<b>Average SQFT:</b>	<b>1172</b>	<b>Average L\$/SQFT:</b>	<b>\$547</b>
	<b>Median SQFT:</b>	<b>953</b>		

**Pending**

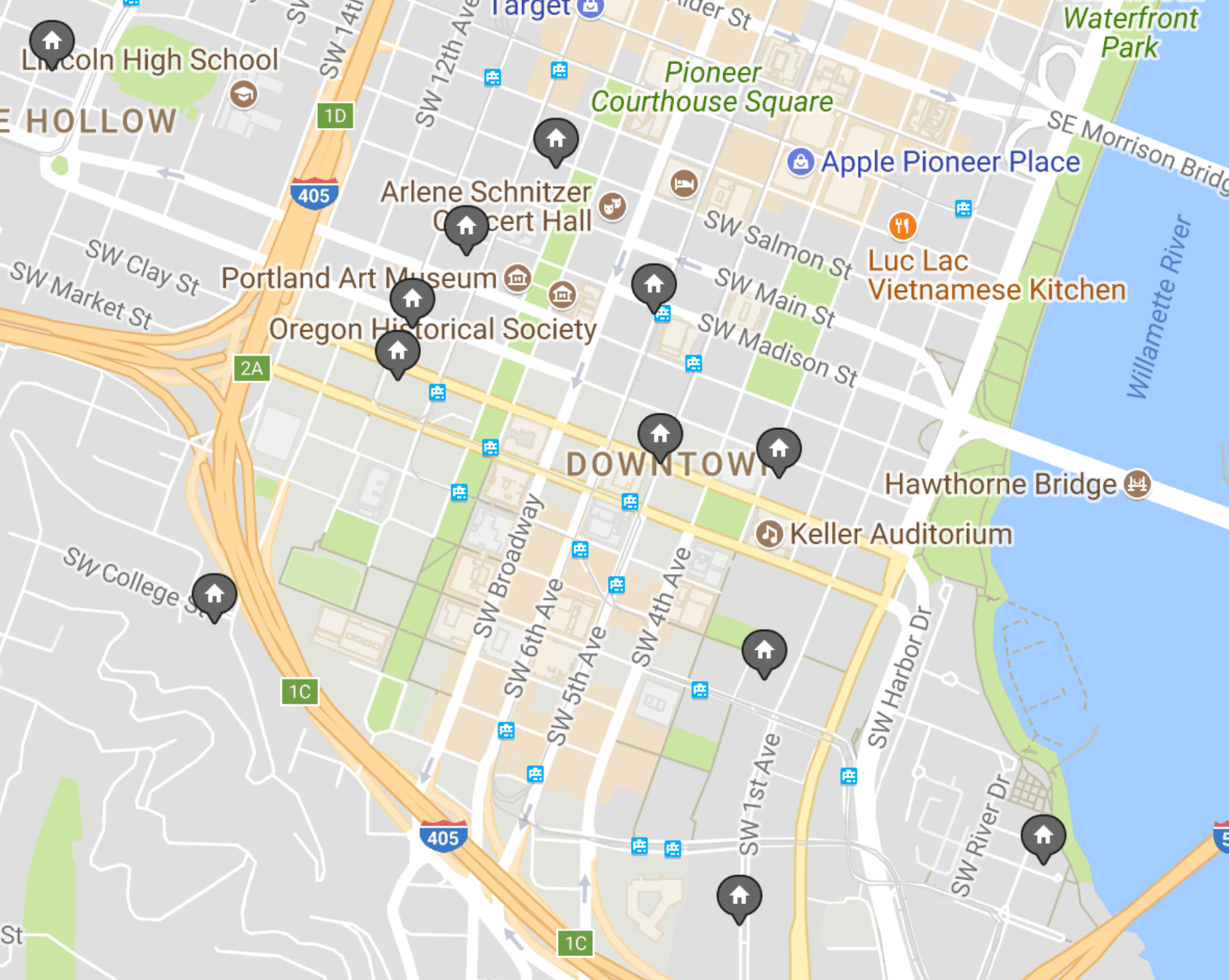
MLS#	Type	Address	City	Area	Bedrm	Bath	Apx Sqft	Lot Size	Price	Price SqFt
17395103	CONDO	1500 SW 11TH AVE #206	Portland	148		11	603		\$315,000	522
17131837	CONDO	1500 SW 11TH AVE #706	Portland	148		11	603		\$320,000	530
17222930	CONDO	1500 SW 11TH AVE #306	Portland	148		11	603		\$329,900	547
17425431	CONDO	1221 SW 10TH AVE #213	Portland	148		11	726		\$350,000	482
17266622	CONDO	1500 SW 11TH AVE #1503	Portland	148		22	882		\$525,000	595
17266217	CONDO	1221 SW 10TH AVE #502	Portland	148		22	1379		\$719,000	521
17030285	CONDO	1500 SW 11TH AVE #2101	Portland	148		22	1051		\$739,000	703
17504704	CONDO	1900 SW RIVER DR N104	Portland	148		33	2410		\$1,150,000	477

<b>Total: 8 Pending</b>	<b>Average DOM/CDOM:</b>	<b>52 / 52</b>	<b>Average List:</b>	<b>\$555,988</b>
	<b>Median DOM/CDOM:</b>	<b>16 / 16</b>	<b>Median List:</b>	<b>\$437,500</b>
	<b>Average SQFT:</b>	<b>1032</b>	<b>Average L\$/SQFT:</b>	<b>\$539</b>
	<b>Median SQFT:</b>	<b>804</b>		

**Sold**

MLS#	Type	Address	City	Area	Bedrm	Bath	Apx Sqft	Lot Size	Price	Price SqFt
17328323	CONDO	1234 SW 18TH AVE #303	Portland	148		11	651		\$337,000	474
17162574	CONDO	1500 SW 11TH AVE #504	Portland	148		11.1	725		\$415,000	586
16198163	CONDO	1500 SW 11TH AVE #1603	Portland	148		22	882		\$465,000	545
17648200	CONDO	1221 SW 10TH AVE	Portland	148		11	866		\$470,000	542
17653106	CONDO	1221 SW 10TH AVE #309	Portland	148		11	831		\$470,000	571
17052936	CONDO	1930 SW RIVER DR W306	Portland	148		11	1033		\$475,000	483

<b>Total: 6 Sold</b>	<b>Average DOM/CDOM:</b>	<b>63 / 87</b>	<b>Average List:</b>	<b>\$443,250</b>
	<b>Median DOM/CDOM:</b>	<b>10 / 10</b>	<b>Median List:</b>	<b>\$472,500</b>
	<b>Average SQFT:</b>	<b>831</b>	<b>Average L\$/SQFT:</b>	<b>\$533</b>
	<b>Median SQFT:</b>	<b>848</b>	<b>Average Sold:</b>	<b>\$438,667</b>
			<b>Median Sold:</b>	<b>\$467,500</b>
			<b>Average S\$/SQFT:</b>	<b>\$528</b>



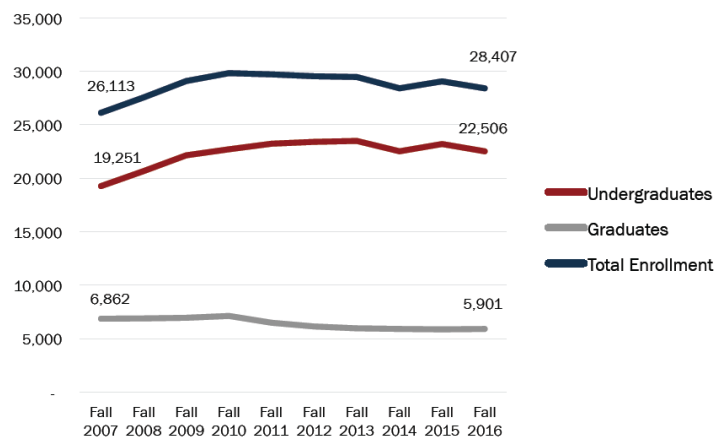
*Condominiums in the area, courtesy of <http://www.highrises.com>*

With Inclusionary Zoning rules in effect, development of condominiums will remain scarce until land prices rise enough to justify construction. In the case of our project, condominium construction would simply not be profitable.

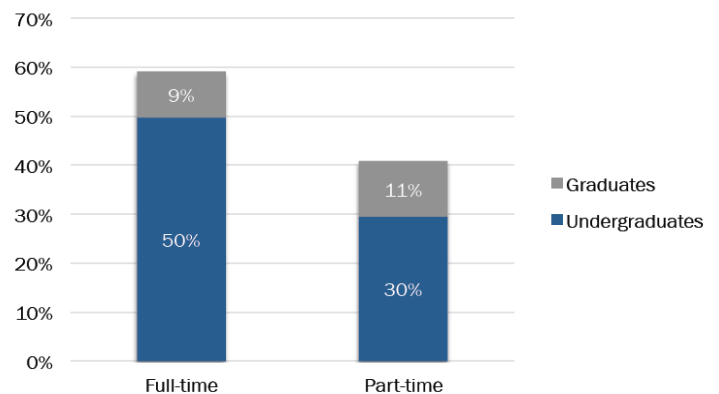
# Student Housing Market

## PSU Enrollment

Long-term enrollment at Portland State University has been steadily increasing for the past decade with an 8.7% increase in total headcount since 2007. In Fall 2016, PSU enrolled more than 24,100 students, down slightly from the previous year's enrollment numbers due to a 14% decrease in graduate student enrollment since 2007, according to economic consulting firm ECONorthwest. Of the enrolled students, approximately 60% are considered full-time, and over half the student body is made up of full-time undergraduates.



Source: PSU Office of Institutional Research and Planning.



Source: PSU Housing and Residential Life Fact Book, 2016.

## Existing PSU Housing

Portland State University owns and operates 2,089 beds of student housing in ten buildings located on its campus. These buildings vary in age from early 20th century brickers to more modern, LEED certified projects such as the Broadway Building. PSU's older student housing offers more apartment-style living, and thus tends to draw older students. Freshmen who choose to live in PSU housing often live in either Ondine or Broadway in more typical shared dorm-style housing.

Rental rates for PSU housing are shown in the table below, and include all utilities in addition to wi-fi, phone, and cable television. First year students are required to purchase meal plans for an additional \$1,009 - \$1,378 per term. According to a student housing market demand study performed by ECONorthwest in 2017, the University typically has a waitlist for housing. According to this market demand study, this waitlist undercounts actual student interest due to students not signing up for the waitlist if housing is not available at the time.

<b>Rental Rates Per Semester (Academic Year)</b>					
<b>Room Types</b>	<b>Unit Size (Sq. Ft)</b>	<b>Double Occupancy</b>		<b>Single Occupancy</b>	
		<b>Per Term</b>	<b>Per Month</b>	<b>Per Term</b>	<b>Per Month</b>
<b>FIRST YEAR EXPERIENCE (FYE)</b>					
<b>Studio</b>	295	\$1,710	\$570	\$2,625	\$875
	305	\$2,190	\$730	\$3,310	\$1,103
<b>Urban Honors</b>	290	\$1,980	\$660	\$3,005	\$1,002
<b>UPPERCLASSMEN AND TRANSFER - FURNISHED UNITS</b>					
<b>Sleeper</b>	~125	N/A	N/A	\$1,600	\$533
	126-170	N/A	N/A	\$1,690	\$563
	155+	1240	413		
<b>Studio</b>	295-305	\$1,980	\$660	\$3,005	\$1,002
<b>Studio Suites</b>	295	\$1,490	\$497	\$2,300	\$767
<b>One-Bedroom</b>	555-574	\$2,300	\$767	N/A	N/A
<b>UPPERCLASSMENT AND TRANSFER- UNFURNISHED UNITS</b>					
<b>Sleeper</b>	126-170	N/A	N/A	\$1,690	\$563
	170-260	N/A	N/A	\$1,780	\$593
	157-232	N/A	N/A	\$1,880	\$627
<b>Studio</b>	224	N/A	N/A	\$2,305	\$768
	300-372	N/A	N/A	\$2,610	\$870
	380-400	N/A	N/A	\$2,680	\$892
	405-450	N/A	N/A	\$2,750	\$917
	451+	N/A	N/A	\$2,850	\$950
<b>One-Bedroom</b>	~550	\$1,880	\$627	\$3,460	\$1,153
	551-600	\$1,920	\$640	\$3,540	\$1,180
	601+	\$1,960	\$653	\$3,620	\$1,207
<b>Two-Bedroom</b>	717-860	\$2,430	\$810	\$4,560	\$1,520

Source: PSU, Enrollment Management and Student Affairs, 2016-2017.

# Competitive Supply & Future Pipeline

An analysis from CoStar within a one-mile radius of the PSU campus shows 24 properties that might compete with student housing at the subject area, 13 of which would be considered direct competition for newly constructed housing, with the remainder being older buildings at a lower price point. Several of these properties are purpose-built student housing, the largest being University Pointe, a 978-bed project built in partnership between PSU and American Campus Communities and marketed by the University. Summaries of unit types and pricing for University Pointe along with the newer housing projects are detailed in the tables below and were provided by ECONorthwest. Not listed is the newly opened Sky3 Place – a 199 unit building just north of PSU campus at 1221 SW 11th Avenue – which has just begun leasing.



MW8



University Pointe at College Station

Figure 15. Summary of Unit Types and Pricing at MW8

Unit Type	Unit Count	Square Feet	Vacancy Rate (%)	Adjusted Monthly Rate Per Unit	Adjusted Monthly Rate Per Bed
1-bedroom	3	487	6.96	\$ 1,260	\$ 1,260
2-bedroom	14	660	0.00	\$ 1,866	\$ 933
3-bedroom	21	953	14.30	\$ 2,829	\$ 943
4-bedroom	16	960	4.80	\$ 2,927	\$ 732

Figure 16. Summary of Unit Types and Pricing at University Pointe

Unit Type	Unit Count	Square Feet	Vacancy Rate (%)	Adjusted Monthly Rate Per Unit	Adjusted Monthly Rate Per Bed
Studio	32	441	0.35	\$ 1,351	\$ 1,351
2-bedroom (private)	30	890	0	\$ 1,908	\$ 954
2-bedroom (shared)	110	910	0	\$ 2,396	\$ 599
4-bedroom	110	1026	0	\$ 2,916	\$ 729





Cyan PDX



Ladd Tower

Figure 22. Summary of Unit Types and Pricing at Cyan PDX

Unit Type	Unit Count	Square Feet	Vacancy Rate (%)	Adjusted Monthly Rate Per Unit	Adjusted Monthly Rate Per Bed
Studio	99	603	7.36	\$ 1,626	\$ 1,626
1-bedroom	133	716	7.1	\$ 1,796	\$ 1,796
2-bedroom	96	982	7.5	\$ 2,400	\$ 1,200
3-bedroom	24	1257	7.3	\$ 3,090	\$ 1,030

Figure 23. Summary of Unit Types and Pricing at Ladd Tower

Unit Type	Unit Count	Square Feet	Vacancy Rate (%)	Adjusted Monthly Rate Per Unit	Adjusted Monthly Rate Per Bed
Studio	332	576	9.88	\$ 1,606	\$ 1,606
1-bedroom	82	788	9.9	\$ 1,910	\$ 1,910
2-bedroom	84	1136	9.8	\$ 2,926	\$ 1,463



Cameron Apartments



Modera Goose Hollow

Figure 20. Summary of Unit Types and Pricing at The Cameron

Unit Type	Unit Count	Square Feet	Vacancy Rate (%)	Adjusted Monthly Rate Per Unit	Adjusted Monthly Rate Per Bed
Studio	24	538	1.69	\$ 1,408	\$ 1,408
1-bedroom	48	663	0	\$ 1,561	\$ 1,561
2-bedroom	11	911	8.3	\$ 2,264	\$ 1,132

Figure 21. Summary of Unit Types and Pricing at Modera Goose Hollow

Unit Type	Unit Count	Square Feet	Vacancy Rate (%)	Adjusted Monthly Rate Per Unit	Adjusted Monthly Rate Per Bed
Studio	54	558	15.97	\$ 1,707	\$ 1,707
1-bedroom	50	634	16.7	\$ 2,029	\$ 2,029
2-bedroom	30	964	16	\$ 2,651	\$ 1,326

The future apartment pipeline is detailed below and includes five projects that are currently under construction:

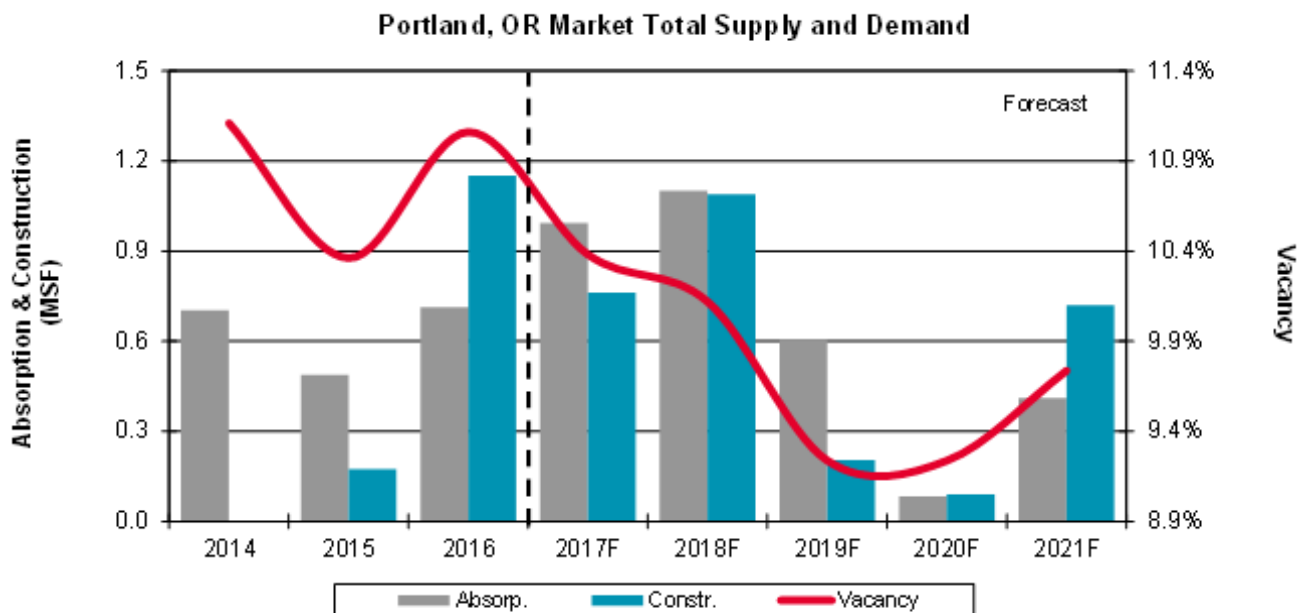
- *Mortenson Construction*: 10-story, 147-unit building at 1133 SW Market St
- *VRW Development*: 6-story, 61-unit development at 1450 SW Jefferson St
- *Koz Development*: 6-story, 114 unit micro-studio project at 2211 SW 4<sup>th</sup> Ave
- *Core Spaces*: 15 stories, 422 units at 325 SW Harrison St
- *College Housing Northwest*: 6 story, 141 unit student housing building at 2031 SW 10<sup>th</sup> Ave

These total 885 units currently under construction that are scheduled to be delivered by 2018. A demand study performed by ECONorthwest in 2017 listed demand for approximately 400-700 additional student housing beds in the PSU submarket area.

# Office Market

Portland’s office market has experienced rapid improvement over the past several years. Construction activity has picked up over the past year in response to increased demand for office space, high rents, and low levels of available space, especially in the Portland CBD. Portland Metro has a record one million square feet of office space under construction (with an additional 2 million square feet in the permitting phase). The Metro area has recorded five years of steady rent increase with current rents near an all-time high, demonstrating there is still strong demand for new office space. Despite only one building being completed by mid-year 2017, the high amount of space currently under construction should result in another strong year of construction deliveries by year end. Looking forward, rents and absorption may slow in the near term as vacancy levels may start to rise as high volumes of office space are anticipated to be delivered in the near term. However, robust employment and population growth should continue to fuel demand. Furthermore, above average levels of population growth, a relatively diverse economy, and the historical resiliency of the Portland CBD market should ensure that Portland’s office market will remain relatively strong in the long term.

As of 2Q17, the amount of office space under construction in the CBD was over double that of the suburban office markets. In an attempt to meet the increase in demand, construction activity has reached a thirty-year high for the CBD, outpacing the non-CBD market. It is forecasted that demand for office space in the CBD market will continue to rise, and construction activity in the CBD will outpace construction activity in the non-CBD through 2021.



Source: Cushman & Wakefield Research

## Senior Housing 9:1 – 60% AMI – 30 Year Holding

	0	1	2	3	4	5	6	7	8	9	10
<b>Revenue</b>											
IL 90% Market Rate		5,843,664	10,533,204	14,295,063	14,723,915	15,165,632	15,620,601	16,089,219	16,571,896	17,069,053	17,581,124
IL -10% IZ units		269,338	277,418	285,740	294,312	303,142	312,236	321,603	331,251	341,189	351,424
AL		7,851	2,911,225	4,415,358	4,560,919	4,697,747	4,838,679	4,983,839	5,133,355	5,287,355	5,448,976
Retail Revenue		257,250	397,451	476,942	491,250	505,987	521,167	536,802	552,906	569,493	586,578
Other Rev		60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286
<b>Total Revenue</b>		6,438,103	14,181,098	19,536,757	20,135,960	20,740,039	21,362,240	22,003,107	22,663,200	23,343,096	24,043,369
<b>Expenses</b>											
IL		2,672,000	4,676,000	6,346,000	6,946,000	6,536,380	6,732,471	6,934,446	7,142,479	7,356,753	7,577,456
AL		56,080	1,682,400	2,551,640	2,635,760	2,714,833	2,796,278	2,880,166	2,966,571	3,055,568	3,147,235
Property Taxes (10 YR Abatement)											
Management Fee		450,667	982,677	1,367,573	1,409,517	1,451,803	1,495,357	1,540,217	1,586,424	1,634,017	1,683,037
Start-Up Costs	150,000	225,000									
<b>Total Expenses</b>	150,000	3,403,747	7,351,077	10,285,213	10,391,277	10,703,016	11,024,106	11,354,829	11,695,474	12,046,338	12,407,728
Expense Ratio		53%	52%	53%	52%	52%	52%	52%	52%	52%	52%
<b>NOI</b>	150,000	3,034,356	6,830,021	9,271,544	9,744,683	10,037,023,18	10,338,133,87	10,648,278	10,967,726	11,296,758	11,635,661
Less Annual Debt Service		5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957
DCR		0.53	1.20	1.62	1.71	1.81	1.86	1.92	1.98	2.04	2.10
Net Operating Cash Flow	\$	(2,680,601)	1,115,064	3,556,587	4,029,726	4,322,066	4,623,177	4,933,321	5,252,769	5,581,801	5,920,704
Cash on Cash Return		-5.3%	2.2%	7.1%	8.0%	8.6%	9.2%	9.8%	10.5%	11.1%	11.8%

	11	12	13	14	15	16	17	18	19	20
<b>Revenue</b>										
IL 90% Market Rate	18,108,558	18,651,815	19,211,369	19,787,710	20,381,342	20,992,782	21,622,566	22,271,242	22,939,380	23,627,54
IL -10% IZ units	361,967	372,826	384,011	395,531	407,397	419,619	432,208	445,174	458,529	472,26
AL	5,609,355	5,777,636	5,950,965	6,129,494	6,313,379	6,502,780	6,697,863	6,898,799	7,105,763	7,318,93
Retail Revenue	604,175	622,300	640,969	660,199	680,005	700,405	721,417	743,059	765,351	788,31
Other Rev	80,635	83,054	85,546	88,112	90,778	93,478	96,282	99,171	102,146	105,21
<b>Total Revenue</b>	24,764,691	25,507,632	26,272,860	27,061,046	27,872,878	28,709,064	29,570,336	30,457,446	31,371,169	32,312,33
<b>Expenses</b>										
IL	7,804,780	8,038,923	8,280,091	8,528,493	8,784,348	9,047,879	9,319,315	9,598,894	9,886,861	10,183,44
AL	3,241,652	3,338,902	3,439,069	3,542,241	3,648,508	3,757,964	3,870,702	3,986,823	4,106,428	4,229,62
Property Taxes (10 YR Abatement)	2,144,228	2,208,555	2,274,811	2,343,055	2,413,347	2,485,748	2,560,320	2,637,130	2,716,243	2,797,73
Management Fee	1,733,528	1,785,534	1,839,100	1,894,273	1,951,101	2,009,634	2,069,924	2,132,021	2,195,982	2,261,86
Start-Up Costs										
<b>Total Expenses</b>	14,924,188	15,371,914	15,833,071	16,308,063	16,797,305	17,301,224	17,820,261	18,354,869	18,905,515	19,472,64
Expense Ratio	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>NOI</b>	9,840,503	10,135,718	10,439,790	10,752,983	11,075,573	11,407,840	11,750,075	12,102,577	12,465,655	12,839,62
Less Annual Debt Service	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957
DCR	1.72	1.77	1.83	1.88	1.94	2.00	2.06	2.12	2.18	2.24
Net Operating Cash Flow	4,125,546	4,420,761	4,724,832	5,038,026	5,360,616	5,692,883	6,035,118	6,387,620	6,750,698	7,124,667
Cash on Cash Return	8.2%	8.8%	9.4%	10.0%	10.7%	11.4%	12.0%	12.7%	13.5%	14.2%

	21	22	23	24	25	26	27	28	29	30
<b>Revenue</b>										
IL 90% Market Rate	24,336,388	25,066,480	25,818,474	26,593,028	27,390,819	28,212,544	29,058,920	29,930,688	30,828,608	31,753,466
IL -10% IZ units	486,454	501,047	516,079	531,561	547,508	563,933	580,851	598,277	616,225	634,712
AL	7,538,504	7,764,659	7,997,599	8,237,527	8,484,653	8,739,193	9,001,368	9,271,409	9,549,552	9,836,038
Retail Revenue	811,961	836,320	861,409	887,252	913,869	941,285	969,524	998,610	1,028,568	1,059,425
Other Rev	108,367	111,618	114,966	118,415	121,967	125,627	129,395	133,277	137,276	141,394
<b>Total Revenue</b>	33,281,674	34,280,124	35,308,528	36,367,783	37,458,817	38,582,581	39,740,059	40,932,261	42,160,228	43,425,035
<b>Expenses</b>										
IL	10,488,971	10,803,640	11,127,749	11,461,582	11,805,429	12,159,592	12,524,380	12,900,111	13,287,115	13,685,728
AL	4,356,510	4,487,205	4,621,821	4,760,476	4,903,290	5,050,389	5,201,900	5,357,957	5,518,696	5,684,257
Property Taxes (10 YR Abatement)	2,881,663	2,968,113	3,057,156	3,148,871	3,243,337	3,340,637	3,440,856	3,544,082	3,650,404	3,759,916
Management Fee	2,329,717	2,399,609	2,471,597	2,545,745	2,622,117	2,700,781	2,781,804	2,865,258	2,951,216	3,039,752
Start-Up Costs										
<b>Total Expenses</b>	20,056,861	20,658,566	21,278,323	21,916,673	22,574,173	23,251,399	23,948,940	24,667,409	25,407,431	26,169,654
Expense Ratio	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>NOI</b>	13,224,813	13,621,557	14,030,204	14,451,110	14,884,644	15,331,183	15,791,118	16,264,852	16,752,797	17,255,381
Less Annual Debt Service	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957	5,714,957
DCR	2.31	2.38	2.45	2.53	2.60	2.68	2.76	2.85	2.93	3.02
Net Operating Cash Flow	7,509,856	7,906,600	8,315,247	8,736,153	9,169,686	9,616,226	10,076,161	10,549,895	11,037,840	306,229,679
Cash on Cash Return	15.0%	15.8%	16.6%	17.4%	18.3%	19.2%	20.1%	21.0%	22.0%	610.8%

Assumptions		Financial Returns	
	Expenses / Unit	% Annual Increase	
Independent Living Units	\$25,000	3.0%	Project IRR no reversion
Assisted Living Units	\$40,000	3.0%	Project NPV
Retail		3.0%	Willing IRR
Other Revenue		3.0%	Willing NPV
Management Assumption		7.0%	Equity Partner IRR
			10.7%
			\$65,002,600
			11.1%
			\$16,212,421
			10.6%