



**Agenda Bill AB23-267**  
**Meeting Date: November 20, 2023**  
**Agenda Item: X. D**  
 **Regular Business Meeting**  
 **Workshop/Study Session**  
 **Special Business Meeting**

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**Submitted By: Emma Bolin**  
**Department: PCD**

**Date Submitted: 11/15/2023**  
**Contact Phone: 360-390-4048**

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**SUBJECT:** Evans Vista Pro Forma, Final Design and Next Steps

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**CATEGORY:**

- Consent
- Staff Report
- Contract Approval
- Public Hearing (Legislative, unless otherwise noted)
- 3-Year Strategic Plan: N/A**
- Resolution
- Ordinance
- Other: Discussion Item

**BUDGET IMPACT:**

Expenditure Amount:  
Included in Budget? Yes  No

**Cost Allocation Fund:** *Choose an item.*

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**SUMMARY STATEMENT:**

For the past eight months, the City worked with Thomas Architecture Studios and ECONorthwest to master plan a dense mixed income, mixed use neighborhood on the City owned property called "Evans Vista." On October 6<sup>th</sup>, 2023, City Council and the public walked the site and discussed conceptual designs with City Council, Planning Commission, and public vision for this site. Staff will detail what we heard and how it shaped our final design, namely interest in density, height, open space, and to maximize the quantity and timely delivery of affordable units.

The decision requested from Council at this moment is to approve of the final site design to achieve this vision so that the project team can apply for entitlements, specifically final engineering and application submittal for City subdivision permit approval. Subdivision approval is a critical benchmark so that the City can prepare a Request for Development proposals in 2024, determine non-profit developer partners, weigh options for property conveyance and any City offered development subsidy and incentives.

The project team will also present the pro forma, which is the financial feasibility study for this final design concept. We welcome discussion that will help guide pre-development activities starting in 2024. This discussion will provide staff feedback on positioning City capacity to pursue opportunities for future site infrastructure, designing a Request for Proposal and phasing process, and the need for a market demand study to validate our proposed unit type counts.

ECONorthwest has completed a pro forma of the Master Program final design, which is the conceptual "program" for unit/building types, and analyzed local and macroeconomic conditions to determine the value of the project. This analysis is critical

because it portends what lenders will underwrite for market achievable rent and unit sales. Existing market conditions means that a project without any income related restrictions would not be able to pencil—the cost to develop and operate the buildings exceeds the rent revenue that would be generated. Low-income housing mix available through federal tax credits to non-profit partners reduce the amount of gap financing needed; however, these projects must ensure long-term operations capital and are subject to prevailing wages and they also charge a developer's fee to recapture project management expenses. Mixed use projects are also challenging under these subsidy programs for both non-profits and for-profit builders alike. Timing to obtain subsidies such as through Low Income Housing Tax Credits may require multiple years and application rounds. Staff recommend spending a considerable portion of 2024 developing an RFP and processing bids for development while accomplishing necessary pre-development activities to position the project for success in the next market cycle.

“Keep moving forward” is the feedback heard from the Evans Vista Technical Advisory Group, comprised of Housing Solutions Network, affordable housing non-profits such as Peninsula Housing Authority, Olycap, Habitat for Humanity, and Olympic Housing Trust, lenders, realtors, and several at-large community members. Forward movement starts with City Council final design approval and entitlement application. During the entitlement process, the City must consider next steps to find quality developer(s). Pre-development near term actions will support our due diligence efforts while waiting for the right market conditions that support housing density and affordability. For example, the City can develop a phasing plan to achieve our state grant requirements relating to unit quantity and affordability, evaluate RFP requirements with developer focus groups, continue outreach to housing partners/providers, pilot a community land trust phase for townhome ownership, and develop the City's capacity for grant applications and subsidy availability.<sup>1</sup> Finally, the City hopes to conduct a housing needs assessment as part of its Comprehensive Plan Periodic Update. The market information available as part of this study, specifically about workforce housing needs, would provide current insight into market demand to reach the right amount of affordable units and unit types (e.g. studio, 1, 2 3 bedroom quantity); however, the assessment scope would need to ensure developer perspectives as well as a close-up look at Evans Vista.

To achieve Council goals for density and speedy housing construction, the City could prioritize several RFP's for each of the phases. This could enable an affordable housing project to come online before releasing a subsequent RFP to establish the market-rate buildings on the site. Disposition of the land and developer(s) selection will present land use and legal complexity, which increases considerably should the City elect to manage multiple conveyances/leases and development agreements with potentially multiple developers. Staff capacity to manage this project should be enhanced. A project/construction management firm with land use legal and land use assistance will likely be required.

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<sup>1</sup> Each local housing non-profit expressed that in addition to the sewer lift station, City assistance will be needed for sewer, water, stormwater connections, streets, sidewalks, telecom, electric, and landscaping. These are expensive components of development and having these complete and available may make our site more attractive to developers. This “pre-development” activity could take 12-18 months and the market may change during this time.

Alternatively, Council may wish to reconsider the goals of the project and reduce density of multifamily units in order to accomplish faster housing construction that would be more viable in today's market. Replacing more expensive to construct podium buildings with walk-up apartments, for example, helps feasibility, but presents design challenges relating to parking, grade, and reduces overall density—a high priority goal. If the current program isn't feasible with macroeconomic conditions, unit mix may need to change, the number of homeownership units vs. rentals may need to change.

If the whole site is placed for a bid, the City will need to establish timelines and staffing resources to go through multiple rounds of RFP that may be needed to find the right balance of development scale, development partners, and economic timing. If the City elects to do this, it is important to time it with appropriate market conditions to ensure that a high-quality developer is identified in an early round.

**Schedule and Funds:** The Evans Vista Master Plan culminates in entitlement application to attract quality bidders in an RFP process. The entitlements will be accomplished no later than March 2024. Mill Road sewer lift station construction is anticipated to begin in late 2025. The City has held back \$20,000 in contingency funds for the Master Plan for future RFP support. There is an opportunity to leverage bond and sale proceeds from Cherry Street to support pre-development activities. This would require Council action to amend the bond ordinance. In the meantime, the City's 2024 Budget recommends hiring a term grants coordinator to help position this project specifically with funding for infrastructure subsidy.

Additional details on the Evans Vista Housing Development Master Plan are available on the City's website: <https://cityofpt.us/engagept/page/evans-vista-housing-development-master-plan>. Those interested in being involved in the planning process may request to be added to the mailing list by emailing [ebolin@cityofpt.us](mailto:ebolin@cityofpt.us).

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**ATTACHMENTS:**

- a. **Exhibit A Evans Vista Final Site Design**
- b. **Evans Vista Final Design and Financial Feasibility Presentation**

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**CITY COUNCIL COMMITTEE RECOMMENDATION:** N/A

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**RECOMMENDED ACTION:** Move to approve Exhibit A, the final site design for the Evans Vista Master Plan so that the Project Team can apply for subdivision entitlements.

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**ALTERNATIVES:**

- Take No Action       Refer to Committee       Refer to Staff       Postpone Action  
 Remove from Consent Agenda       Waive Council Rules and approve Ordinance \_\_\_\_\_  
 Other:



**OVERALL UNIT COUNT:**

MIXED-USE APARTMENTS :	167
WALK-UPS:	42
APARTMENTS:	94
TOWNHOMES :	16

**TOTAL: 319 UNITS**

\*MIXED-USE AND APARTMENT UNITS ALL ELEVATOR ACCESS

**UNIT TYPE COUNT:**

STUDIO :	121
1 BEDROOM:	141
2 BEDROOM:	35
3 BEDROOM :	6
TOWNHOMES :	16

**TOTAL: 319 UNITS**

**1 SITE PLAN**

1" = 60'-0"



**BUILDING USES:**

BUILDING:	UNITS PER BLDG:	STORIES:	COMMERCIAL PER BLDG:	TUCK-UNDER PARKING	GARAGE PARKING
A	74	4	2,500 SF		
B	33	4	1,750 SF		
C (C1, C2)	30	4	2,200 SF	✓	
D (D1, D2)	21	3	NA		
E (E1, E2, E3)	6	3	NA		✓
F	47	4+1	NA		✓
G	47	4+1	NA		✓
H	DAYCARE	1	2,000		

**PARKING SUMMARY:**

SURFACE STALLS	246
PARALLEL	37
GARAGE (BLDG F, G)	44
TOWNHOME GARAGES	16
<b>TOTAL 343 PARKING STALLS</b>	
PARKING RATIO:1.08	



# Evans Vista Master Plan

Pro Forma and Final Design

City Council

November 20, 2023

**INTRO/  
RECAP**

**MASTER  
PLAN**

**FINANCIAL  
ANALYSIS**

**EVTAG  
FEEDBACK**

**NEXT  
STEPS**

# What We Have Heard

- Non-profits need public infrastructure completed
- Amplify density
- Maximize unit counts
- Increase townhomes – more immediate viability but less density
- Need housing sooner than later
- Need more assistance on public private partnership
- Need to understand capacity to build at scale and at speed
- Increase number of affordable units
- Ensure housing is available for locals and not vacation units
- Needs to be a new neighborhood and stand the test of time
- Should not be 100% low income units, but rather mixed income
- Try to scale for local builders to the extent possible
- Need to develop local builder capacity for multifamily construction
- Need housing authority participation
- Mixed income buildings introduce financial risk for tax credit recapture
- Unit mix needs to focus on mix of low income and attainable housing i.e. 150% AMI and less

# Tonight's request:

- Recommended Motion: Approve Exhibit A, the final site design for the Evans Vista Master Plan so that the Project Team can apply for subdivision entitlements.

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YEAR	2023											
MONTH	J	F	M	A	M	J	J	A	S	O	N	D

TASK 1 INFORMATION GATHERING & SITE STUDIES	<b>Public Outreach &amp; Community Engagement</b>												
	Internal (City staff) coordination meetings												
	Planning Commission & City Council check-ins		●	●	●	●	●	●	●	●	●	●	●
	Public outreach meetings		●		●			●		●			
TASK 2 PROJECT VISIONING & SCHEMATIC DESIGN	<b>1. Information Gathering &amp; Site Studies</b>												
	Tour Site												
	Project Introduction & Presentation Meeting with City Council												
	Project Research / Initial housing & community developer outreach - Distribute Flyers												
TASK 3 FINANCIAL ANALYSIS	<b>2. Project Visioning &amp; Schematic Design</b>												
	Project Development: Draft Development Plans & Integrate public comments												
	Schematic Design of (3) site plan alternatives												
	Public Engagement: Prepare Presentation Documents												
TASK 4 PRELIMINARY ENGINEERING & REFINEMENT OF ALTERNATIVES	<b>3. Financial Analysis</b>												
	Incorporate all feedback to-date into updated plan												
	Create Building Prototypes												
	Generate Building Types customized for local building conditions												
TASK 5 SELECTION OF PREFERRED ALTERNATIVES	<b>4. Preliminary Engineering &amp; Refinement of Alternatives</b>												
	Generate Design Development Alternatives (2 of 3)												
	Prepare next round of Public Outreach Engagement												
	Presentation of project update & alternatives through public outreach meeting												
TASK 6 ENTITLEMENT APPLICATIONS	<b>5. Selection of Preferred Alternatives</b>												
	Update preferred Design Development Alternative												
	Prepare Final Presentation Package												
	Final Presentation & Summary to Public, Planning Commission & City Council												
TASK 6 ENTITLEMENT APPLICATIONS	<b>6. Entitlement Applications</b>												
	Land Use entitlement applications submitted												
	Initial review & respond to City comments												
	City review/ Land Use approval												
	Next steps												

● Indicates Stakeholder & Public Outreach Meetings

# PROJECT SCHEDULE

## Evans Vista Housing Development




## JUNE

### 22<sup>ND</sup> PUBLIC OUTREACH #2 / PLANNING COMMISSION MEETING

- Feedback on design options
- Select 2 of the options to develop further

## JULY

### 13<sup>TH</sup> – EVTAG MEETING

- Feedback on the 2 revised design options
- Review financial analysis

### 19<sup>TH</sup> – PLANNING COMMISSION MEETING

- Feedback on the 2 revised design options
- Review financial analysis
- Discuss land use criteria & code amendments

### 20<sup>TH</sup> – PUBLIC OUTREACH #3A CONCERT ON THE DOCKS

- Present 2 revised options & financial analysis

### 27<sup>TH</sup> – PUBLIC OUTREACH #3B – virtual

## AUGUST

### 7<sup>TH</sup> CITY COUNCIL BRIEFING

- *Share feedback on 2 design options*
- *Share feedback on financial analysis*
- *Present Public outreach summary*

### 17<sup>TH</sup> EVTAG MEETING

- Review summary of feedback to date
- Discuss preferred design option
- Solicit final feedback

## SEPTEMBER

### 14<sup>TH</sup> EVTAG MEETING

- Review final presentation of preferred design option

## OCTOBER

### 9<sup>TH</sup> PRESENTATION – CITY COUNCIL/PLANNING COMMISSION/ PUBLIC

- Review presentation of preferred design option

## NOVEMBER

### 7<sup>TH</sup> EVTAG – REVIEW FINANCIAL SUMMARY

- Provide feedback

### 20<sup>TH</sup> PRESENTATION – CITY COUNCIL/ PUBLIC

- Review financial summary

## MEETINGS & OUTREACH

Evans Vista Housing Development

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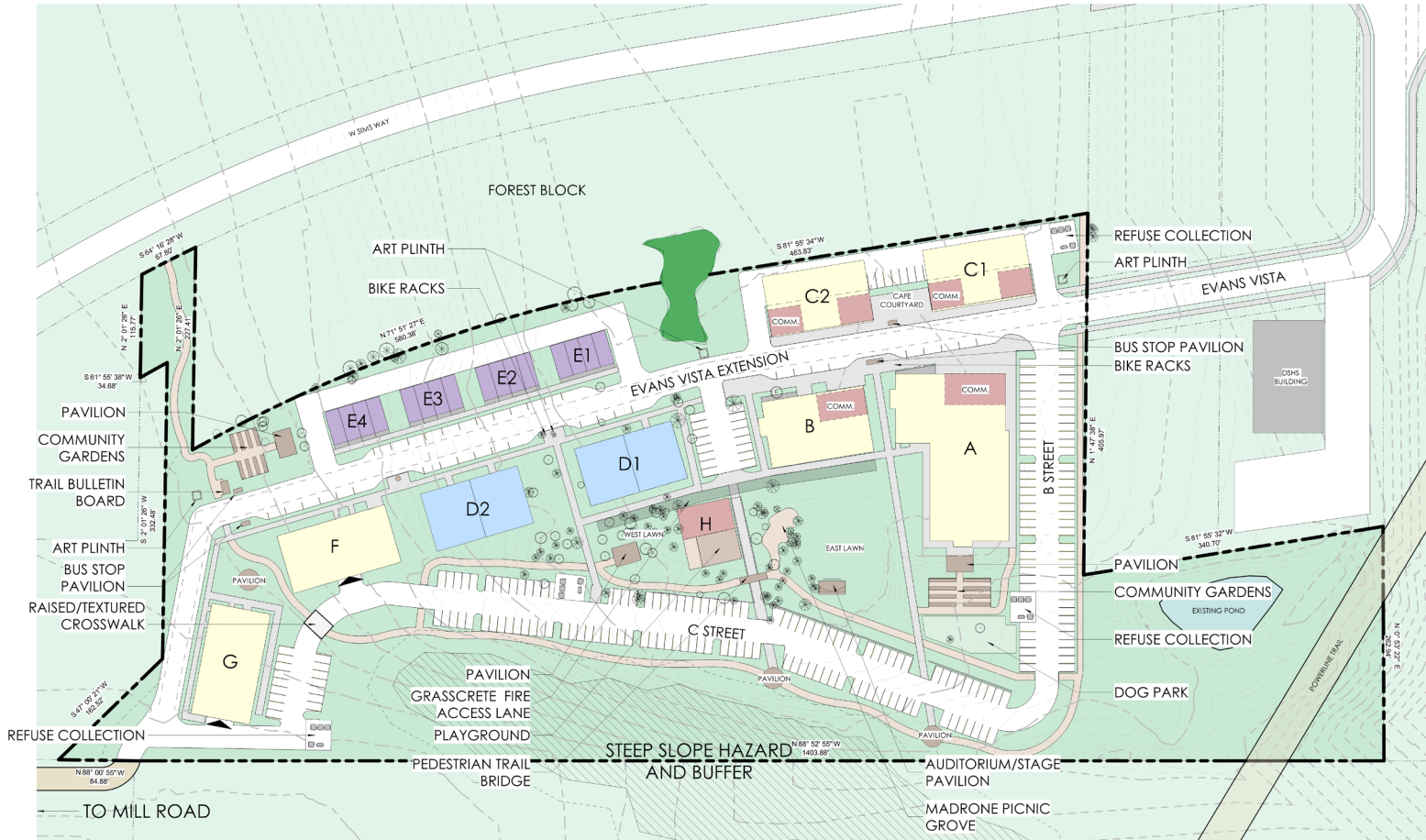
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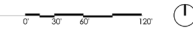
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**SITE PLAN - RECAP**

Evans Vista Housing Development

City of Port Townsend

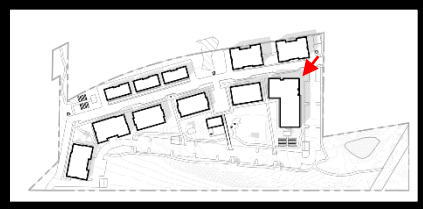




# CONCEPTUAL RENDERINGS

*Evans Vista Housing Development*

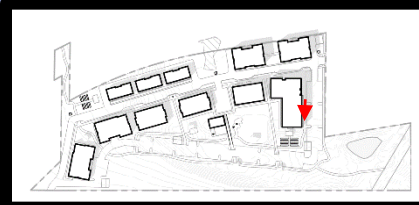




# CONCEPTUAL RENDERINGS

*Evans Vista Housing Development*





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## CONCEPTUAL RENDERINGS

*Evans Vista Housing Development*

# What the Master Plan Considers

- Jefferson Transit coordination
- Adjoining properties
- Utility efficiency
- Maximize open space and density
- Keep parking to a minimum
- Ensure amenities for the development as well as the greater public including indoor/outdoor meeting space
- Commercial Uses toward the entrance
- Topography Considered
- Fee simple units – townhomes
- Townhouse groupings 4 or less – accessible to local builders
- Preservation of wetlands
- Preservation of madrone tree grove



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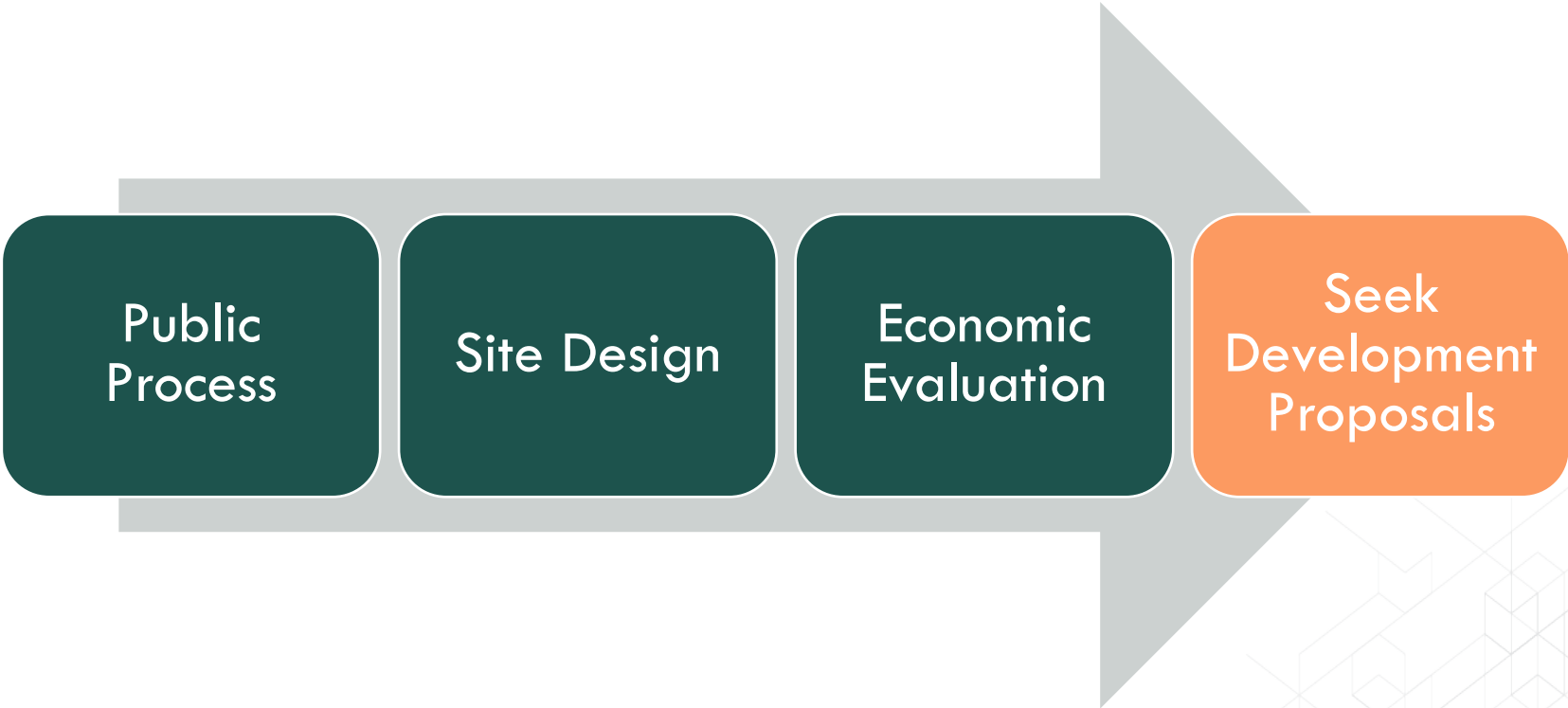
**NEXT  
STEPS**



# Evans Vista Neighborhood Development Feasibility Analysis Findings

November 20, 2023





To deliver urgently needed housing supply and to activate the Evans Vista neighborhood

- Part of a long-term vision based on the Rainier Street and Upper Sims Way Subarea Plan (2019)

To achieve a mix of subsidized, affordable housing and workforce housing

- Minimum Requirement: At least 25% of units are required by WA Dept. of Commerce to be affordable under 80% of the Area Median Income (AMI)
- Additional Consideration: Plan for 150 total units with up to 50 of the units affordable at 80% of AMI (beyond minimum requirement)

# Housing and Affordability Goals

- Achieve at least 150 units (current plan has 319 units)
- Provide housing options at attainable prices
- Provide housing with enduring affordability (income/deed-restricted)

# Goals: How Much Would It Cost to Live Here?

Single-Family  
Rentals  
(150% of AMI)

Middle Income  
Housing  
(120% of AMI)

Low Income  
Housing  
(80% of AMI)

Very Low  
Income Housing  
(50% of AMI)

Some units would be restricted to households earning 50% to 80% of AMI range. (approximately \$30,000 to \$70,000 depending on the unit)\*

These units would cost about \$500 to \$1,500 per month, before utilities and other expenses.\*\*

And, target AMI could be LOWER!

\*Based on 2023 AMI defined by U.S. Department of Housing and Urban Development. 4-person AMI for Jefferson County is \$83,400.

\*\*Households in an income-restricted unit would spend no more than 30% of income on housing costs.

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Very Low  
Income Housing  
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Most units would target middle income households in the 80 to 120% AMI range. (approximately \$47,000 to \$104,000 depending on the unit)

These units would cost about \$1,000 to \$2,300 per month, before utilities and other expenses.

The subsidies for these rents could come from:

- Multifamily Tax Exemption (MFTE)
- Special funding/financing
- Land dedications
- Value capture

Site: 9 acres to be developed, 5 acres to remain as is

- Developed areas to include buildings, parking, sidewalk, garden, open space, trail connection

## Units

- 303 multifamily units
  - ◆ 40% studios
  - ◆ 47% one-bedrooms
  - ◆ 12% two-bedrooms
  - ◆ 2% three-bedrooms
- 16 townhouses (1,400 sq. ft. units)

## Non-residential

- 8,500 sq. ft. retail
- 2,000 sq. ft. daycare area
- 3,000 sq. ft. other structures and site features (e.g., pavilion)

## Parking

- 343 stalls (1.08 stalls per unit)

## Density (based on 9 acres)

- 35.4 dwelling units per acre
- 0.76 floor area ratio

# Starting point, analyze without subsidies

It is useful to think about the feasibility of the site from a strictly private perspective without public participation (e.g., examining it with current market prices for costs and rents).

It allows the City to understand:

- The value of the land it owns
- The subsidies needed to fund its affordability goals
- The value of incentives offered to support city goals
- The impact of other city actions – such as building infrastructure
- The differential performance of development sites/buildings

# What Would It Cost Today to Build This?

## Estimated Total Project Costs: \$111 to \$126 million

- Multifamily costs would range from \$312,000 per unit to \$380,000 per unit, depending on the unit mix and the construction type.
- Townhouses would cost \$458,000 per unit.
- Estimates include costs to develop parking & open space amenities.
- Estimates include developer profit expectations 15% to 20%.
- The estimates do not include value of land and sewer connection to the site the City could contribute to attract development.

An affordable housing development could use funding sources that require prevailing wages to be paid, potentially increasing the project costs by about \$7 to \$8 million.

# Where are housing prices today?

When thinking about development feasibility, investors and banks who finance the development consider what rents the development can achieve. The amount of financing and investment is dependent on the rents of comparable, new construction properties in the same housing market. This is the “market-achievable” rent considered in this analysis.

Market-achievable rent is not restricted by income, so it can fluctuate with time. Strong economic and wage growth can raise market-achievable rents. A simple way to think about it is what are prices currently observed in the marketplace.

In today’s economic conditions, the achievable rents for the quality of units considered for Evans Vista are likely at levels that would be affordable to households earning about 120% of AMI.

# Where are “market” prices today?

Single-Family  
Rentals  
(150% of AMI)

Middle Income  
Housing  
(120% of AMI)

Low Income  
Housing  
(80% of AMI)

Very Low  
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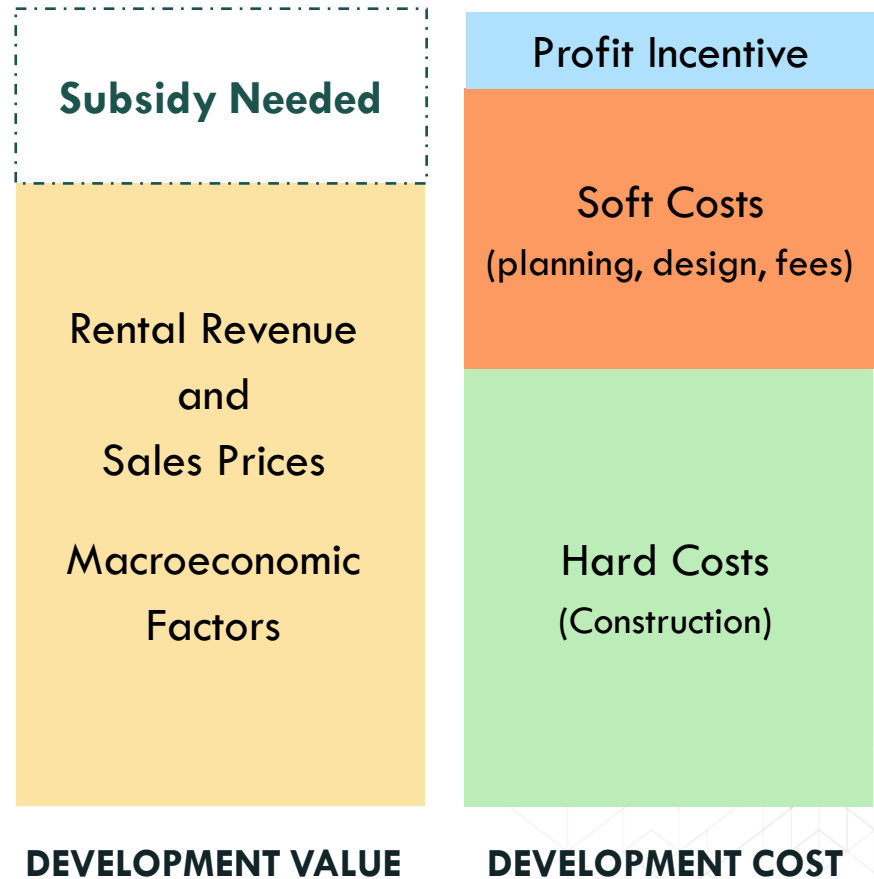
Today’s market rents\* in newly built multifamily buildings would be affordable at about 120% of AMI.

- Studio: \$1,500/mo.
- One-bedroom: \$1,700/mo.
- Two-bedroom: \$2,000/mo.
- Three-bedroom: \$2,300/mo.

\*Market rents is informed by recent rental listings, which include \$1,850/mo. at West Harbor Apartments.

# Does it "Pencil"?

- A project "pencils" or is financially feasible if the value of the project exceeds the total costs. Otherwise, subsidy is required.
- The value of a project is highly dependent on assumed rents, prices, and interest rates.





## COVID-19 Still on People's Minds

CDC recommends boosters  
Rise in Delta and Omicron variants



## Historically Low Interest Rates

Existing and new homeowners lock in 3% mortgage rates, driving up housing prices



## Annual Inflation Still Low

Prices start to show signs of rising, and federal government starts to worry

August 2021:  
Purchase and sale agreement  
December 2021:  
City approves acquisition



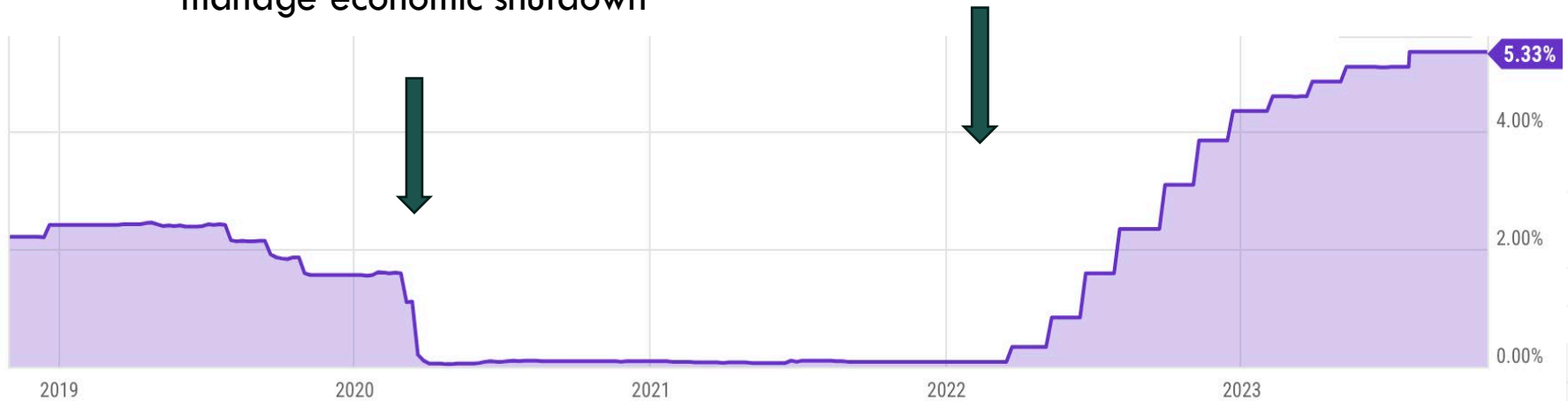
Source: The Leader

# Federal Reserve Responds by Raising the Cost of Borrowing

Federal funds rate is a main tool for the Federal Reserve to influence economic activity (inflation and unemployment).

Lowers fed funds rate to manage economic shutdown

Starts to raise fed funds rate to lower inflation rate

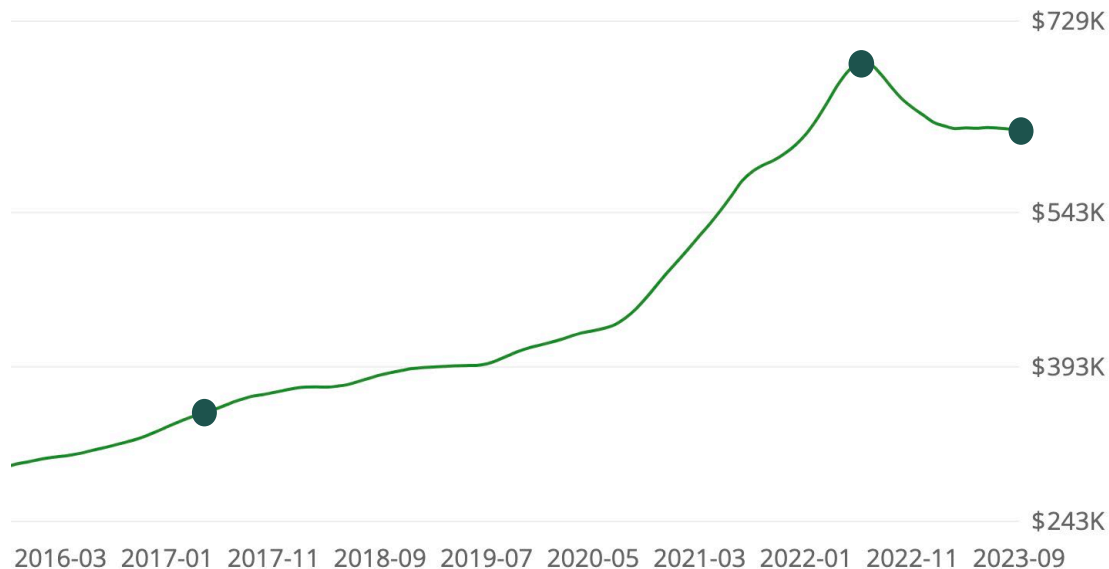


Source: ycharts.com

# Housing is Highly Sensitive to Interest Rates

## Zillow Home Value Index for Port Townsend

- Doubled from March 2017 to June 2022
- Peaked at \$689,000 in June 2022
- Lower at \$623,000 in September 2023



- Real estate is sensitive to interest rates because it is debt-levered.
- High interest rates keep banks, investors, home buyers on the sidelines.
- Today's rates (approx.)

Mortgage: 7.5% - 8.0%

Construction loan: 10.0%

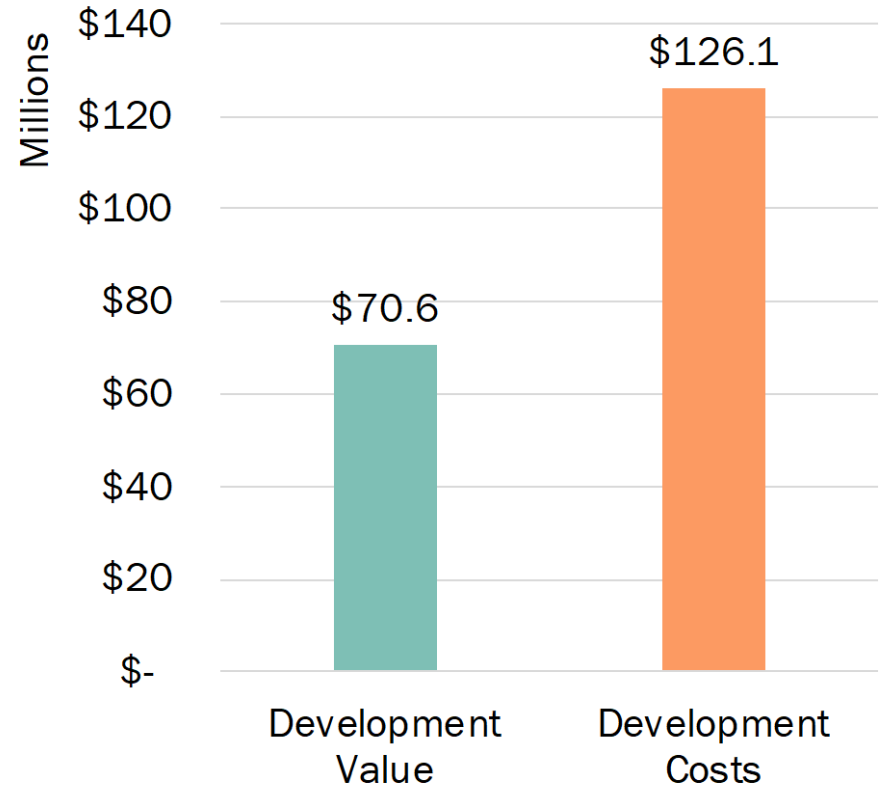
## Would It Pencil Today?

Based on today's achievable rents for workforce housing in Port Townsend,

and

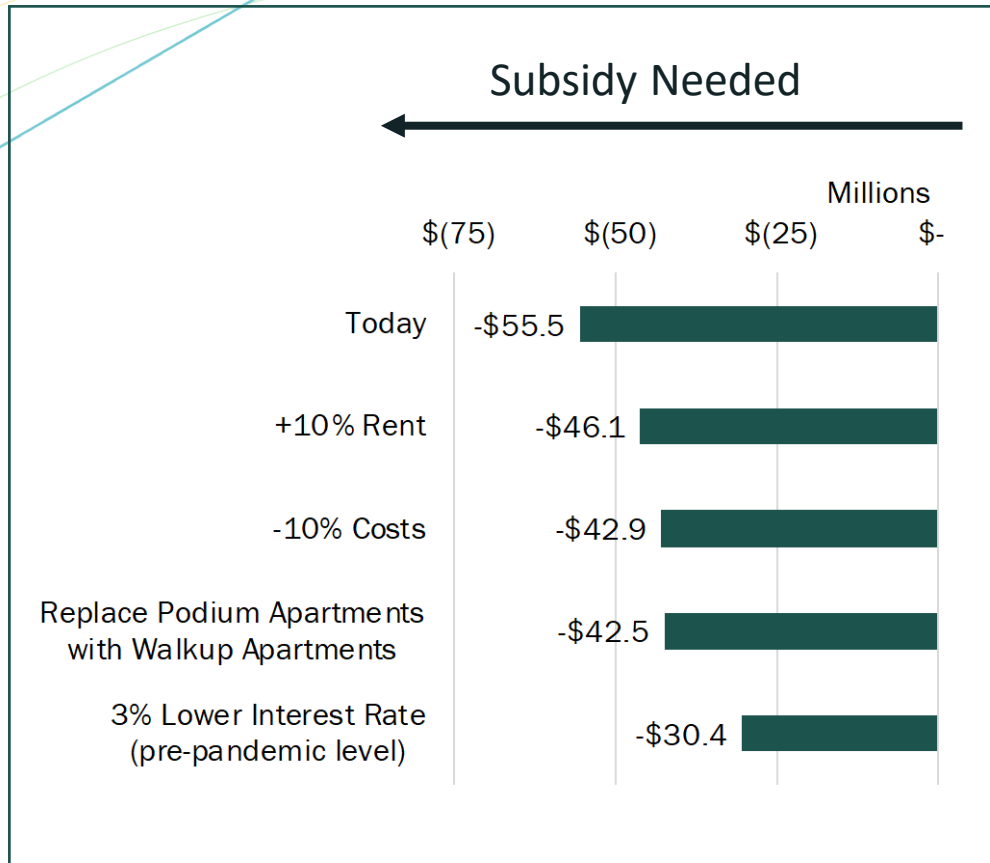
based on today's interest rates and construction costs, which are high,

even a development without income-restricted units would not be feasible: the gap could be as large as \$55.5 million



\* Development Value is the estimated resale value of a property based on achievable operating income and a required rate of return called capitalization rate.

# Return to Pre-Pandemic Conditions?

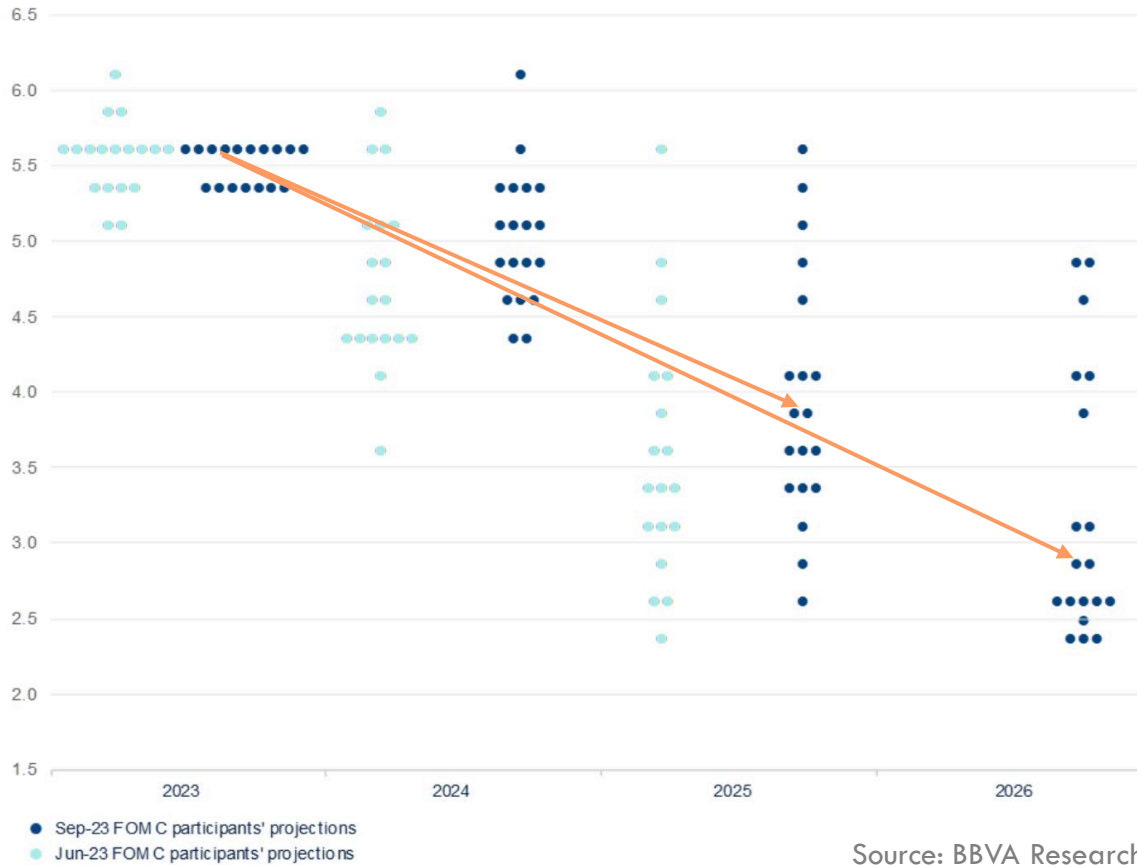


- Higher rents would reduce housing affordability.
- Lower construction cost is unlikely without a recession.
- Removing more costly construction types can improve feasibility.
- A return to pre-pandemic interest rate conditions would improve feasibility.
- A combination of factors is needed.

Example: 10% reduction in costs, 3% interest rate drop, 10% rent increase, and podium makes the project pencil without subsidy

# Interest Rates Will Stay High for Several Years

Figure 1. FOMC PARTICIPANTS' PROJECTED APPROPRIATE FEDERAL FUNDS RATE (%)



- ◆ Path of interest rates is very uncertain.
- ◆ Projections about fed funds rate have been changing.
- ◆ In September, about 1.75% lower fed funds rate was projected to occur by 2025, and 2.75% lower by 2026.
- ◆ The estimates can change in December.

# Timing of Development is Challenging

The rental housing market in Port Townsend is not strong enough today to pay for many amenities and new multifamily developments that have been built in more urban places.

Current macroeconomic environment (high interest rates) is not conducive to new developments, even for market-rate.

However, development CAN BE FEASIBLE in a future market environment – one that looks more like pre-pandemic times.

Lack of feasibility in the near future suggests Port Townsend needs to strongly consider phasing developments in Evans Vista, strategically adapting to market conditions.

# Implications for RFP and Land Disposition

There are two strategic options for the City:

1) To generate an attractive RFP that will receive bids from a large developer interested in the whole Evans Vista site, the City will likely have to wait until economic conditions improve.

This option is likely to result in a more efficient delivery of the development with less expenditure of City resources (time, staff, \$).

2) The City can portion out parts of the site for more executable projects, partnering with smaller and/or nonprofit developers while reserving the rest of the site for future development.

This option will likely require more active and longer-term involvement from the City and flexibility in project expectations (site planning, infrastructure provision, subsidy generation, etc.)

# Time for Additional Pre-Development

Challenging development conditions means the City can dive deeper into key land development activities.

1. Define affordable housing project (likely a LIHTC-backed)
2. Explore needed actions for community land trust model project
3. Update financial outlook as conditions improve
4. Develop first draft of key terms for development RFP(s)

# Options for Near Term Actions

While waiting for better conditions to deliver workforce housing, the City can do the following as it prepares for an RFP:



## Affordable Housing

Prioritize in the RFP an affordable housing project (~74 units) supported by LIHTC, and secure additional funding sources



## Market Making

Create value for the rest of the site by starting a market-rate project that is feasible today



## Community Land Trust

Pilot a community land trust model to create an opportunity for affordable homeownership



## Regulatory Support

Secure entitlements with flexibility based on the site concept

Allow 8-year and 12-year MFTE programs in Evans Vista

## Case for Affordable Housing with LIHTC: Summary

Affordability (for all units in Building A)	Assumed Funding Sources (other than City contributions for land and sewer costs)	Gap (in million)	Additional Funding Sources
40% of AMI	9% LIHTC Property tax exemption	\$3.5	City and State
60% of AMI	4% LIHTC Property tax exemption	\$6.7	Too large to fill by City and State
80% of AMI	8-year MFTE Private-sector investment	\$10.3	Inadequate returns for private sector
100% of AMI	Private-sector investment	\$9.9	Public funding is very limited or not available
Workforce Housing (120% of AMI)	Private-sector investment	\$8.9	

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# City: Evans Vista Technical Advisory Group

- Market demand study will need to be completed
- Master Plan is not absolute. Many changes may be needed with market changes e.g. unit mix, owner/rental ratio
- Capital requirements reduction possible with smaller unit square footage
- Decreased size and number of studios, increased 2, 2-3 bedrooms units could decrease capital need and increase rent value
- Delays to wait for the market should also consider cost differences for site preparation.
- City should install all infrastructure to attract developers ASAP.
- City should speak with Housing Finance Commission and other interested non-profits.
- For-profit developers require a larger project unless they can bid the whole site.
- Market, create demand, publicize, hold more events, activate the site.
- Don't increase townhomes, but consider swapping podium with walk ups or tuck under multifamily for financial feasibility.

# City: Evans Vista Technical Advisory Group

- Push! Land prep with take 2-3 years anyways.
- Develop buildings geographically from front of neighborhood to back.
- Well-written RFP and outreach are needed to determine if project is ready
- Focus on affordable rentals first, that are designed well and fit PT vibe
- Mixed income buildings are best practice
- Housing scarcity and lack of funding naturally leads to phasing
- The upcoming legislative session involves more affordable housing money
- Local employee housing needs put this project in the City's interest
- How land is disposed factors into financing e.g. donation, sale, long term lease, trust?
- Confidence level needs to be high. Typical affordable housing projects require \$1million in pre-development expenses prior to construction financing.

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# FLEXIBILITY IN MASTER PLAN

- Master Plan is a framework and is not literal
  - Developers need to bring their specialties to the project
  - Plan will need to be adaptable over time
  - RFP provides side boards and City requirements
  - Proposals provide design elements for buildings
- Unit Type counts can be modified. Market Demand Study can help.

MASTER PLAN

*Evans Vista Housing Development*



# PHASING EXAMPLE

## Phase 1 Evans Vista:

- 4 Mixed Use Buildings
- 150 units + provided
- 25% of units 80% AML or less
- Remainder of units to include market rate and attainable mix.



## MASTER PLAN - PHASING

Evans Vista Housing Development



# Next steps... Strategies and Timelines

- Need to shop
- Need to develop strategies
- May take time
- Seek grant opportunities for infrastructure
- Mill Road Lift Station install targeted in late 2025
- Develop an RFP that is viable to obtain response
- Align project with construction/property management disposition services.
- Grant Coordinator needed in 2024 Budget
- Consider funding strategies for RFP, legal and construction management fees

# Questions?

11/20/23 Recommended Motion: Approve Exhibit A, the final site design for the Evans Vista Master Plan so that the Project Team can apply for subdivision entitlements.

# Development Program and Cost Assumptions

## High Estimate

Buildings	E1 to E4	D1, D2	A, B	C1, C2	F, G	All Other (Excluding Land)	Total
Uses	Townhouses	Walkup Apartment	Mixed-Use Apartment	Mixed-Use with Tuckunder	Podium Apartment	Daycare and Other Amenities (including community garden, open space, and circulation)	
<b>Program Assumptions</b>							
Units	16	42	107	60	94	-	319
Commercial Area (SF)	-	-	4,205	4,334	-	1,955	10,494
Parking Stalls	16	42	115	68	94	8	343
Building Square Foot	25,936	45,960	96,100	55,224	69,000	4,905	297,125
Studio and 1-Bed Share	0%	57%	84%	90%	100%	0%	82%
Site Size (SF)	31,783	41,481	78,036	54,704	48,646	311,014	565,663
Open Space Area (SF)	9,169	10,373	8,769	2,765	12,521	115,519	159,116
<b>Cost Assumptions</b>							
Total Development Costs (\$ million)	\$ 7.5	\$ 16.4	\$ 36.8	\$ 22.2	\$ 37.4	\$ 5.9	\$ 126.1
Total Development Costs per Unit	\$ 467,000	\$ 390,000	\$ 344,000	\$ 370,000	\$ 397,000		\$ 395,000
Total Development Costs per Building Square Foot	\$ 288	\$ 356	\$ 383	\$ 402	\$ 541		\$ 425
Construction/Hard Costs per Building Square Foot (excluding parking)	\$ 180	\$ 230	\$ 235	\$ 235	\$ 325		

# Development Program and Cost Assumptions

## Low Estimate

Buildings	E1 to E4	D1, D2	A, B	C1, C2	F, G	All Other (Excluding Land)	Total
Uses	Townhouses	Walkup Apartment	Mixed-Use Apartment	Mixed-Use with Tuckunder	Podium Apartment	Daycare and Other Amenities (including community garden, open space, and circulation)	
<b>Program Assumptions</b>							
Units	16	42	107	60	94	-	319
Commercial Area (SF)	-	-	4,205	4,334	-	1,955	10,494
Parking Stalls	16	42	115	68	94	8	343
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Open Space Area (SF)	9,169	10,373	8,769	2,765	12,521	115,519	159,116
<b>Cost Assumptions</b>							
Total Development Costs (\$ million)	\$ 7.2	\$ 13.3	\$ 32.0	\$ 19.3	\$ 34.1	\$ 5.5	\$ 111.4
Total Development Costs per Unit	\$ 449,000	\$ 318,000	\$ 299,000	\$ 321,000	\$ 363,000		\$ 349,000
Total Development Costs per Building Square Foot	\$ 277	\$ 290	\$ 333	\$ 349	\$ 494		\$ 375
Construction/Hard Costs per Building Square Foot (excluding parking)	\$ 180	\$ 190	\$ 210	\$ 210	\$ 310		

# Pro Forma Assumptions

Parking Construction Cost per Stall	
Surface Parking	\$ 7,000
Tuckunder Parking	\$ 15,000
Podium Parking	\$ 48,000
Garage Parking	\$ 20,000

Other Assumptions	
Vacancy Rate	
Residential	5%
Commercial	25%
Commercial Lease Rate (NNN, per SF)	\$ 21
Sales Commission	3%
Soft Costs as % of Hard Costs	25%
Contingency	5%
Base Case Interest Rates	
Mortgage	8.00%
Capitalization Rate	5.50%
Return on Cost	6.60%
Construction Loan	10.00%
Tax Exempt Bonds	8.00%

# Affordability Calculation Assumptions

An income-restricted unit is considered affordable when household spends no more than 30% of AMI on housing costs.

2023 4-person AMI in Port Townsend is \$83,400.

AMI	Studio / 1 ppl	1 bedroom / 1.5 ppl	2 bedroom / 3 ppl	3 bedroom / 4.5 ppl
30%	\$ 17,800	\$ 19,000	\$ 24,900	\$ 32,600
40%	\$ 23,700	\$ 25,300	\$ 31,400	\$ 38,200
50%	\$ 29,600	\$ 31,700	\$ 38,000	\$ 43,900
60%	\$ 35,000	\$ 37,500	\$ 45,000	\$ 52,000
80%	\$ 47,300	\$ 50,600	\$ 60,800	\$ 70,200
100%	\$ 58,400	\$ 62,600	\$ 75,100	\$ 86,700
120%	\$ 70,100	\$ 75,100	\$ 90,100	\$ 104,100
150%	\$ 87,600	\$ 93,800	\$ 112,600	\$ 130,100
200%	\$ 116,800	\$ 125,100	\$ 150,100	\$ 173,500
250%	\$ 146,000	\$ 156,400	\$ 187,700	\$ 216,800

The income threshold is adjusted based on bedroom count and household size.

For renters, housing costs include rent and utilities. Utility allowance is based on Peninsula Housing Authority figures and adjusted to 2023 dollars using in CPI-U from U.S. Bureau of Labor Statistics.

For owners, housing costs include mortgage, property tax and property insurance (assumed to be 23% of housing costs), and monthly dues (\$100). Affordability calculation assumes a 30-year mortgage with 20% down payment.