

# Tacoma Affordable Housing Action Strategy

## Economic Evaluation of Incentive Policy Alternatives

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### KEY FINDINGS

- *Future market conditions will have a large impact on the outcomes of market-based incentives.*

Modeling suggests that many incentives will perform well if a strong housing market continues. However slower growth in market rents and higher vacancies can change the financial feasibility of development significantly.

- *Removing the 8-year Multifamily Tax Exemption (MFTE) option could immediately increase the supply of income-restricted units.*

Modeling suggests a strong financial incentive for developers to choose the current 8-year MFTE option over the 12-year option. This reduces potential development of income-restricted units under the 12-year MFTE option. When the 8-year option is removed, modeling suggests many developers would choose the 12-year option, resulting in up to 2,600 income-restricted units affordable to households at 80% AMI within the next 10 years.

- *Mandatory inclusionary zoning could work in some neighborhoods, when paired with MFTE and other incentives, like upzones and reduced parking requirements.*

Inclusionary zoning works best when paired with a complementary MFTE program as well as other incentives, such as reductions in parking requirements, which offset revenue the developer would have otherwise collected. Modeling indicates that developers can likely achieve a necessary rate of return in neighborhoods with relatively higher rents: New Tacoma, North Tacoma, Northeast Tacoma, and West End.

- *Aligning inclusionary zoning and MFTE policy provisions, like income level served, helps encourage onsite development of income-restricted units.*

Pairing inclusionary zoning and MFTE provisions provides a large incentive for developers to build income-restricted units onsite rather than make in lieu payments. The model suggests in lieu payments have to be as low as \$30,000 per unit before any developers would benefit financially by choosing payment over building onsite.<sup>1</sup> Setting the in lieu payments at a higher level will encourage developers to build income-restricted housing onsite.

- *At the neighborhood-level, market conditions make multifamily development less likely in some parts of Tacoma.*

The kinds of multifamily development considered in this analysis (primarily mid-rise buildings and higher) are not financially feasible in many areas of Tacoma, regardless of the policy alternative,

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<sup>1</sup> Some developers may have other reasons to use the in lieu option, regardless of the fee structure. For instance, they may want to avoid the administration costs associated with managing income-restricted units onsite or think they can charge more for market-rate units in a building that does not include any income-restricted housing.

due to weaker market conditions. These include areas with lower market rents such as Central Tacoma, Eastside, South End, and South Tacoma. While some of these areas have seen growth in recent years, recent building trends indicate much of that growth has been in smaller format buildings, such as duplexes and townhomes, which are less expensive to build but provide fewer housing units. Mandatory inclusionary zoning is not likely to be as successful in these neighborhoods until market-rate rents have increased.

- *Among the actions evaluated, reducing parking requirements has the biggest impact on reducing development costs of income-restricted projects.*

For income-restricted projects developed by affordable housing developers, eliminating parking requirements has the biggest impact on reducing the costs to develop new income-restricted housing by affordable housing developers—more than any other policy option (land donation, permit fee waivers, and expediting permits).<sup>2</sup>

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<sup>2</sup> Data on typical offsite costs was not available for this analysis. Many stakeholders have noted how offsite improvements drive up project costs, so reducing them would also lower development costs and increase financial feasibility for nonprofit developers.

## OVERVIEW

The City of Tacoma is developing an Affordable Housing Action Strategy to preserve and increase the number of affordable, available, and accessible housing units throughout the city. As part of this effort, the City of Tacoma is exploring expanding its market-based incentives—the Multifamily Tax Exemption Program and development incentives, like upzoning and reduced parking requirements.

Using market-based incentives relies on private-market activity to help produce income-restricted units. However, market-based incentives often do not produce a large number of income-restricted units, because they are not aligned with market realities, including if a project is financially viable, how a city may grow, and how market conditions may change.

As part of this effort, BERK developed a model to calculate the financial viability of new market-rate multifamily rental housing development in the City of Tacoma under different economic conditions and policy alternatives over the next 10 years. The purpose of this model is to help answer the following questions:

- How many new income-restricted units could market-rate developments produce under each alternative?
- What kinds of policies support mandatory affordability for households with the greatest unmet need (those earning 50% AMI or below)?
- Which types of housing policy changes have the greatest impact on the financial viability of market-rate housing projects in different neighborhoods?

This model incorporates regional growth forecasts from the Puget Sound Regional Council (PSRC), which indicate that Tacoma could gain more than 22,000 new housing units over the next 10 years. However, the actual amount of new growth, where it occurs, and the form it takes will depend upon both City policies and market conditions.

## IDENTIFICATION OF POTENTIAL DEVELOPMENT SITES

As a first step, BERK identified potential development sites—parcels with characteristics that suggest they could be developed or redeveloped over time. These characteristics include:

- Zoned for multifamily housing development.
- Has an Improvement to land value ratio less than 1.0 (these parcels are assumed to be vacant or potential candidates for redevelopment).<sup>3</sup>

Parcels that would not support new multifamily residential development, such as parks, utilities, right-of-way, port facilities, or education and institutional uses, were excluded. Public and nonprofit-owned properties were also excluded from the modeling, assuming these parcels would be prioritized for public benefits (such as development of subsidized housing).

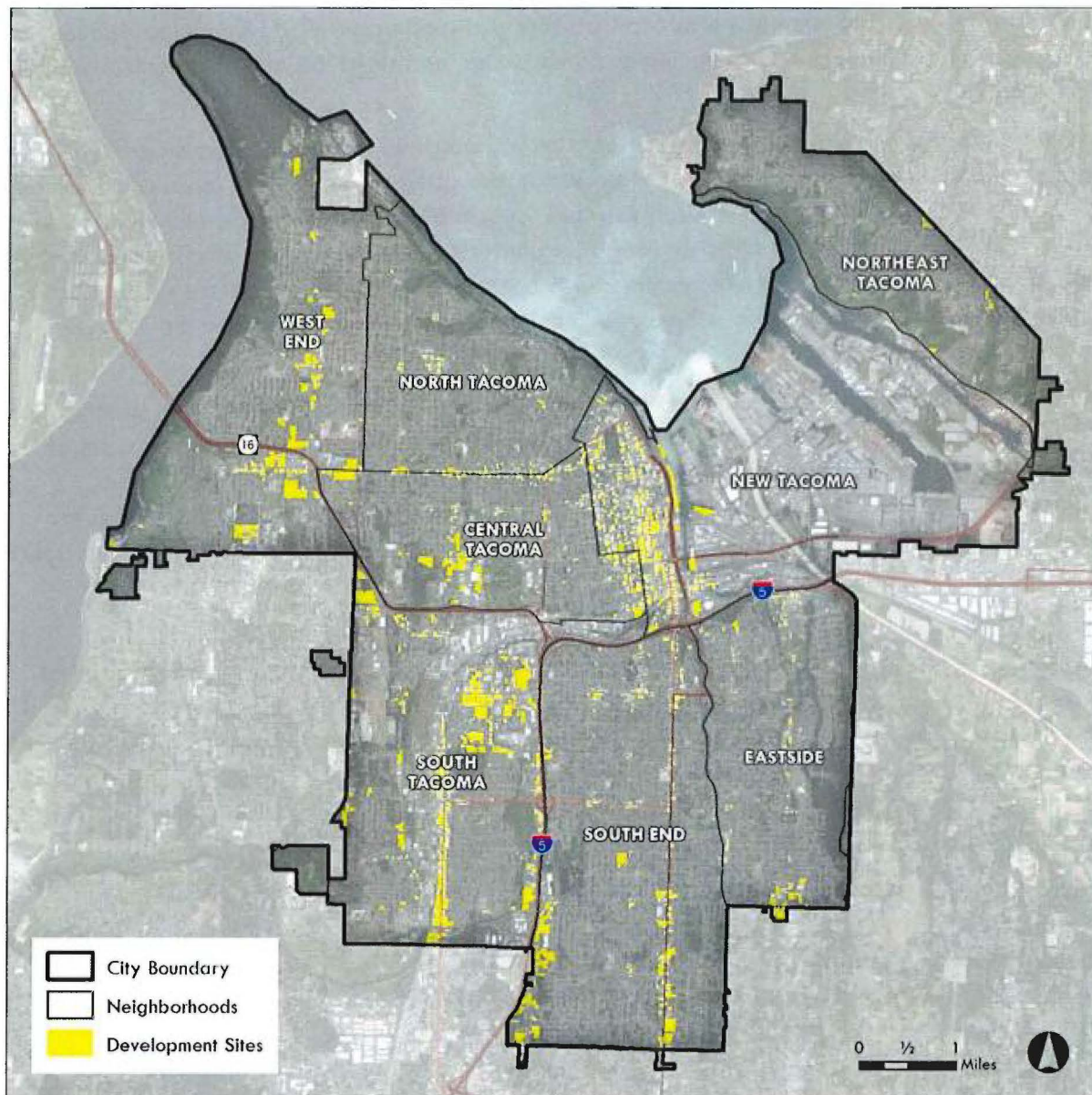
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<sup>3</sup> The Pierce County Assessor provides two values for each parcel in Tacoma. One is the land value, or the assessed value of only the land. The other is improvement value, which accounts for buildings and other improvements made to the land. Properties with few improvements (for instance, a parking lot) typically have an improvement to land ratio less than 1 because the assessed improvement value is less than the value of the land itself. Such parcels are more likely to be good candidates for redevelopment.

Prior to modeling different policy alternatives, adjoining vacant and redevelopable parcels were consolidated. For instance, if a vacant parcel and a redevelopable parcel were next to one another, those parcels are treated as one development site in this analysis. This consolidation yielded 1,171 potential development sites (see Figure 1).

Next, BERK analyzed city zoning codes, and discussed development trends with City of Tacoma staff to determine appropriate height, density, parking requirements, commercial use, and lot coverage assumptions for each zone. These assumptions were then applied to the potential development sites in those zones to determine baseline capacity for new housing production for each site.

Figure 1. Potential Development Sites for Multifamily Residential Development



Sources: Pierce County Assessor, 2018; City of Tacoma, 2018; BERK, 2018.

## ASSUMPTIONS ABOUT FUTURE MARKET CONDITIONS

Because market-based incentives rely on some level of market activity to support the development of new income-restricted units, changes in future economic conditions could greatly affect the performance of each policy alternative. To account for uncertainty about future economic conditions, each policy alternative is analyzed against two different possible futures:

- 1) **High growth:** The high growth forecast assumes an increase in demand for new housing, low

vacancies, and continued increases in market rents.<sup>4</sup>

- 2) **Low growth:** The low growth forecast assumes a modest economic downturn that reduces demand for housing in Tacoma, increases vacancies, and slows the rate of growth in market rents.<sup>5</sup>

The model assumes future multifamily housing production will match the housing production growth forecast by neighborhood (shown in Table 1). However, it also assumes that housing construction will only occur on development sites that are financially feasible for multifamily residential development. In other words, if a developer cannot get a sufficient rate of return for building on a given development site, then the model assumes that no multifamily development will occur there. This can result in the model showing that less multifamily housing production will occur in a neighborhood than is assumed in the 10-year growth forecast.<sup>6</sup>

The model uses data about the unique characteristics of each development site to calculate whether development is financially feasible (see Table 2), using a pro forma. The pro forma includes a set of assumptions derived from consultations with builders in the region, City of Tacoma Planning and Development Services staff, Technical Advisory Group (TAG) members, and example pro formas for projects built in Tacoma. Financial feasibility is also impacted by future regulatory conditions reflected in the policy alternatives.

**Table 1. Neighborhood Market Conditions Assumptions and Growth Forecasts**

Neighborhood	2018 Market Rent (1BR)	50% AMI Affordable Rent (1BR)	Rent Gap	Total Housing Units 2017	Housing Production 2010-2017	10yr Growth Forecast (Low)	10yr Growth Forecast (High)
Central Tacoma	\$1,391	\$700	\$691	9,358	308	406	1,760
Eastside	\$1,186	\$700	\$486	8,640	683	243	1,054
New Tacoma	\$1,999	\$700	\$1,299	8,098	352	2,282	9,885
North Tacoma	\$1,891	\$700	\$1,191	11,286	217	451	1,952
NE Tacoma	\$1,538	\$700	\$838	4,461	94	295	1,278
South End	\$1,262	\$700	\$562	22,591	553	540	2,337
South Tacoma	\$1,210	\$700	\$510	13,627	843	574	2,488
West End	\$1,783	\$700	\$1,083	16,557	610	437	1,891

Sources: Apartment Insights, 2018; HUD, 2018; OFM, 2018; PSRC, 2018; BERK, 2018.

<sup>4</sup> The “high growth” forecast is based on the PSRC Land Use Vision 2.0 (LUV) forecast. It assumes the rate of annual housing production doubles the rate experienced citywide between 2015 and 2017 (from about ~1,000 units to ~2,200).

<sup>5</sup> The “low growth” projections assume that the overall rate of housing production in Tacoma is consistent with the average annual rate experienced between 2010 and 2017 (~500 units per year). The proportional distribution of those units by neighborhood reflects the distribution of growth in LUV.

<sup>6</sup> In some neighborhoods, housing growth may be more likely to occur in other formats such as duplexes, townhomes, or single-family homes.

**Table 2. Selected Inputs and Assumptions for Pro Forma Analysis**

Input Type	Description	Source
<b>Development costs</b>		
Parking requirements	Required parking stalls to provide for each housing unit. Varies by zone.	City of Tacoma zoning code, 2018.
Land values	Assessed land and improvement value.	Pierce County Assessor, 2018.
Building heights and FAR	Allowable building heights and/or floor area ratio (FAR) vary by zone.	City of Tacoma zoning code, 2018.
Unit types	Building area breakdown by unit size (20% studio; 50% 1BR; 20% 2BR; 10% 3BR)	Tacoma AHAS TAG, Consultation with industry
Construction costs	Hard costs per square foot by building type and parking type. Soft costs as percentage of hard costs.	Consultation with industry, RSMeans Construction Costs <sup>7</sup>
Construction cost inflation	Assumed inflation of 3% per year.	Consultation with industry, RSMeans Construction Costs
Permitting time	6 months. Additional 2 months for shoreline sites.	Consultation with industry and City of Tacoma permitting staff
Permitting costs	1.5% of hard construction costs	Consultation with industry
<b>Financing</b>		
Financing assumptions	70% loan-to-value; 5.25% interest; 30-year amortization	Consultation with industry
<b>Revenue streams</b>		
Market rents	Market rents by neighborhood for new development.	Apartment Insights rental market survey data, 2018.
Market rent rate of growth	High growth scenario: 5% Low growth scenario: 1.2%	Consultation with industry
Absorption rate <sup>8</sup>	High growth scenario: 75% Low growth scenario: 45%	Consultation with industry
Cap rate <sup>9</sup>	Capitalization rate: 5.5%	Consultation with industry
<b>Feasibility target</b>		
Required rate of return	10% or more for likely feasible projects 8% or more for possibly feasible projects	Consultation with industry and sample Tacoma pro formas

## EVALUATION OF MARKET-RATE INCENTIVES ALTERNATIVES

The following pages summarize the results of five different policy alternatives.

All alternatives assume that policies apply to all new development (including redevelopment) in all zones that allow for multifamily residential development. Potential impacts are evaluated for the entire city, as well as by neighborhood, to show how some alternatives may perform better in some areas of the city than others.

Alternative 1 (No Action) reflects a simplified version of conditions in Tacoma prior to the passage of inclusionary zoning in the Tacoma Mall subarea. Both current MFTE offerings are assumed to apply to all

<sup>7</sup> RSMeans publishes annual reports with construction cost information to inform cost estimation for new commercial building projects. See [www.rsmeans.com/products/books/2018-cost-data-books/2018-building-construction-costs-book.aspx](http://www.rsmeans.com/products/books/2018-cost-data-books/2018-building-construction-costs-book.aspx).

<sup>8</sup> Absorption rate refers to the annual rate of apartment leasing for new buildings. In other words, at the end of the first year that a new building is open in the "high growth" scenario, the model assumes that 75% of the apartment units are leased. By year two, approximately 94% are assumed to be leased.

<sup>9</sup> The capitalization rate (or cap rate) is the ratio of Net Operating Income (NOI) to property asset value. So, for example, if a property recently sold for \$1,000,000 and had an NOI of \$100,000, then the cap rate would be \$100,000/\$1,000,000, or 10% (PropertyMetrics.com, 2018).

zones allowing multifamily development citywide, as does the density bonus program (Ordinance No. 28336). It assumes that developers will continue to use these programs at the same rate as they have been in recent years.<sup>10</sup>

**Table 3. Summary of Alternatives for Market-Based Incentives**

ALTERNATIVE	POLICY OPTIONS			
	MFTE	Mandatory IZ	Upzone	Parking
1. No action	Current policy	Current policy	No change	No change
2. Eliminate 8-year MFTE	12-year with 20% set aside for 80% AMI	Current policy	No change	No change
3. Eliminate 8-year MFTE + modest upzone	12-year with 20% set aside for 50% AMI	Current policy	10% FAR and 10 feet in height	25% reduction
4. Mandatory IZ with modest upzone	12-year with 20% set aside for 50% AMI	10% set aside for 50% AMI	10% FAR and 10 feet in height	25% reduction
5. Mandatory IZ with larger upzone	12-year with 20% set aside for 50% AMI	20% set aside for 50% AMI	20% FAR and 20 feet in height	50% reduction

<sup>10</sup> BERK calculated the rate of income-restricted housing production to market-rate housing production based on recent historic trends and uses this to project future development of units. Seven projects have opted to use the 12-year MFTE since 2015. Based on the 20% set aside requirement, BERK estimates that approximately 16 income-restricted units have been produced (or are in the pipeline) through this program. No data is available regarding the number of income-restricted units provided through the density bonus program, but it appears the program is not yet widely used.

## Alternative 1: No Action

No action would likely result in limited production of income-restricted units: up to **70** units based on historic trends, or **4** based on economic modeling. These units would be affordable to households at **80% AMI**. Similar to past trends, developers would typically opt to use the 8-year MFTE option rather than the 12-year option.

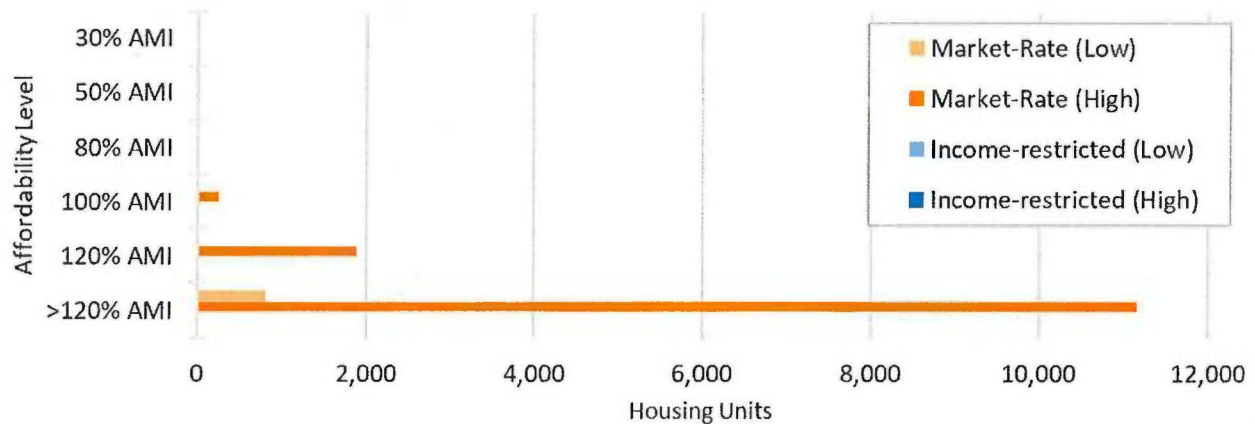
### Alternative 1 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
<ul style="list-style-type: none"> <li>8-year option with no affordability requirement</li> <li>12-year option with 20% set aside affordable to 80% of AMI</li> </ul>	<ul style="list-style-type: none"> <li>No mandatory program</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>

### Alternative 1 - Expected Housing Production by Affordability Level, 2019-2029\*\*

Market-rate units: **13,200** (High) – **800** (Low)

Income-restricted units: **70** (High) – **4** (Low)



### Alternative 1- Expected Outcomes by Neighborhood, 2019-2029

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)**	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	18	14,427	0.1%	0	0	\$231,189
Eastside	0	3,430	0%	0	0	
New Tacoma	36,318	36,318	100%	3	3	\$302,063
North Tacoma	1,281	1,302	98%	1	1	\$254,649
NE Tacoma	239	306	78%	0	0	\$259,544
South End	0	11,238	0%	0	0	
South Tacoma	0	30,033	0%	0	0	
West End	12,399	13,347	93%	0	0	\$262,166
<b>Total</b>	<b>50,255</b>	<b>110,401</b>	<b>46%</b>	<b>4</b>	<b>4</b>	<b>\$288,160</b>

\* These numbers reflect the "high growth" (stronger housing market) scenario.

\*\* This figure and table shows modeled results, consistent with the other alternatives. By historic trends, the total income-restricted units for the city could be up to 70.

## Alternative 2: Eliminate the 8-year MFTE option

Eliminating the current 8-year MFTE option and leaving the current 12-year option could produce up to **2,600** new income-restricted units for households at **80% AMI**. Additionally, modeling suggests this alternative would not have a negative impact on total housing production when compared to Alternative 1: No Action.

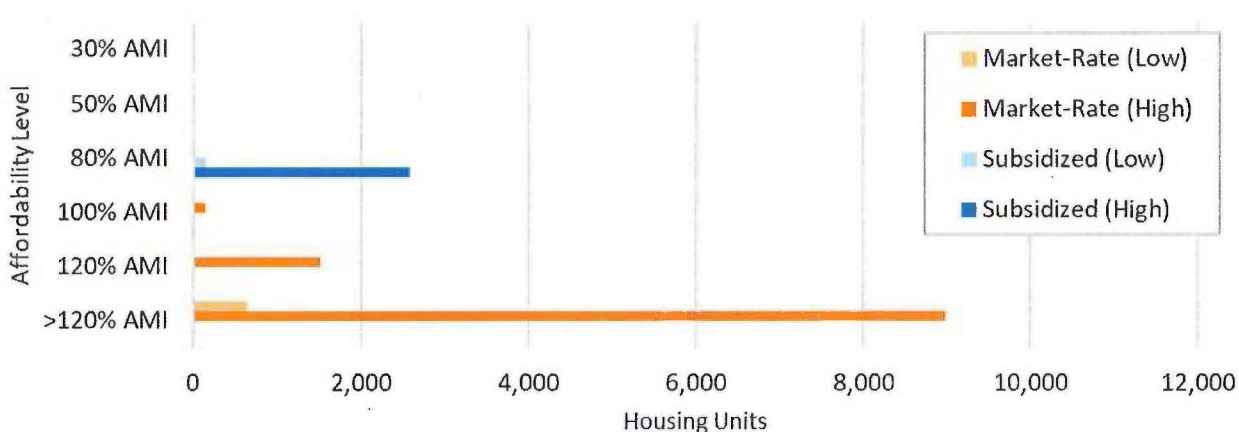
### Alternative 2 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
■ 12-year option with 20% set aside affordable to 80% of AMI	■ No mandatory program	■ No change	■ No change

### Alternative 2 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **10,700** (High) – **700** (Low)

Income-restricted units: **2,600** (High) – **150** (Low)



### Alternative 2 - Expected Outcomes by Neighborhood, 2019-2029

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	18	14,427	0%	3	0	\$231,189
Eastside	0	3,430	0%	0	0	
New Tacoma	36,318	36,318	100%	1,943	154	\$302,063
North Tacoma	1,266	1,302	97%	226	1	\$252,404
NE Tacoma	178	306	58%	34	0	\$256,400
South End	0	11,238	0%	0	0	
South Tacoma	0	30,033	0%	0	0	
West End	12,399	13,347	93%	374	0	\$262,166
<b>Total</b>	<b>50,179</b>	<b>110,401</b>	<b>45%</b>	<b>2,580</b>	<b>155</b>	<b>\$288,096</b>

\* These numbers reflect the "high growth" (stronger housing market) scenario.

### Alternative 3: Voluntary Modest Upzone and 12-year MFTE for 50% AMI

Creating a policy that offers a modest, voluntary upzone and aligns upzoning provisions with 12-year MFTE provisions could produce up to **2,800** income-restricted units affordable to households at **50% AMI**.

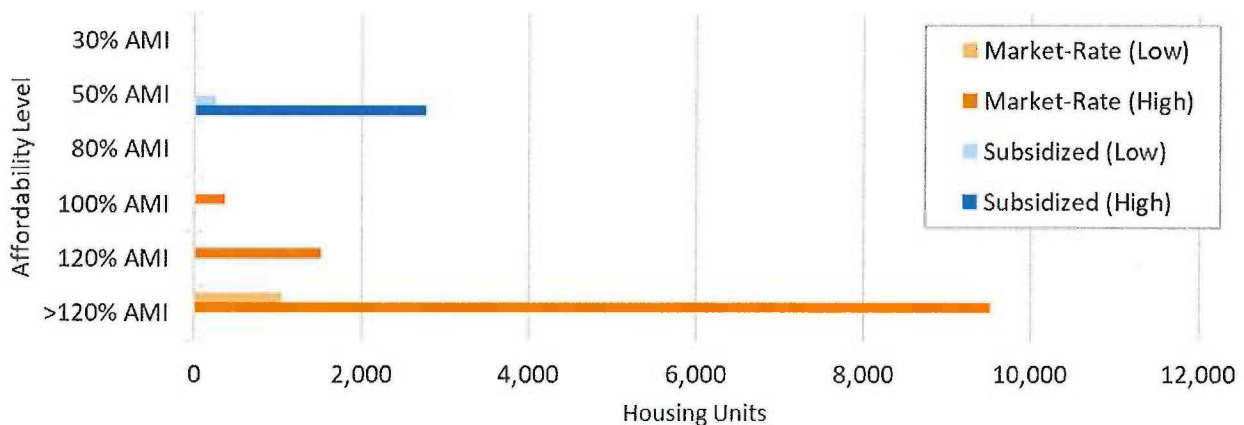
#### Alternative 3 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
<ul style="list-style-type: none"> <li>12-year option with 20% set aside affordable to 50% of AMI</li> </ul>	<ul style="list-style-type: none"> <li>No mandatory program</li> </ul>	<ul style="list-style-type: none"> <li>10-foot height increase</li> <li>10% FAR increase</li> </ul>	<ul style="list-style-type: none"> <li>25% reduction to current requirements</li> </ul>

#### Alternative 3 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **11,400** (High) – **1,000** (Low)

Income-restricted units: **2,800** (High) – **250** (Low)



#### Alternative 3 - Expected Outcomes by Neighborhood, 2019-2029

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	0	17,654	0%	0	0	
Eastside	0	4,470	0%	0	0	
New Tacoma	40,136	40,136	100%	1,944	245	\$289,939
North Tacoma	1,940	1,940	100%	359	0	\$247,835
NE Tacoma	452	473	96%	88	0	\$250,076
South End	0	16,002	0%	0	0	
South Tacoma	0	38,477	0%	0	0	
West End	14,995	16,966	88%	374	0	\$250,792
<b>Total</b>	<b>57,523</b>	<b>136,118</b>	<b>42%</b>	<b>2,766</b>	<b>245</b>	<b>\$276,819</b>

\* These numbers reflect the "high growth" (stronger housing market) scenario.

## Alternative 4: Mandatory Inclusionary Zoning with Modest Upzone and 12-year MFTE

Creating a policy that requires all new multifamily development to incorporate affordable units (in exchange for a property tax exemption, modest upzone, and reduced parking requirements) could produce up to **3,400** income-restricted units affordable to households at **50% AMI**. Longer affordability is one advantage of aligning the MFTE and inclusionary zoning requirements. About half of these units will be subject to the 50-year affordability period of the existing inclusionary zoning provisions.

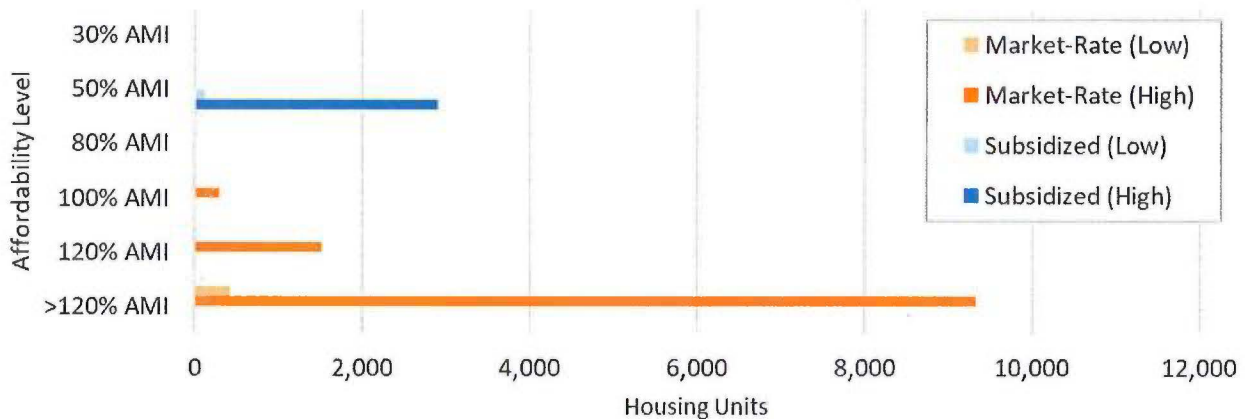
### Alternative 4 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
<ul style="list-style-type: none"> <li>12-year option with 20% set aside affordable to 50% of AMI</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory IZ with 10% set aside affordable to 50% of AMI</li> <li>In lieu payment: \$150,000</li> </ul>	<ul style="list-style-type: none"> <li>10-foot height increase</li> <li>10% FAR increase</li> </ul>	<ul style="list-style-type: none"> <li>25% reduction to current requirements</li> </ul>

### Alternative 4 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **11,100** (High) – **430** (Low)

Income-restricted units: **2,900** (High) – **100** (Low)



### Alternative 4 - Expected Outcomes by Neighborhood

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	0	17,654	0%	0	0	
Eastside	0	4,470	0%	0	0	
New Tacoma	39,640	40,136	99%	2,003	117	\$288,831
North Tacoma	1,874	1,940	97%	437	0	\$245,467
NE Tacoma	363	473	77%	75	0	\$251,007
South End	0	16,002	0%	0	0	
South Tacoma	0	38,477	0%	0	0	
West End	14,964	16,966	88%	382	0	\$250,719
<b>Total</b>	<b>56,841</b>	<b>136,118</b>	<b>42%</b>	<b>2,897</b>	<b>117</b>	<b>\$276,157</b>

\* These numbers reflect the "high growth" (stronger housing market) scenario.

## Alternative 5: Mandatory Inclusionary Zoning with Larger Upzone and 12-year MFTE

Creating a policy that requires all new multifamily development to incorporate affordable units (in exchange for a property tax exemption, larger upzone, and a higher reduction in parking requirements) could produce up to **2,700** income-restricted units affordable to households at **50% AMI**. All of these units would stay affordable for a 50-year period.

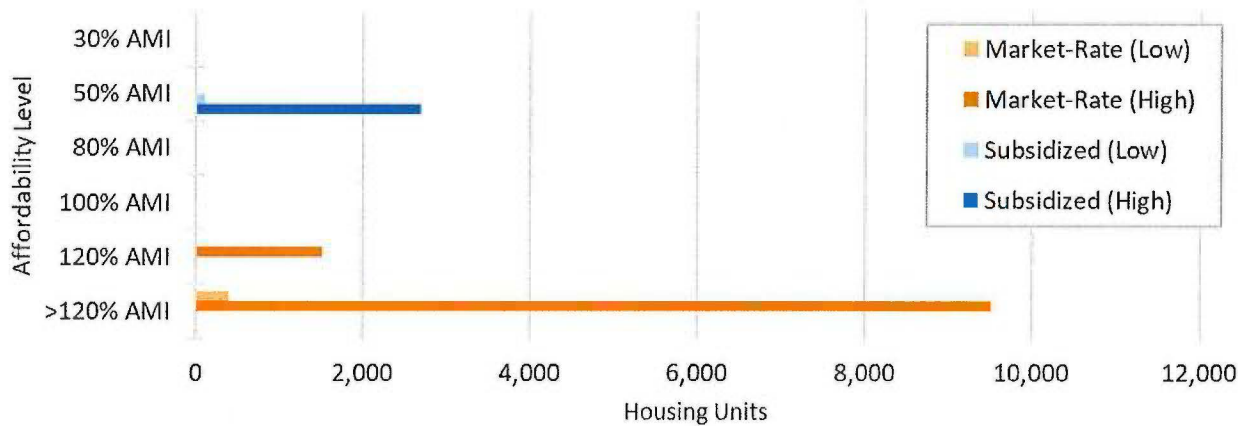
### Alternative 5 - Policy Assumptions

MFTE	INCLUSIONARY ZONING	UPZONE	PARKING
<ul style="list-style-type: none"> <li>12-year option with 20% set aside affordable to 50% of AMI</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory IZ with 20% set aside affordable to 50% of AMI</li> <li>In lieu payment: \$150,000</li> </ul>	<ul style="list-style-type: none"> <li>20-foot height increase</li> <li>20% FAR increase</li> </ul>	<ul style="list-style-type: none"> <li>50% reduction to current requirements</li> </ul>

### Alternative 5 - Expected Housing Production by Affordability Level, 2019-2029

Market-rate units: **11,000** (High) – **400** (Low)

Income-restricted units: **2,700** (High) – **100** (Low)



### Alternative 5 - Expected Outcomes by Neighborhood

Neighborhood	Housing units in financially viable projects*	Total housing unit capacity	Percent of unit capacity that is financially viable*	Income-restricted units (High)	Income-restricted units (Low)	Average Cost Per Unit*
Central Tacoma	0	20,343	0%	0	0	
Eastside	0	5,088	0%	0	0	
New Tacoma	42,983	44,871	96%	1,946	95	\$281,247
North Tacoma	2,570	2,646	97%	370	0	\$238,699
NE Tacoma	0	631	0%	0	0	
South End	0	20,533	0%	0	0	
South Tacoma	0	46,924	0%	0	0	
West End	13,556	20,148	67%	374	0	\$244,045
<b>Total</b>	<b>59,109</b>	<b>161,184</b>	<b>37%</b>	<b>2,689</b>	<b>95</b>	<b>\$269,186</b>

\* These numbers reflect the "high growth" (stronger housing market) scenario.

## AFFORDABLE HOUSING / NONPROFIT DEVELOPER ALTERNATIVES

The policy alternatives discussed above focus on for-profit development. Additional policies would also directly benefit income-restricted housing development by affordable housing developers.

The impacts of different policy alternatives were evaluated using a single, typical project:

- Building is 100 units, 85 feet, on 0.44 acres of land.
- All units are income-restricted at 50% AMI.
- Land values reflect citywide average.
- This analysis assumes the project has a loan to value ratio of 70%.
- Projects with greater amounts of other sources of financing can reduce cost per unit further.<sup>11</sup>
- A project is considered viable if it has a 5% internal rate of return.
- Cost of providing services to residents are not included in these calculations.
- Offsite costs required by the City are not considered in this analysis.<sup>12</sup>

### Alternative A: No Action

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ No change	▪ No change	▪ None

### Outcomes

- Total cost per unit: \$299,004
- Additional subsidy per unit required to make project viable: \$174,558

<sup>11</sup> Modeling indicates the cost per unit decreases by about \$20,000, if the project starts with no debt.

<sup>12</sup> Data about typical offsite costs was not available at the time of analysis.

### Alternative B: Reduced parking requirements

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ 50% reduction	▪ No change	▪ None

#### Outcomes

- Cost per unit: \$251,054
- Additional subsidy required to make project viable: \$146,831

### Alternative C: Expedited permitting (3 months)

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ No change	▪ Expedited (3 months total)	▪ None

#### Outcomes

- Total cost per unit: \$296,742
- Additional subsidy per unit required to make project viable: \$172,861

### Alternative D: Permit waiver (all fees)

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ No change	▪ Full fee waiver	▪ None

#### Outcomes

- Total cost per unit: \$296,731
- Additional subsidy per unit required to make project viable: \$172,725

### Alternative E: Land Donation

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ No change	▪ No change	▪ Land is donated

#### Outcomes

- Total cost per unit: \$294,856
- Additional subsidy per unit required to make project viable: \$170,662

#### Alternative F: All of the above

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ 50% reduction	▪ Expedited permitting and full waiver	▪ Land is donated

#### Outcomes

- Total cost per unit: \$243,203
- Additional subsidy per unit required to make project viable: \$140,075

#### Alternative G: All of the above + very low parking requirement

MFTE	PARKING	PERMITTING	LAND DONATION
▪ 12-year option with 20% set aside affordable to 80% of AMI	▪ 90% reduction	▪ Expedited permitting and full waiver	▪ Land is donated

#### Outcomes

- Total cost per unit: \$229,595
- Additional subsidy per unit required to make project viable: \$132,318