

FINANCING THE FUTURE



1 ADAPT



Project Assumptions

Seattle requires a Fair Market Value purchase of government-owned parcels. In preparing our proposal we dutifully considered a fair purchase price yet crafted a fiscally viable plan. For the Courthouse, Admin, Correctional Facility, and Parking Garage we offer to use the King County study on the lower assessed values of the properties. For the Chinook Office Building, we considered \$70M to be a fair price considering the building would have no tenants and a 24% office vacancy rate in Seattle. The Yesler Hotel will require significant renovations and conversion to be economically viable. The government and privately owned parcels along 4th Avenue were compared to similar buildings in the area to determine individual prices we would offer both to King County and the private parties. Overall, the development will require \$302,500,000 of land and building acquisition costs over the 10-year development period.

2 CLIMB



Phase 1

Phase 1 will include a refurbishment and office-to-residential (OTR) conversion of the King County Courthouse for luxury and moderately affordable condominiums. The Yesler Building will be converted from an office to a boutique hotel experience with rooftop dining and views of Puget Sound and Mount Rainier. To promote sustainable construction practices and preserve the history and culture of the Pioneer Square area, we chose to retain these buildings in their entirety yet welcome visitors and residents to enjoy the rebuilt splendor.

Phase 2

Demolition of the King County Administrative Building will make way for 591 affordable homes. The Chinook Office building will undergo an OTR providing both market and affordable housing yet retain five floors of renovated office space. The area along 4th Avenue will be revitalized yet retain the Jefferson Avenue Residence, conversion of the parking garage to retail, and construction of two floors of commercial space to host the Community Outreach center. Above the Community Outreach will be three floors to host a Makerspace to promote agile manufacturing and innovation.

3 ELEVATE



Phase 3

Partial demolition of the Goat Hill parking garage and King County Correctional Facility will commence in Phase III. In Phase IIIA, a new medium-rise apartment building will be constructed on the Goat Hill site. After this building, Phase IIIB will see the construction of the final high-rise condominium building on the former Correctional Facility lot. The pro forma yielded favorable forecasts of the costs of the project and we will be able to achieve affordable housing requirements in all buildings above 20%. We will require gap financing and believe the most viable sources are from the Amazon Housing Equity Fund and 4% LIHTC to meet the \$11.5M gap. Additionally, we will apply for Historic Preservation Funding for the Courthouse and Yesler Buildings. The leveraged IRR for the entire project is 16.5%. We will require \$725M in debt financing and \$461M in private equity to complete the project. The project is expected to yield \$1.6B in value. To meet our commitment to providing a welcoming and sustainable urban area, we will invest \$24M in green roofing, public parks, green space restoration, stormwater retention, and filtration.