

Lowell, Rebecca

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Sent: Sunday, January 24, 2016 3:40 PM
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Subject: HAATF meeting
Attachments: Apartment Development Cost Analysis.xlsx

HAATF Members:

Please check out the link below to the Bellingham Design Guidelines for Multifamily Housing Development. The more that I research what other Cities are doing the more it is apparent that Mount Vernon has a great opportunity to promote affordable housing by adopting reasonable Design Guidelines for multifamily development in place of density constraints. The two Cities that I have done the most research on are Marysville and Bellingham. Marysville is probably more relevant because Bellingham is experiencing more redevelopment.

http://www.cob.org/documents/planning/publications/multifamily_residential_design_handbook.pdf

Below is some information from the Marysville Zoning Code that provides their guidelines. Marysville is using a "Binding Site Plan" approach for larger multi-family to assure that multifamily projects meets the goals and objectives of their zoning code. Their allowed density goes all the way up to 36 units per acre by using Density Incentives that in some cases promote the development of affordable housing. Most of my focus has been on coming up with recommendations that are being routed through the Comprehensive Plan Update Process. Based upon the discussions that HAATF members had with the City of Mount Vernon Comprehensive Plan Advisory Committee (CAC), I feel that we are positioned to help the City of Mount Vernon adopt new Comp Plan Goals and Objectives that address the lack of affordable multi-family housing. It has been a great help to have Bob Hyde so engaged in what HAATF has trying to accomplish. Educating the CAC, Planning Commission, City Council and Mayor Boudreau about the existing roadblocks that make multifamily housing unfeasible is critical to developing a cooperative effort with all of the stakeholders and the City of Mount Vernon that will result in changes in attitude towards multifamily housing.

I have attached an Apartment Development Cost Analysis that shows why "for profit" apartment development in Mount Vernon simple is not financially feasible.

Tomorrow we will need to make some decisions as to where our focus needs to be. We need to prioritize our efforts and establish a "plan of attack". I will see you at the Hampton Inn at 10:00 am tomorrow (Monday) morning.

Thanks!

Dan

Low Density Multi-family

Multi-family residences ranging from a base density of 12 dwelling units per acre up to a maximum of 18 dwelling units per acre.

Medium Density Multi-family

Multi-family residences ranging from a base density of 18 dwelling units per acre up to a maximum of 27 dwelling units per acre.

High Density Multi-family

Multi-family residences ranging from a base density of 28 dwelling units per acre up to a maximum of 36 dwelling units per acre.

Whiskey Ridge, Medium Density Multi-family

Single family residences at 6 dwelling units per acre. Multi-family residences ranging from a base density of 10 dwelling units per acre up to a maximum of 18 dwelling units per acre.

Residential Mobile Home Park

Preserves high density, affordable detached single-family and senior housing. This zone is assigned to existing mobile home parks within residential zones which contain rental pads, as opposed to fee simple owned lots, and as such are more susceptible to future development.

b. Multi-Family

Historically in Marysville, a primary goal has been to assure compatibility of multi-family with established or proposed single family neighborhoods while providing sufficient multi-family residences to meet the increasing demands of new populations. Multifamily should be located so it does not disrupt the fabric of single family neighborhoods.

Thus, for example, it is necessary to direct traffic away from single family areas. Design standards are also utilized to mitigate the impact of proximity to less intense land uses. The multi-family designation includes apartments (high and low rise as well as garden), condominiums, duplexes, triplexes, fourplexes, and townhouses.

i. Criteria and Standards

Duplexes are exempted from this section. They are either permitted outright in multifamily areas.

The locational criteria for siting multi-family residential are:

- Access to collector or arterial streets and the pedestrian system
- Land Use Relationships
 - Proximity to shopping, public facilities, parks, schools, transit, utilities
 - Location of multi-family residential to compatible land uses (commercial, multiple family, some single family), or incompatible land uses (some single family, heavy industry)
- Neighborhood Structure where the multi-family will be placed:
 - Design of multi-family structure is compatible with scale and character of single family areas
 - Multi-family buildings will be buffered and/or separated from single family, commercial, and industrial structures, land zoned, or identified for these uses in the Comprehensive Plan
 - Utilize, as possible, natural stream and topographic changes to buffer and separate multi-family developments from single family areas

Development Criteria:

- Except for triplexes, the minimum lot size of three (3) times the prevailing lot size in single family zone to allow for buffers, additional landscaping and setbacks; and to prevent spot development
- In established neighborhoods, e.g. some portions of downtown, limit multiple family to a scale compatible with the surrounding structures, such as duplexes.
- Change current site standards to:
 - Increase Buffers (buffers include trees, shrubs, and fences)
 - Increase Open space
 - Increase Landscaping: parking areas; street and yard trees
 - Require buffers and setbacks to offer on-site play space
 - Reduce Scale of buildings:
 - Height of buildings

EXISTING CODE FOR R-3

TWO STORY WALK UP SINGLE LOADED BUILDINGS
APARTMENT DEVELOPMENT COST ANALYSIS

		50 unit	unit /meas.		NEW	
<u>DEVELOPMENT BUDGET</u>					<u>DEVELOPMENT</u>	
LAND COST	181,500	SQ. FT.	\$ 5.00	PER s.f.	\$ 907,500	12 UNITS PER ACRE
APARTMENT BUILDING	42,500	SQ. FT.	\$ 90.00	per S.F.	3,825,000	
SITE IMPROVEMENTS	181,500	SQ. FT.	\$ 4.00	per S.F.	726,000	
BUILDER PROFIT & OVERHEAD	4,551,000		10%	\$ 2.51	per S.F.	455,100
BUILDER Insurance and B & O taxes	5,006,100		0.87%	\$ 0.24	per S.F.	43,553
WSST	\$ 5,006,100.00		8.6%	\$ 10.13	per S.F.	430,525
TOTAL CONSTRUCTION COSTS			\$ 106.88	per S.F.	5,480,178	
ENGINEERING FEES AND MITIGATION						
STORM DRAINAGE FEES	4.17	ACRE	\$ 14,843.00	per acre	61,846	
MITIGATION TRAFFIC--CITY	50	EACH	\$ 4,000.00	per unit	200,000	
MITIGATION SCHOOLS	50		\$ 3,500.00	per unit	175,000	
MITIGATION PARKS	50		\$ 600.00	per unit	30,000	
MITIGATION FIRE	50		\$ 400.00	per unit	20,000	
SEWER FEES-- CITY	50		\$ 3,500.00	per unit	175,000	
PUD WATER FEES	50		\$ 2,000.00	per unit	100,000	
ENGINEERING-- CIVIL					50,000	
ENGINEERING--STRUCTURAL					20,000	
ARCHITECTURAL					30,000	
ENGINEERING ELECTRICAL AND MECHANICAL	50		1,000	per unit	30,000	
PERMITS & FEES	50		1,000	per unit	50,000	
TOTAL ENGINEERING FEES AND MITIGATION					941,846	
FINANCING, TITLE AND CONTINGENCY						
LOAN FEES- CONSTRUCTION	6,077,397		1.0%		60,774	
CONSTRUCTION INTEREST AND LEASE UP RESERVES	12	MONTHS	5.00%		150,000	
			\$6,000,000			
TITLE, CLOSING COSTS, LEGAL & APPRAISAL					20,000	
CONTINGENCY			3.00%		164,405	
					2,278,871	
TOTAL DEVELOPMENT BUDGET					\$ 8,666,549	
PER APARTMENT UNIT COSTS					\$ 173,331	
SOURCES AND USES						
CONSTRUCTION LOAN	71%				\$ 6,153,249.53	
EQUITY					\$ 2,513,299	
TOTAL COSTS					\$ 8,666,549	
VALUATION						
PRO-FORMA						
AVERAGE RENT FOR A 2 BEDROOM APARTMENT					1,000	
MONTHLY GROSS RENT POTENTIAL	50	APTS			\$ 50,000.00	
OCCUPANCY PERCENTAGE			95.00%			
GROSS MONTHLY INCOME AFTER VACANCY					\$ 47,500	
GROSS ANNUAL INCOME POTENTIAL					\$ 570,000	
LESS EXPENSES			30.0%		(171,000)	
NET OPERATING INCOME					399,000	
APPRaised VALUE AT A CAP RATE OF 6.5		0.065	CAP RATE		\$ 6,138,462	
DIFFERENCE BETWEEN VALUE AND COST					\$ (2,528,087)	
RATION OF VALUE UNDER COST					0.71	
ANNUAL CASH ON CASH RETURN ON INVESTMENT					4.60%	

ANALYSIS USING A REVIDED COSE THAT USES DESIGN GUIDELINES

4 STORY ELEVATOR SERVED BUILDING

APARTMENT DEVELOPMENT COST ANALYSIS

50 unit

NEW

DEVELOPMENT BUDGET

				unit /meas.	DEVELOPMENT	
LAND COST	70,000	SQ. FT.	\$ 5.00	PER s.f.	\$ 350,000.00	31.11 UNITS PER ACRE
APARTMENT BUILDING	47,800	SQ. FT.	\$ 80.00	per S.F.	\$ 3,824,000.00	
SITE IMPROVEMENTS	60,000	SQ. FT.	\$ 4.00	per S.F.	\$ 240,000.00	
BUILDER PROFIT & OVERHEAD	4,064,000		10% \$ 6.77	per S.F.	\$ 406,400.00	
BUILDER Insurance and B & O taxes	4,470,400		0.87% \$ 0.65	per S.F.	\$ 38,892.48	
WSST	\$ 4,470,400.00		8.6% \$ 8.04	per S.F.	\$ 384,454.40	
TOTAL CONSTRUCTION COSTS			\$ 99.46	per S.F.	\$ 4,893,746.88	

ENGINEERING FEES AND MITIGATION

STORM DRAINAGE FEES	1.61	ACRE	\$ 14,843.00	per acre	\$ 23,852.39
MITIGATION TRAFFIC--CITY	50	EACH	\$ 1,500.00	per unit	\$ 75,000.00
MITIGATION SCHOOLS	50		\$ 1,000.00	per unit	\$ 50,000.00
MITIGATION PARKS	50		\$ 300.00	per unit	\$ 15,000.00
MITIGATION FIRE	50		\$ 200.00	per unit	\$ 10,000.00
SEWER FEES-- CITY	50		\$ 1,000.00	per unit	\$ 50,000.00
PUD WATER FEES	50		\$ 1,000.00	per unit	\$ 50,000.00
ENGINEERING-- CIVIL					\$ 25,000.00
ENGINEERING--STRUCTURAL					\$ 20,000.00
ARCHITECTURAL					\$ 30,000.00
ENGINEERING ELECTRICAL AND MECHANICAL	50		700	per unit	\$ 35,000.00
PERMITS & FEES	50		1,000	per unit	\$ 50,000.00
TOTAL ENGINEERING FEES AND MITIGATION					\$ 433,852.39

FINANCING, TITLE AND CONTINGENCY

LOAN FEES- CONSTRUCTION	6,077,397		1.0%		\$ 60,773.97
CONSTRUCTION INTEREST AND LEASE UP RESERVES	12	MONTHS	5.00%		\$ 112,500.00
TITLE, CLOSING COSTS, LEGAL & APPRAISAL			\$4,500,000		\$ 20,000.00
CONTINGENCY			3.00%		\$ 146,812.41

TOTAL DEVELOPMENT BUDGET

\$ 1,207,791.15

PER APARTMENT UNIT COSTS

\$ 6,451,538.03

\$ 129,030.76

SOURCES AND USES

CONSTRUCTION LOAN	71%				\$ 4,580,592.00
EQUITY					\$ 1,870,946.03
TOTAL COSTS					\$ 6,451,538.03

VALUATION

				PRO-FORMA	
AVERAGE RENT FOR A 2 BEDROOM APARTMENT				\$ 1,100.00	RENT IS 10% HIGHER ON MULTI-STORY ELEVATOR SERVED BUILDING
MONTHLY GROSS RENT POTENTIAL	50	APTS		\$ 55,000.00	
OCCUPANCY PERCENTAGE			95.00%		
GROSS MONTHLY INCOME AFTER VACANCY				\$ 52,250.00	
GROSS ANNUAL INCOME POTENTIAL				\$ 627,000.00	
LESS EXPENSES			30.0%	\$ (188,100.00)	
NET OPERATING INCOME				\$ 438,900.00	
APPRAISED VALUE AT A CAP RATE OF 6.5		0.065	CAP RATE	\$ 6,752,307.69	
DIFFERENCE BETWEEN VALUE AND COST				\$ 300,769.66	
RATIO OF VALUE OVER COST				1.05	
ANNUAL CASH ON CASH RETURN ON INVESTMENT				6.80%	

Length of uninterrupted walls

CITY OF MARYSVILLE • COMPREHENSIVE PLAN

Land Use Element

4- 19

Marysville Integrated Comprehensive Plan, Development Regulations and FEIS

- Require a binding site plan that identifies:

- the scale and location of all buildings
- parking areas and driveways
- recreational facilities
- landscaping, screening, and/or fencing
- building elevations

Implementation:

Do not permit some commercial activities (e.g., funeral homes, theaters, assembly halls, sale of packaged alcoholic beverages), and hospitals in multi-family residential zones. Permit assisted living, convalescent/nursing/retirement, and Master Planned Senior Communities in multi-family residential zones as conditional uses. Permit them in neighborhood business so they have proximity to residential areas, but will have proper location, buffering, and neighbors. Permit bed and breakfast guesthouses and inns in this land use. Permit day care I in all multi-family zones and day care II as a conditional use. Permit Electric Vehicle (EV) Level 1 and 2 Charging Stations and Electric Vehicle Rapid (i.e. Level 3) Charging Stations within parking garages. Wireless communication facilities (WCFs) are either a permitted or conditional use.

ii. Identification of Areas

For the general location of this land use, see Figure 4-3. Other land uses may also occupy these areas. For more detailed location information, see the Planning Area maps in Section G of the Land Use Element.

(5) Low Density Multiple-Family (R-12). The R-12 zone is a low density multiple-family residential zone. The major types of new housing development will be attached and detached single-family residential, duplexes, apartments and condominiums. The density is 12 units per acre; the maximum is limited to 18 units per acre.

(6) Medium Density Multiple-Family (R-18). The R-18 zone is a medium density multiple-family residential zone. The major types of new housing development will be attached and detached single-family residential, duplexes, apartments and condominiums. The density is 18 units per acre; the maximum is limited to 27 units per acre.

(7) High Density Multiple-Family (R-28). The R-28 zone is a high density multiple-family residential zone. The major types of new housing development will be attached and detached single-family residential, duplexes, apartments and condominiums. The density is 28 units per acre; the maximum is limited to 36 units per acre.

22C.010.050 Residential zone primary uses. 