

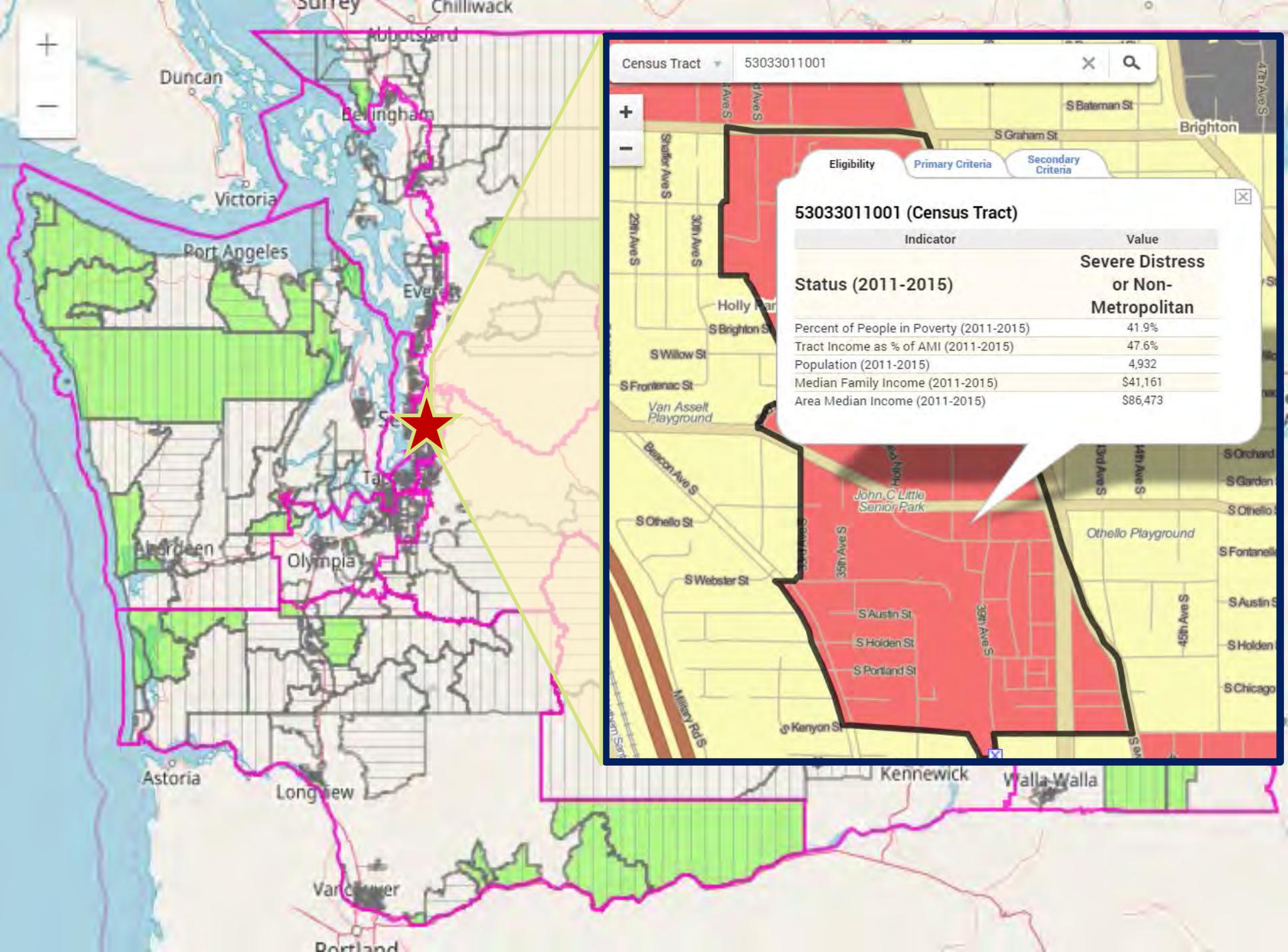


Increasing our Impact: Washington State Opportunity Zones

November 15, 2018



Department of Commerce



53033011001 (Census Tract)

Indicator	Value
Status (2011-2015)	
Percent of People in Poverty (2011-2015)	41.9%
Tract Income as % of AMI (2011-2015)	47.6%
Population (2011-2015)	4,932
Median Family Income (2011-2015)	\$41,161
Area Median Income (2011-2015)	\$86,473

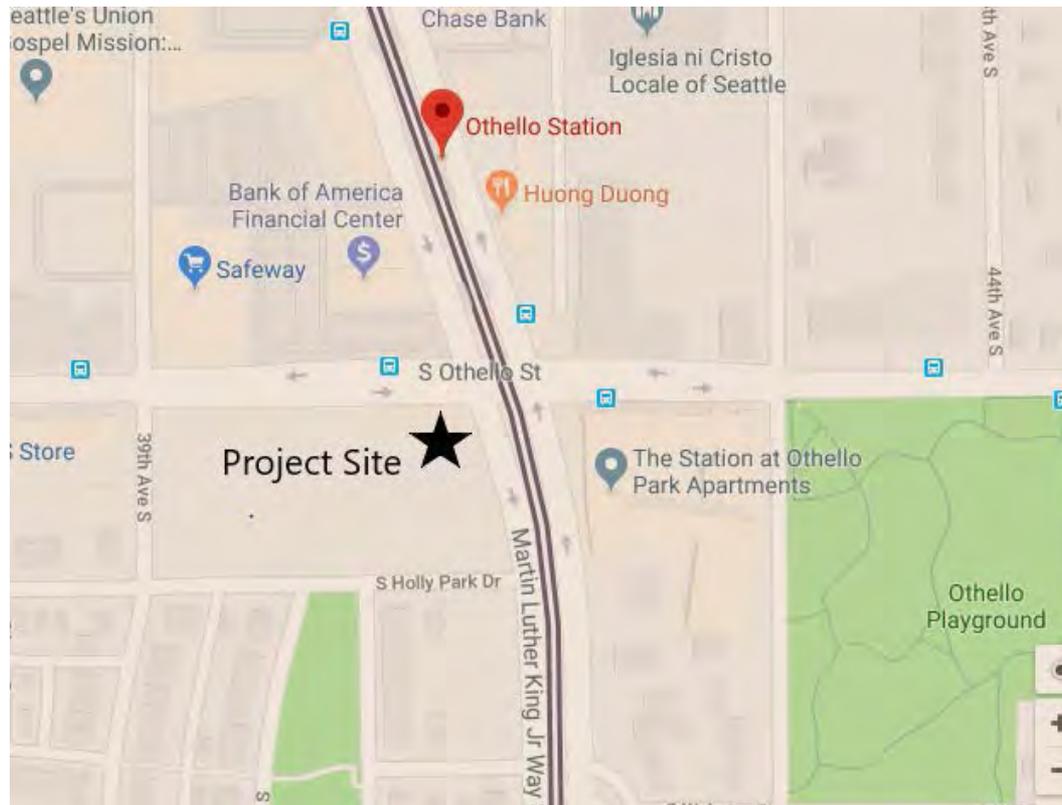
Severe Distress or Non-Metropolitan

HomeSight Opportunity Center at Othello Square



Othello
S Q U A R E

- Located adjacent to light rail, at intersection of 2 major arterials



HomeSight Opportunity Center at Othello Square



Goal:

Bring together multiple non-profit partners to build a community-focused commercial facility with housing, providing an anchor for local job growth and educational opportunity.

- 55,000 SF of non profit offices, community space, education
- 200 apartment units – income to support community space
- 110 parking spaces – for residential and community

The Project is sponsored by HomeSight, a community development corporation since 1990 and a community development financial institution since 2003.

HomeSight Opportunity Center at Othello Square



Othello
S Q U A R E



Othello Square Campus will also include:

- Building B: 450 student public high school
- Building C: Odessa Brown Children's Clinic, 7 classroom early childhood education facility and 170 workforce apartments
- Building D: 68 for-sale limited equity co-op apartments, for owners <80% AMI,

HomeSight Opportunity Center at Othello Square



Partners:

- **HomeSight** – providing first time homebuyer loans to support affordable homeownership
- **Multi Cultural Coalition (MCC)** – serving as a cultural home and vital service center for over 10,000 immigrants and people of color.
- **STEM Paths Innovation Network (SPIN)** – providing youth-oriented tech innovation center and training
- **Rainier Valley Community Development Fund** – supporting small business development through lending.
- **University of Washington and Seattle Colleges** – providing programming partnerships for Early Childhood Education, Workforce Development, Allied Health, Basic Education, and Small Business Development

HomeSight Opportunity Center at Othello Square



Othello
S Q U A R E

Current status:

- Preliminary site plans and space planning completed.
- Currently raising equity for the project.
- Will begin detailed pre-development and architectural process in Spring 2019.

Timeline:

- 3/19 – 10/20 Predevelopment
- 10/20 – 10/22 Construction
- 8/22 – 4/23 Lease Up/Stabilization

HomeSight Opportunity Center at Othello Square



Othello
SQUARE

PREFERRED RESIDENTIAL UNIT MIX		
Type	Target %	Avg Unit Size
Studio	15%	425
1 Bed	35%	600
1 Bed + Den	34%	775
2 Bed	16%	900
Total/Avg	100%	681

MARKET RENTS		
Unit Type	Monthly Rent	Rent PSF
Studio	\$ 1,500	\$ 3.53
1 Bed	\$ 1,700	\$ 2.83
1 Bed + Den	\$ 2,100	\$ 2.71
2 Bed	\$ 2,600	\$ 2.89
	AVERAGE:	\$ 2.86

AFFORDABILITY MIX		# UNITS	% OF TOTAL
Market Units (100-120% AMI)		118	60%
MFTE Units		41	21%
Affordable Units			
	60% AMI	14	7%
	80% AMI	24	12%

MFTE RENTS	
MFTE Reqs:	% AMI
Studio	65%
1 bed	75%
2 bed	85%

HomeSight Opportunity Center at Othello Square



Othello
SQUARE

Total Cost = \$84M

- \$25M Community facilities portion
- \$59M Residential Portion

SOURCES					
Permanent Sources					
	HomeSight Equity			\$2,669,266	4.6%
	Impact Notes to HomeSight			\$3,500,000	6.0%
	Investor Partner Equity			\$12,000,000	20%
	Permanent Debt	Rate	5.00%	\$40,410,000	<u>69%</u>
	Total Permanent Sources			\$58,579,266	100%
USES					
		Total	Per Unit	Per GSF	Percent
	Land Control	\$4,121,964	\$20,924	\$15	7.0%
	Hard Costs	\$45,523,930	\$231,086	\$161	77.7%
	Soft Costs w/o dev fee	\$7,481,514	\$37,977	\$26	12.8%
	Developer Fee	\$1,451,857	\$7,370	\$5	2.5%
	Total Project Cost	\$58,579,266	\$297,357	\$207	100%

HomeSight Opportunity Center at Othello Square



Othello
S Q U A R E

PROJECT ESTIMATED CASH FLOWS - TO INVESTOR PARTNER					
			Unsubsidized Yield on Cost	Cash Flow to Investor Partner	Return to Equity - Investor Partner
		NOI			
2023		\$3,292,516	5.62%	\$642,195	5.35%
2024		\$3,335,686	5.69%	\$670,212	5.59%
2025		\$3,422,727	5.84%	\$727,188	6.06%
2026		\$3,512,118	6.00%	\$785,702	6.55%
2027		\$3,603,926	6.15%	\$845,795	7.05%
2028		\$3,698,216	6.31%	\$907,512	7.56%
2029		\$3,795,059	6.48%	\$970,899	8.09%
2030		\$3,894,525	6.65%	\$1,036,000	8.63%
2031		\$3,996,687	6.82%	\$1,102,864	9.19%
2033		\$4,101,621	7.00%	\$18,877,913	157.32%

HomeSight Opportunity Center at Othello Square



Othello
S Q U A R E

RETURN ANALYSIS - INVESTOR PARTNER

				<u>Total</u>	
				Impact Investment Equity	\$12,000,000
Exit by Date	12/31/2032	Operating/Hold Period		10	
Value at Refinance	\$80,179,105	Leveraged IRR		8.83%	
Impact Investor Profit from Refi	\$5,706,372	Net Equity Multiple		2.21	

Questions?

Tony To

HomeSight Executive Director

Tony@homesightwa.org

[\(206\) 723-4355](tel:(206)723-4355)

Kristin Ryan

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Kristin@barrientosRYAN.com

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Invest in Tacoma Opportunity Zones

November 15, 2018

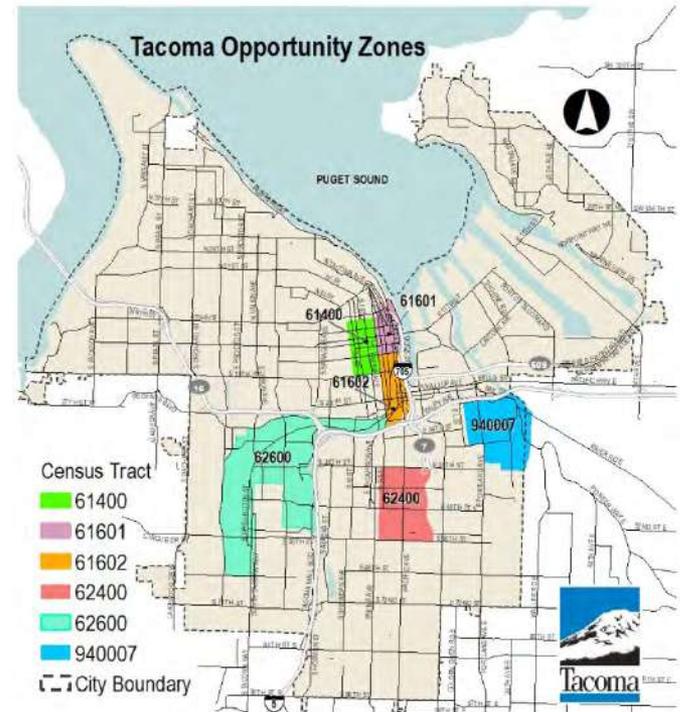
Tacoma's Unprecedented Growth

- Estimated \$1 Billion in public/private investment
- Influx of foreign and out-of-state capital
- Population growth
- UWT growth in student enrollment & expanded curriculum



Tacoma's Readiness

- Residential, commercial & industrial opportunities
- Extensive property inventory of all 6 zones
- Incentives
- Development ease



Tacoma Town Center Urban Village

\$125 million mixed use project in fast-growing area
Adjacent to UWT

- *600 housing units
- *240,000 sf retail & eSports studio
- *90,000 sf office
- *600 parking stalls

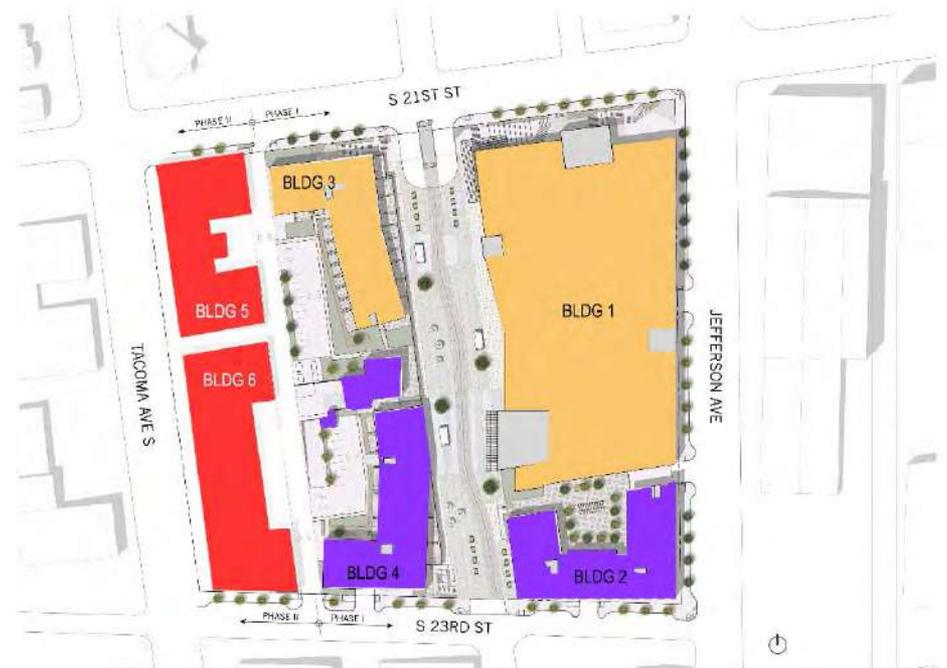


Town Center Development Phases

*Phase 1A: Bldgs. 2 & 4 on
S. 23rd Street

*Phase 1B: Bldgs. 1 & 3 on
S. 21st St./Jefferson Avenue

*Phase 2: Bldgs. 5 & 6 on
Tacoma Avenue



Town Center Imagined Reality

October 12, 2017 Groundbreaking with 5-year buildout



Tacoma Town Center – LIVE WORK & PLAY

Town Center Investment Company

Cyber Village at Town Center OZ Portfolio, LLLP

- Effective Date: 11/13/2018

Contact: (425) 502-7634

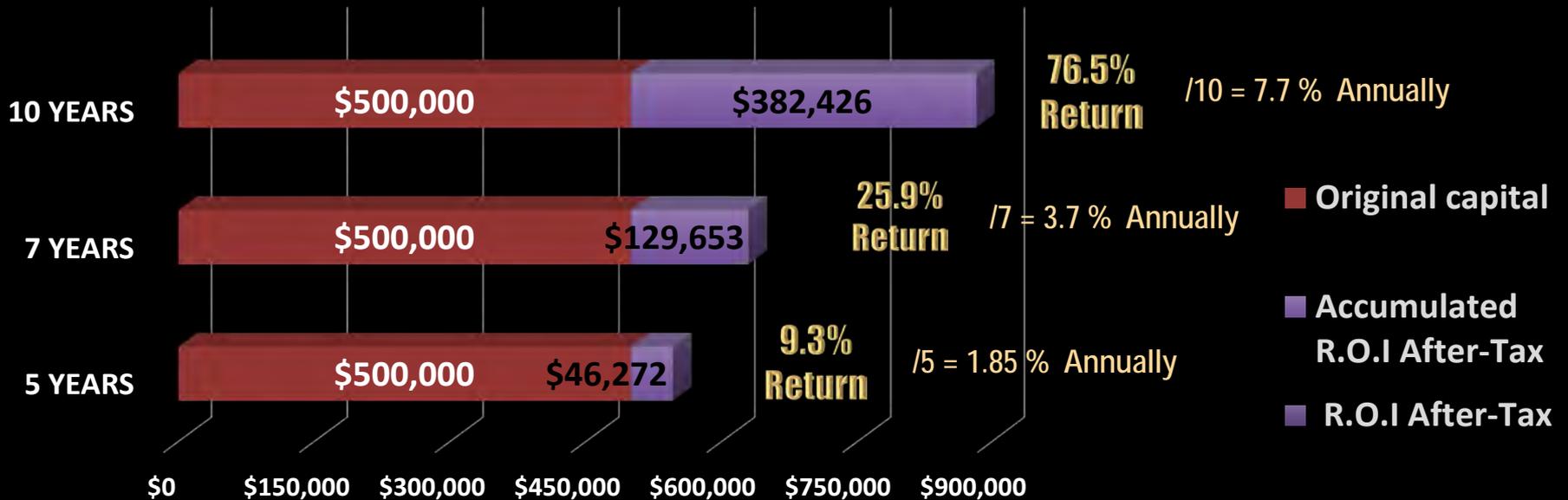
www.northamamg.com



Town Center Return on Investment

DEVELOPMENT COST: \$50 Million - Destination-Oriented Retail Center (Building #1)

OPPORTUNITY FUNDS: Raising 100% (\$500,000) of 100 Units



Find Your Opportunity in Tacoma

Contact:

Elly Walkowiak, Assistant Director

City of Tacoma

Community & Economic Development Department

(253) 591-5209

ewalkowiak@cityoftacoma.org

EMERALD COAST OPPORTUNITY ZONE

Collaborative approach

- Five Tribes, four municipalities, two counties, two port authorities
- 28 letters of support
- Governor Inslee approved every nomination



What we've been doing

April – November 2018

- Governor Jay Inslee bus tour of opportunity zones
- Federal Reserve Olympic Peninsula listening tour
- Community information sessions
- Identifying projects
- Identifying & mitigating barriers
- Media & photo bank
- Housing needs assessment participation
- Created Native CDFI – Jamestown S'Klallam
- Relationship building

Emerald Coast Project

- Waterfront performing arts & conference center
- Northwest coastal longhouse
- Marine discovery center



LMN | Stephanie Bower, Architectural Illustration

Port Angeles, WA

Emerald Coast Project

- Mixed-use development interspersed with open space
- 50 acres, one-owner parcel
- Located in designated economic opportunity area



Sequim, WA

Emerald Coast Project

- Full-service fiber processing mill
- Serving the entire Pacific Northwest



Joyce, WA

Emerald Coast Project

- Rehabilitation of 4th generation historic building
- Becoming a 79-room boutique waterfront hotel



Port Townsend, WA

Emerald Coast Project



5.3 acres mixed use parcel
including 100-200 apartments



39 unit multi-family complex with
20% low-income housing

Port Angeles, WA

Emerald Coast Project



- Tribal fiber optic extension project

Washington State Coast

Looking ahead

- Seeking capacity
- <https://www.emerald funds.org/>



Questions?



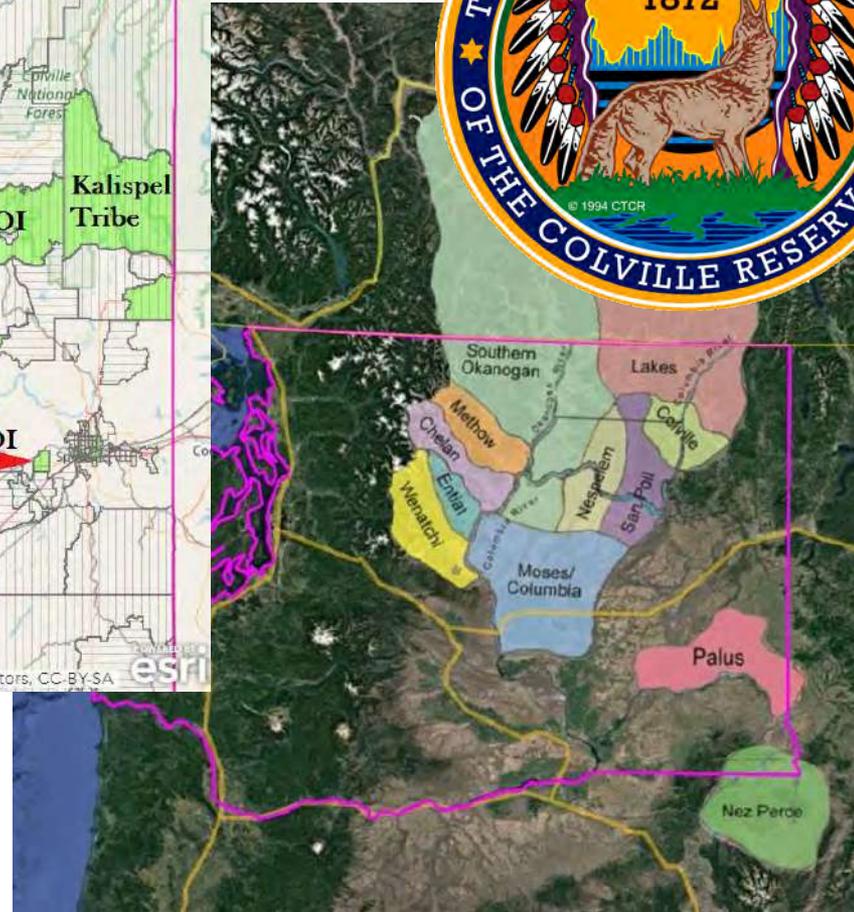
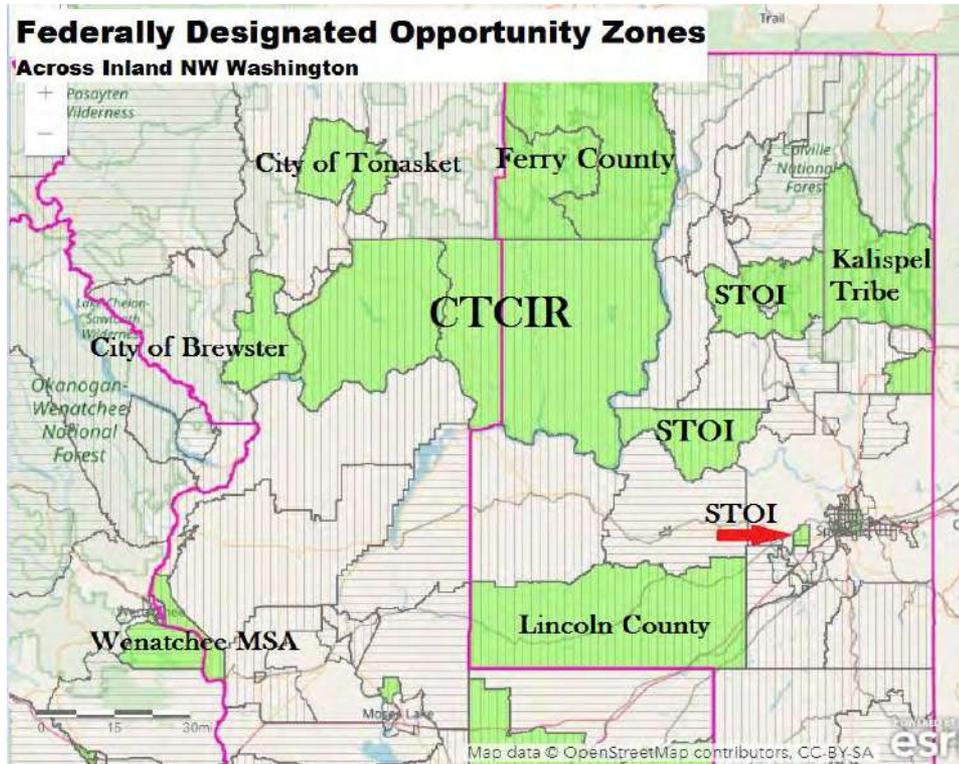
**The Emerald Coast
Opportunity Zone Project**

Confederated Tribes of the Colville Reservation

- Providing some Context
 - 12 Confederated Tribes
 - Wenatchi
 - Entiat
 - Chelan
 - Methow
 - Okanogan
 - Lakes
 - Colville
 - Nespelern
 - San Poil
 - Moses/Columbia
 - Palus
 - Nez Perce



Opportunity Zones Provide an Opportunity for Dialogue



- 12 Opportunity Zones Across Traditional Territories

Specific Example: Adult Inpatient Treatment Center

Keller, Washington – Colville Tribal Community in Ferry County



Lessons Learned: A Catalyst for Action



- Learn from Others
- Assumptions are not allowed
- Permission is necessary
- Invest in the Partnership
- Advocacy & Maintenance

Tonasket
Republic
Curlew
Colville Reservation
Wenatchee
East Wenatchee
Brewster

North Star
Opportunity
Zone

Waewaenen!
Yawako!
Miiwetch!
Thank You!

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