Increasing our Impact:
Washington State Opportunity Zones

November 15, 2018
HomeSight Opportunity Center at Othello Square

- 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 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

**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

**Prefferred Residential Unit Mix**

<table>
<thead>
<tr>
<th>Type</th>
<th>Target %</th>
<th>Avg Unit Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>15%</td>
<td>425</td>
</tr>
<tr>
<td>1 Bed</td>
<td>35%</td>
<td>600</td>
</tr>
<tr>
<td>1 Bed + Den</td>
<td>34%</td>
<td>775</td>
</tr>
<tr>
<td>2 Bed</td>
<td>16%</td>
<td>900</td>
</tr>
<tr>
<td>Total/Avg</td>
<td>100%</td>
<td>681</td>
</tr>
</tbody>
</table>

**Market Rents**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Monthly Rent</th>
<th>Rent PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$1,500</td>
<td>$3.53</td>
</tr>
<tr>
<td>1 Bed</td>
<td>$1,700</td>
<td>$2.83</td>
</tr>
<tr>
<td>1 Bed + Den</td>
<td>$2,100</td>
<td>$2.71</td>
</tr>
<tr>
<td>2 Bed</td>
<td>$2,600</td>
<td>$2.89</td>
</tr>
<tr>
<td>AVERAGE:</td>
<td></td>
<td>$2.86</td>
</tr>
</tbody>
</table>

**Affordability Mix**

<table>
<thead>
<tr>
<th>Affordability Mix</th>
<th># Units</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Units (100-120% AMI)</td>
<td>118</td>
<td>60%</td>
</tr>
<tr>
<td>MFTE Units</td>
<td>41</td>
<td>21%</td>
</tr>
<tr>
<td>Affordable Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60% AMI</td>
<td>14</td>
<td>7%</td>
</tr>
<tr>
<td>80% AMI</td>
<td>24</td>
<td>12%</td>
</tr>
</tbody>
</table>

**MFTE Rents**

<table>
<thead>
<tr>
<th>MFTE Reqs:</th>
<th>% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>65%</td>
</tr>
<tr>
<td>1 bed</td>
<td>75%</td>
</tr>
<tr>
<td>2 bed</td>
<td>85%</td>
</tr>
</tbody>
</table>
HomeSight Opportunity Center at Othello Square

Total Cost = $84M

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

### SOURCES

<table>
<thead>
<tr>
<th>Permanent Sources</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>HomeSight Equity</td>
<td>$2,669,266</td>
<td>4.6%</td>
</tr>
<tr>
<td>Impact Notes to HomeSight</td>
<td>$3,500,000</td>
<td>6.0%</td>
</tr>
<tr>
<td>Investor Partner Equity</td>
<td>$12,000,000</td>
<td>20%</td>
</tr>
<tr>
<td>Permanent Debt</td>
<td>$40,410,000</td>
<td>69%</td>
</tr>
<tr>
<td><strong>Total Permanent Sources</strong></td>
<td><strong>$58,579,266</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### USES

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Per Unit</th>
<th>Per GSF</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Control</td>
<td>$4,121,964</td>
<td>$20,924</td>
<td>$15</td>
<td>7.0%</td>
</tr>
<tr>
<td>Hard Costs</td>
<td>$45,523,930</td>
<td>$231,086</td>
<td>$161</td>
<td>77.7%</td>
</tr>
<tr>
<td>Soft Costs w/o dev fee</td>
<td>$7,481,514</td>
<td>$37,977</td>
<td>$26</td>
<td>12.8%</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$1,451,857</td>
<td>$7,370</td>
<td>$5</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>$58,579,266</strong></td>
<td><strong>$297,357</strong></td>
<td><strong>$207</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
## HomeSight Opportunity Center at Othello Square

### Project Estimated Cash Flows - To Investor Partner

<table>
<thead>
<tr>
<th>Year</th>
<th>NOI</th>
<th>Unsubsidized Yield on Cost</th>
<th>Cash Flow to Investor Partner</th>
<th>Return to Equity - Investor Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$3,292,516</td>
<td>5.62%</td>
<td>$642,195</td>
<td>5.35%</td>
</tr>
<tr>
<td>2024</td>
<td>$3,335,686</td>
<td>5.69%</td>
<td>$670,212</td>
<td>5.59%</td>
</tr>
<tr>
<td>2025</td>
<td>$3,422,727</td>
<td>5.84%</td>
<td>$727,188</td>
<td>6.06%</td>
</tr>
<tr>
<td>2026</td>
<td>$3,512,118</td>
<td>6.00%</td>
<td>$785,702</td>
<td>6.55%</td>
</tr>
<tr>
<td>2027</td>
<td>$3,603,926</td>
<td>6.15%</td>
<td>$845,795</td>
<td>7.05%</td>
</tr>
<tr>
<td>2028</td>
<td>$3,698,216</td>
<td>6.31%</td>
<td>$907,512</td>
<td>7.56%</td>
</tr>
<tr>
<td>2029</td>
<td>$3,795,059</td>
<td>6.48%</td>
<td>$970,899</td>
<td>8.09%</td>
</tr>
<tr>
<td>2030</td>
<td>$3,894,525</td>
<td>6.65%</td>
<td>$1,036,000</td>
<td>8.63%</td>
</tr>
<tr>
<td>2031</td>
<td>$3,996,687</td>
<td>6.82%</td>
<td>$1,102,864</td>
<td>9.19%</td>
</tr>
<tr>
<td>2033</td>
<td>$4,101,621</td>
<td>7.00%</td>
<td>$18,877,913</td>
<td>157.32%</td>
</tr>
</tbody>
</table>
## HomeSight Opportunity Center at Othello Square

### RETURN ANALYSIS - INVESTOR PARTNER

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

Tony To
HomeSight Executive Director
Tony@homesightwa.org
(206) 723-4355

Kristin Ryan
Partner, barrientos RYAN
Kristin@barrientosRYAN.com
917-796-2742
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
Development Cost: $50 Million - Destination-Oriented Retail Center (Building #1)

Opportunity Funds: Raising 100% ($500,000) of 100 Units

- **10 Years**: $500,000 original capital, $382,426 R.O.I After-Tax, 76.5% Return
  - 9.3% Annually
  - 25.9% Return
  - $129,653 R.O.I After-Tax

- **7 Years**: $500,000 original capital, $129,653 R.O.I After-Tax, 76.5% Return
  - 3.7% Annually

- **5 Years**: $500,000 original capital, $46,272 R.O.I After-Tax, 76.5% Return
  - 1.85% Annually

Legend:
- Original capital
- Accumulated R.O.I After-Tax
- R.O.I After-Tax
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

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.emeraldfunds.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
    - Nespelem
    - 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!

Ernest.Rasmussen.pln@colvilletribes.com
(509) 740-7004 cell