



# Transfer of Development Rights (TDR) Market and Economic Analysis



January 7, 2013

HEARTLAND

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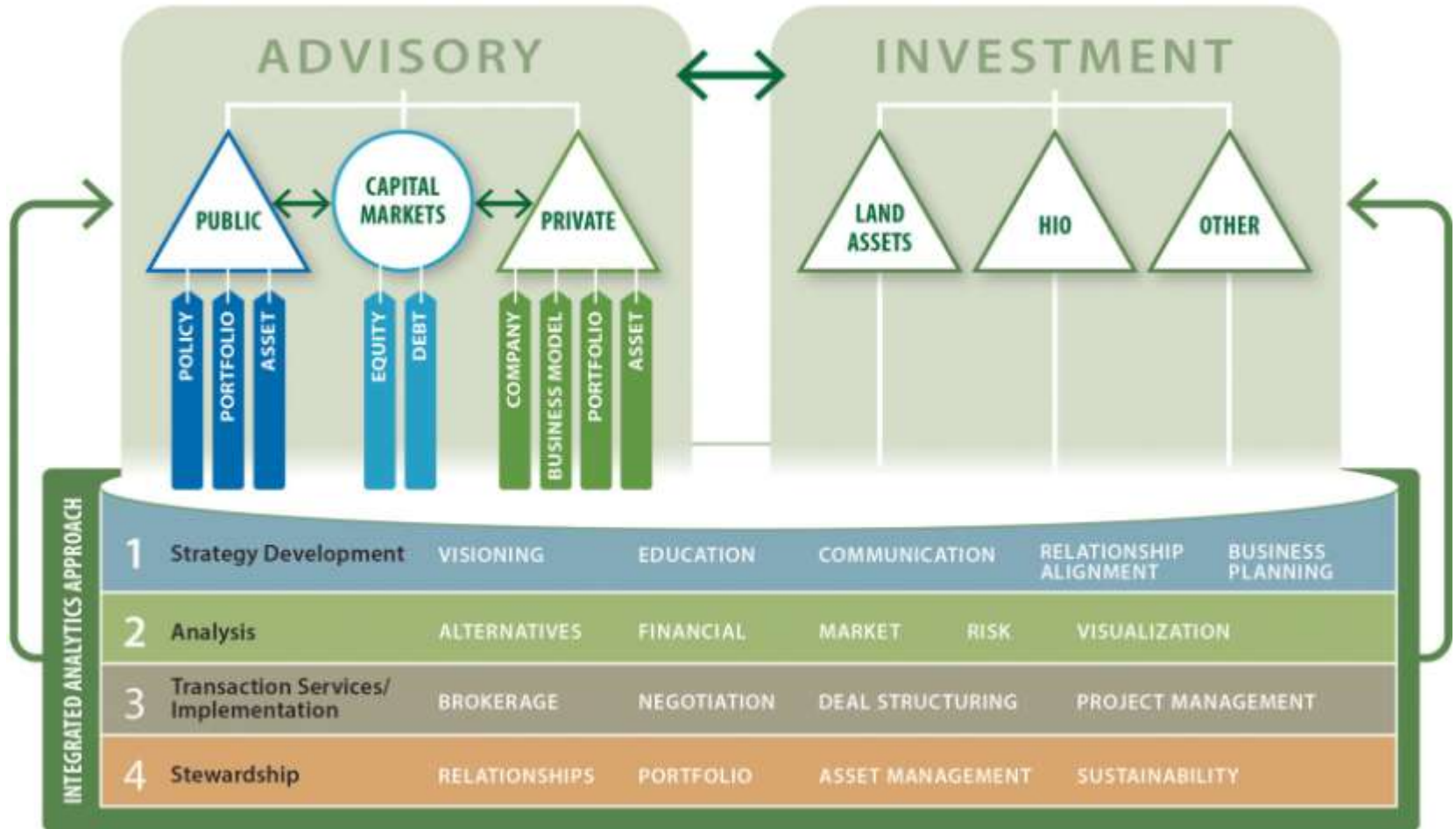
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# Introduction

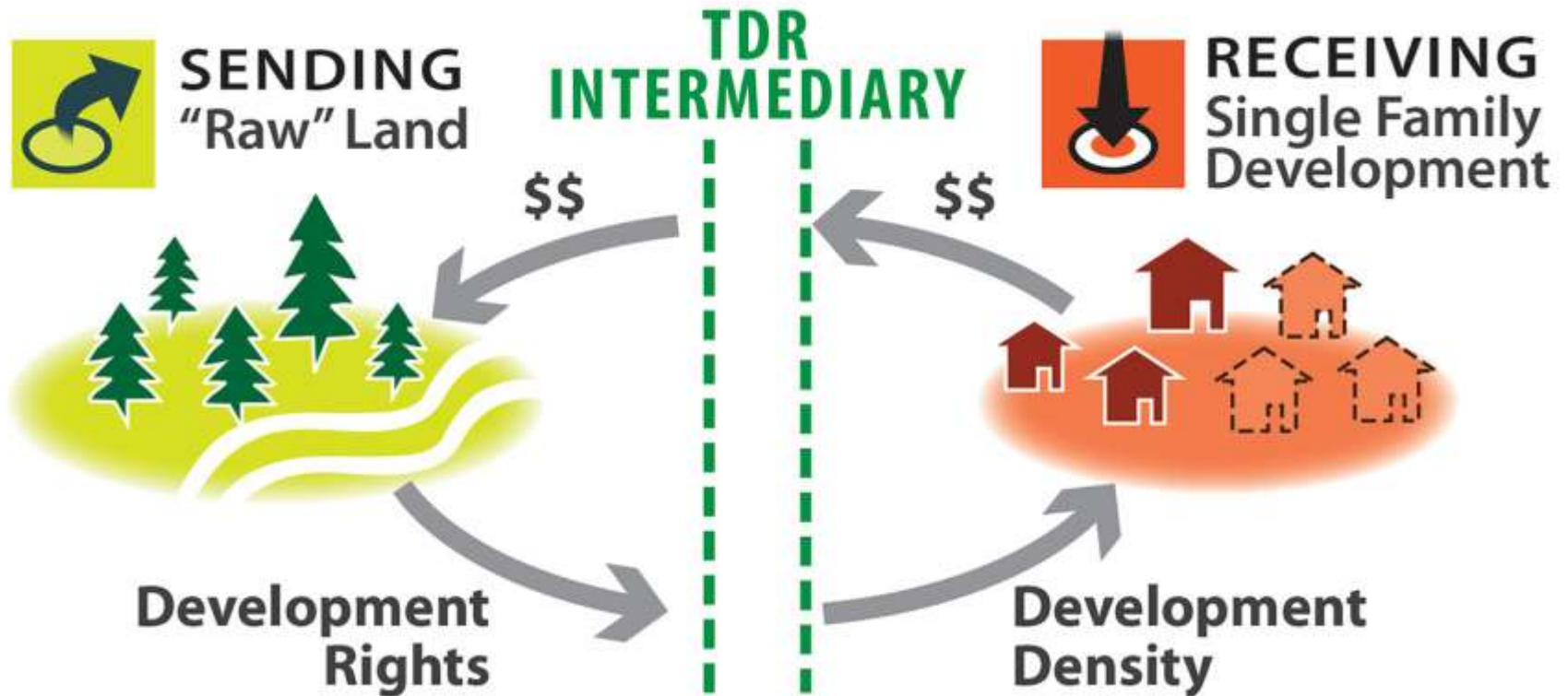
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- Criteria of Successful TDR Programs
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- Timeline

# Who We Are

## HEARTLAND



# TDR Programs



- Four Criteria of Successful TDR Programs

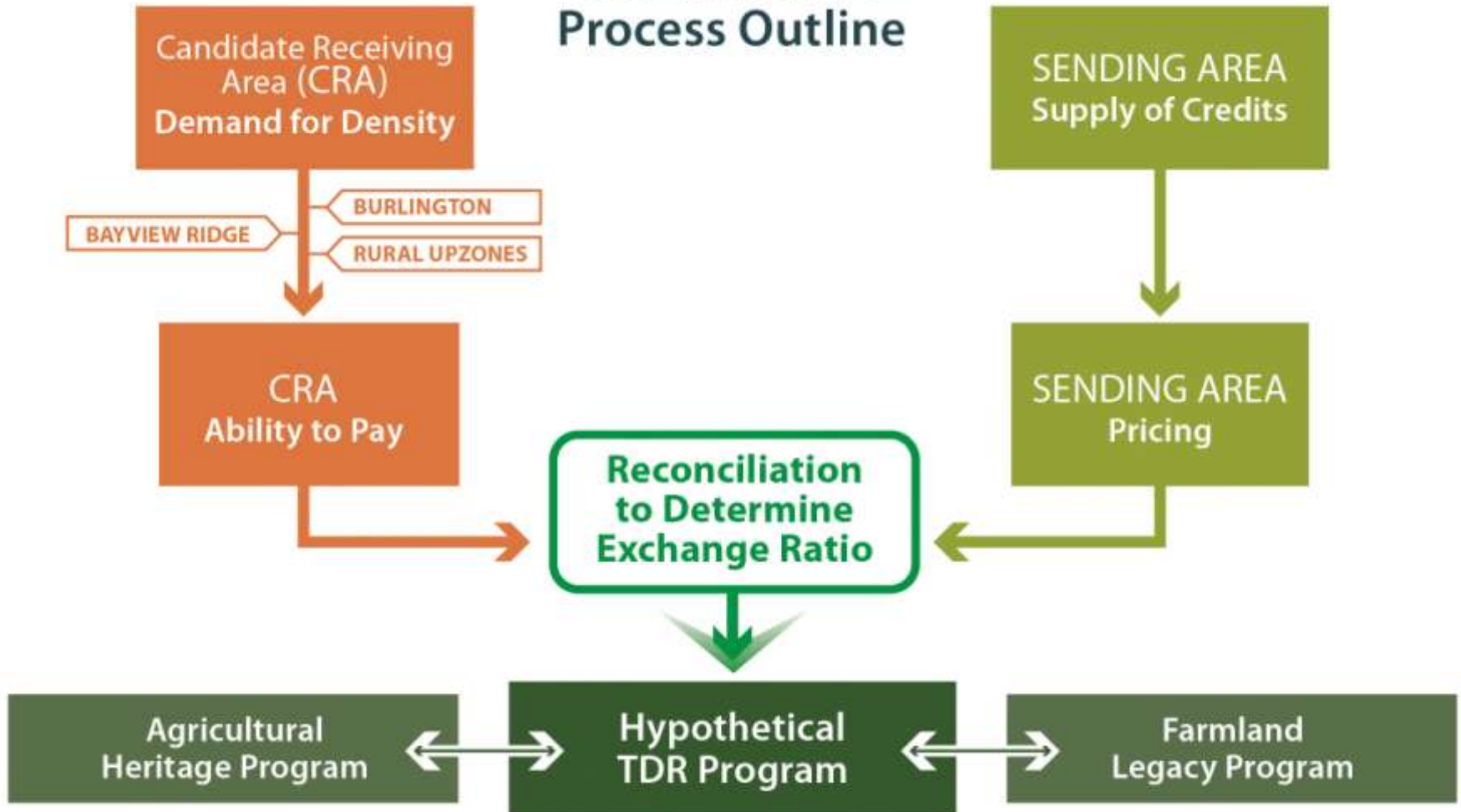
# TDR Program is Voluntary

- **Sending-area landowner participation is voluntary**
  - Willing sellers only (like Farmland Legacy)
  - No forced downzones
- **Receiving-area landowners/developers:**
  - Optional TDR purchase allows access to additional development potential
  - Pricing provides economic incentive



# Process Outline

## TDR ANALYSIS Process Outline



# Approach

- **Phase II: Initial Rough-Order-of-Magnitude (“ROM”) findings based on review and assimilation of existing projections, studies and reports.**
  - Goal: Determine study areas for further consideration in Phase III.
- **Phase III: Deeper analysis of selected areas from Phase II, using primary data to inform TDR program economics**
  - Goal: Determine relative value of density credits for sending and receiving sites to inform a TDR program exchange ratio



# Timeline

## TDR Project Timeline



# Phase II Analysis

- Methodology
- Findings

# Supply & Demand Methodology

## SUPPLY & DEMAND ANALYSIS SUMMARY

	Burlington Residential/Commercial			Bayview Ridge Residential			Bayview Ridge Commercial		
	LOW	MEDIUM	HIGH	LOW	MEDIUM	HIGH	LOW	MEDIUM	HIGH
Developable Land Supply	333 Acres			297 Acres (BR-R) 230 Acres (BR-UR)			383 Acres (LI) 252 Acres (HI)		
Annual Growth	26 DU & 100,000 SF	37 DU & 150,000 SF	72 DU & 200,000 SF	42 DU	58 DU	114 DU	70,000 SF	100,000 SF	130,000 SF
Dev Assumption	14 DU/Acre (Res) 0.3 FAR (Com)			4 DU/Acre (BR-R) 1 DU/5 Acre (BR-UR)			0.25 FAR (LI) 0.12 FAR (HI)		
Annual Land Utilization	10 Acres	14 Acres	20 Acres	11 Acres	15 Acres	29 Acres	9 Acres	13 Acres	17 Acres
Years of Capacity	34 Years	23 Years	16 Years	27 Years	20 Years	10 Years	47+ Years	47+ Years	42 Years
Capacity Threshold	2047	2036	2029	2041	2033	2023	2060+	2060+	2055

- Phase III CRAs:
  - Burlington Residential/Commercial
  - Bayview Ridge Residential
  - Rural Upzones

# TDR Economics Findings

SUTTLES/MUNDY EXCHANGE RATE CONCLUSIONS

SENDING ZONE	SENDING SITE VALUE PER DEV RIGHT	RECEIVING ZONE	RECEIVING VALUE	FEE AS % OF VALUE	FEE \$/UNIT	IMPLIED EXCHANGE RATIO (URBAN UNITS PER SENDING DEV RIGHT)
Ag-NRL	\$100,000	Bayview Ridge Residential (4 DU/Acre -> 6 DU/Acre)	\$40,000 Per Unit	15%	\$6,000	\$100,000 / \$6,000 = 17 Units
Ag-NRL	\$100,000	Burlington Commercial (0.5 FAR -> 0.6 FAR)	\$45 Per GBSF	30%	\$13.50	\$100,000 / \$13.50 = 7,400 GBSF
Ag-NRL	\$100,000	Burlington Residential	\$11,730 Per Unit	15%	\$1,760	\$100,000 / \$1,760 = 57 Units

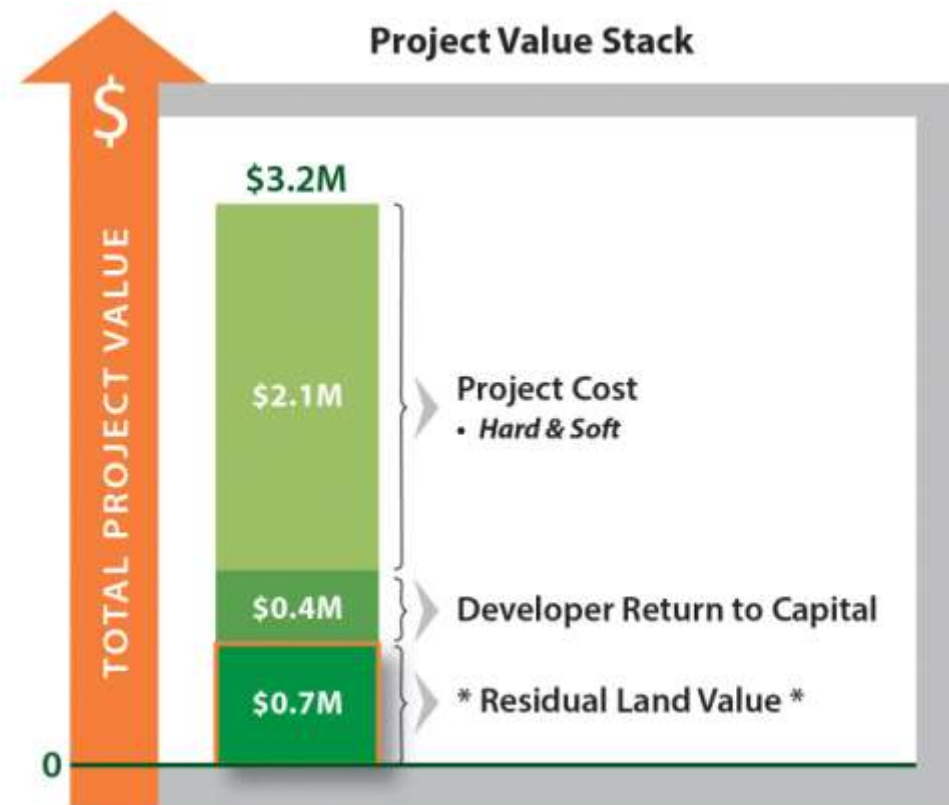
- **Areas of focus in Phase III:**
  - Sending Site Values for Non-Ag Land
  - Ag-NRL Values from Expanded Suttles Appraisal Set
  - Updated Receiving Site Ability-to-Pay
  - Rural Upzone Sending/Receiving Values

# Phase III Analysis

- Methodology
- Bayview Ridge CRA
- Burlington CRA
- Rural Upzones CRA
- Sending Zones
- Exchange Rate Analysis
- Existing Programs

# Methodology

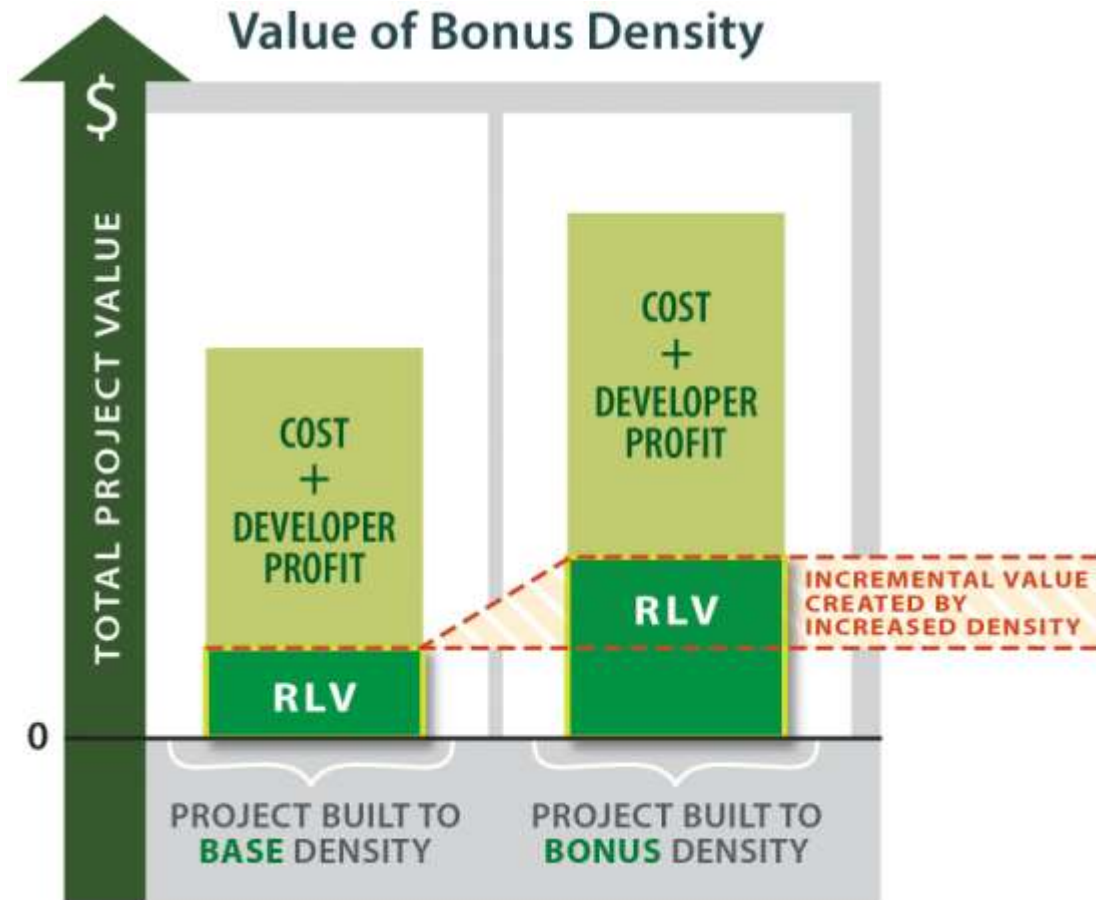
- Residual Land Value (RLV) = What new development can afford to pay for land given:
  - Development Value
  - Development Cost
  - Return on Capital (profit) to Equity
- Land Sales
  - Market-driven indication of land value
  - Preferable to RLV when robust set exists



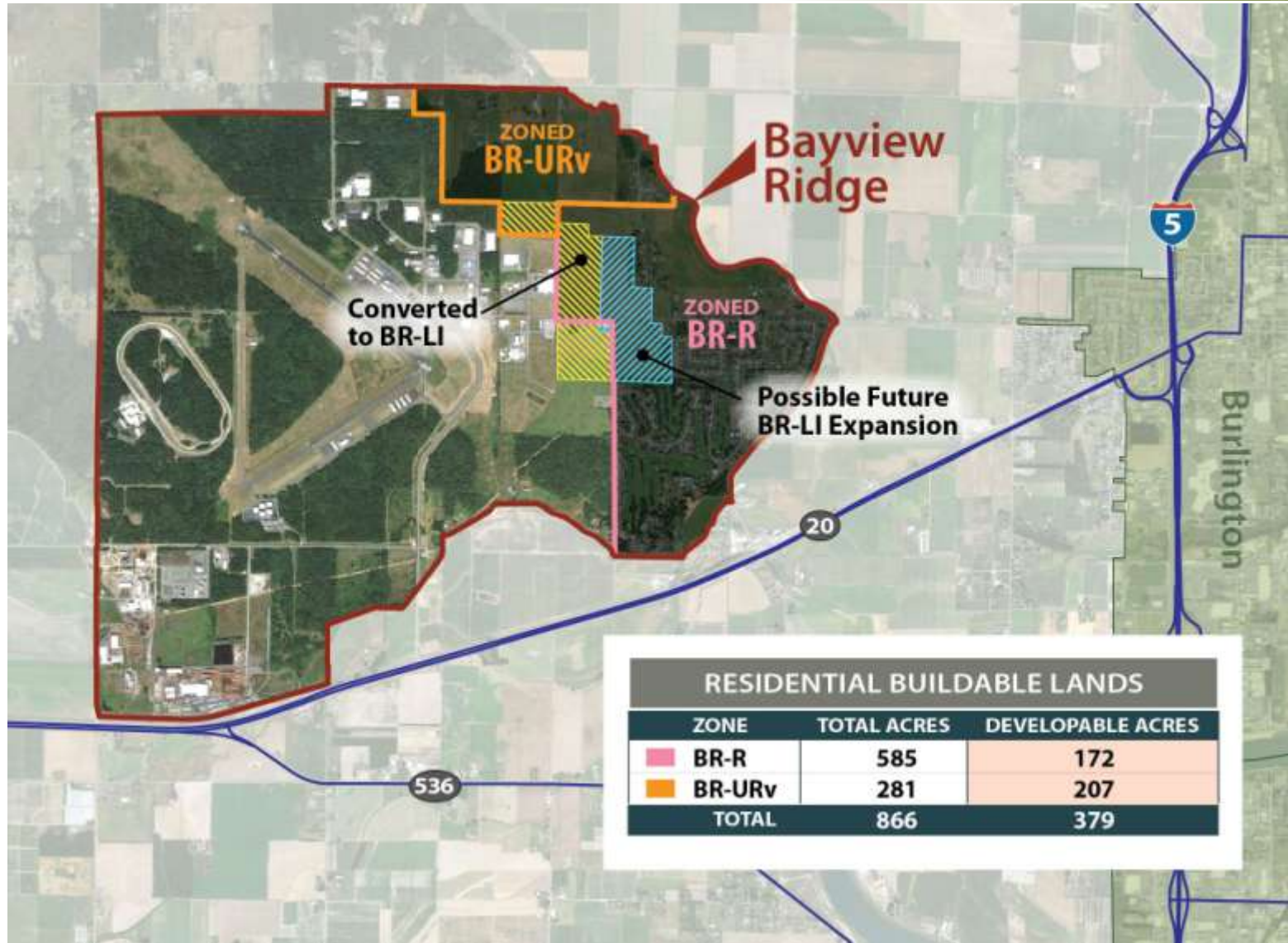


# Methodology

- **Residual Land Value**
  - Calculate Base Land Value
  - Calculate Bonus Increment
- **Actual Fee Charged for Density**
  - Lower of Incremental Value and Cost of Additional Land
  - TDR only attractive if less expensive than next available option






# Bayview Ridge CRA



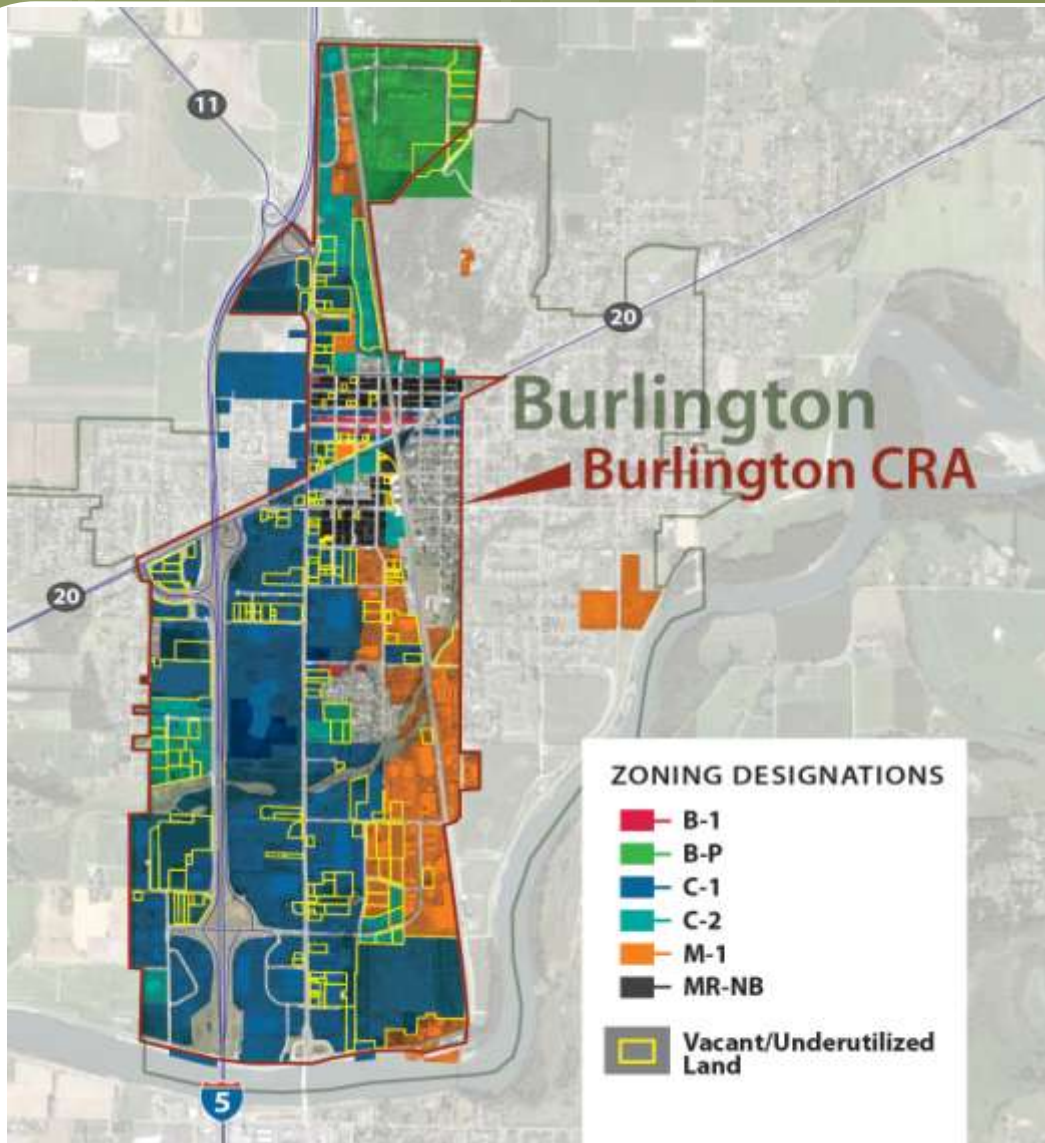
# Bayview Ridge Residential

## BAYVIEW RIDGE DEVELOPMENT SCENARIOS & FEE INFERENCE

HYPOTHETICAL 30-ACRE DEVELOPMENT	TDR DEVELOPMENT SCENARIO	BASE	BONUS	BASE VALUE	BONUS VALUE	INCREMENTAL VALUE	FEE INFERENCE @ 50% LOWER OF BASE LAND VALUE & INCREMENTAL VALUE
	<b>BR-URv</b>	6 Lots 1 Lot/5 Acres (w/ CaRDs)	—	\$254,000 (\$8,475/Acre) (\$42,360/Lot)	—	—	—
	<b>BR-URv -&gt; BR-R</b>	6 Lots 1 Lot/5 Acres (w/ CaRDs)	120 Lots 4 DU/Acre	\$254,000 (\$8,475/Acre) (\$42,360/Lot)	\$1,761,000 (\$58,700/Acre) (\$14,675/Lot)	\$1,507,000 (\$13,200/ Bonus Lot)	Incremental Value \$13,200 x 50% = \$6,600 Per Lot
	<b>BR-R 4 DU/Acre -&gt; 6 DU/Acre</b>	120 Lots 4 DU/Acre	180 Lots 6 DU/Acre	\$1,761,000 (\$58,700/Acre) (\$14,675/Lot)	\$3,645,000 (\$121,500/Acre) (\$20,250/Lot)	\$1,884,000 (\$31,400/ Bonus Lot)	Base Land Value \$14,675 x 50% = \$7,350 Per Lot



# Burlington CRA



2012 BLA BY CITY OF BURLINGTON (ACRES)

ZONE	VACANT	UNDERUTILIZED	BUILDABLE
C-1	70	63	133
C-2	103	1	104
MR-NB	3	3	6
B-P	15	2	17
B-1	0	0	0
M-1	45	28	73
<b>TOTAL</b>			<b>333</b>

- Majority of buildable land exists in C-1, C-2 and M-1 zones
- Geographic concentrations of buildable land

# Burlington Commercial

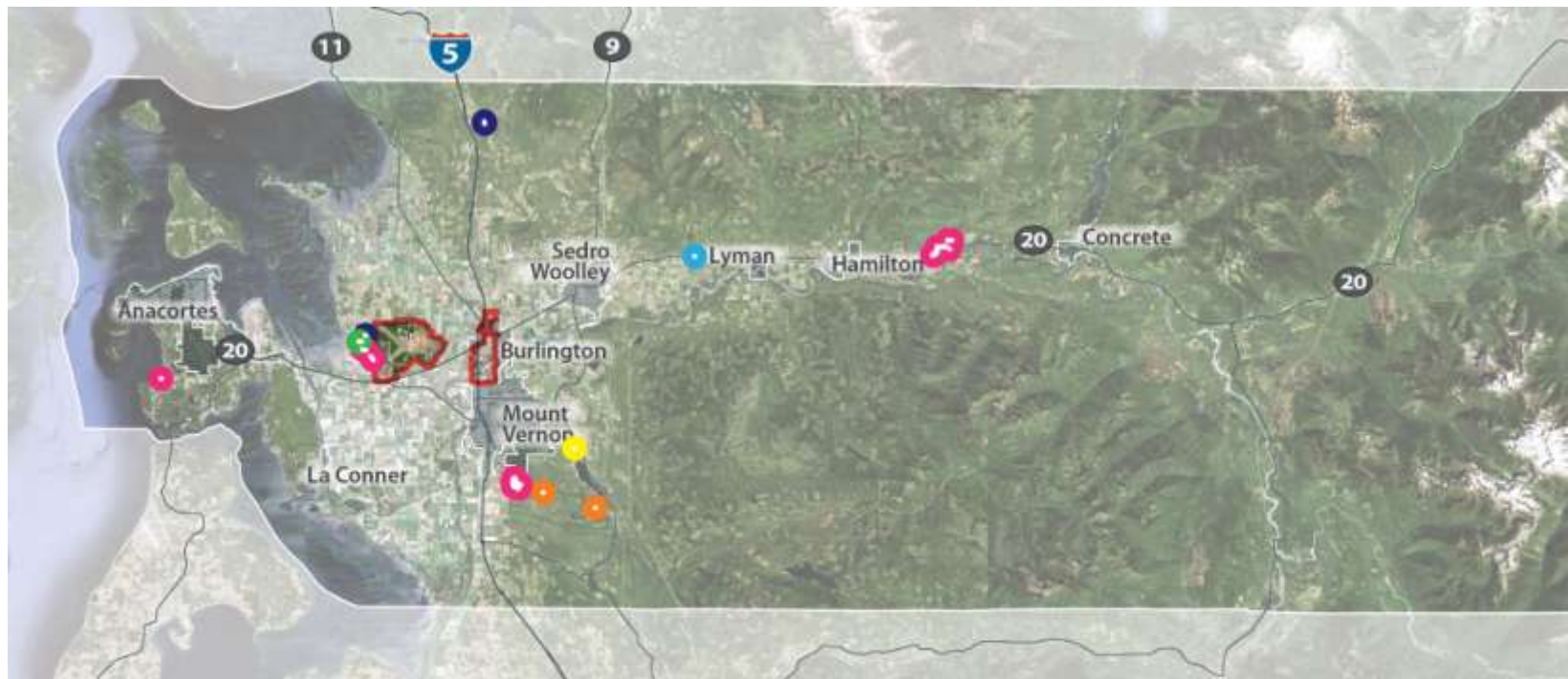
## BURLINGTON DEVELOPMENT SCENARIOS & FEE INFERENCE

1-ACRE RESIDENTIAL DEVELOPMENT	TDR DEVELOPMENT SCENARIO	BASE	BONUS	BASE VALUE	BONUS VALUE	INCREMENTAL VALUE	FEE INFERENCE @ 50% LOWER OF BASE LAND VALUE & INCREMENTAL VALUE
	C1, C2, MR-NB & B1 Base Density	14 DU/Acre	—	\$111,620 (\$2.56/SF) (\$7,975/Unit)	—	—	—
	C1, C2, MR-NB & B1 Bonus Density	14 DU/Acre	23 DU/Acre	\$111,620 (\$2.56/SF) (\$7,975/Unit)	\$180,075 (\$4.13/SF) (\$7,830/Unit)	\$68,460 (\$7,600/ Bonus Lot)	Incremental Value \$7,600 x 50% = \$3,800 Per Lot
1-ACRE COMMERCIAL DEVELOPMENT							
	C1, C2, MR-NB & B1 Hypothetical Base Density	0.3 FAR 13,068 GBSF 5 Stalls/KSF	—	\$459,230 (\$10.54/SF) (\$35/GBSF)	—	—	—
	C1, C2, MR-NB & B1 Bonus Density	0.3 FAR 13,068 GBSF 5 Stalls/KSF	0.35 FAR 15,246 GBSF 4 Stalls/KSF	\$459,230 (\$10.54/SF) (\$35/GBSF)	\$633,620 (\$14.55/SF) (\$42/GBSF)	\$174,390 (\$80/ Bonus GBSF)	Base Land Value \$35 x 50% = \$17.50 per GBSF

# Rural Upzones

## • Rural Residential Upzone Activity (To Date)

- 12 Permit applications involving a total of 57 unique parcels
- A total of roughly 400 acres comprise the permits relative to over 440k acres in eligible zones.
- A total of roughly 31 (w/o CaRD) and 42 (w/ CaRD) development rights added



  Candidate Receiving Areas (CRA)

### REZONE ACTIVITY

● IF to SF   
 ● RRc to RRv   
 ● RRv to RI   
 ● RRv to RVR   
 ● SF to RRv



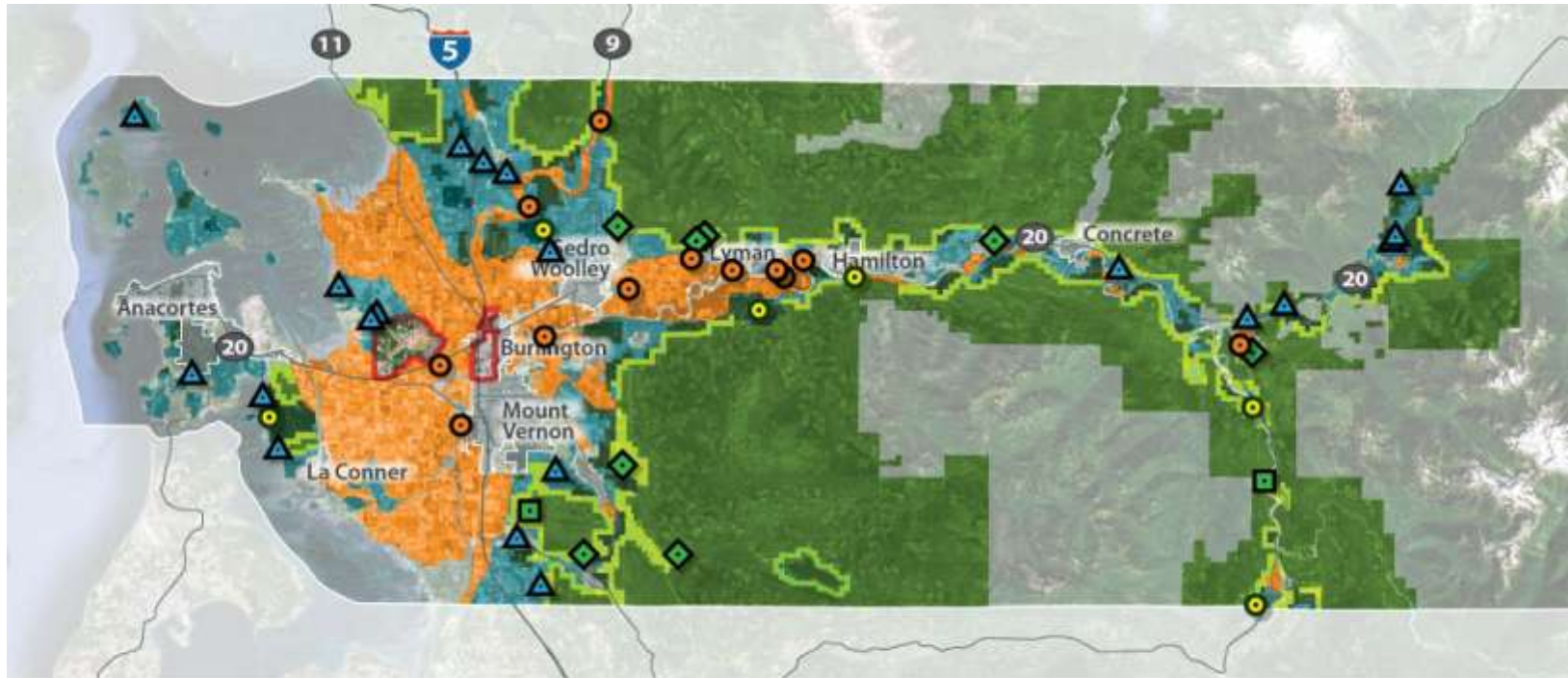
# Rural Upzones


## RURAL UPZONE DEVELOPMENT SCENARIOS & FEE INFERENCE

TDR 40-ACRE DEVELOPMENT SCENARIO	"BASE (W/ CARDS)"	"BONUS (W/ CARDS)"	BASE VALUE	BONUS VALUE	INCREMENTAL VALUE	FEE INFERENCE @ 50% LOWER OF BASE LAND VALUE & INCREMENTAL VALUE
RRc-NRL	4 Lots 1 Lot/10 Acres	—	\$200,260 (\$5,000/Acre) (\$50,065/Lot)	—	—	—
RRc-NRL -> RRv	4 Lots 1 Lot/10 Acres	8 Lots 1 Lot/5 Acres	\$200,260 (\$5,000/Acre) (\$50,065/Lot)	\$324,000 (\$8,100/Acre) (\$40,500/Lot)	\$123,740 (\$30,935/ Bonus Lot)	Incremental Value \$30,935 x 50% = \$15,470 Per Lot
RRv -> RI	8 Lots 1 Lot/5 Acres	16 Lots 1 Lot/2.5 Acres	\$324,000 (\$8,100/Acre) (\$40,500/Lot)	\$596,350 (\$14,910/Acre) (\$37,270/Lot)	\$272,350 (\$34,050/ Bonus Lot)	Incremental Value \$34,050 x 50% = \$17,025 Per Lot
RRv -> RVR	8 Lots 1 Lot/5 Acres	40 Lots 1 Lot/1 Acres	\$324,000 (\$8,100/Acre) (\$40,500/Lot)	\$1,121,090 (\$28,030/Acre) (\$28,030/Lot)	\$797,090 (\$24,910/ Bonus Lot)	Incremental Value \$24,910 x 50% = \$12,460 Per Lot

# Sending Zones Sales Activity

- **Market Transactions within Sending Zones**
  - This set is used to estimate the implied TDR value per credit



 Candidate Receiving Areas (CRA)

 Agriculture (Ag-NRL)  
89,000 Acres  
 Sales

 Secondary Forest (SF-NRL)  
38,000 Acres  
 Sales

 Rural Resource (RRc-NRL)  
27,000 Acres  
 Sales

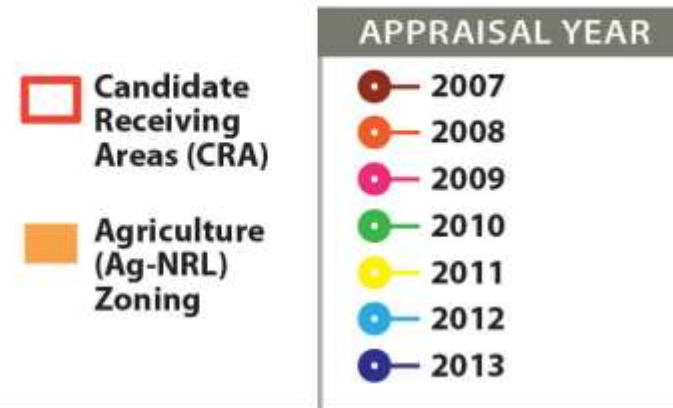
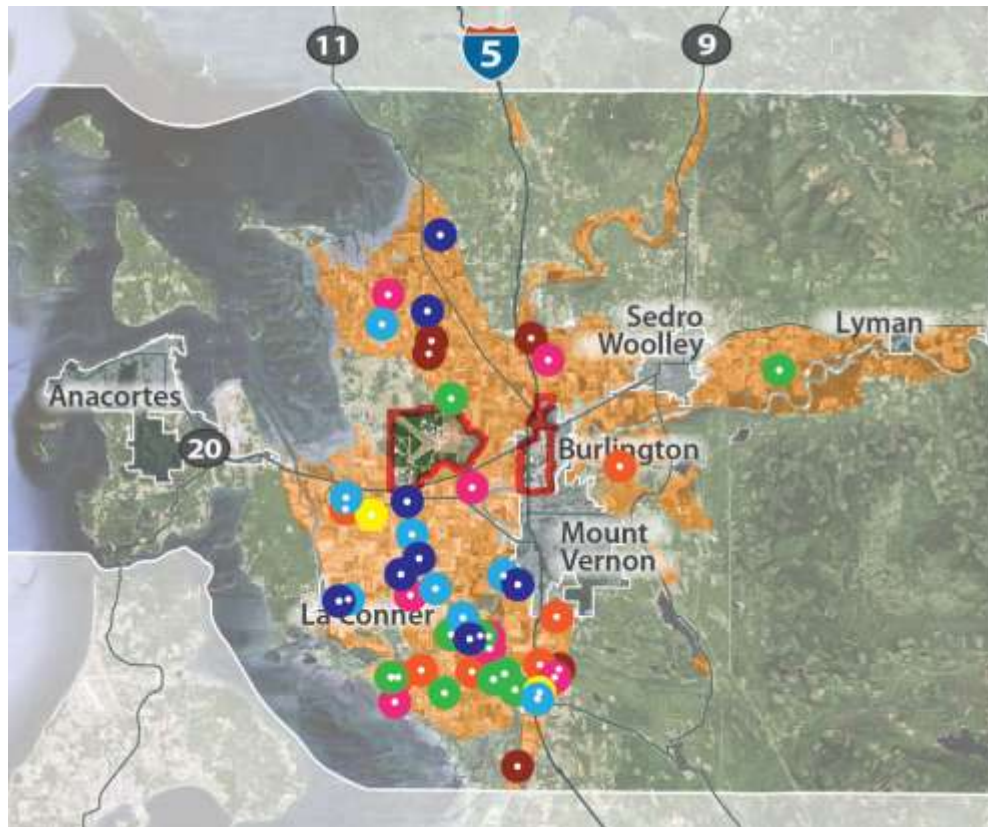
 Industrial Forest (IF-NRL)  
320,000 Acres  
 Sales

 Rural Reserve (RRv)  
67,000 Acres  
 Sales

NOTE: Not all zoned resource land acreage may be in natural resource production

# Sending Value Methodology- AG-NRL

- Proxy for TDR credit pricing based on:
  - Farmland Preservation appraisals
  - Snohomish County PDR/TDR pricing relationship



## Set of 60 Appraisals

FIRST QUARTILE: \$90K  
 MEDIAN VALUE: \$100K  
 THIRD QUARTILE: \$116K

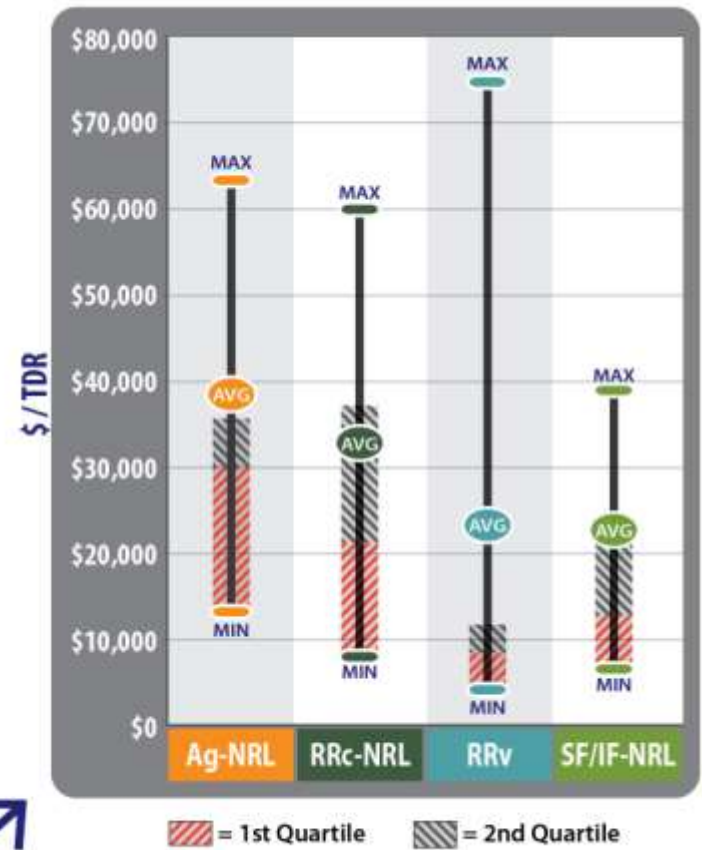


# Sending Value Estimates

- Value Range for TDRs (per Development Right)

Total Value per:			
	DEVELOPMENT RIGHT	TDR VALUE	REMAINING VALUE
<b>Ag-NRL</b>			
MIN	\$65,000	\$13,000	\$52,000
AVG	\$193,000	\$38,600	\$154,400
MAX	\$317,000	\$63,400	\$253,600
<b>RRc-NRL</b>			
MIN	\$40,000	\$8,000	\$32,000
AVG	\$164,000	\$32,800	\$131,200
MAX	\$300,000	\$60,000	\$240,000
<b>RRv</b>			
MIN	\$20,000	\$4,000	\$16,000
AVG	\$116,000	\$23,200	\$92,800
MAX	\$375,000	\$75,000	\$300,000
<b>SF/IF-NRL</b>			
MIN	\$33,000	\$6,600	\$26,400
AVG	\$115,000	\$23,000	\$92,000
MAX	\$195,000	\$39,000	\$156,000

Assumed TDR Right % of Value: 20%



# Exchange Rate Analysis

## Bayview Ridge

### BAYVIEW RIDGE EXCHANGE RATIO ANALYSIS

SENDING SITE	SENDING VALUE	RECEIVING SITE	RECEIVING VALUE		RESIDENTIAL	COMMERCIAL
ZONE	RESIDENTIAL (PER DU)	ZONE	RESIDENTIAL FEE (PER DU)	COMMERCIAL FEE (PER GBSF)	RATE (# DU)	RATE (# GBSF)
<b>BR-UR Receiving Zone (to BR-R)</b>						
Ag-NRL	\$38,600	BR-UR	\$6,608	N/A	6	N/A
RRc-NRL	\$32,800	BR-UR	\$6,608	N/A	5	N/A
RRv	\$23,200	BR-UR	\$6,608	N/A	4	N/A
SF/IF-NRL	\$23,000	BR-UR	\$6,608	N/A	3	N/A
<b>BR-R Receiving Zone (to 4 DU/Acre -&gt; 6 DU/Acre)</b>						
Ag-NRL	\$38,600	BR-R	\$7,337	N/A	5	N/A
RRc-NRL	\$32,800	BR-R	\$7,337	N/A	4	N/A
RRv	\$23,200	BR-R	\$7,337	N/A	3	N/A
SF/IF-NRL	\$23,000	BR-R	\$7,337	N/A	3	N/A

# Exchange Rate Analysis

## Burlington

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### BURLINGTON EXCHANGE RATE ANALYSIS

SENDING SITE	SENDING VALUE	RECEIVING SITE	RECEIVING VALUE		RESIDENTIAL	COMMERCIAL
ZONE	RESIDENTIAL (PER DU)	ZONE	RESIDENTIAL FEE (PER DU)	COMMERCIAL FEE (PER GBSF)	RATE (# DU)	RATE (# GBSF)
Burlington Zones (C1, C2, MR-NB, & B1)						
Ag-NRL	\$38,600	BURL	\$3,803	\$18	10	2,197
RRc-NRL	\$32,800	BURL	\$3,803	\$18	9	1,867
RRv	\$23,200	BURL	\$3,803	\$18	6	1,320
SF/IF-NRL	\$23,000	BURL	\$3,803	\$18	6	1,309



# Exchange Rate Analysis

## Rural Upzones

RURAL UPZONE EXCHANGE RATIO ANALYSIS						
SENDING SITE	SENDING VALUE	RECEIVING SITE	RECEIVING VALUE		RESIDENTIAL	COMMERCIAL
ZONE	RESIDENTIAL (PER DU)	ZONE	RESIDENTIAL FEE (PER DU)	COMMERCIAL FEE (PER GBSF)	RATE (# DU)	RATE (# GBSF)
<b>RRc Receiving Zone (to RRv)</b>						
Ag-NRL	\$38,600	RRc	\$15,467	N/A	2	N/A
RRc-NRL	\$32,800	RRc	\$15,467	N/A	2	N/A
RRv	\$23,200	RRc	\$15,467	N/A	1	N/A
SF/IF-NRL	\$23,000	RRc	\$15,467	N/A	1	N/A
<b>RRv Receiving Zone (to RI)</b>						
Ag-NRL	\$38,600	RRv	\$17,022	N/A	2	N/A
RRc-NRL	\$32,800	RRv	\$17,022	N/A	2	N/A
RRv	\$23,200	RRv	\$17,022	N/A	1	N/A
SF/IF-NRL	\$23,000	RRv	\$17,022	N/A	1	N/A
<b>RRv Receiving Zone (to RI)</b>						
Ag-NRL	\$38,600	RRv	\$12,454	N/A	3	N/A
RRc-NRL	\$32,800	RRv	\$12,454	N/A	3	N/A
RRv	\$23,200	RRv	\$12,454	N/A	2	N/A
SF/IF-NRL	\$23,000	RRv	\$12,454	N/A	2	N/A

# Program Structure Discussion

# Potential Program Structure:

## TDR vs. Density Credit Program

- **TDR Component “Traditional Program”**
  - Private market transaction between buyer & seller
  - Sales price negotiated directly between the two
  - Potential economies of scale pricing
  - Program issues development certificates, records conservation easement
- **Density Credit Component / “Fee in Lieu Program”**
  - Developer purchased density credits at a set price
  - Revenues aggregated and used for conservation purposes (Burlington > Farmland Legacy)
  - Efficient, easy mechanism by which to access additional density

# Potential Program Structure:

## One Possible Option

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- **Density Credit Component / “Fee in Lieu Program”**
  - Functions like Burlington Ag Heritage Program (but expanded to non-Ag land)
  - Revenues provided to Farmland Legacy (or other conservation program, if desired)
- **TDR Component “Traditional Program”**
  - Private buyer-seller option (better-enables large transactions)
  - Potential sending areas: SF-NRL, RRC-NRL, IF-NRL, RRv
  - Does not interact with or disrupt Ag-NRL purchases in Farmland Legacy Program

# Reference Slides

# BVR-UR RLV Model Inputs

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BVR-UR RLV Model Inputs		
	Value/Input	Unit
Acres Per Unit	5	
Lot Size	43,560	SF
<b>Space Program</b>		
Site Area	30	Acres
Total Lots	6	Lots
Circulation	20%	% over lot size
Total Residual Land Area	993,168	SF
Residual Land Area Value	\$4,500	\$/Acre
<b>Finished Lot Revenue</b>		
Finished Home Size	3,250	SF
\$/SF	\$180	
Avg Finished Home Value	\$585,000	
Finished Lot-to-Home Ratio	20%	
Finished Lot Value	\$117,000	
Gross Finished Lot Value	\$702,000	
Gross Open Space Value	\$102,600	
<b>Gross Project Revenue</b>	<b>\$804,600</b>	
<b>Costs</b>		
Soft Costs	\$19,250	\$/Lot
Hard Costs	\$55,000	\$/Lot
Developer Profit	15%	% of Total Value
<b>Total Project Cost</b>	<b>\$445,500</b>	
<b>Developer Profit</b>	<b>\$104,948</b>	
<b>Residual Land Value</b>	<b>\$254,152</b>	
	<b>\$8,472</b>	\$/Acre
	<b>\$42,359</b>	\$/Lot



# Bayview Ridge Residential

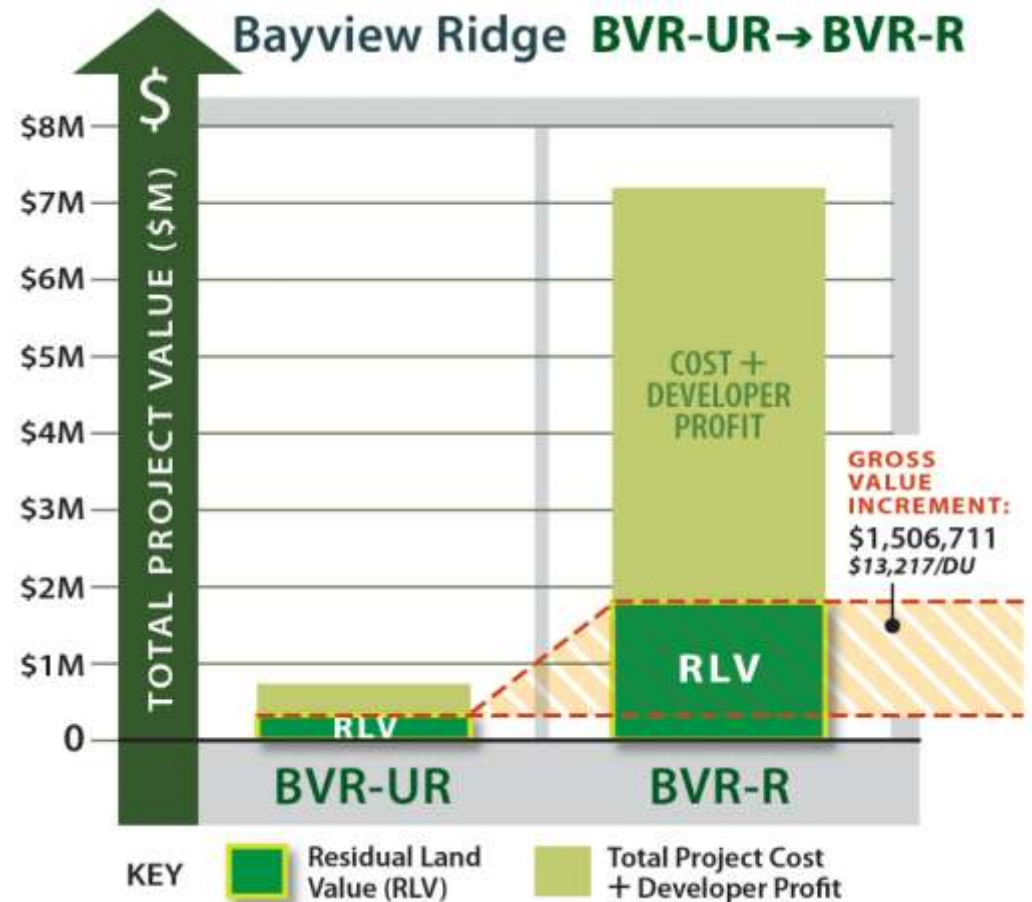
BVR-UR -> BVR-R

## • Incremental value

- 30-Acre development
- 6 lots under base
- 120 lots under bonus
- Gross value added: \$1.5M
- \$13K/Lot

## • Credit Pricing:

- Base land value: \$42K/Lot
- Pricing based off incremental
- @ 50% Fee, credits at \$6,500



# BVR-R RLV Model Inputs

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<b>BVR-R RLV Model Inputs</b>				
	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Unit</b>
Units/Acre	4	5	6	
<b>Space Program</b>				
Site Area	30	30	30	Acres
Total Lots	120	150	180	Lots
Circulation	25%	25%	25%	% Loss
Lot Size	8,100	6,500	5,400	SF
<b>Finished Lot Revenue</b>				
Finished Home Area	2,350	2,300	2,250	SF
\$/SF	\$120	\$120	\$115	
Avg Finished Home Value	\$282,000	\$276,000	\$258,750	
Finished Lot-to-Home Ratio	22.5%	22.5%	22.5%	
Finished Lot Value	\$63,450	\$62,100	\$58,219	
<b>Gross Project Revenue</b>	<b>\$7,614,000</b>	<b>\$9,315,000</b>	<b>\$10,479,375</b>	
<b>Costs</b>				
Soft Costs	\$10,500	\$9,188	\$7,875	\$/Lot
Hard Costs	\$30,000	\$26,250	\$22,500	\$/Lot
Developer Profit	15%	15%	15%	% of Total Value
<b>Total Project Cost</b>	<b>\$4,860,000</b>	<b>\$5,315,625</b>	<b>\$5,467,500</b>	
<b>Developer Profit</b>	<b>\$993,130</b>	<b>\$1,215,000</b>	<b>\$1,366,875</b>	
<b>Residual Land Value</b>	<b>\$1,760,870</b>	<b>\$2,784,375</b>	<b>\$3,645,000</b>	
Per SF	\$1.35	\$2.13	\$2.79	\$/SF
<b>Incremental Value Added</b>		<b>\$1,023,505</b>	<b>\$860,625</b>	
Per Unit		\$34,117	\$28,688	\$/Unit
Per Unit from 4 -> 6			\$31,402	

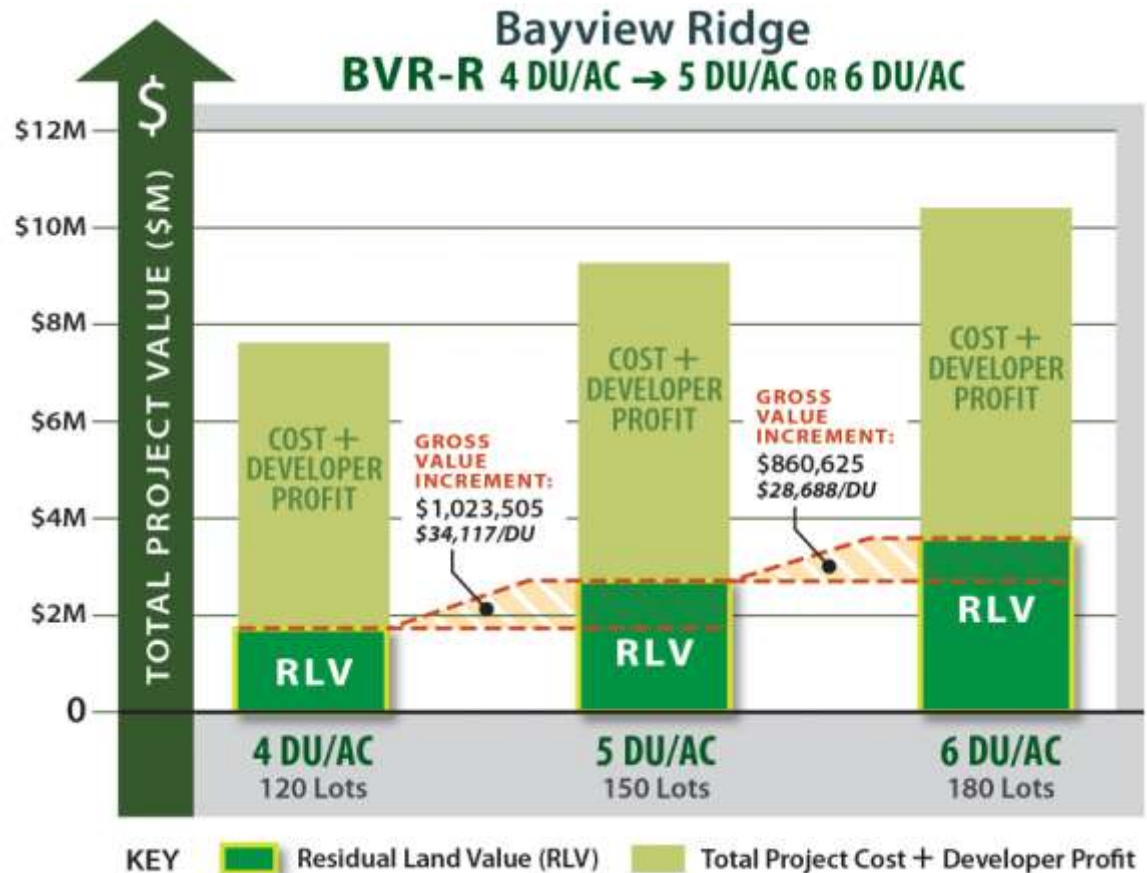
# Bayview Ridge Residential BVR-R 4 DU -> 6 DU

## • Incremental Value

- 30-acre development
- 120 lots under base
- 150/180 lots under bonus
- 4 -> 5 = \$1M, \$34K/lot
- 5 -> 6 = \$860K, \$28K/lot

## • Credit Pricing:

- Base land value: \$15K/Lot
- Pricing based off land value
- @ 50% Fee, credits at \$7,500



# Rural Upzones RLV Model Inputs

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Rural Upzones Model Inputs					
	Value/Input	Value/Input	Value/Input	Value/Input	Unit
Zone	<b>RRc</b>	<b>RRv</b>	<b>RI</b>	<b>RVR</b>	
Acres Per Unit	10	5	2.5	1	
Lot Size	43,560	43,560	21,780	21,780	SF
<b>Space Program</b>					
Site Area	40	40	40	40	Acres
Total Lots	4	8	16	40	Lots
Total Lot Area	174,240	348,480	348,480	871,200	SF
Circulation	15%	15%	20%	20%	% over lot size
Total Lot Area + Circ	200,376	400,752	418,176	1,045,440	SF
Total Residual Land Area	1,542,024	1,341,648	1,324,224	696,960	SF
<b>Finished Lot Revenue</b>					
Finished Home Area	2,500	2,500	2,350	2,350	SF
\$/SF	\$190	\$190	\$175	\$175	
Avg Finished Home Value	\$475,000	\$475,000	\$411,250	\$411,250	
Finished Lot-to-Home Ratio	22.5%	22.5%	22.5%	22.5%	
Finished Lot Value	\$106,875	\$106,875	\$92,531	\$92,531	
Gross Finished Lot Value	\$427,500	\$855,000	\$1,480,500	\$3,701,250	# of lots x finished lot value
Open Space Value	\$4,500	\$4,500	\$4,500	\$4,500	\$/Acre
Gross Open Space Value	\$159,300	\$138,600	\$136,800	\$72,000	
<b>Gross Project Revenue</b>	<b>\$586,800</b>	<b>\$993,600</b>	<b>\$1,617,300</b>	<b>\$3,773,250</b>	
<b>Costs</b>					
Soft Costs	\$17,500	\$17,500	\$15,750	\$14,000	\$/Lot
Hard Costs	\$60,000	\$50,000	\$45,000	\$40,000	\$/Lot
Developer Profit	15%	15%	15%	15%	% of Total Value
<b>Total Project Cost</b>	<b>\$310,000</b>	<b>\$540,000</b>	<b>\$972,000</b>	<b>\$2,160,000</b>	
<b>Developer Profit</b>	<b>\$76,539</b>	<b>\$129,600</b>	<b>\$210,952</b>	<b>\$492,163</b>	
<b>Static RLV</b>	<b>\$200,261</b>	<b>\$324,000</b>	<b>\$434,348</b>	<b>\$1,121,087</b>	
	<b>\$5,007</b>	<b>\$8,100</b>	<b>\$10,859</b>	<b>\$28,027</b>	\$/Acre
	<b>\$50,065</b>	<b>\$40,500</b>	<b>\$27,147</b>	<b>\$28,027</b>	\$/Lot

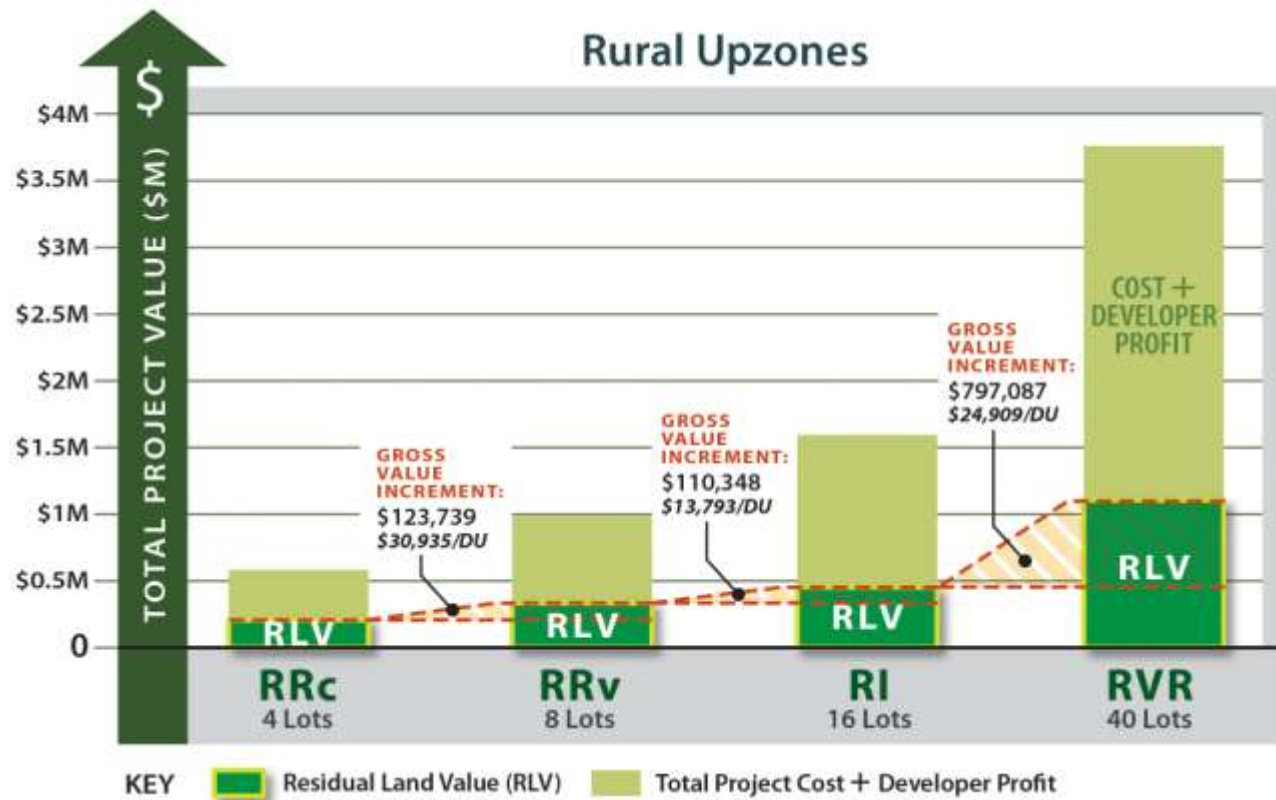
# Rural Upzones

## • Incremental Value

- 40-acre development
- 4/8 lots under base
- 8/16/40 lots under bonus
- RRc -> RRv: \$31K/Lot
- RRv -> RI: \$34K/Lot
- RRv -> RVR: \$25K/Lot

## • Credit Pricing:

- Base land value: \$27K - \$50K/lot
- Pricing based off increment value
- @ 50% Fee, credits at \$12,500- \$17,000



# Burlington Residential Zoning Context

<b>Burlington Residential Zoning</b>				
	<b>C-1</b>	<b>C-2</b>	<b>MR-NB</b>	<b>B-1</b>
<b>District Description:</b>	General Commercial District	Heavy Commercial District	Medium Density Res & Neighborhood Bus.	Business District
<b>Residential Dev Qualification:</b>	Mixed-use buildings have limited restrictions. Single-purpose have the following restrictions:	Single-purpose or mixed-use have the following restrictions:	Single-purpose or mixed-use have the following restrictions:	Only allowed with ground floor commercial uses.
<b>Density</b>				
Max DU / Ac	14	14	14	14
Max Units	None	None	8 units	No Limit
Max Building Size	8,000	8,000	6,500	No Limit
Max Parcel Size	No Limit	No Limit	24,000	No Limit
Max Height				
Stories	2	2	2	4
Height (ft)	30	30	35	45
<b>Site Restrictions</b>				
Min Lot Depth	0	80	0	0
Min Lot Width	0	60	0	0
Max Lot Coverage				
Impervious	70%	70%	100%	100%
Buildings	30%	30%	100%	100%

# Burlington Residential RLV Model Inputs DRAFT

Burlington Residential RLV Model Inputs			
	Value/Input	Value/Input	Unit
Lot Size	43,560	43,560	SF
Density	14	23	DU/Acre
<b>Space Program</b>			
Units	14	23	
Unit Size	1,000	1,000	GSF
Community Space	10%	10%	Of Bldg
Total GSF	15,400	25,300	GSF
Parking	1.5	1.5	Stalls/Unit
<b>Value Inputs</b>			
Base Leasing Income	\$1.20	\$1.20	\$/NRSF
Vacancy	5%	5%	of gross income
Operating Expenses	\$5,015	\$5,015	\$/Unit/Yr
NOI	\$134,637	\$221,189	
Cap Rate	6.0%	6.0%	
<b>Gross Project Value</b>	<b>\$2,243,943</b>	<b>\$3,686,478</b>	
<b>Cost Inputs</b>			
All-In Hard Costs	\$87	\$87	\$/GBSF
Soft Costs	35%	35%	% of hard
<b>Project Cost</b>	<b>\$1,811,762</b>	<b>\$2,979,764</b>	
<b>Developer Profit</b>	<b>\$320,563</b>	<b>\$526,640</b>	
<b>Residual Land Value</b>	<b>\$111,618</b>	<b>\$180,075</b>	
<b>Per Unit Incremental Value</b>		<b>\$7,606</b>	

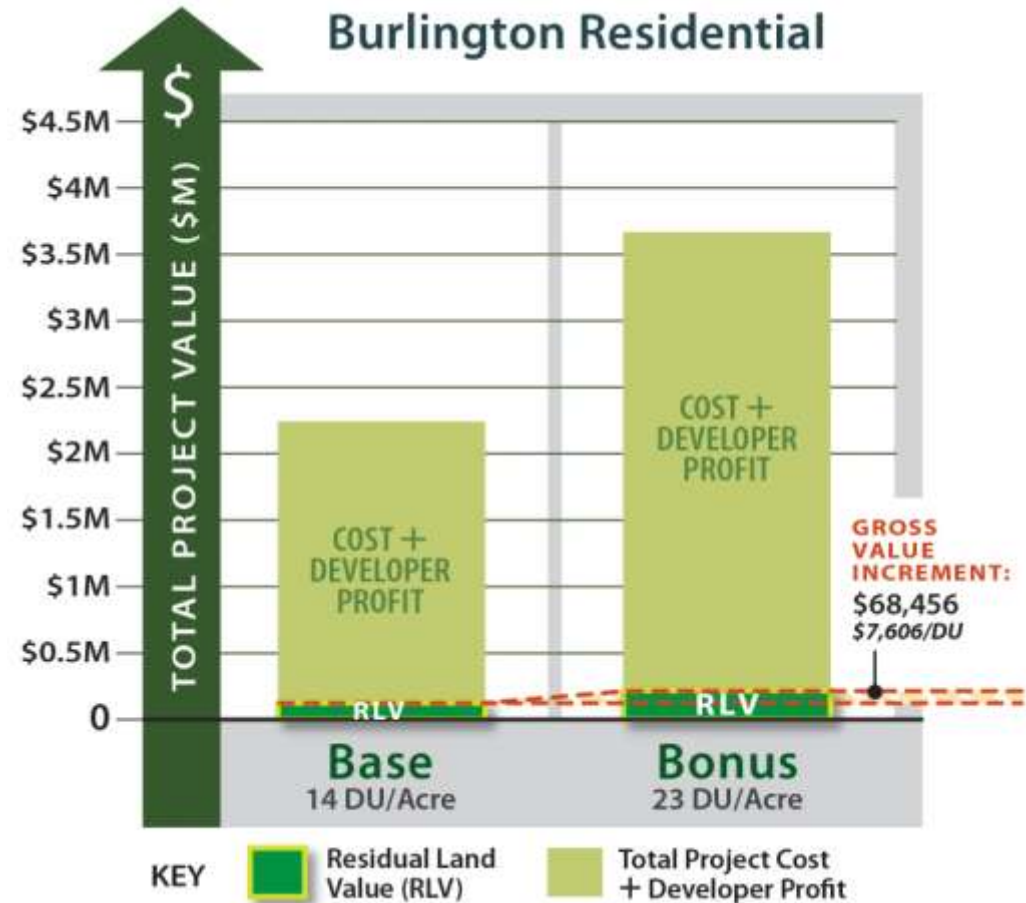
# Burlington Residential

## • Incremental Value

- 1-acre development
- 14 units under base
- 23 units under bonus
- Value increment: \$68K
- \$7K/unit

## • Credit Pricing:

- Base land value: \$8K/unit
- Pricing based off value increment
- @ 50% Fee, credits at \$3,500





# Burlington Commercial Zoning Context

Burlington Commercial Zoning					
	C-1	C-2	M-1	B-P	B-1
<b>District Description:</b>	General Commercial District	Heavy Commercial District	Industrial District	Business Park	Business District
<b>Density</b>					
Min Lot Area	0	0	0	435,600	0
Min Lot Depth	0	0	0	0	0
Max Lot Coverage	100%	100%	100%	100%	100%
Max Height					
Stories	4	4	No limit	No limit	4
Height (ft)	45	45	45	35	45

- Few dimensional/density restrictions on commercial development
- Development density dictated by market demand for space/parking

# Burlington Commercial RLV Model Inputs

DRAFT

<b>Burlington Commercial RLV Model Inputs</b>			
	<b>Value/Input</b>	<b>Value/Input</b>	<b>Unit</b>
Lot Size	43,560	43,560	SF
Density	0.30	0.35	FAR
<b>Space Program</b>			
Building Size	13,068	15,246	GBSF
Parking	5.0	4.0	Stalls/KSF
<b>Value Inputs</b>			
Base Leasing Income	\$1.83	\$1.83	\$/RSF, NNN of gross income
Vacancy	8%	8%	
NOI	\$264,015	\$308,018	
Cap Rate	7.25%	7.25%	
<b>Gross Project Value</b>	<b>\$3,641,592</b>	<b>\$4,248,524</b>	
<b>Cost Inputs</b>			
All-In Hard Costs	\$87	\$87	\$/GBSF
Soft Costs	35%	35%	% of hard
Tenant Improvements	\$45	\$45	\$/GBSF
<b>Project Cost</b>	<b>\$2,740,956</b>	<b>\$3,099,931</b>	
<b>Developer Profit</b>	<b>\$441,405</b>	<b>\$514,973</b>	
<b>Residual Land Value</b>	<b>\$459,231</b>	<b>\$633,620</b>	
<b>Per SF Incremental Value</b>		<b>\$80</b>	

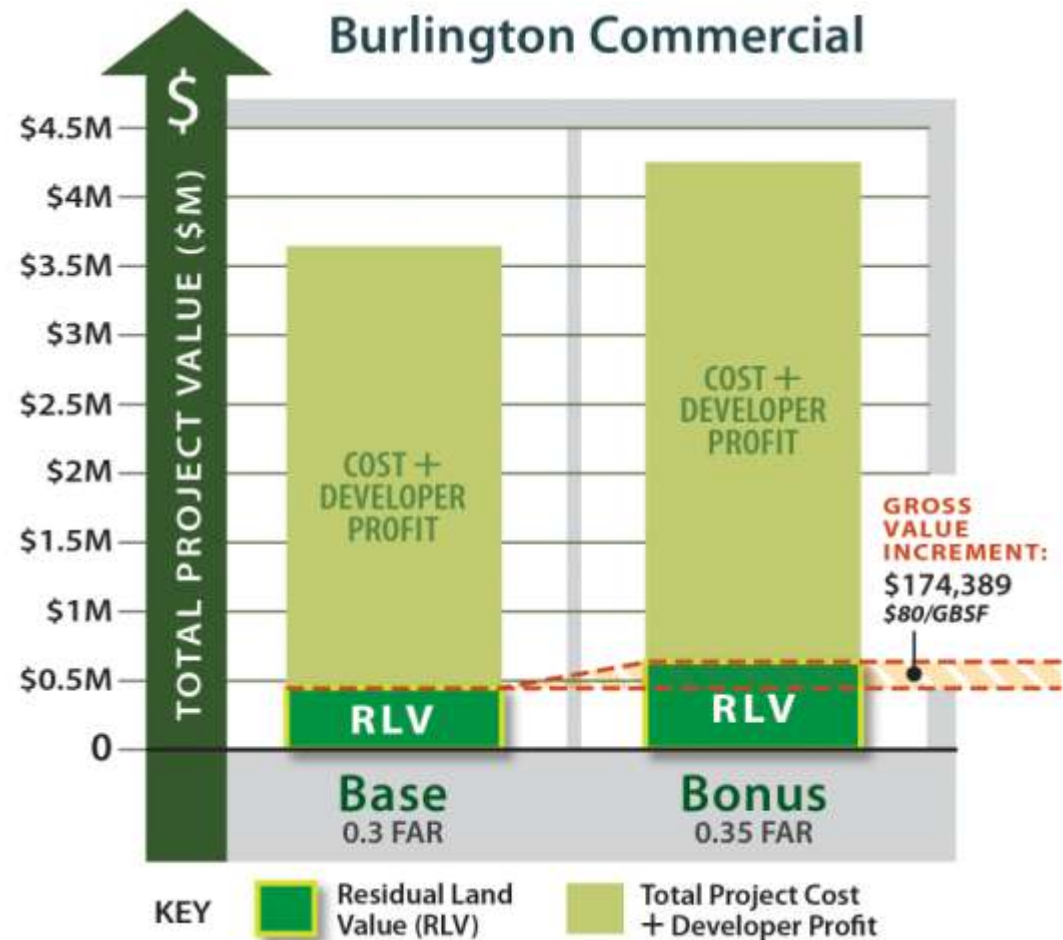
# Burlington Commercial

## • Incremental Value

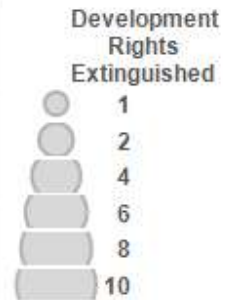
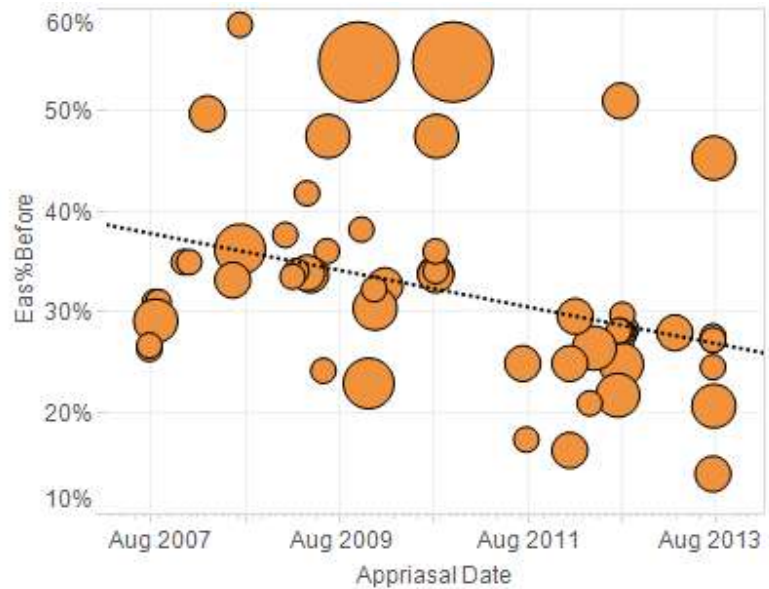
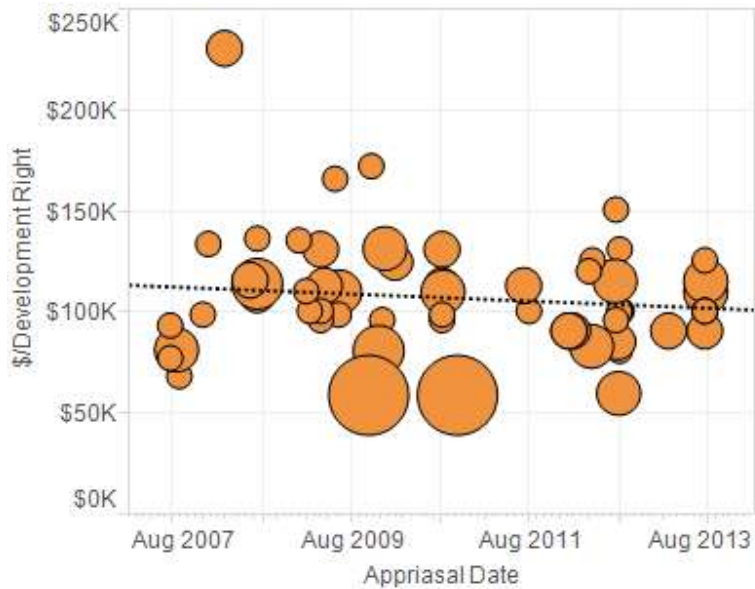
- 1-acre development
- 13 KSF under base
- 15 KSF under bonus
- Value increment: \$174K
- \$80/GBSF

## • Credit Pricing:

- Base land value: \$35/GBSF
- Pricing based off land value
- @ 50% Fee, credits at \$17.50/GBSF



# FLP Ag-NRL Valuation Trends



# PDR/TDR Relationship | TDR Pricing Check

## Snohomish County Proxy

Before <sup>1</sup>	\$234,375
PDR <sup>2</sup>	\$75,000
TDR <sup>2</sup>	\$30,000
TDR/PDR	40%

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PDR/Before	32%
TDR/Before	13%

## Check with FLP Before Value Average

FLP Average Before Value	\$296,978
Calculated TDR Average <sup>3</sup>	\$38,600
Calculated TDR/FLP Before Value	13.0%

1. Estimated using FLP easement to Market value average of 32%

2. Values provided by Forterra

3. Average of implied easement values based on market transactions multiplied by 20%.

# Review of Existing Programs

## Farmland Legacy Program

- **Purchase of Development Right Program that purchases land/easements in the Ag-NRL zone**
- **Nearly 7,000 acres protected by 2009 (est. in 1996)**
- **Conservation purchases funded by:**
  - Conservation futures tax revenues
  - Donations
  - State/federal grant funding
  - Developer purchase of Farmland Density Credits (minimal to date)
- **Conservation easement pricing based on Suttles' appraisals**

# Review of Existing Programs

## Agricultural Heritage Program

- Burlington's existing Purchase Development Rights (PDR) Program
- Available in MR-NB, B-1, C-1 and R-3 zones in Burlington
- Credit pricing based on Mundy findings

### Credit Pricing

Bonus Units	\$/DU
1 - 5	\$2,500
6 - 10	\$1,500
11 or more	\$1,000



- Use since implementation:
  - One Project
    - July 20, 2010
    - Purchased 2 credits