

TOWN CENTER PLAN FOR THE CITY OF MERCER ISLAND

NOVEMBER 30, 1994



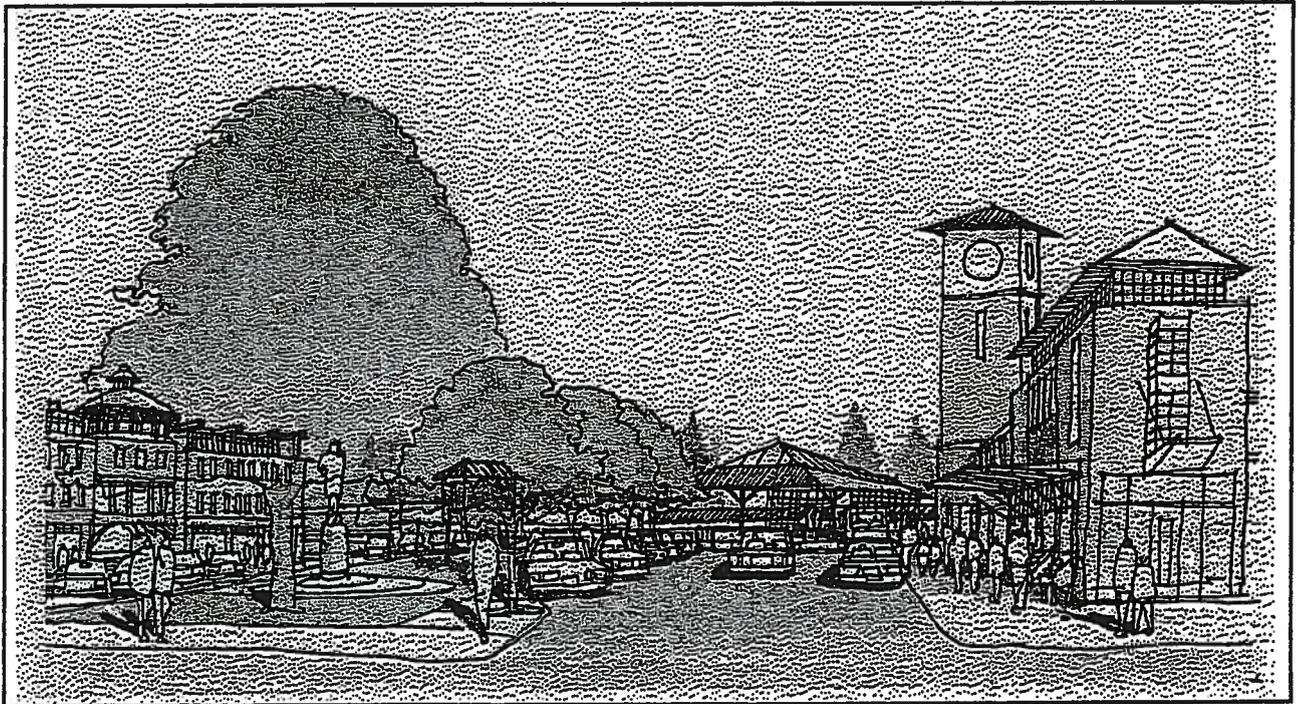
THE CITY OF MERCER ISLAND
AND
THE REGIONAL TRANSPORTATION AUTHORITY
WASHINGTON STATE

PREPARED BY
LENNERTZ AND COYLE
ARCHITECTS AND TOWN PLANNERS

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FOR THE
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LENNERTZ AND COYLE
ARCHITECTS AND TOWN PLANNERS

GREGG EASTON, GARY SCHAEFFER, NORMAN PETERSON
MARKET AND ECONOMIC ANALYSTS

WILLIAM WILLIAMS, ZGF PARTNERSHIP
PARKING AND TRANSIT CONSULTANT

C.R. DOUGLAS, SEATTLE COMMONS
IMPLEMENTATION STRATEGIST

PREPARED FOR
THE CITY OF MERCER ISLAND
AND
THE REGIONAL TRANSPORTATION AUTHORITY
WASHINGTON STATE

WORKSHOP DESIGN TEAM

Lennertz & Coyle Architects and Town Planners

Bill Lennertz	Principal-in-charge
Stephen Coyle	Principal
William Dennis	Project Designer
Laurence Qamar	Designer

ARCHITECTURAL AND PLANNING CONSULTANTS

C.R. Douglas	Seattle Commons
Randall Imai, AIA	Imai/Keller Inc.
Mark Hinshaw, AIA	
Marcy McInelly, AIA	
Gary Schaefer, AIA	
Michael Steffen, AIA	
Bill Williams, AIA	ZGF Partnership
John Boroski	Portland State University

FINANCIAL CONSULTANTS

Greg Easton	Property Counselors
Norman Peterson	CPD Estimating

PUBLIC AGENCIES

Madeline Clemann	Regional Transit Authority
Bill Dues, P.E.	Washington State DOT
Sondra Earley	METRO

CITY OF MERCER ISLAND

Mayor Judy Clibborn	
Councilmember Gordy Edberg	
Paul Lanspery	City Manager
Richard Conrad	Assistant City Manager
Diane White	Development Services Manager
Anna Kolousek	Principal Planner
Lisa Wilmeth	Planner

THE CITIZENS OF MERCER ISLAND

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The Town Center Design as Part of the Comprehensive Planning Process

The Town Center Design is a critical step in the City of Mercer Island's effort to revitalize its downtown. Begun in late 1992, the CBD Revitalization effort has been a consistent marriage of public involvement and reality-based town planning. The initial steps in the City's effort brought together more than 200 citizens into a series of planning, research, education and discussion sessions. Tempered by professional expertise, the "citizen visioning" process culminated at a May 1993 Design Charrette. The event produced a broad vision and direction for future downtown development.

This citizen vision became the foundation for the drafting of the City's (state required) Comprehensive Plan. The Comprehensive Plan, completed in the fall of 1994, describes the broad goals and strategies for future growth in the community. In order to implement this plan, the City must now rewrite the zoning code, the true regulator of growth.

An effective code for the town center must create value for the City. Rather than being seen as an impediment, a good code regulates the build-out of the town center in a predictable, feasible process. It must reflect a shared community vision of its function and its form, and it must facilitate, not hinder, those developers who abide by it.

The Town Center Design Workshop

The goal of the design workshop was to arrive at a shared, feasible vision, plan, and code for the town center. The process would bring all key players and citizens together with design professionals to test detailed alternatives.

The participants were: citizens-at-large, elected city officials, city planning staff, city Planning and Design Commission representatives, Metro and Regional Transit Authority (RTA) representatives and engineers, landowners, developers, economic and marketing analysts, planners, and architects.

The impending arrival of light rail system, or the upgrading of the regional bus system, is an opportunity to organize the downtown around the transit station. As a sponsor of the workshop, the RTA was interested in the design of the transit station and its relation to the Mercer Island Town Center, as a possible model for the region. It was important, however, that the plan of the town center not be dependent on a station, since its future is still to be determined by the regions' voters.

The workshop was held at "The Connection", a city-leased meeting facility in the center of the downtown. The facility was transformed into a complete working design center. For five days and six nights, a core design team worked continuously, incorporating the input gathered from three public design sessions. The event was publicly announced. The door was always open for interested citizens to drop by. During the 5 days, designers worked with Metro and RTA on the station, with citizens and business owners in the study area, with landowners on their development potentials, and with city on zoning codes. In order to assure that efforts were based in reality each design step was analyzed for economic and marketing feasibility.

The results were presented at the session of the City Council on December 7.



Daily public review sessions provided critical mid-course design adjustments.



Charrette team members incorporate input from public design sessions.

CITY OF MERCER ISLAND TOWN CENTER PLAN

Outcomes of the Workshop

The product of the workshop contains 4 components: The Plan and its Codes, The Demonstration Projects, The Market and Economic Analysis, and The Next Steps.

The Plan and its Codes

The intention of the Town Center Plan is to show how the area could be built out over time. It is an illustrative plan, showing feasible designs based on the code. It is comprised of the overall illustrated plan, the zoning map, and the code. There are two major public centers of the plan: Station Square and a Civic Square. In addition to the transit station itself, Station Square contains a site for a hotel, parking structures and a multi-use building for offices, retail and cinemas. The Civic Square, located to the at 30th and 78th, is intended to add day and night activity to the south of 78th street in the form of perhaps a public theater and a postal station.

Well placed, adequate parking, is important to a successful plan. The basic parking strategy is to locate it not only at the station, but throughout the downtown, specifically behind the buildings that will front the sidewalks of 78th street. The economic study shows that the market will not support the construction of parking structures - it is necessarily a public and private responsibility. Additionally, a parking management program must assure that there are adequate spaces for commercial business.

The code proposed for the town center addresses, building use, location and height. In order to promote around-the-clock activity in the town center, mixed-use, (commercial, retail and residential, within the same building), is allowed in the town center area. People will only walk when it is interesting and safe. In order to make streets that encourage pedestrian activity, buildings are required to line the sidewalk with their parking behind. All major entries must be off the sidewalk. This sidewalk-focused activity brings supervision and safety to the street as well as visual interest.

The comprehensive plan has a 5 story maximum for the town center. In order to allow views throughout the downtown and to ensure variety of building mass along the street, the 5 story sites are reserved for corners only. Midblock sites have a maximum of three stories with a 10 foot setback and a two story maximum with zero setback.

The Demonstration Projects

The feasibility and vision of the plan was tested on four demonstration sites. Working with local landowners, architects developed alternative designs and phasing strategies for four sites. Marketing and economic analysis was done on each. Demonstration project #1, primarily a residential project with some ground floor retail, proved most feasible in today's market.

Marketing and Economic Evaluation

Present at the workshop was Greg Easton, the author of the recently completed *Economic Analysis of Proposed Downtown Land Use Plan*. This study provided a valuable foundation for the design effort. Analysts were able to make use of recent data when advising designers and in the specific analysis of the demonstration projects.

The major points of the market analysis of this previous study are:

- The Mercer Island Downtown can expect to attract the Island's employment growth and multifamily development.
- Office development in the downtown will attract primarily Island-serving uses, but may also attract some regional serving uses.
- The downtown retailers can attract spending by both local and non-Island residents.
- The Island could attract either a highway oriented hotel or smaller specialty inn.

The major points of the financial analysis of this previous study are:

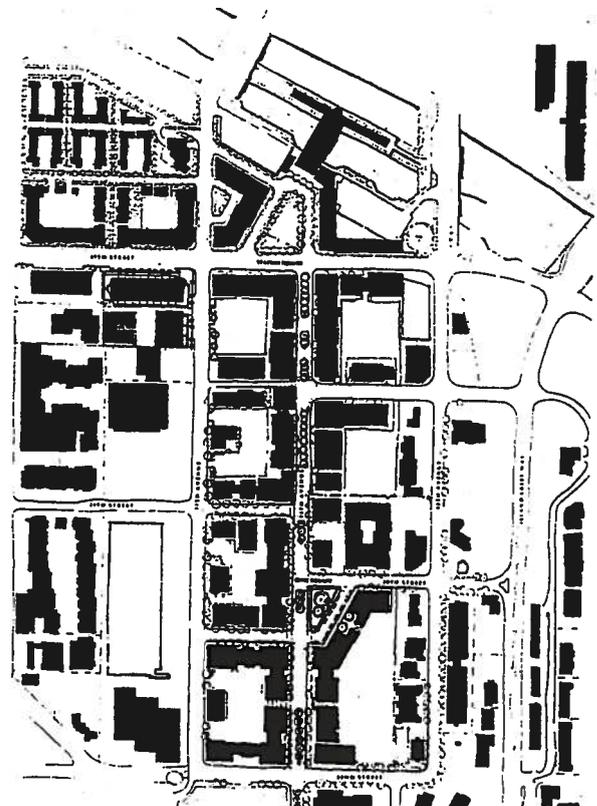
- Residential development is the most feasible use in the near term. The prospects of other uses will improve as local and regional development pressures increase.
- Structured parking is not supportable at this time without public assistance.
- Ground floor retail can be a strong contributor to development feasibility on good retail sites.

(See appendix for a complete *Summary of Previous Economic Study*).

The Next Steps

Plans without a clear strategy for achieving them are those which gather dust on the shelves of municipal libraries. The workshop benefited from the advice of C.R. Douglas of the Seattle Commons. The Mercer Island Town Center shares many of the same challenges as the Commons project: it is basically a private/public venture to redevelop a single use area into a vibrant mixed-use center. The full set of recommendations are at the end of this report. The major points are to:

- Create a shared vision.
- Establish a new entity to be a "custodian of the vision."
- Make a headquarters of operation in the town center area.
- Initiate creative fundraising.
- Enact a community outreach program.

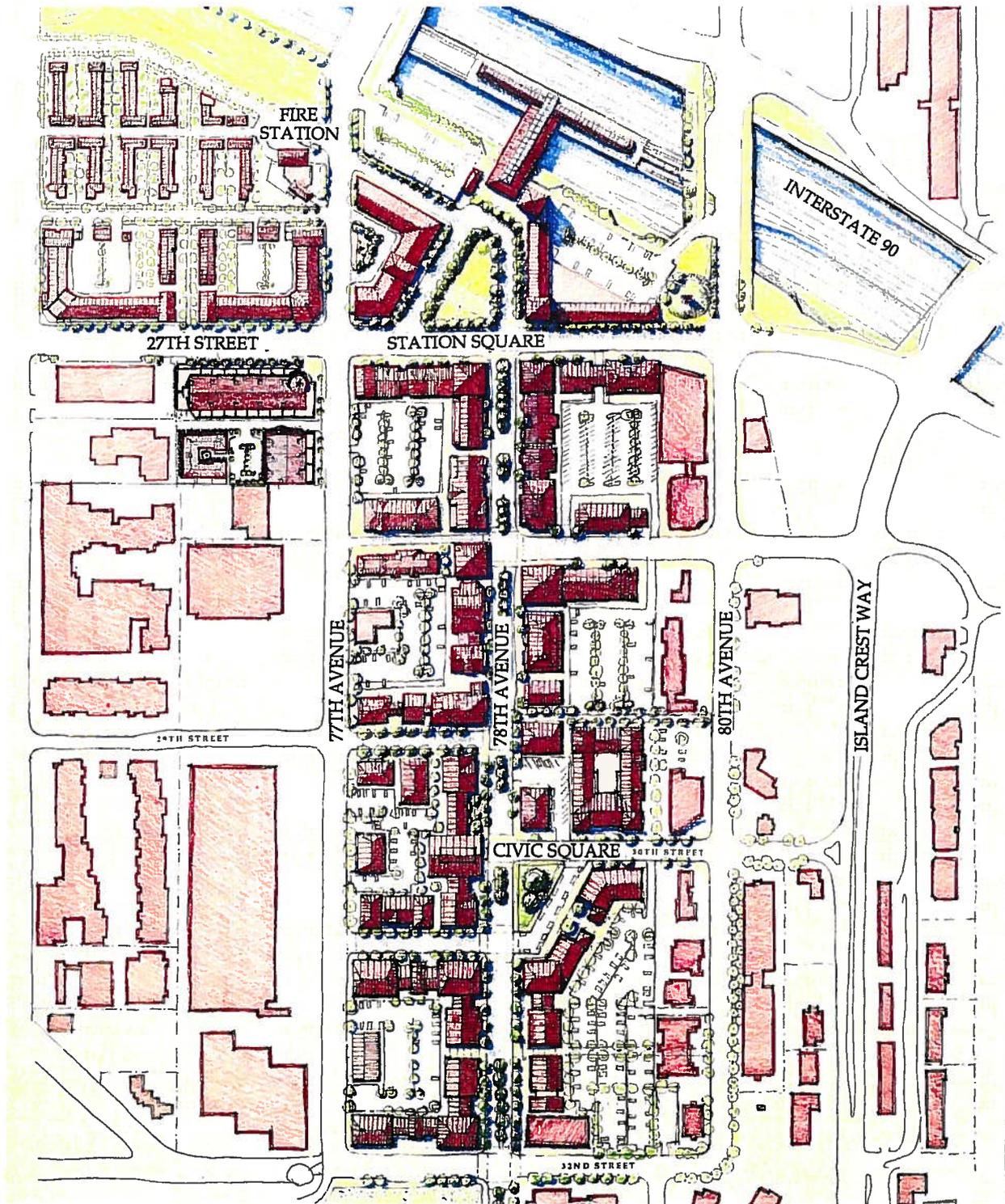


EXISTING DOWNTOWN

Downtown Mercer Island is currently dominated by a pattern of single use, low rise buildings, separated from the street by parking lots. The new street improvements, however, now provide the infrastructure upon which to build pedestrian oriented streets. The existing blocks west of 78th are 800 feet in length; far too long for sufficient circulation of cars and pedestrians.

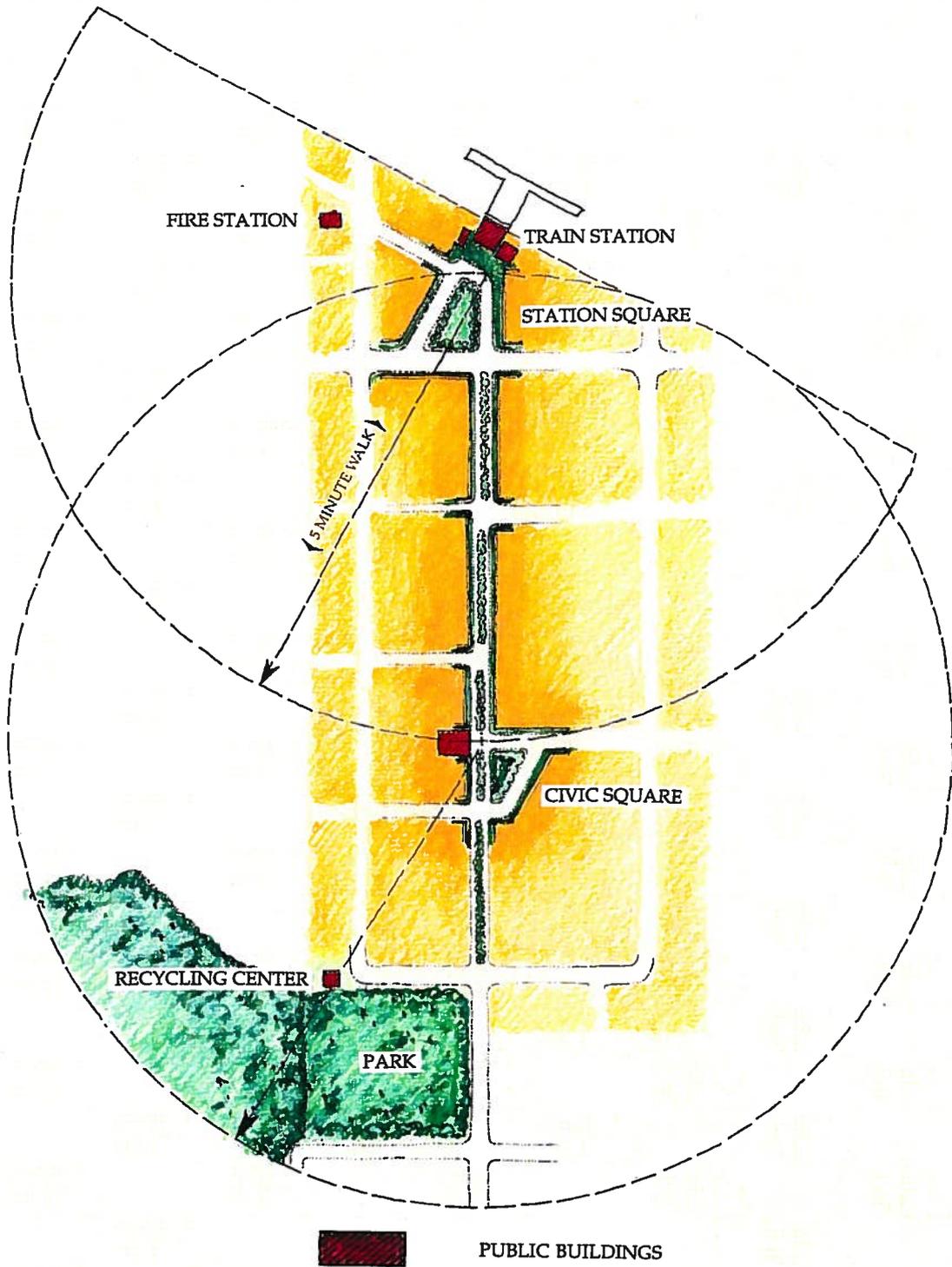
TOWN CENTER PLAN

The Town Center Plan reverses the existing pattern by locating buildings long the sidewalks (setback between 0 and 10 feet) and moving the parking out of sight behind the buildings. Parking lots are accessed off secondary streets only. The large blocks are broken up with a new 31st street and a 30th lane.



The Town Center Plan is based on the Comprehensive Plan which identifies the entire district as a mixed-use zone with the development of 78th Avenue as the major pedestrian-oriented retail street, a location of a "town center" around the intersection of 27th and 78th, and a major parking facility in the station area north of 27th and 78th. The plan creates a "station square" as the town center, and lines 78th with mixed-use buildings that have ground floor retail with parking behind. A second civic square is located at 30th and 78th to bring day and night activity to the south end of the street. In order to increase circulation, the proposal calls for the creation of two new streets, 26th between 76th and 77th, and 31st street between 77th and 78th and an extension of 28th west of 78th as a lane.

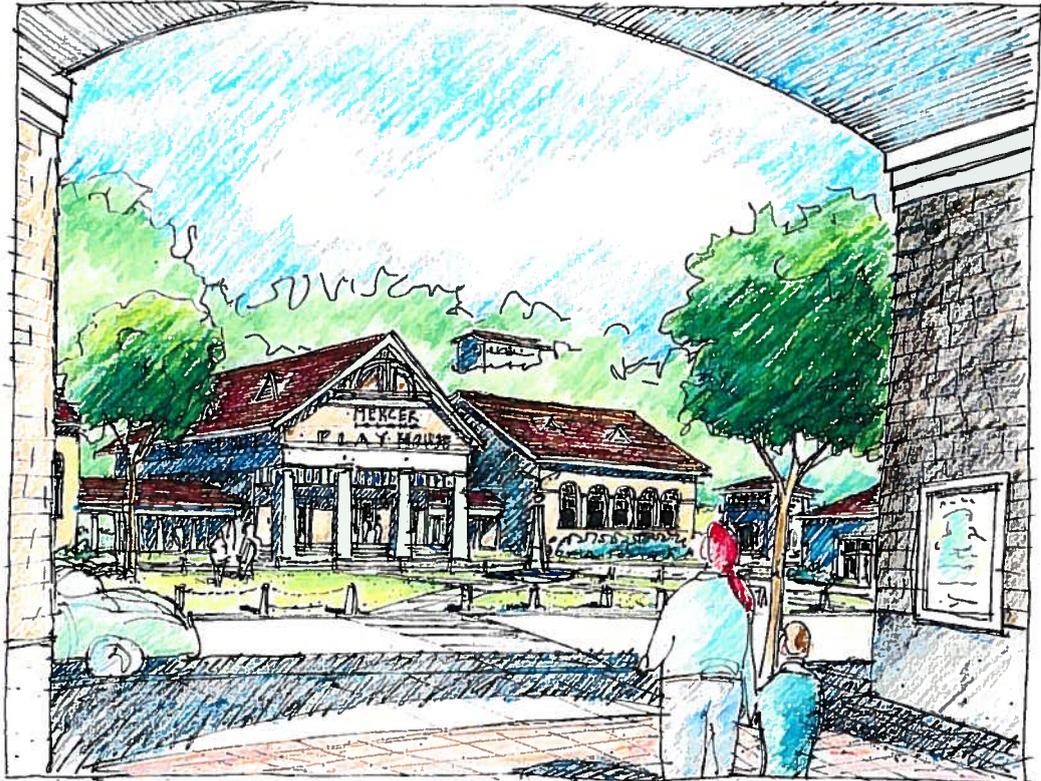
CITY OF MERCER ISLAND TOWN CENTER PLAN



PUBLIC SPACES & BUILDINGS

The quarter-mile or a 5 minute walk, is the measure of a neighborhood. In the Town Center Plan, there are placed the Station Square, with the transit station, and The Civic Square, with its public theater, a quarter mile from each other. Within another quarter mile south of Civic Square is the Mercerdale Park, site of the recycling center, a social magnet. This even distribution of public spaces and building will act as the social centers of downtown.

CITY OF MERCER ISLAND TOWN CENTER PLAN



THE CIVIC SQUARE

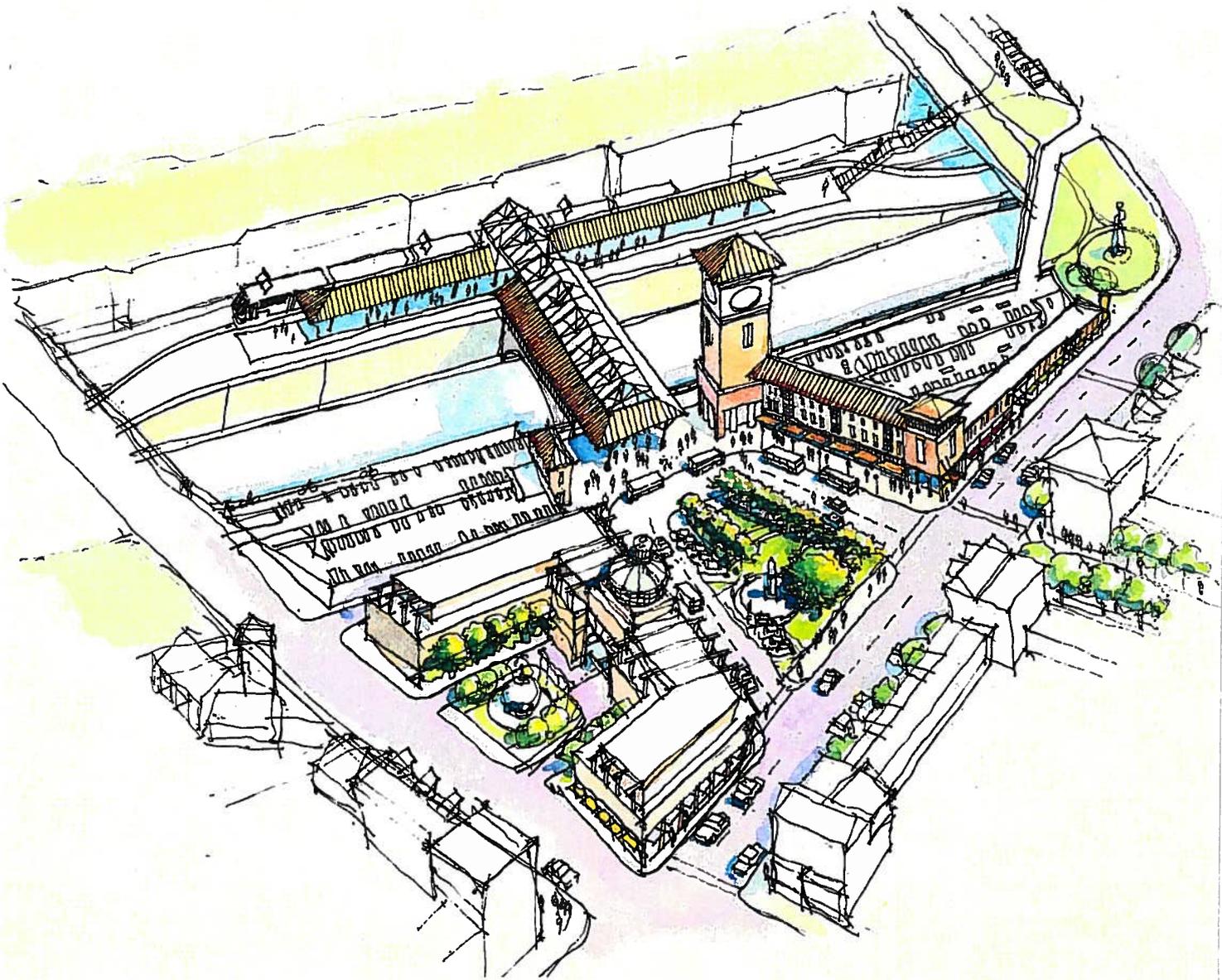
A public theatre on the new square at South 78th Street would provide nighttime activity.



STATION SQUARE

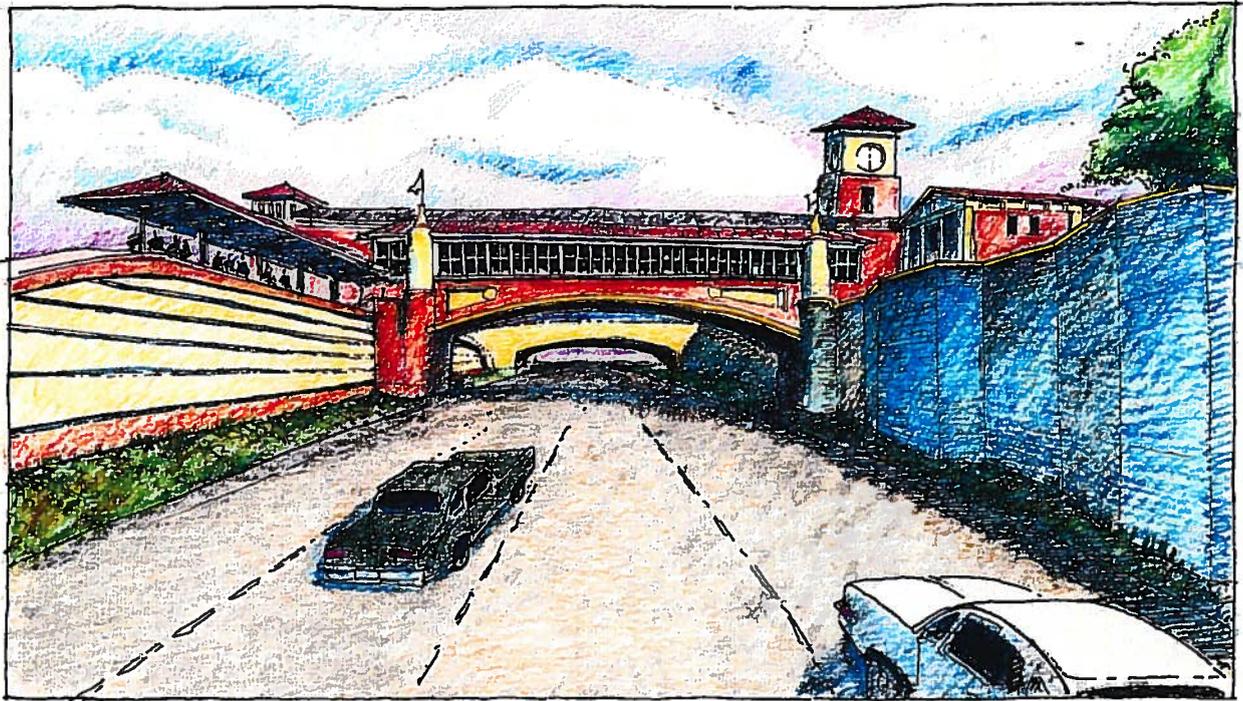
A retail / office building, train station and hotel provide around the clock activity on the new square.

CITY OF MERCER ISLAND TOWN CENTER PLAN



STATION SQUARE FROM ABOVE

Station Square is defined by three buildings: the station, a hotel with meeting rooms, and an office/retail/theater building. Within the square is a half acre park placed amongst a convergence of retail, day care, city offices and transit drop-offs and pick-ups - a center of civic activity.



MERCER STATION FROM INTERSTATE 90

The station platform itself is within the I-90 right-of-way, and is raised above the roar of the automobile traffic to a level about 10 feet below Station Square.



THE HOTEL AT STATION SQUARE

The hotel has a green court entry off 77th which is through an open archway to the station square. The Square and the hotel court provide more artwalk opportunities. Hotel guests can walk or commute to their appointments and enjoy the restaurants and theaters in the evening, strolling 78th Avenue.



MERCER STATION

Those arriving at the station can drop off the kids at day care and laundry at the cleaners, grab a newspaper and a coffee on the bridge, and board the train.

ECONOMIC ASSESSMENT OF OVERALL DESIGN CONCEPT

The overall design concept addresses certain economic principals and is responsive to the findings of the previous study. The key elements of the concept from an economic perspective are described below.

MIX OF USES

The concept includes a mix of uses which draw support from off-island, the island as a whole, and from the downtown itself.

- There is a range of housing available from two story townhouses to housing over retail, to park-like residential blocks. The characteristics of the housing in the downtown will change over time in response to other development. Initially, the development will likely feature large units in single purpose residential structures (or structures with some retail).
- Office development is provided in street front facilities, between retail and residential in mixed use facilities, or in commercial structures (including office and retail). Such development would meet the needs of Island-serving office users.
- Retail development is accommodated in street front space for convenience retail, small scale retail complexes on the ground floor of mixed use buildings, and at stands and carts. Large scale retail such as grocery stores would remain where they currently exist. There are various sites offering special opportunities for restaurant development - either around public plazas, central courtyards or upper level view space. A movie theater is shown. Such a theater could offer classic, art, or second run films; or if competitive conditions warranted, offer first run films in a multi-screen format.
- Hotel development is shown on a site facing on the station square. Such a site offers the kind of high amenity setting which would be necessary for a specialty inn as suggested in the previous market overview.

PROVISION OF PARKING

Provision of parking is a key element of the plan. Parking must be ample in amount and conveniently located to meet of the needs of tenants and users; designed to avoid the image of a vast open parking lot; and available to developers at an affordable development cost. The plan calls for 2 structures offering parking for commuters adjacent to the rail station. This parking could be made available in off-hours for other users.

Other parking is to be offered in the interior of blocks throughout the downtown. Such parking must be designed to assure service access to adjacent buildings and preserve an attractive outlook for tenants of adjacent office or residential development. Some mechanism must be devised to allow for coordinated management of parking facilities and some form of public subsidy. One possibility is a downtown business improvement association which could manage publicly funded parking structures on privately owned land.

CREATION OF AMENITY

The type of development which the City desires and which is shown in the plan will require higher rents and sales prices for the new uses. Such increases will only be supportable if the market perceives the downtown as an attractive place to locate. The plan shows several amenities which will contribute to this perception.

- The Station Square is the focal point of the development at the north end of downtown.
- The small square at 30th and 78th provides a similar feature to the south.
- The pedestrian oriented 78th provides a link between the two, effectively connecting the downtown from north to south.

Additional public amenities to the east and west of 78th should be incorporated over time to enhance the entire downtown.

USER DRAW

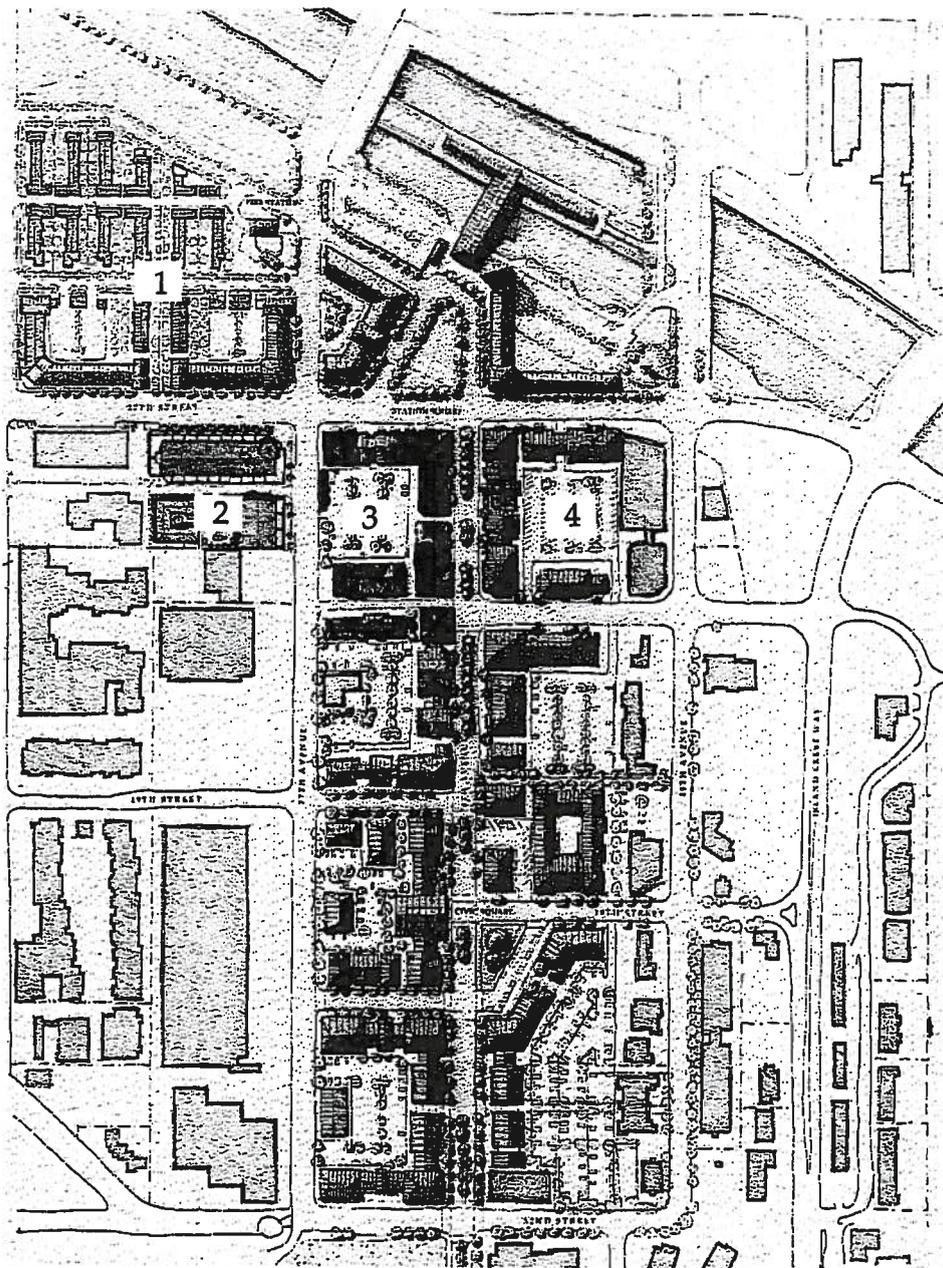
Inclusion of a special attraction can provide a catalyst for additional development. The plan includes several such attractions.

- The transit station will generate traffic including both inbound and outbound commuters. These users will require a variety of convenience goods and services - coffee, newspapers, drycleaning, and daycare. In addition, these users will be exposed to other businesses which they may choose to patronize at times other than their daily commute.
- The public facilities such as a community center or community theater will attract users to the downtown. Such facilities may complement the transit station as they attract users in the evening and/or weekends.
- Some private commercial establishments create a significant draw both locally and regionally. Certain restaurants achieve this status as do certain specialty retailers. Similarly a movie theater can serve as this type of draw.

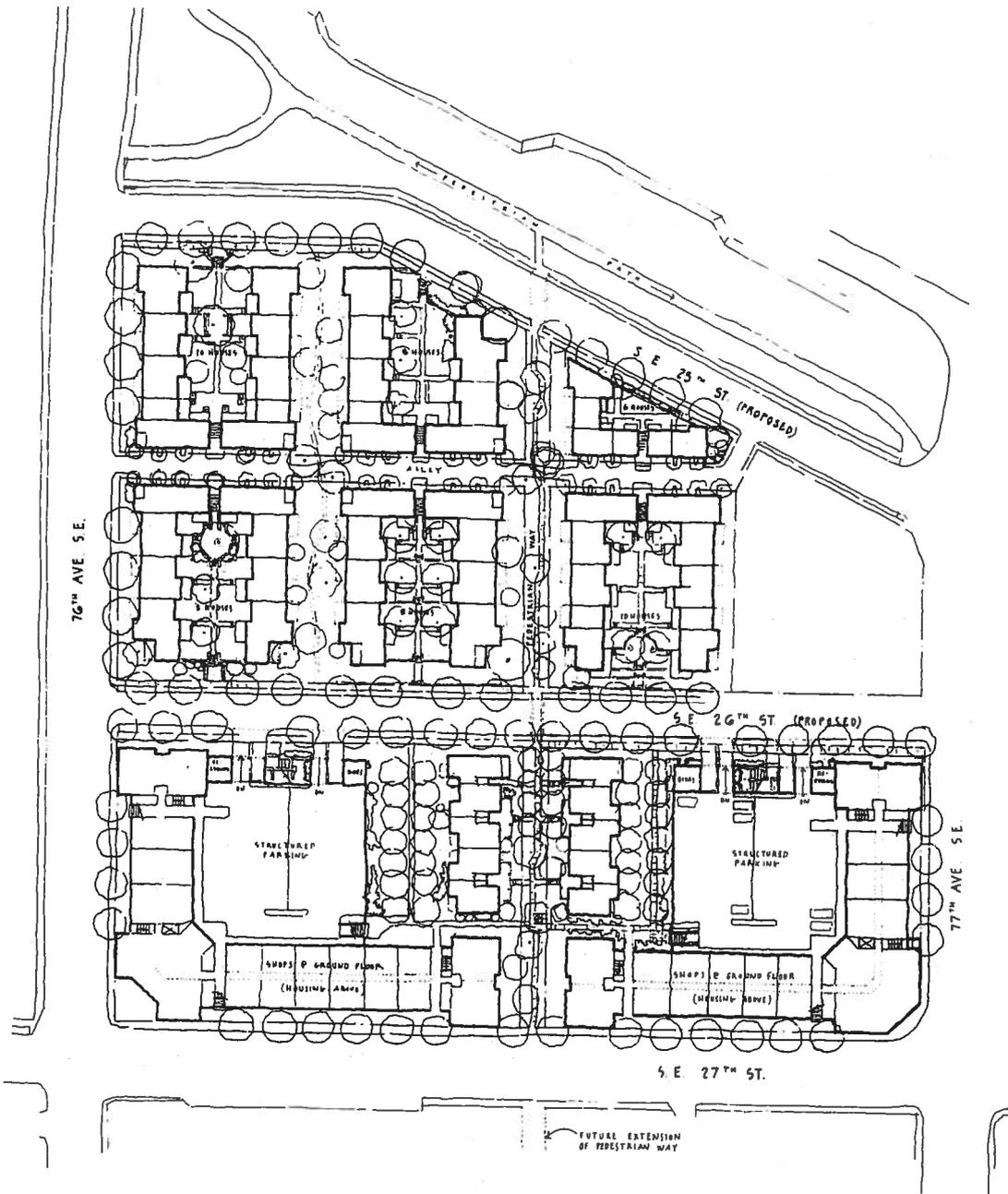
OBJECTIVES, FOR DEMONSTRATION PROJECTS

The conclusion of the previous economic analysis and the assessment of the overall concept support the identification of demonstration projects which offer the following:

- A demonstration project offering residential development with ground floor retail space and surface parking would be feasible and could be developed now.
- Demonstration projects featuring higher intensity mix use development can be developed over time to take advantage of the new amenities created in downtown as well as investments in public parking and other elements of a coordinated parking strategy.



In addition to the Station Square, four demonstration projects, comprising the surrounding parcels, were detailed in the workshop. The purpose was to test the zoning and architectural coding proposals for financial/market feasibility. Each project was designed in 1/16" scale and under the market advise and financial analysis of the economic team. The conclusion of the previous economic analysis and the assessment of the overall concept support the identification of demonstration projects which offer the following: a demonstration project offering residential development with ground floor retail space and surface parking would be feasible and could be developed now, and demonstration projects featuring higher intensity mix use development can be developed over time to take advantage of the new amenities created in downtown as well as investments in public parking and other elements of a coordinated parking strategy.



DEMONSTRATION PROJECT #1

27th Street is lined with three story apartment buildings with ground floor retail and surface parking. North of 27th are townhouses with parking tucked under, arranged around green courtyards. A new extension of 25th Street increases circulation and allows the easy development of the north area of the site. Property ownership allows the key site at the corner of 77th and 27th to be developed without further land assemblage.

CITY OF MERCER ISLAND TOWN CENTER PLAN



TOWN HOUSES

Townhouses are arranged around garden courtyards resulting in a low scale appearance on the street.

Response to the Market

The demonstration project responds to the current strong conditions for condominium development. Assumed sales prices for the residential units are equivalent to current values of \$140-150 per square foot, at the low end of the range identified in the market overview. This assumption reflects the fact that this project would be one of the first under the new Downtown Plan. It would benefit, however, from the established retail development on the south side of 27th. Marketability of the condominiums will be sensitive to future development of property to the north. Development regulations prepared for the downtown must have provisions to maintain view corridors and assure an attractive development setting.

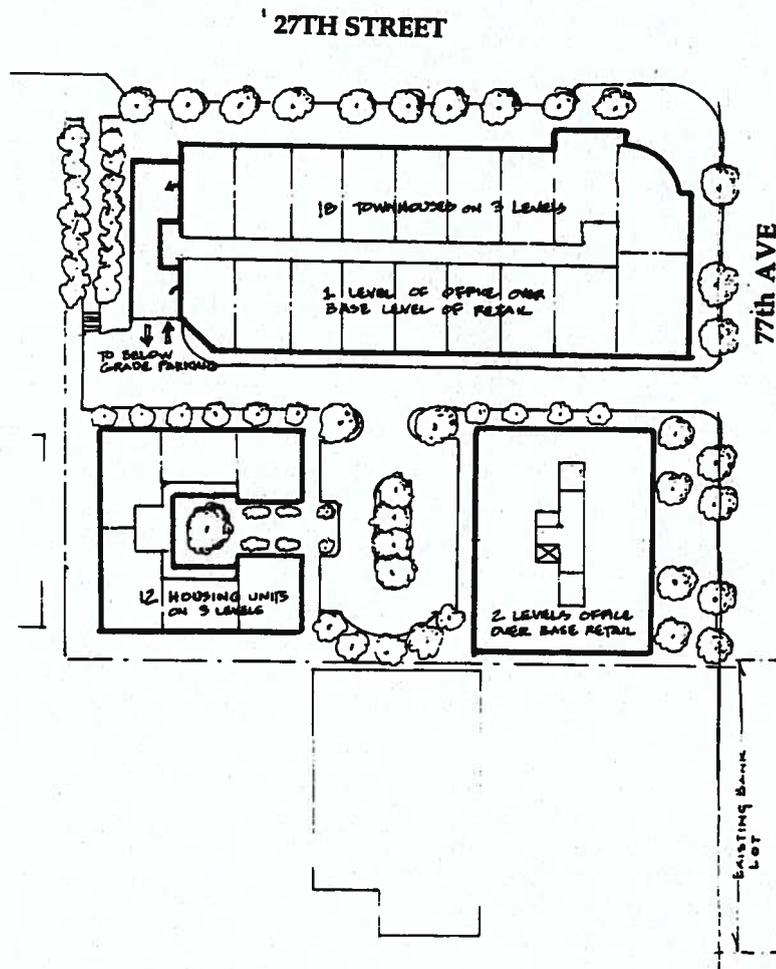
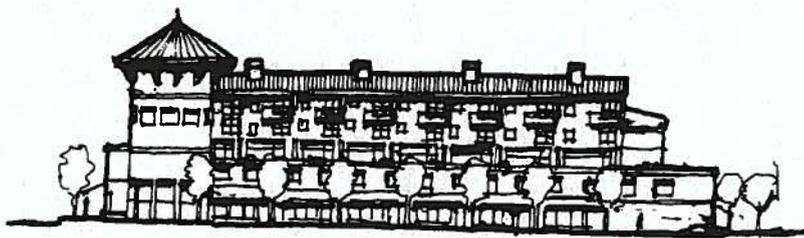
Feasibility Requirements

The demonstration project was subjected to the same feasibility analysis as was used in the Downtown Economic Study. That analysis considers the project as a whole and each individual use. The projected annual income is translated into a value for the completed development. That value is compared to the cost of development. If the value exceeds the cost, the development is feasible under the stated assumptions. If not, the analysis calculates the conditions which would have to exist - in terms of land price, construction cost or rental rates. The financial spreadsheets and the construction cost estimates are included in an appendix to this report.

The results of the feasibility analysis indicate that the demonstration project is feasible given the stated assumptions.

Timing of Development

The project could be developed in the immediate future given current market conditions. The only qualification is that development regulations must be in place to assure complementary development on the property to the north.



DEMONSTRATION PROJECT #2

Project #2 can be developed over time because it has 3 separate buildings. The buildings combine ground level retail on 77th and 27th with offices and townhouses above. A three story apartment building occupies the southeast corner of the site. Parking positioned below grade.

Response to Market

The project responds to current market realities in that one of the structures is residential only, the use with the strongest support in the market. Office space is provided in the other buildings, and such development may be justified at a later time.

Feasibility Analysis

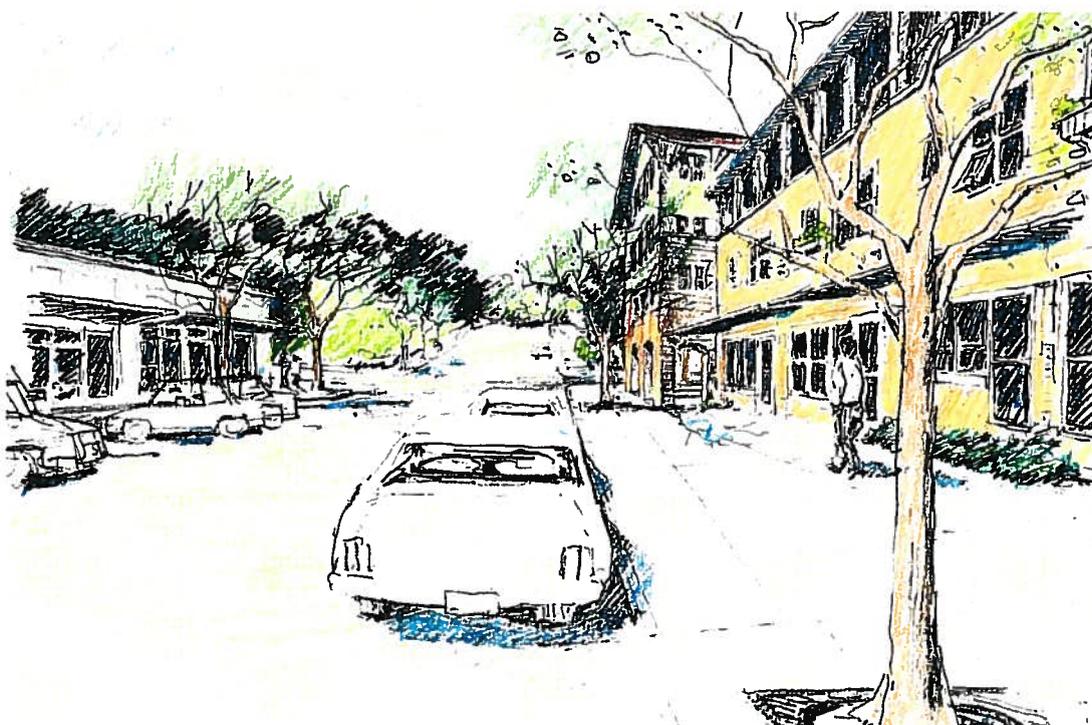
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The overall project is not feasible at this time. There are two primary reasons for the result: the office development cannot support its costs given current market conditions, and the cost of underground parking is greater than the project can support. The demonstration project would be feasible, when:

- Office rents reach a level of \$24 per square foot per year (versus an assumed value of \$19).
- The net cost of parking development is reduced through a combination of revenue generated from charges for parking and some public funding of structured parking.

Timing of Development

Market conditions will improve through a combination of the recovery of the regional office market and increased desirability of downtown Mercer Island. The former condition will certainly occur within the next five years while the latter will occur over a longer period with implementation of many of the public plan elements.



27TH STREET APARTMENTS

Apartments above retail bring around the clock activity to 27th street.

DEMONSTRATION PROJECT #3**Response to the Market**

The demonstration project combines residential uses which are strong given current market conditions, and commercial uses which will benefit from the proximity to the transit station, and the public amenities in the area.

Feasibility Requirements

The demonstration project was subjected to the same feasibility analysis as was used in the Downtown Economic Study. That analysis considers the project as a whole and each individual use. The projected annual income is translated into a value for the completed development. That value is compared to the cost of development. If the value exceeds the cost, the development is feasible under the stated assumptions. If not, the analysis calculates the conditions which would have to exist - in terms of land price, construction cost or rental rates.

The overall project is not feasible at this time. There are two primary reasons for the result: the office development cannot support its costs given current market conditions, and the cost of underground parking is greater than the project can support. The demonstration project would be feasible, if and when:

- Office rents reach a level of \$21 per square foot per year (versus an assumed value of \$19).
- The net cost of parking development is reduced through a combination of revenue generated from charges for parking and some public funding of structured parking.

Timing of Development

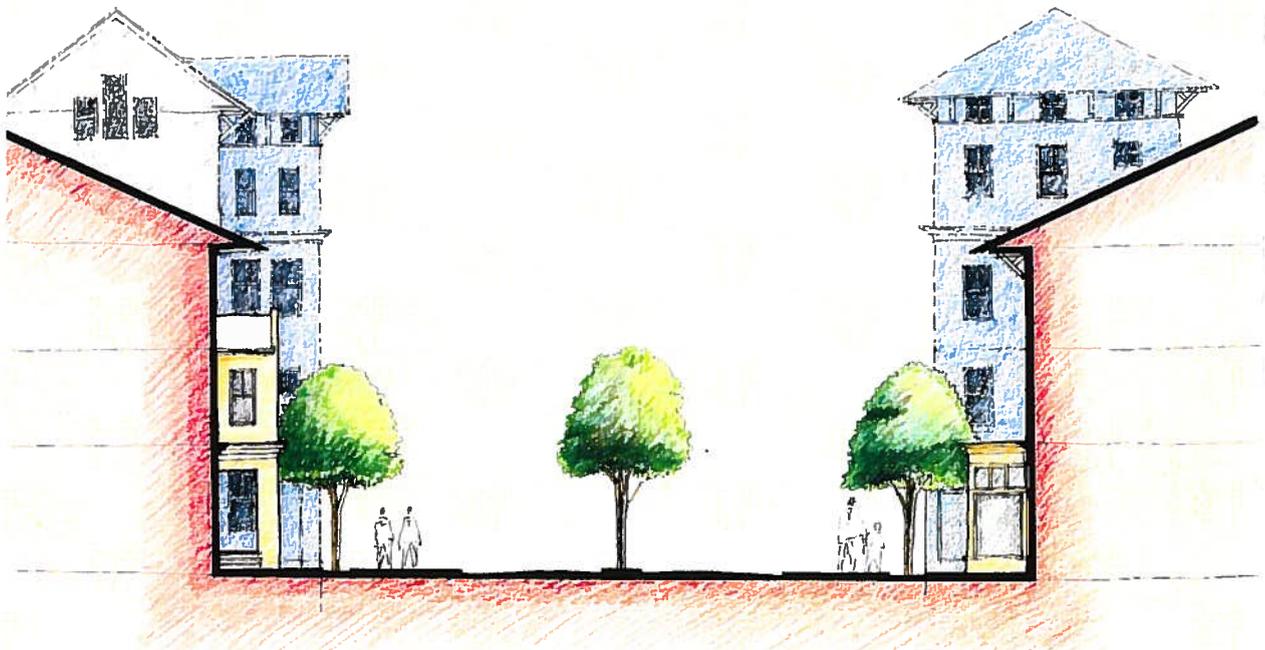
Market conditions will improve through a combination of the recovery of the regional office market and increased desirability of downtown Mercer Island. The former condition will certainly occur within the next five years while the latter will occur over a longer period with implementation of many of the public plan elements. The improvements shown for Station Square will have a significant positive impact on the marketability of this project.

It may be feasible to develop the project in phases to increase utilization of the site without jeopardizing the income stream from existing buildings.



27TH STREET AT STATION SQUARE

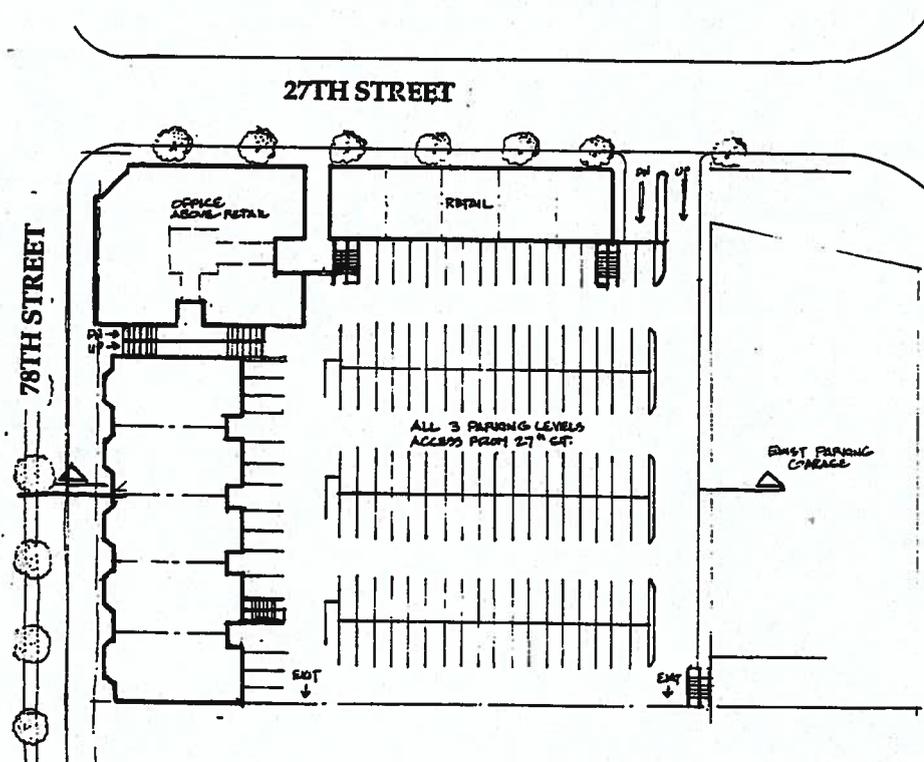
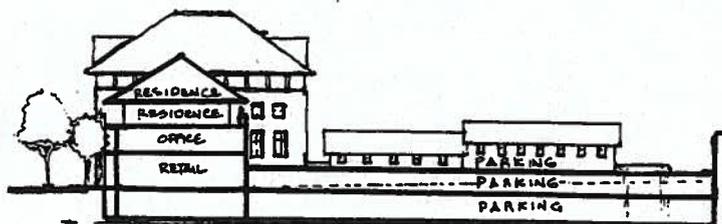
Theatres, office, retail and residential surround the station square area.



78TH AVENUE

The predominant street section is three stories setback ten feet from the sidewalk. One to two story bays may encroach within four feet. Five stories are allowed at corners with zero setback.

CITY OF MERCER ISLAND TOWN CENTER PLAN



DEMONSTRATION PROJECT #4

A five story retail/office building is positioned at the northwest corner, with a three story retail/office/residential building on 78th. The 27th street building is a 1 1/2 story retail structure. Parking is three levels, 1 1/2 of which are below grade.

DEMONSTRATION PROJECT #4**Response to Market**

The demonstration project combines residential uses which are strong given current market conditions, and commercial uses which will benefit from the proximity to the transit station and the public amenities in the area.

Feasibility Requirements

The demonstration project was subjected to the same feasibility analysis as was used in the Downtown Economic Study. That analysis considers the project as a whole and each individual use. The projected annual income is translated into a value for the completed development. That value is compared to the cost of development. If the value exceeds the cost, the development is feasible under the stated assumptions. If not, the analysis calculates the conditions which would have to exist - in terms of land price, construction cost or rental rate.

The overall project is not feasible at this time. There are two primary reasons for the result: the office development cannot support its costs given current market conditions, the residential development does not quite cover its development costs and the cost of underground parking is greater than the project can support. The demonstration project would be feasible, when:

- Office rents reach a level of \$25 per square foot per year (versus an assumed value of \$19).
- The net cost of parking development is reduced through a combination of revenue generated from charges for parking and some public funding of underground parking.
- The residential development can achieve a balance of cost of development and support able sales prices.

Timing of Development

Market conditions will improve through a combination of the recovery of the regional office market and increased desirability of downtown Mercer Island. The former condition will certainly occur within the next five years while the latter will occur over a longer period with implementation of many of the public plan elements.



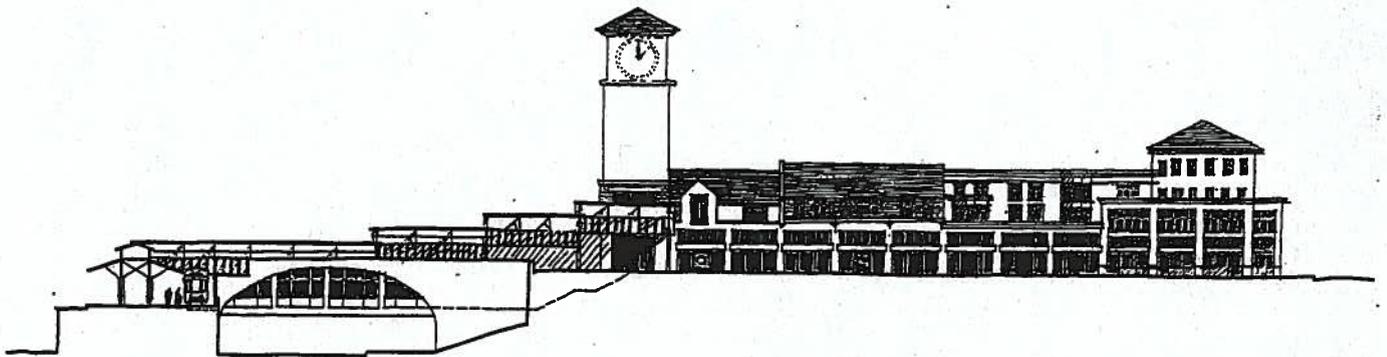
78TH STREET

Buildings vary between one and one half stories mid block to five stories on the corners.
Setbacks allow for cafes and plantings.



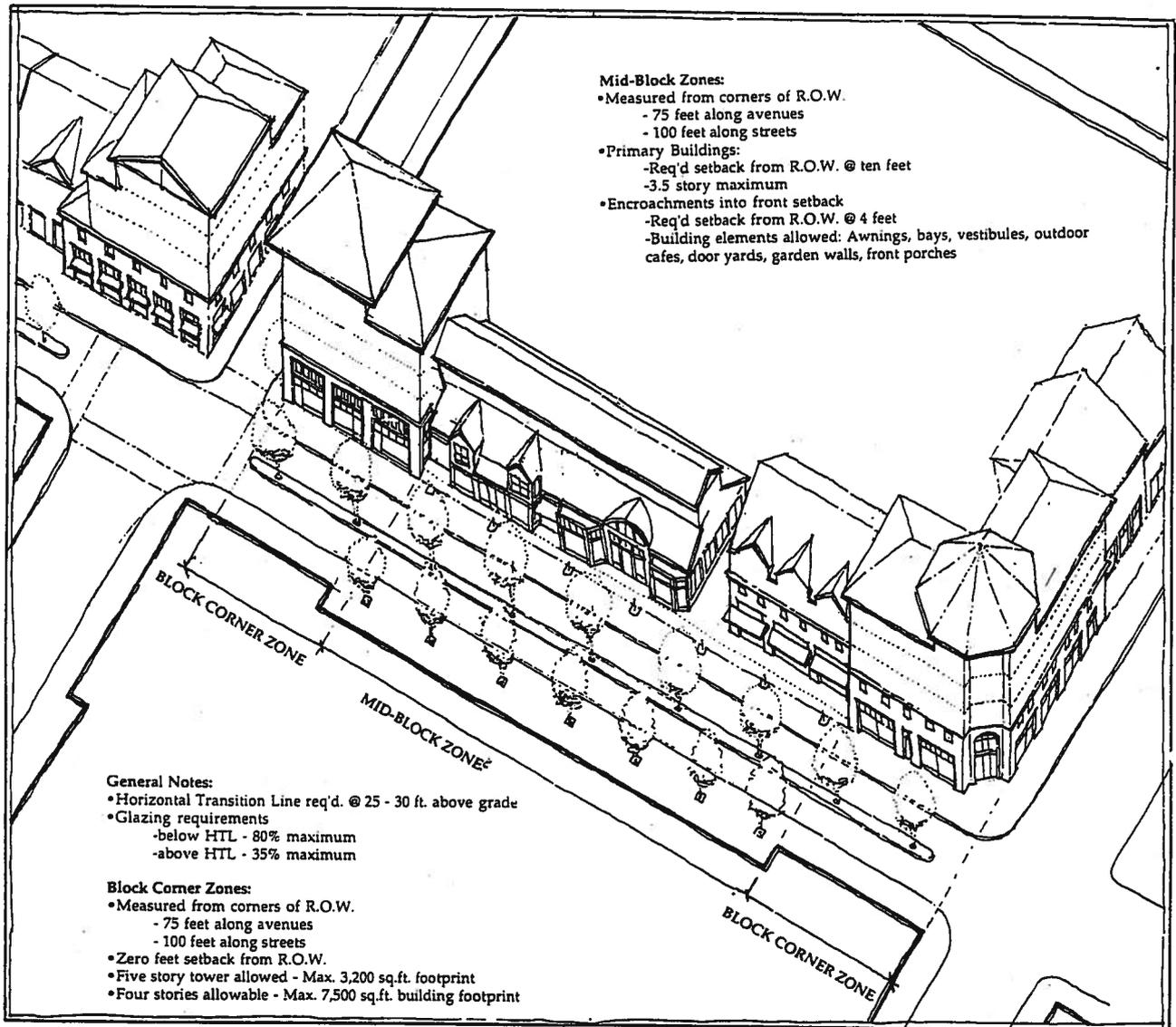
78TH AVENUE BUILDING ELEVATIONS

Mixed use buildings of ground floor shops, upper floor apartments and offices with mid block parking, vary in height from as low as one floor in the mid blocks to five stories at the corners.



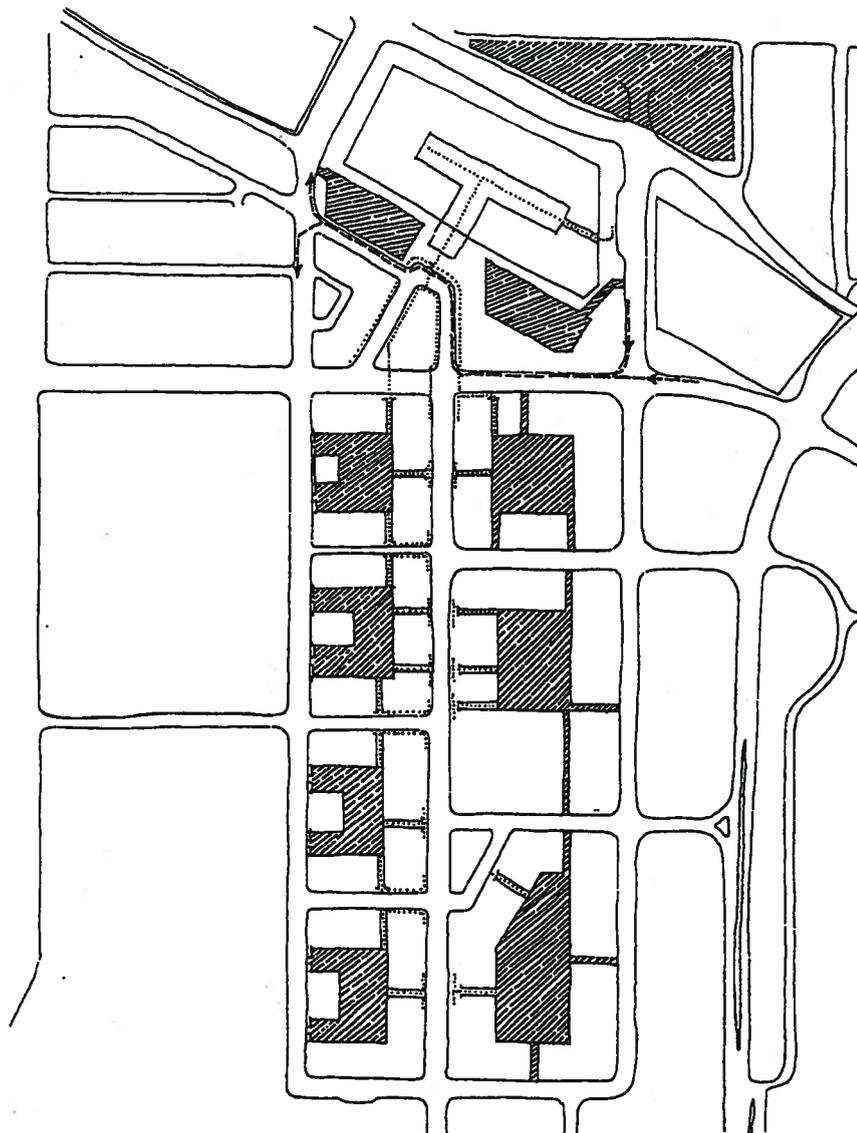
STATION SQUARE BUILDING ELEVATIONS

The pedestrian's walk through the Station Square to Mercer Station is lined by mixed use buildings, which back onto the highway and park & ride lots.



BUILDING PLACEMENT AND MASSING

The placement of buildings along 78th is intended to provide a variety of height and setback while maintaining a unified street edge. In general, corner sites are allowed to be built to 5 stories and are placed to the sidewalk right-of-way. Mid-block sites can go to 3 1/2 stories and are set back 10 feet from the right-of-way, with 2 story building elements set back 4 feet. These setbacks give way to existing trees and provide space for outdoor seating and displays, (see details in above drawing).



DRAWING KEY

-  ON SITE PARKING
-  PARKING LANE
-  PEDESTRIAN WAY
-  BUS ACCESS AND EGRESS

CARS AND BUSES

In order to activate 78th street with pedestrians, the parking is distributed in the center of each block. Car access is from the secondary streets, with pedestrian paths linking the lots to 78th. Parking is managed so that adequate spaces are guaranteed for commercial, and residential uses. The local bus system serves the station by entering Station Square at 78th and exiting the square via the new street north of the hotel.

Introduction

Mercer Island now faces the challenge of taking the bold Town Center vision and making it a reality. This chapter offers some guidance in that endeavor. It bases its recommendations on the successful implementation strategy used by the Seattle Commons project, a redevelopment effort in the South Lake Union area of downtown Seattle.

Making It Work on Mercer Island: Start with a Vision

How do you make the Town Center design work? Step one is to create the "vision". The workshop has successfully done that. The Seattle Commons project began when Seattle Times columnist John Hinterberger proposed the vision of a grand park in South Lake Union. In that article he included a visual inset of what the park would look like from the air. The next big boost for this vision was a design workshop sponsored by the University of Washington in the spring of 1992. What resulted was a tremendous visual image, just as the ones that were produced during Mercer Island's workshop.

Any redevelopment as large as that being contemplated on Mercer Island will need the direct endorsement of literally hundreds of people, including landowners, developers, employees in the area, business owners in the CBD, surrounding residents, City Councilmembers. And that is just the beginning. Support will be necessary from the thousands of others who live and work on Mercer Island. After all, they will be the ones "using" the new Town Center in the future. Nothing short of a compelling vision will assure the allegiance of such a disparate group.

Mercer Island has done a fine job creating such a vision. Results of the design workshop have already attracted the interest of many groups, including landowners, whose cooperation with the city and "citizen" planners would not otherwise be expected.

But where does Mercer Island go from here? How does it take the vision that has emerged from the five-day workshop and sustain it? This is where the experience of the Commons is very instructive.

Mercer Island needs to do the same. Whether it creates an entirely private 501(c)(3) non-profit like the Commons, a Public Development Authority (PDA), or some other entity doesn't probably matter. The important attribute is that it be separate from the city and somewhat independent. Once established, this entity will need to involve a mix of all of the key players on its board — landowners, business owners, residents, employees, civic leaders, design experts, and others. The Commons board is 60 people strong and still growing. Representation runs the spectrum from former Governor Dan Evans to a school teacher who lives in the planning area. Still others are involved in ongoing working groups. The Commons has over a dozen such groups, including Housing, Transportation, Public Safety, and — perhaps most important of all! — Parking. Almost all of these groups are relevant to the situation on Mercer Island. The board and working group model has proved very valuable for including the widest number of people and thereby spreading ownership of the project over a tremendously diverse base. By involving so many people at so many levels, the Commons effort rivals any citizen planning initiative ever seen in the City of Seattle.

Not everyone, of course, is going to "share" the vision, especially not at first. However, the more people are involved in the process the higher the acceptance rate. People who would not have supported the Commons plan did so after involving themselves and thereby becoming better acquainted with the overall mission. Like the Commons, Mercer Island's plan is sophisticated

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and involves a complex set of tradeoffs. They won't be sufficiently appreciated by those who are distant from the process. The Commons has over 250 people involved in working groups — all of whom helped develop the details of the plan.

The custodian entity, however, needs to be flexible enough to allow for amendment when better ideas come along. Several key components of the Commons plan — including zoning, park boundaries, and affordable housing targets — were altered when people involved themselves and made compelling arguments that some recommendations be reconsidered. Mercer Island needs to trust that what was produced during the five-day design workshop will evolve into a better product over time. Don't be afraid for that to happen. The Commons vision has grown and improved in the last 2 1/2 years by such post-design input.

Giving the vision an organizational home ensures that it won't sit on a shelf and rot. And because this structure takes the leadership out of the hands of the city, it allows for a great deal of citizen participation and, accordingly, ownership. The Commons has found that a private entity whose sole focus was planning for South Lake Union got more done — and faster — than the City's Planning Department would have, because of all the other city planning projects that would have competed for staff time.

The luxury of conducting planning through a private organization, or even a quasi-private organization, requires a good amount of fundraising, which is the next topic to consider.

Creating a "Custodian" of the Vision

The single most important lesson about implementation to learn from the Commons is to find the right mechanism to act as the "custodian" of this vision that has now been created. John Hinterberger, though a fine man, could not have sustained his dream for a magnificent park in South Lake Union alone. A group of interested citizens — independent of the City — set up a non-profit corporation with a board of directors and small staff. At first, the staff was not getting paid. The Commons director, in fact, donated 6 months of his time to getting the embryonic organization off the ground. Many Commons staffers began as volunteers, some even for months.

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Fundraising: The Public/Private Partnership

Many react to talk of a private entity with enthusiasm, but soon thereafter ask: "This sounds great, but you can't do it without money!" That's right, but probably not as much as the questioners think. The Commons has been as successful leveraging volunteer effort as it has been in raising money. The board and working groups members have donated countless hours of professional expertise to the cause of moving the project forward. That effort has been accompanied, to be sure, by success in receiving private dollars to help advance that cause.

In October of 1992, Paul Allen extended to the Commons a generous \$20 million line of credit for property acquisition. That gesture has been tremendously valuable in allowing the organization to buy key parcels to hold for eventual conversion to park space. Land acquisition has also been valuable as a symbolic show of momentum. There is no magic about how to convince those with such means to become involved. Mr. Allen and the others who have contributed to the Commons project did so because the vision was solid, the organizational structure was in place, and the need was clearly demonstrated.

If the Commons experience is a good guide, Mercer Island should be able to find the funds to sustain some kind of organizational custodian — not to mention land purchases — if it is done right. Island citizens are too committed to making their city a better place not to nurture good projects. Mercer Island will get private financial participation if it demonstrates that it deserves such help. Be creative. Sell bricks to the plaza to gain some seed money for the effort. Go to the foundations that specialize in giving to such planning projects. There are several foundations — local, regional, and national — that give to efforts whose advantages are as numerous as the Town Center design. Grantmakers have a right that Mercer Island clearly demonstrates the success that will be achieved by funding a private group; if it does, Mercer Island is likely to find there's more than enough goodwill to help out. The City will probably need to jump-start

the effort with some funds. But it won't take much, and it is likely to leverage quite a bit from the private sector in response.

Mr. Allen's gesture was so important because it gave the Seattle Commons vision a foothold in the area. Once the Commons became landowners, the vision seemed that much more real — to those directly involved and to others who were just watching. The same would be the case on Mercer Island. Because of the design, there are many advantages in securing the triangle parcel adjacent to the freeway. Not only would it make things logistically easier, it will be a powerful symbolic statement. This vision will move a lot closer to reality once at least some property is controlled. Perhaps the city in conjunction with the RTA could buy and hold it. Or perhaps you can gather a consortium of islanders who can, a la Paul Allen, buy those parcels and hold them for the public good.

Importance of a Headquarters

Opening a visible, accessible office is another important step. This can probably be done with little or no money. Perhaps someone will be willing to offer desk space in an existing facility. That's how the Commons got started. Mercer Island's space should be right in the CBD; it should be available for citizens to come by and look at materials presented in an understandable way and talk to someone.

The importance of having a street presence can't be overstressed. There is another "Commons" project happening in Seattle, centered at the intersection of 23rd and Union in Seattle's Central District. In June of 1993, a group called the "Midtown Commons" formed. The name and structure was inspired from the Seattle Commons project. The scale of their project is very close to Mercer Island's Town Center. Midtown Commons doesn't own any land, and yet it is are making a lot of progress. It has donated office space right in the heart of the project study area. Like the Seattle Commons, it has been able to get landowners in the area to be a part of shaping and implementing the vision. One of the major landowners has already redeveloped in concert with the Midtown Commons' vision. It's in his building that the group gets its space.

Mercer Island is likely to find that most landowners will be a part of a vision if it makes sense and is backed up by a great deal of public support. How can't they?

Many of the major landowners in the Mercer Island Town Center study area participated actively in the five-day workshop. In a lot of ways it's easier for those who don't own the property in the center of the study area to imagine the compelling pictures that were produced at the workshop becoming reality. The landowner, however, is the one who actually has to take the risk. But if the Commons experience is anything, landowners get excited by such planning processes. After all, it's not every lifetime that a property owner finds himself or herself in the middle of something exciting. They recognize the benefit of the attention and the resources that accompany it.

On occasion, of course, patience is required. Not every landowner is going to immediately appreciate the benefits that the Town Center vision is going to provide. It took two years of work on the part of the Commons to convince The Seattle Times Co. that it was better to build a new printing facility not in the middle of the proposed park, but on some of the sides streets instead. That message didn't exactly resonate at first. The Commons kept trying, though. Today it owns \$6 million worth of Times property that sits in the heart of the park path. Win-win's do occur. Look for them wherever you can — and make them happen.

Community Outreach

The entity created on Mercer Island will need to have as one of its goals not just working with the local players, including landowners, but with all the residents of the Island. These people are going to need to be touched with the vision and they will need to be explained all the benefits. The Commons has spent quite a bit of its resources distributing maps of the vision along with a written explanation of all the benefits, including added tax base, reduced traffic congestion by putting people closer to their jobs, etc.

Undoubtedly the exact benefits of the Town Center design on Mercer Island are going to be different from those brought to South Lake Union by the Commons project. The strategy is the same, however. Mercer Island needs to make sure its community understands the project. Do home gatherings, do lunchtime presentations to employees in the CBD, set up booths at the Island festivals, even send out information with the utility bills. Let people know how the Town Center design is going to improve their lives, including enhancing public safety by adding more activity downtown; let them know how its going to help reduce traffic by making it easier to use transit; and let them know how this will provide housing for those in retirement who want to stay on the island. In short, be relentless about the product and its benefits. The Commons has taken its cues from the private sector, which heavily advertises and markets its products. Don't expect that "do good" projects will automatically resonate with citizens who aren't involved in the process. Better to expect that they will need some persuasion.

Create an endorsement card on which the Town Center vision is described. The Commons has over 20,000 people, mostly in Seattle, who have signed such a vision card. They were collected by setting up booths as Greenlake, Safeway stores, community festivals, etc. And don't forget organizational and corporate endorsements. The Commons has sought and received support from groups such as the Downtown Seattle Association, the Greenlake Community Council, the patch association, etc.

Conclusion

Creating a compelling design, which Mercer Island has done, is an important first step. But a commitment to making the next step is needed or else the workshop's product will not see the light of day. Something may happen, but it will be luck if it ends up turning out anything near what was envisioned in the design.

The effort and success-to-date of the Seattle Commons is a valuable guide for Mercer Island to consider. Create an organization with an street-front office; be creative about how to fundraise; involve people on boards and working groups; be flexible; educate the public through regular contact, buy land if at all possible; and be relentless! If Mercer Island is all those things, I guarantee that you will find the kinds of resources it will need and the kind of cooperation that is required.

As Peter Katz (urban planner and Mercer Island native) has so eloquently written, there is a new kind of urbanism taking root around the country. Mercer Island can be a part of that movement. The Island has too many resources — both financial and human — not to make this work. It is the envy of so many other communities around this region. If Mercer Island can't do it, we should worry about what that says for all the other communities starting with so many more handicaps. Go out and show the region that the Island is up to the challenge.

The Seattle Commons is always available to guide you along the way.

APPENDIX I

Summary of Previous Economic Study

The Vision for Downtown Mercer Island will require an active partnership of the public and private sectors. Regardless of what the public sector does, the Vision will not be achieved if there is not sufficient incentive to attract private investment. The factors considered in the preparation of the design concept for downtown included the economic issues of demand and feasibility. The purpose of the economic analysis was to provide a test of the overall downtown concept and the demonstration projects to assure that the development shown has a realistic chance of occurring. The economic analysis for the Design Workshop represents an extension of an earlier economic study of the Mercer Island CBD. That study is documented in a report, Economic Analysis of Proposed Downtown Land Use Plan. The conclusions of that study are presented below along with an assessment of the overall design concept and individual demonstration projects.

The previous study included an overview of the market demand for various potential land uses, and a financial analysis of alternative development schemes on sites throughout the downtown. The findings of the market overview are as follows:

- The City's designation as an activity center in the vision for the Puget Sound region is a realistic role for the City. Given that role, the Mercer Island Downtown can expect to attract the Island's employment growth and multifamily development.
- Office development in the downtown will attract primarily Island-serving uses, but may also attract some regional serving uses because of its good highway access, large local telephone calling area and attractive residential community.
- Retail sales figures indicate that Mercer Island loses significant levels of spending in categories where local businesses should be competitive. Further, the experience of new stores such as QFC indicates that the downtown can attract spending by non-Island residents.
- There is only limited lodging development on the Island at this time. The Island could attract either a highway oriented hotel or smaller specialty inn. The ability to capture the first opportunity is limited by the lack of visibility of the downtown from the freeway. The ability to capture the second opportunity is dependent on creating a high amenity setting.
- There is a strong potential for residential development in the Downtown. While much of the existing multifamily development is 15-25 years old, very recent developments have achieved high sales prices or rents. Likely residents would seek larger than average units, and would pay relatively high rents or sales prices.

The financial analysis involved comparing the completed value of alternative development schemes (based on projected income) with the cost of development. The analysis provided a conclusion as to whether there was an adequate return on investment for a particular scheme and perhaps more important, identified the conditions under which a scheme could meet those requirements. The results of the analysis are as follows:

1. The only type of development which would meet the City's objectives in the near term is residential development.
2. The prospects for feasibility of other desired uses will improve over the longer term as local and regional development pressures increase.
3. The cost of providing underground parking is the major impediment to more intense development. This impediment will be reduced over time, as resistance to paid parking diminishes. Further, it could be reduced with public investment in parking facilities.
4. Ground floor retail can be a strong contributor to development feasibility on sites with good visibility, access, and surrounding activity.

APPENDIX I.a

5. The potential for redevelopment (additional development on existing developed sites) is limited at this time because it would require underground parking.
6. The types of housing considered in the analysis would not meet the need for affordable housing.
7. The potential for feasible development on smaller sites is less than the potential on larger sites, because of practical development constraints on such sites.

APPENDIX II

DEMONSTRATION PROJECTS FINANCIAL FEASIBILITY ANALYSIS

11/22/94

**MERCER ISLAND DOWNTOWN DESIGN WORKSHOP
FINANCIAL FEASIBILITY ANALYSIS**

DEMONSTRATION PROJECT-NWC 77TH AND 27TH

DESCRIPTION	TOWNHOU	CONDO	RETAIL	OFFICE	LODGING	PARKING	TOTAL
Site Area (Square Feet)	6,233	52,072	7,495	0	0		65,800
Gross Building Area	7,900	72,523	10,000	0	0		90,423
Net Rentable Area	7,900	66,000	9,500	0	0	88	83,400
ASSUMPTIONS							
Revenue (\$/sf /yr, \$/ unit/mo, or \$/rm/nt	251,000.00	223,000.00	17.60	18.70	0.00		0.00
Vacancy Rate	0.0%	0.0%	5.0%	5.0%	30.0%		5.0%
Expense (\$/SF or %)	6.0%	6.0%	6.0%	25.0%	70.0%		25.0%
Capitalization Rate			9.0%	9.0%	11.0%		9.0%
Land Price (\$/sf)	25.00	25.00	25.00	25.00	25.00		25.00
Site Development	33,164	257,937	37,899	0	0		0
Building	568,800	4,423,903	650,000	0	0		0
Tenant Improvements/Hotel Finishing	0	0	0	0	0		0
Off-sites (\$/sf)	0.00	0.00	0.00	0.00	0.00		0.00
Sales Tax	8.2%	8.2%	8.2%	8.2%	8.2%		8.2%
Soft Costs (% of Direct	25.0%	25.0%	25.0%	25.0%	25.0%		25.0%
Entrepreneurial Profit (% of Cost)	15.0%	15.0%	15.0%	15.0%	15.0%		15.0%

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DEMONSTRATION PROJECT-NWC 77TH AND 27TH

FINANCIAL ANALYSIS

	TOWNHOUS	CONDO	RETAIL	OFFICE	LODGING	PARKING	TOTAL
NET INCOME							
Revenue	\$1,255,000	\$9,812,000	\$158,840	\$0	\$0	\$0	\$11,225,840
Expense	75,300	588,720	9,530	0	0	0	673,550
Net Income	1,179,700	9,223,280	149,310	0	0	0	10,552,290
Capitalized Value/Sales Proceeds	1,179,700	9,223,280	1,658,996	0	0	0	12,061,976
DEVELOPMENT COST							
Land Cost	155,821	1,301,799	187,380	0	0	0	1,645,000
Site Development	33,164	257,937	37,899	0	0	0	329,000
Building	568,800	4,423,903	650,000	0	0	0	5,642,703
Tenant Improvements/Hotel Finishing	0	0	0	0	0	0	0
Off-sites	0	0	0	0	0	0	0
Subtotal	757,785	5,983,639	875,279	0	0	0	7,616,703
Sales Tax	49,361	383,911	56,408	0	0	0	489,680
Subtotal	807,147	6,367,550	931,686	0	0	0	8,106,383
Soft Costs	201,787	1,591,887	232,922	0	0	0	2,026,596
Subtotal	1,008,933	7,959,437	1,164,608	0	0	0	10,132,978
Entrepreneurial Profit	151,340	1,193,916	174,691	0	0	0	1,519,947
Total	1,160,273	9,153,353	1,339,299	0	0	0	11,652,925
Surplus Value (Gap)	19,427	69,927	319,697	0	0	0	409,051
NECESSARY FINANCIAL CONDITIONS							
Land Cost (/sf)	\$27.17	\$25.93	\$54.67	\$0.00	\$0.00	\$0.00	\$29.32
Required Building Cost	\$581,290	\$4,468,861	\$855,543	\$0	\$0	\$0	\$0
Required Rental Rate (/sf/unit, or /room)	246,866.62	221,309.31	14.21	0.00	0.00	0.00	0.00

DEMONSTRATION PROJECT-SWC 77TH AND 27TH

FINANCIAL ANALYSIS

NET INCOME

	APT.MNTS.	CONDO	RETAIL	OFFICE	LODGING	PARKING	TOTAL
Revenue	\$0	\$10,753,907	\$508,288	\$1,167,161	\$0	\$0	\$12,429,356
Expense	0	645,234	30,497	291,790	0	0	967,522
Net Income	0	10,108,673	477,791	875,370	0	0	11,461,834

Capitalized Value/Sales Proceeds

	0	10,108,673	5,308,786	9,726,338	0	0	25,143,796
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DEVELOPMENT COST

Land Cost	0	743,698	334,148	722,154	0	0	1,800,000
Site Development	0	143,326	48,129	143,326	0	48,343	383,125
Building	0	5,757,875	1,933,500	5,757,875	0	1,942,113	15,391,363
Tenant Improvements/Hotel Finishing	0	0	0	1,314,000	0	0	1,314,000
Off-sites	0	0	0	0	0	0	0
Subtotal	0	6,644,899	2,315,777	7,937,356	0	1,990,456	18,888,488
Sales Tax	0	483,898	162,494	591,646	0	163,217	1,401,256
Subtotal	0	7,128,798	2,478,270	8,529,002	0	2,153,674	20,289,744
Soft Costs	0	1,782,199	619,568	2,132,251	0	538,418	5,072,436
Subtotal	0	8,910,997	3,097,838	10,661,253	0	2,692,092	25,362,180
Entrepreneurial Profit	0	1,336,650	464,676	1,599,188	0	403,814	3,804,327
Total	0	10,247,647	3,562,513	12,260,441	0	3,095,906	29,166,507

Surplus Value (Gap)

	0	(138,974)	1,746,272	(2,534,103)	0	(3,095,906)	(4,022,711)
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NECESSARY FINANCIAL CONDITIONS

Land Cost (/sf)	\$0.00	\$21.75	\$115.89	(\$36.03)	\$0.00		(\$13.87)
Required Building Cost		\$5,668,524	\$3,056,234	\$4,128,620	\$0		
Required Rental Rate (/sf/unit, or /room)		340,619.33	11.81	23.57		125.34	

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DEMONSTRATION PROJECT-SWC 78TH AND 27TH

FINANCIAL ANALYSIS

	APTMENTS.	CONDO	RETAIL	OFFICE	LODGING	PARKING	TOTAL
NET INCOME							
Revenue	\$0	\$9,146,250	\$772,464	\$1,570,071	\$0	\$0	\$11,488,785
Expense	0	548,775	46,348	392,518	0	0	987,641
Net Income	0	8,597,475	726,116	1,177,553	0	0	10,501,144
Capitalized Value/Sales Proceeds	0	8,597,475	8,067,957	13,083,923	0	0	29,749,355

DEVELOPMENT COST

Land Cost	0	751,670	643,096	1,230,234	0	0	2,625,000
Site Development	0	142,526	101,404	210,976	0	121,220	576,125
Building	0	4,260,443	3,031,200	6,306,598	0	3,623,550	17,221,791
Tenant Improvements/Hotel Finishing	0	0	0	1,767,600	0	0	1,767,600
Off-sites	0	0	0	0	0	0	0
Subtotal	0	5,154,639	3,775,699	9,515,408	0	3,744,770	22,190,516
Sales Tax	0	361,043	256,873	679,384	0	307,071	1,604,372
Subtotal	0	5,515,683	4,032,573	10,194,792	0	4,051,841	23,794,888
Soft Costs	0	1,378,921	1,008,143	2,548,698	0	1,012,960	5,948,722
Subtotal	0	6,894,603	5,040,716	12,743,490	0	5,064,801	29,743,610
Entrepreneurial Profit	0	1,034,190	756,107	1,911,524	0	759,720	4,461,542
Total	0	7,928,794	5,796,823	14,655,014	0	5,824,521	34,205,152
Surplus Value (Gap)	0	668,681	2,271,134	(1,571,092)	0	(5,824,521)	(4,455,797)

NECESSARY FINANCIAL CONDITIONS

Land Cost (/sf)	\$0.00	\$40.47	\$86.42	\$2.79	\$0.00		(\$4.52)
Required Building Cost		\$4,690,360	\$4,491,384	\$5,296,493	\$0		
Required Rental Rate (/sf./unit, or /room)		249,922.57	12.65	20.95		161.34	

11/22/94

DEMONSTRATION PROJECT-SEC 78TH AND 27TH

FINANCIAL ANALYSIS

NET INCOME

	APARTMENT	CONDO	RETAIL	OFFICE	LODGING	PARKING	TOTAL
Revenue	\$0	\$4,402,151	\$429,052	\$460,469	\$0	\$0	\$5,291,671
Expense	0	264,129	25,743	115,117	0	0	404,989
Net Income	0	4,138,022	403,309	345,352	0	0	4,886,682

Capitalized Value/Sales Proceeds

	0	4,138,022	4,481,207	3,837,240	0	0	12,456,469
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DEVELOPMENT COST

Land Cost	0	585,283	579,434	585,283	0	0	1,750,000
Site Development	0	117,685	96,467	115,028	0	135,321	464,500
Building	0	2,130,595	1,746,444	2,082,475	0	2,449,863	8,409,377
Tenant Improvements/Hotel Finishing	0	0	0	518,400	0	0	518,400
Off-sites	0	0	0	0	0	0	0
Subtotal	0	2,833,563	2,422,345	3,301,185	0	2,585,184	11,142,277
Sales Tax	0	184,359	151,119	222,704	0	211,985	770,167
Subtotal	0	3,017,922	2,573,463	3,523,889	0	2,797,169	11,912,444
Soft Costs	0	754,481	643,366	880,972	0	699,292	2,978,111
Subtotal	0	3,772,403	3,216,829	4,404,862	0	3,496,461	14,890,555
Entrepreneurial Profit	0	565,860	482,524	660,729	0	524,469	2,233,583
Total	0	4,338,263	3,699,354	5,065,591	0	4,020,930	17,124,138

Surplus Value (Gap)

	0	(200,242)	781,853	(1,228,351)	0	(4,020,930)	(4,667,669)
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NECESSARY FINANCIAL CONDITIONS

Land Cost (/sf)	\$0.00	\$19.05	\$48.47	(\$11.50)	\$0.00		(\$21.39)
Required Building Cost	\$0	\$2,001,853	\$2,249,122	\$1,292,729	\$0		
Required Rental Rate (/sf,/unit,or /room)	0.00	271,533.18	14.53	24.69		160.32	