

Suzuki Site

Financial Feasibility Report & Recommendations

Bainbridge Island City Council

August 27, 2019

What is the need?

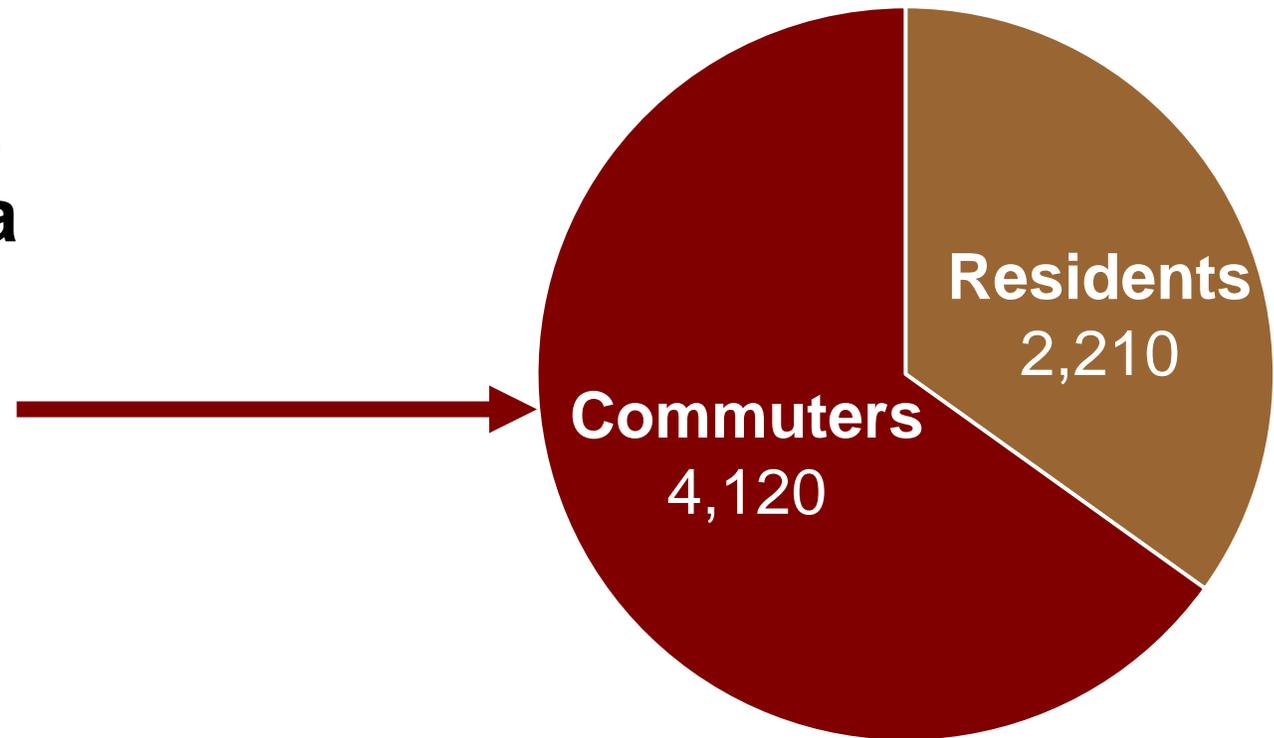
**Poulsbo, Seattle,
Bremerton, Kingston,
Port Orchard, Tacoma**

Current residence

43% vs. 29%

Of household income spent
on housing on Bainbridge
Island vs. Kitsap County

Workers on Bainbridge Island



Source: US Census LED On the Map (2015), Center for Neighborhood Technology
Housing and Transportation Index (2017)

Who will we support?

	1 person household	4 person household		Position [^]	Possible Employer	Maximum Monthly Rent ^{**}	Affordable Home Sale Price ^{^^}
Rental	50% AMI (\$29,950)	50% AMI (\$42,750)		Paraeducator, Grocery Store Clerk,	Bainbridge Island School District, Town & Country	\$749 – HH(1) \$1069 – HH(4)	\$85,650 – HH(1) \$147,900 – HH(4)
	60% AMI (\$35,940)	60% AMI (\$51,300)		Line Cook, Barista, Medical Assistant	Island restaurants, Storyville, Virginia Mason	\$899 – HH(1) \$1,283 – HH(4)	\$114,800 – HH(1) \$189,500 – HH(4)
	80% AMI (\$47,900)	80% AMI (\$68,400)		Office Staff/Receptionist	Bainbridge Island School District, dental clinics	\$1,138 – HH(1) \$1,710 – HH(4)	\$173,000 – HH(1) \$272,700 – HH(4)
Homeownership	100% AMI (\$59,875)	100% AMI (\$85,500)		Custodian, Architectural Designer	Bainbridge Island School District, architecture firms	\$1,497 – HH(1) \$2,138 – HH(4)	\$231,250 – HH(1) \$355,900 – HH(4)
	120% AMI (\$71,850)	120% AMI (\$102,600)		Teacher	Independent Island schools	\$1,796 – HH(1) \$2,565 – HH(4)	\$289,500 – HH(1) \$439,100 – HH(4)
	150% AMI (\$89,813)	150% AMI (\$128,250)		Teacher, Lateral Firefighter	BISD, BI Fire Department	\$2,245 – HH(1) \$3,206 – HH(4)	\$376,900 – HH(1) \$563,900 – HH(4)

Who can we serve?

- Potential preference for those who live and/or work in Kitsap County
- Subject to federal fair housing law



Source: Kitsap Daily News, Kitsap Sun, Bainbridge High School

Preliminary analysis from August 6th

	Option 1	Option 2	Option 3	Option 4	Option 4B 100 unit alternative
Rental	35	36	48	60	60
For-Sale	0	18	18	30	39
Manager	1	1	1	1	1
Total	36	55	67	91	100
City Fee Waivers	\$0.6M	\$0.6M	\$0.7M	\$0.8M	\$0.8M
County HOME/CDBG	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$1.0M
State Capital Budget	\$6.0M	\$3.4M	\$4.1M	\$2.6M	\$1.2M
Public Subsidies	\$7.6M	\$5.0M	\$5.8M	\$4.4M	\$3.0M
Public Subsidies Per Unit	\$217,000	\$93,000	\$88,000	\$49,000	\$31,000

Changes in response to community and Council feedback

- Added **\$800,000** for City's entitlement costs
- Added for-sale units to enhance feasibility of lower density options
 - **Option 2B:** Same as Option 2, but with 15 additional for-sale units to reduce State request to \$2M
 - **Option 3B:** Same as Option 3, but with 19-20 additional for-sale units to reduce State request to \$2M
 - **Option 3C:** Same as Option 3B, but with a larger rental project to obtain economy of scale and more favorable tax credit pricing

Options 1, 2, and 3 continue to require significant State subsidy

	Option 1	Option 2	Option 2B	Option 3	Option 3B	Option 3C	Option 4	Option 4B
Rental	35	36	36	48	48	54	60	60
For-Sale	0	18	33	18	37	38	30	39
Manager	1	1	1	1	1	1	1	1
Total	36	55	70	67	86	93	91	100
Cross-Subsidy from For-Sale	-	\$2.6M	\$4.9M	\$2.6M	\$5.5M	\$5.7M	\$4.4M	\$5.8M
Permanent Loan	\$2.3M	\$2.4M	\$2.4M	\$3.6M	\$3.6M	\$4.0M	\$4.7M	\$4.7M
Low Income Housing Tax Credit	\$3.8M	\$3.9M	\$3.9M	\$4.8M	\$4.8M	\$5.5M	\$6.0M	\$6.0M
Developer Contribution/Deferred Fee	\$0.3M	\$0.3M	\$0.3M	\$0.7M	\$0.7M	\$1.0M	\$1.2M	\$1.2M
City Fee Waivers	\$0.6M	\$0.6M	\$0.6M	\$0.7M	\$0.7M	\$0.8M	\$0.8M	\$0.8M
County HOME / CDBG	\$1.0M							
State Budget Request	\$6.8M	\$4.2M	\$2.0M	\$4.9M	\$2.0M	\$2.0M	\$3.4M	\$2.1M
Rental Project Cost	\$14.7M \$420,000/unit	\$15.2M \$421,000/unit	\$15.2M \$421,000/unit	\$18.4M \$383,000/unit	\$18.4M \$383,000/unit	\$19.9M \$370,000/unit	\$21.6M \$360,000/unit	\$21.6M \$360,000/unit
Reasonable State Budget Request?	No	No	Yes	No	Yes	Yes	Maybe	Yes
Reasonable Public Subsidy?	\$8.4M \$240,000/unit	\$5.9M \$109,000/unit	\$3.6M \$52,000/unit	\$6.6M \$100,000/unit	\$3.7M \$44,000/unit	\$3.8M \$42,000/unit	\$5.3M \$59,000/unit	\$3.9M \$40,000/unit
Economies of Scale/Cost Per Unit?	No	No	No	Some	Some	Yes	Yes	Yes

Options 2B and 3B reduce State subsidy but diseconomies of scale will limit developer interest and competitiveness for State funding

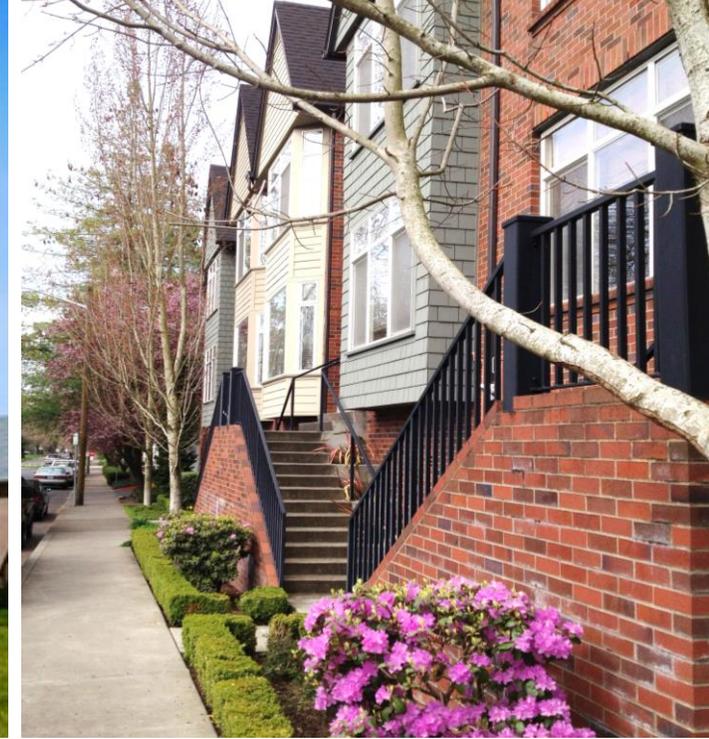
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Options with 90+ units can deliver more housing with less subsidy

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Economies of Scale/Cost Per Unit?	No	No	No	Some	Some	Yes	Yes	Yes

Recommendations

- Approve sufficient density to attract developers and State funding
 - Options 4 and 4B (per motions under consideration)
 - New Option 3C (consistent with the intent of motions under consideration)
- Authorize OPG to proceed with land use and environmental entitlements using preferred option
- Enter into a Development and Disposition Agreement with Housing Resources Bainbridge (HRB)
- Consider potential for local preference in context of conveying property to HRB



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