

19th and Yakima, Downtown Tacoma
Proposed Mixed Use New Construction Project

On the southeast corner of the intersection of S. 19th and Yakima Avenue in Tacoma we own and operate a small four-plex. The building is over 50 years old and in below average condition. We vacated the four apartments in April 2009, in order to apply for the eight year property tax abatement program, the units have to be vacant for 6 months before a new structure can be constructed in it's place.

Our lender for acquisition was Timberland Bank here in Tacoma. Timberland was able to lend for the acquisition of this less than desirable and overvalued four plex with the expectation that we would borrow the construction loan from them for the new mixed use building when the time came.

Not surprisingly, between the time of the acquisition loan and very recently Timberland has ceased lending on any speculative projects, including apartments. Timberland extended the acquisition loan for only three months, so in September we will need to extend again or cash out the land loan with a construction loan for the new structure.

We have plans and engineering at the building department and permits are about ready for pick up for the new building; which includes 32 apartments, commercial space that can be two separate spaces or one large one, and 40 parking spaces in two levels of parking with five stories of commercial and residential above.

Our total cost for the project is \$6,275,265. We have about \$478,400. into it to date for the architecture, engineering, plan review and project management.

We consider an apartment of this size and in this location a no-brainer. The University of Washington became a four-year campus last year, previously they had only third and fourth year courses for undergraduates and about six post-graduate programs, so their population is certainly growing. There are plans for student housing as the University owns a great deal of property on the hillside behind the campus, but nothing will be available for several years.

Aside from students, this property is adjacent to St. Josephs Hospital, one of the largest medical campuses in the South Sound area.

We have found the vacancy rate for downtown Tacoma apartments to be extremely low, and we have found that the rents coming in are between \$1.70 and \$1.90 per square foot per month. This project pencils very well with those rates.

We built 59 townhomes just four blocks south of this property and 21 townhomes just 2 blocks east of it. We have enjoyed being a part of re-vitalizing this part of Tacoma and would like to continue by building this project.