

© Copyright 2019

Coo Ali Barimani

23RD AND UNION: LAND VALUE PATTERNS IN AN UPZONED URBAN VILLAGE

Coo Ali Barimani

A thesis
submitted in partial fulfillment of the
requirements for the degree of

Master of Urban Planning

University of Washington
2019

Committee:

Sofia Dermisi, Chair

Gregg Colburn

Rebecca Walter

Program Authorized to Offer Degree:
Department of Urban Design and Planning

University of Washington

Abstract

23rd and Union: Land Value Patterns and Value Capture in An Upzoned Urban Village

Coo Ali Barimani

Chair of the Supervisory Committee:

Professor Sofia Dermisi

Department of Urban Design and Planning

Millions of dollars in additional land value is presumed to be created through upzoning urban villages across Seattle as part of Housing Affordability and Livability Agenda legislation. This study utilizes publicly available property sale, property value and property assessment data to identify land value and land use patterns among upzoned and non-upzoned parcels surrounding the 23rd and Union Street intersection. Upzoned parcels within the study area were not found to have sold at significantly higher prices than non-upzoned parcels when factoring in lot sizes. On a buildable square footage basis, upzoned parcels sold for significantly less than non-upzoned parcels. The implications of this research may better inform academics and the public at large about who benefits from upzoning local urban village areas with respect to monetary gains. This study may spur additional research across Seattle to help shape policy decisions around upzoning and value capture tools in the future.

Table of Contents

List of Figures.....	1
List of Tables	2
Acknowledgements	3
Chapter 1. Introduction.....	4
Chapter 2. Background	6
City Context.....	6
Policy Context.....	6
Chapter 3. Literature Review	10
The Zoning and Planning Tools Debate	10
The Basis for Capturing Public Benefits	13
Value Capture Tools	15
The Case for Suppressing Urban Land Values.....	19
Opportunities and Challenges for The Greater Seattle Area.....	20
Chapter 4. Research Overview and Methods.....	22
Study Area.....	22
Data Collection	25
Data Considerations	27
Data Limitations.....	29

Analysis Procedures	32
Chapter 5. Results.....	35
Land Use Patterns	35
Changes in Assessed Values	38
Estimated Market Values.....	40
Assessed Value Estimates and Sale Prices.....	46
Chapter 6. Conclusion and Policy Considerations	50
Conclusion	50
Bibliography	53
Appendix.....	60
Appendix A. Descriptive Statistics	61
Appendix B. Comprehensive List of Parcel-Level Data Fields and Brief Descriptions ...	62
Appendix C. Recently Sold Parcels in Upzoned Group.....	63

List of Figures

Figure 4.1. Seattle’s urban villages. 23rd & Union-Jackson urban village highlighted.....23

Figure 4.2. The study area around 23rd & Union intersection in the Central District.....24

Figure 5.1. Build years by decade with upzoned parcels outlined in blue borders.....36

Figure 5.2. Average annual change in assessed values from 2015 through 2018.....40

Figure 5.3. Redfin market value estimates per square foot of land.....41

Figure 5.4. Redfin market value estimates per buildable square foot.....42

Figure 5.5. Post-upzone prices paid per buildable square foot43

Figure 5.6. Post-upzone prices paid per buildable square foot (by standard deviation)....44

Figure 5.7. Pre-upzone prices paid per buildable square foot45

Figure 5.8. Pre-upzone prices paid per buildable square foot (by standard deviation).....46

Figure 5.9. Prices over prior year’s assessed values for parcels sold in 2017 or later.....47

Figure 5.10. Ratio of prices paid in 2017 or later to prior year’s assessed values.....48

List of Tables

Table 4.1. FAR limits associated with each zoning category.....27

Table 5.1. Build years by decade for all parcels containing structures.....36

Table 5.2. Table of property types and land coverage for the upzoned group.....38

Table 5.3. Table of property types and land coverage for the non-upzoned group.....38

Acknowledgements

First, I would like to thank my inspirational wife, Aimee Khuu, for her relentless support and patience throughout this two-year master's program and the latter ten months I dedicated to completing this thesis project. I would also like to thank my mother and stepfather, Carmen and Russell Jackson, for believing in my potential to make positive impact in any setting or professional path as I discerned mid-career options prior to returning to graduate school. As I celebrate the successful completion of another academic milestone, I also want to acknowledge the contributions of my recently deceased father, Abdulvhab Barimani, who always held the pursuit of knowledge in reverence.

I am so grateful to have had such a talented and personable thesis committee and chairperson in Rebecca Walter, Gregg Colburn and Sofia Dermisi, respectively. Each of my committee members possess a deep understanding of property-related policy and research. Their collective feedback was critical throughout each stage of this work and I learned a great deal in the process.

Chapter 1. Introduction

Seattle and its surrounding metropolitan areas have experienced significant population growth and economic expansion over multiple decades as of late, largely fueled by an expanding technology sector. In tandem with this growth, Seattle has also needed to continually add to its infrastructure and housing stock, neither of which are low cost investments nor free of political contention. The Seattle metropolitan area has become a focal point even at the national level for examining the advantages and disadvantages that may come to metropolises experiencing rapid economic expansions where property markets clearly outpace local or national historic trends. Only around 29 affordably priced housing units can be found in Seattle per 100 lowest-income households (Greystone, 2019).

Similar to many other cities facing affordability crises, upzoning in specific areas within designated urban villages has been a key policy approach to mitigating affordability challenges by enabling developers to construct buildings with higher concentrations of housing units and small business spaces. Upzoning is one of the key policy tools intended to add tens of thousands of new housing units within a decade (Greystone, 2019). Similar policies for promoting more dense development have been enacted in other large cities as well, although the implications of upzoning have surprisingly not been studied to great length thus far.

The purpose of this study is to better understand monetary impacts on urban village properties following significant upzoning . The primary research question of this study is whether any parcel-level patterns emerge when comparing two study areas of upzoned

and non-upzoned parcels, each covering approximately 9 acres and 44 acres, respectively. The upzoned parcels are located immediately around the 23rd and Union Street intersection and non-upzoned parcels surround those upzoned parcels. Non-upzoned properties were included in this study for purposes of comparison. This in turn may inform larger studies in the future that deal with policy impact questions, such as what happens to land values after an upzoning event and who captures most of that additional value, if any is generated.

Basic descriptive statistics offer insights into significant differences between assessed property values and market values on the selected upzoned blocks and adjacent non-upzoned blocks. Geospatial mapping was used to explore whether any apparent spatial patterns emerged among either upzoned or non-upzoned parcels (e.g., higher assessed values concentrated among parcels located along thoroughfares), highlighting the existence of differences. Parcel-level annual changes in assessed values and different measurements of market value (i.e., per square foot of land versus per buildable square foot) are also compared between the two groups. The following sections include contextual information specific to Seattle, a comprehensive literature review covering topics related to zoning and public benefit and additional detail on what my research did or did not include. Findings with respect to land value differences between the upzoned and non-upzoned property groups are presented through maps and descriptive language that summarize both groups of parcels.

Chapter 2. Background

City Context

The city of Seattle has upzoned dozens of urban villages in various neighborhoods to respond to recent growth in its population and the accompanying increased demand for housing. This represents a significant policy shift in a city that has long been predominantly zoned for less dense single family home development and has brought political and legal contention from some neighborhood groups. The most recent run-up in home prices commenced immediately after the residential market hit bottom around the start of 2012 and median sale prices have doubled since then with the median price per square foot reaching \$426 by January of 2019 (Redfin, 2019b). Policy responses to affordability challenges have been uniformly reactionary and debate has continued unabated about the pros and cons of upzoning despite limited research related to this topic.

Policy Context

In response to housing affordability concerns, the City of Seattle has pursued a range of policy initiatives. In September 2014 the Mayor's Office and City Council, together with the policy recommendations created the Housing Affordability and Livability Agenda ("HALA") report, which developed recommendations for boosting Seattle's housing stock by concentrating more dense development in urban villages and protecting renters' rights, among other goals (City of Seattle, 2018). Significant to the region was the passing of a new \$290 million affordable housing levy in 2016, which was supported by over 70% of Seattle residents who voted, dwarfing the previous seven-year levy of 2009 for \$145 million

(Young, 2016). The public's adoption of these two policies demonstrates the degree to which affordability challenges have become politically important.

Of central concern to this study is whether Seattle's recently upzoned areas have experienced windfall property sales as a result of HALA policy. Windfalls refer specifically to outsized profits that go to landowners that were not earned through entrepreneurial activity beyond merely owning property. As discussed later in this study, windfalls can be caused by significant public investment (e.g., installing a light rail station on an adjacent city block) or public policy that makes property more valuable (e.g., upzoning specific city blocks so that potential rent income is increased). Since landowners are not the causers of windfalls, but merely the beneficiaries, a political opportunity may be present in many cities like Seattle to explore public responses to the properties that have directly benefited economically from public investment or public policy. Although the United States has historically espoused a strong sense of absolute private property rights amongst its citizens, value recapture policies may make sense to a majority of voters in large cities experiencing rapid land value appreciation but facing budget constraints.

A better understanding of post-upzone outcomes, particularly with respect to property values, is needed in order to understand whether more intensive development is being funneled into urban village areas as intended by their very designation as areas positioned for growth due to easy access to public transportation. More relevant to this study, however, is the importance of grasping outcomes in order for citizens and policymakers to begin considering policy options that are suited to urban villages, such as value recapture schemes that mitigate unintended windfall profits for landowners. Most public debate

about HALA legislation to date has been centered around expected impacts to the character and built form of the neighborhoods that have been designated for upzoning. Many critics of HALA have also voiced concerns around limited parking spaces and perceptions of higher crime rates likely to impact upzoned neighborhoods. Less attention, however, has been paid to the tremendous amount of wealth that may be created for certain landowners through “windfalls” as a result of upzoning policy. The precise mechanics of property tax calculations, property value assessment changes and other potentially useful tools for tracking windfalls and recapturing value from those windfalls have been left out of discussions even among students and practitioners of urban planning and development.

The “grand bargain” struck between the City of Seattle, community members, housing advocates and developers is intended to generate 3,700 residential units at 60% of Area Median Income from the Mandatory Housing Affordability (“MHA”) component of HALA and another 2,400 business spaces from MHA. Formulas were negotiated to calculate how many affordable units (or funds to be paid via the “Fee in Lieu” option) must be delivered by residential developers of new market rate projects, as well as how much is owed by commercial developers in “commercial linkage fees” (Glosecki, 2017). The grand bargain did not include policy ideas for value recapture on any windfall profits enjoyed by landowners for property sales *prior* to new building construction, however.

Even the term “upzoning” is oftentimes foreign to many engaged citizens who are familiar with the most significant components of HALA legislation. Although numerous objectives can be achieved through upzoning policies in growing cities, like funneling more dense and

pedestrian friendly development into districts with greater access to public transportation, there is a need to closely examine unintended effects of zoning policy and examine whether they too may be managed in order to potentially minimize displacement and better fund required transportation and infrastructure needs that come with more densely populated urban areas.

Chapter 3. Literature Review

This literature review groups over 30 works by five themes that relate back to the topics of wealth creation through zoning and value recapture, but are not necessarily tied geographically to the Seattle region: (1) the zoning and planning tools debate, (2) the basis for capturing public benefits,(3) value capture tools, (4) the case for suppressing urban land values and (5) opportunities and challenges for the Greater Seattle Area.

The Zoning and Planning Tools Debate

Belief in free markets as being capable of effectively responding to the dynamic land and housing needs of society has influenced many authors and highlighted philosophical differences over the extent to which government should have a right to regulate private property. In 1969, John Bruhn described positive and negative outcomes of zoning across different zoning typologies in his native San Diego County and is generally in favor of zoning in places where demand for developable land is high (Bruhn, 1969). In contrast, Barbara S. Rolleston argued in 1987 that zoning regulation is inherently exclusionary in low-density suburbs (Rolleston, 1987). Five years later, William Fischel states that zoning laws can control suburban development to limit its inherently less efficient service delivery and shows through regression modeling that suburban home prices in the 1990's were generally increased by restrictive zoning (Fischel, 1992).

In 2002, two highly visible land use scholars present a more laissez faire stance that is less keen on using federal funds to support affordable housing programs (Glaeser & Gyourko, 2002). Most housing markets in the U.S. were found by the scholars to not be in a housing

crisis and it was asserted that greater attention should instead be focused on income growth (Ibid). Zoning was deemed to be the sole culprit for high home prices in markets where prices are much higher than national averages and land use regulation is even blamed in high density areas with high populations (Ibid).

An alternative solution is proposed to legally oblige cities and large towns to plan to “zoning budgets” to ensure that downzoning does not outpace upzoning (Hills & Schleicher, 2011). Such a requirement, it is argued, would prevent domination of zoning decisions by “NIMBY” community groups who tend to fill political vacuums left by local governments that are legally precluded from political advocacy and private developers who rarely lobby against downzoning (Ibid).

Further complicating any attempt at gathering a sense of consensus among scholars with respect to zoning policies’ relationship with land values and building activity have been numerous other studies with results that were inconclusive, contradictory or confined to specific types of property markets (e.g., top tier high-demand markets like San Francisco that have land constraints). In 2005, studies of this expansive but critical urban topic were frankly described, “the research largely fails to sort out whether the supply effect or the amenity effect predominates [the price and quantity of housing]” (Schill, 2005). While all scholars agree that supply and demand dynamics influence property prices, some scholars have deduced that demand is the main driver of prices rather than controls on supply such as zoning regulations (Nelson, Pendall, & Dawkins, 2002). When controlling for factors like demographic mix and population density, one study found that supply-side municipal-level regulations were not correlated with property prices (Glaeser & Ward, 2009). In another

study, land values were isolated from building values to focus on regulation's impact on land prices in different jurisdictions within the San Francisco metro area while considering other factors like topography and access to jobs (Kok, Monkkonen, & Quigley, 2014). Jurisdictional areas requiring more independent reviews for permits or a proposed zoning change were found to have higher land prices and local land use regulations were found to be closely linked to the value of homes sold (Ibid).

In another study, neighborhood typologies based on land use mix were used to categorize data to examine how pre-existing land use patterns, nearby parking options, walkability, transit station proximity and overlay zoning relate in Phoenix (Atkinson-Palombo, 2010). Impacts varied by housing and neighborhood types, with mixed-use “walk to rail” neighborhoods selling at 6% premiums for single family homes and 20% premiums for condos, while “park and ride” neighborhoods did not sell at any significant premium for single family homes and even sold at a discount for condos (Ibid). Thus, this study highlighted how land use mix can also be an important factor when comparing property values across different neighborhoods.

More recently, upzoning in Chicago to promote more dense Transportation Oriented Development (“TOD”) development around rail stations, which are located in neighborhoods of varying degrees of development and household wealth, was determined to have contributed to a statistically significant increase in property values for parcels close to transit but not to have significantly impacted construction activity in the five years post-upzone (Freemark, 2019). In this case, the upzoning included a mix of neighborhood types and the scholar was confident quantifying the upzoning’s impact amidst all of the other

natural market forces that typically affect property values by drawing a circular 1/2 mile "outside upzone" watershed to compare the impact on those properties with ones that had been upzoned (Ibid). One author pointed out that this study showed how land value windfalls had occurred in Chicago following the upzone event, but affordability and density had not improved (Florida, 2019).

The variety of findings on the topic of zoning changes and land values suggests that there is not only much room for additional research on this important topic of urban development and urban economics, but that most studies may need to be limited to specific cities or metropolitan areas. More geographically focused research may also lead to greater consensus about what zoning policies make sense for each unique city based on land availability, population growth patterns, construction costs and so on.

The Basis for Capturing Public Benefits

The notion that land values are products of society and thus the resulting wealth should be captured for societal benefit is one that goes back hundreds of years. A key distinction was made between land and improvements to land, however, with the latter being a result of private effort and investment. In 1879, American philosopher Henry George proposed that taxes be paid on all rents tied to land (sans buildings and other earned improvements) and that those tax revenues ought to serve as the single source of public funding (Bergen, 2012). George opined that such a tax would alone be sufficient to fund government operations, which is a view that has been supported by certain economists in the modern era but never applied as policy (Alterman, 2012).

In 1976, focus is placed on the need to promote greater equity after upzone events among property owners (Bartke & Lamb, 1976). That is, equity among owners of unimproved land and owners of properties with (pre-upzone) constructed buildings on them by capturing more of the wealth created through pro-density land use laws (Ibid). A statistical research method is utilized in Seattle's South Lake Union area and a positive relationship is found between zoning changes and property value assessment levels regardless of the intensity of prior investment into the properties (Ibid). Written in the mid-1970s, it is interesting that no mention is made of a societal need to capture unearned wealth caused by upzoning through taxation or other tools to promote equity between public and private stakeholders.

In 2006, two Portland-based scholars synthesize the findings of over 100 other studies regarding land value increases that resulted from nearby installations of mass transit stations, but focus on the need to now move on to policy-supporting research to enable value capture (Smith & Gihring, 2006). Spatial-based models are proposed for predicting property value jumps that could be taxed to pay for mass transit installations and historical accounts are described for cities that have used special assessment districts and other tools to recapture value (Ibid).

The case for value capture as a means of repaying historically disadvantaged segments of American society comes forward in clearer, bolder language in the following decade and new criticism is pointed towards the nature and timing of public investments in neighborhoods where residents are at risk of displacement: "Little environmental justice regulation provides for direct relief from increased pollution in minority and low-income communities, and where the law does provide this remedy, efforts to impose this standard

have generally failed” (Geisinger, 2012). The more prominent logic seems to be focused on inherent equity concerns between landowners and the public at large for cases when windfall profits are received due solely to public investment or policy.

Scholars’ calls for value capture have varied considerably with respect to why such policies are needed (i.e., based on society’s inherent stake in privately owned lands versus community needs requiring redistributive policies) and even whom the proceeds would most appropriately be due to. More recently, scholarly responses have tended to be focused on a need to assist specific communities that have received public investments because of unintended impacts on those communities. Similarly, the Central District of Seattle has experienced much redevelopment and displacement in recent years, making studies of post-upzone land value patterns particularly relevant to other recent studies.

Value Capture Tools

If windfalls have occurred in Seattle as a result of public decisions to upzone various urban villages, there may be political appetite to pursue policy responses that recapture much of the unearned increase in value for windfall properties. The breadth of options for such policy tools ought to consider case studies from other cities in the United States and abroad even if amending Washington state’s constitution would be required.

The nature of debate around zoning regulations’ legality and effectiveness has changed during the 20th century from generally being around the favorable public health improvements and property value increases zoning could cause (Bassett, Crawford, Swan, & Association, 1920) to more critical discussions about an asymmetrical relationship

between upside potential and downside hazards for landowners impacted by the actions of government. It has been observed that more political pressure has been placed on mitigating downside risks for landowners than on recapturing windfall profits, partially explained by many Americans' leeringness of socialist policies (Misczynski & Hagman, 1978). The U.S. and four other countries were examined as case studies and an approach for both limiting downside risks and capturing a greater share of the wealth created through windfalls was suggested to compensate wiped out landowners through proceeds from recaptured windfalls (Ibid). It was also argued that compensating for wipeouts would dissuade governmental action that damages property value in the first place and shift attention to the financial impacts of zoning and land use regulation among researchers, planners and policymakers (Ibid).

One 2009 World Bank report described how land-based financing of urban infrastructure investments has become very important in the developing world where demand has grown rapidly for infrastructure and a greater share of funding must be raised by local government authorities (Peterson, 2009). It was found that property values surrounding public investments, even non-cosmetic ones such as new roads and water supply facilities, have typically increased by more than the cost of the investments themselves (Ibid). For many cities in developing countries, particularly ones that have pursued land banking strategies, it is much easier to sell unused public lands to finance infrastructure or charge developers impact fees than to install a "complete property tax system," although it is also risky to tether public revenues to volatile urban land values (Ibid).

Strong public control on urban lands in Amsterdam and Singapore, as well as higher taxation rates in Pennsylvania, were observed and tied back to the 19th century ideas of Henry George by researcher Mark Bergen (Bergen, 2012). The argument is made that higher land taxes would incentivize quicker, denser development on urban lands and post-1960's Brazil is used as a case study for district-specific "CEPAC" value capture instruments to fund public projects in step with building activity by enabling municipalities to sell development rights on public exchanges (Ibid). Softer district taxes are argued to have been successful in Boston and San Francisco, although it is admitted that many value capture tools typically require a city to have positive growth in its economy and housing market (Ibid).

Some authors have focused on a need for community groups, labor unions and religious institutions to partner with developers regardless of market cycles to ensure public benefits at a grassroots level through private, legally enforceable "Community Based Agreements" that may include elements like wage floors, environmental mitigation or affordable housing in exchange for public blessing of the development (Buchanan, 2010).

Value capture tools intended for "blighted" communities like Tax Incremental Financings ("TIFs") oftentimes lead to higher property values and displacement of community members (Mathur & Smith, 2012), even though they're perhaps the most commonly used value capture tools in the U.S. In a non-residential context, the impact of TIFs on values for Chicago's industrial properties in mixed-use districts has been found to be positive, although values of industrial parcels located in homogeneous industrial TIF districts were not found to be higher and in some specifications were lower even (Weber, Bhatta, &

Merriman, 2003). These divergent results may be best explained by landowners of industrial parcels desiring to convert their properties to non-industrial uses to boost the value of their land (Ibid). In a separate study, it is determined that despite some other studies' findings on TIFs, non-TIF properties in municipalities using TIFs are not necessarily more valuable and that at times land value gains in municipalities using TIFs have possibly come at the expense of surrounding municipalities' values (Dye & Merriman, 2006).

A 2018 study was conducted to determine whether land value capture through negotiated planning agreements between government, landowners and developers has led to delivery of significant amounts of affordable housing in England (Wyatt, 2018). Capture rates have recently ranged from 25% to 50% (of post-permit land value uplift) and at one point in history almost all windfall value resulting from planning departments' approval of proposed developments was taxed in England (Ibid). When the Community Infrastructure Levy was introduced, developers were obliged to pay into an infrastructure fund or provide in-kind affordable housing and charging rates (based on post-permit property value appreciation) were determined by controversial "financial viability models" (Ibid). Among the 87% of locales requiring affordable housing via planning obligations, a wide range (15% to 50%) was found for the proportion of affordable units to total units (Ibid). Higher proportions were found in more affluent parts of England (Ibid). 57% of local authorities have a uniform policy for all projects, while 30% have criteria dependent on each specific project (Ibid). Some renegotiated agreements in rural England have struck the affordable housing requirement altogether (Ibid).

The Case for Suppressing Urban Land Values

Among some circles of economists, higher land values are considered a drag on productivity rather than a signal of society's positive appraisal of an area's value. In 2012, nationwide CoStar data was used to examine how land use regulation changes residential property values relative to what implied development costs would be based on local land and construction costs (Albouy & Ehrlich, 2012). It was argued that land use regulation's positive impact on land prices outweighs other, less quantifiable, benefits to residents of having land regulation policy, although many highly regulated locales like San Francisco have been found to be very "productive" in tradable industries despite having less "productive" (i.e., higher market values than what cost approach appraisals imply) home prices (Ibid).

The welfare effects of property appreciation and depreciation on homeowners demonstrates that appreciation can *potentially* make homeowners worse off but that property depreciation cannot make homeowners worse off if they intend to stay in place (Lai, Sun, & Wang, 2014). Another study of over 100 cities in Florida suggests that land use restrictiveness increased home prices and the size of newly built homes, while actually suppressing land prices (Ihlanfeldt, 2007). For cities dealing with housing shortages and debating the fairness of policies that may reduce property values, re-imagining lower property value levels as a desired outcome would represent a shift in thinking from one that is focused on capital-focused to productivity-focused.

An equity-forward voice is taken elsewhere in the literature and it is proposed that zoning policy changes are needed to ensure equitable housing. Building on themes from Hagman

and Mischynski's *Windfalls for Wipeouts* book, Upzone Development Rights ("UDRs") policy is proposed in 2017 to enable cities to capture a portion of land value increases in order to fund housing equity priorities and put downward pressure on windfall property sale prices (Fyall & Casey, 2017). Similar to CEPACs sold in Brazil, landowners or developers would purchase UDRs separate from real property in order to build up to the post-upzone limits (Ibid). Since pre-construction phase costs must be capped, land acquisition prices would be constrained by UDRs. Proceeds from UDR sales would then be redistributed wherever they are most needed by the community and the potential for zoning boundaries to be drawn for political reasons could also be mitigated by enabling government to capture most windfall value (Ibid).

Opportunities and Challenges for The Greater Seattle Area

Washington's Growth Management Act led to the creation of the "Vision 2020" long-range growth management document (later replaced by "Vision 2040") with economic and transportation strategies for the four counties comprising the Central Puget Sound Region and a central theme was funneling most new growth into existing urban areas in dense mixed-use districts (Gihring, 2001). As the greater Seattle region entered implementation phases for those growth plans, however, local government has at times been challenged to meet goals based on capital funding alone (Ibid). The region has also had limited success in preventing commercial strips in favor of more dense, multi-use districts (Gihring & Nelson, 2005).

In 2013, the Puget Sound Regional Council summarized key challenges to activating value capture tools in Washington: it is unconstitutional to divert State property taxes to local

uses like economic development, which is how TIFs operate; effective property tax rates are levied based on budgetary needs rather than increases in assessed values during a given year; the State Constitutional limits total property tax levies to 1% of property value; cities have limits on the amount of debt they can carry and thus tend to mostly limit citywide debt to projects that benefit wider areas than specific districts (Puget Sound Regional Council, 2013). The resulting policies work within the confines of Washington's constitution and involve roundabout solutions that generally make much smaller impacts toward dense and equitable urban development than do special assessments and TIFs, such as legislation that requires districts to obtain permission from other districts before diverting taxes from the latter districts' coffers (Ibid). Although Seattle's South Lake Union Line streetcar has been mentioned as a success for leveraging funds from nearby property holders who would benefit from its implementation in downtown Seattle (Mathur & Smith, 2012), this approach would not be legally feasible in districts where an upzone event has occurred in lieu of an actual improvement that provides the area a streetcar, park, highway, transit service line, etc (Korngold, 2017).

Chapter 4. Research Overview and Methods

This chapter explains the methods I utilized to address one primary question:

- 1) What are the parcel-level patterns that emerge among properties that were either upzoned or not upzoned in 2017 in the 23rd and Union urban village?

Study Area

I focused on the northern part of the Central District neighborhood's urban village because of its citywide importance as not only a hub of art and culture, but more importantly, because of the rapid displacement of its longtime residents in recent years. The Black community in the Central District has experienced a great deal of disinvestment historically and has seen displacement on a locally unprecedented scale—declining from 64% in 1990 to 28% in 2010 (Seattle City Council, 2017). The community remains at high risk for displacement in the present day due to rising costs of living and a highly visible affordable housing crisis (City of Seattle, 2015). It is an interesting study area for land value and land use patterns because there has been so much turnover of residents and future policies dealing with windfall properties or other urban village-related topics are likely to find political meaning in studies of visibly distressed communities such as that which once thrived in the Central District. For context, Figure 4.1 presents Seattle's city limits and the location of all designated urban villages.

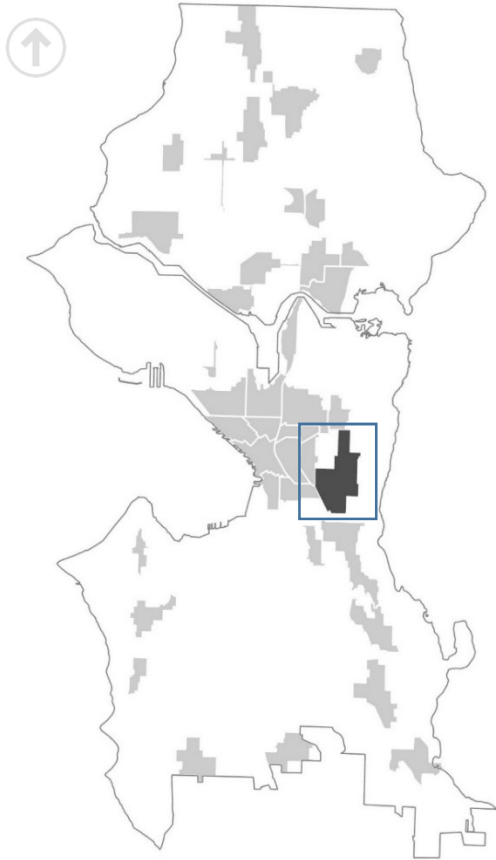


Figure 4.1. Seattle with urban villages shaded. 23rd & Union-Jackson urban village highlighted.

The intersection at 23rd Avenue and Union Street (as well as the 23rd Avenue and Jackson Street intersection) has been an epicenter of conflicting interests between the historic community and pro-development actors from outside of the community. The northeast corner of 23rd and Union is a microcosm of the conflict, as it is shared by Uncle Ike’s marijuana retail shop, established in 2014 with copious amounts of bright neon signage, and the Mount Cavalry Church, which has long been a landmark and community asset to the neighborhood’s African American community. Uncle Ike’s proximity (just several feet) to Mount Calvary has been referenced by local musicians as a citywide “symbol of gentrification” and has led to multiple protests against Uncle Ike’s by various community groups such as the so-called “Unity on Union” protest of April 20, 2016 (Ishisaka, 2016).

In 2014, Mount Calvary filed a lawsuit against the Washington State Liquor Board, City of Seattle and the owner of Uncle Ike's for establishing the marijuana retail store within 1,000 feet of a youth center led by Mount Cavalry (PR Newswire, 2014). Until mid-2019, large murals referencing a local non-profit community advocacy group, Africatown, completely covered much of the ground and walls of the building located directly across the street at the southeast corner of 23rd and Union. Figure 4.2 shows the entire study area and the location and size of the parcels included in both groups in this study.

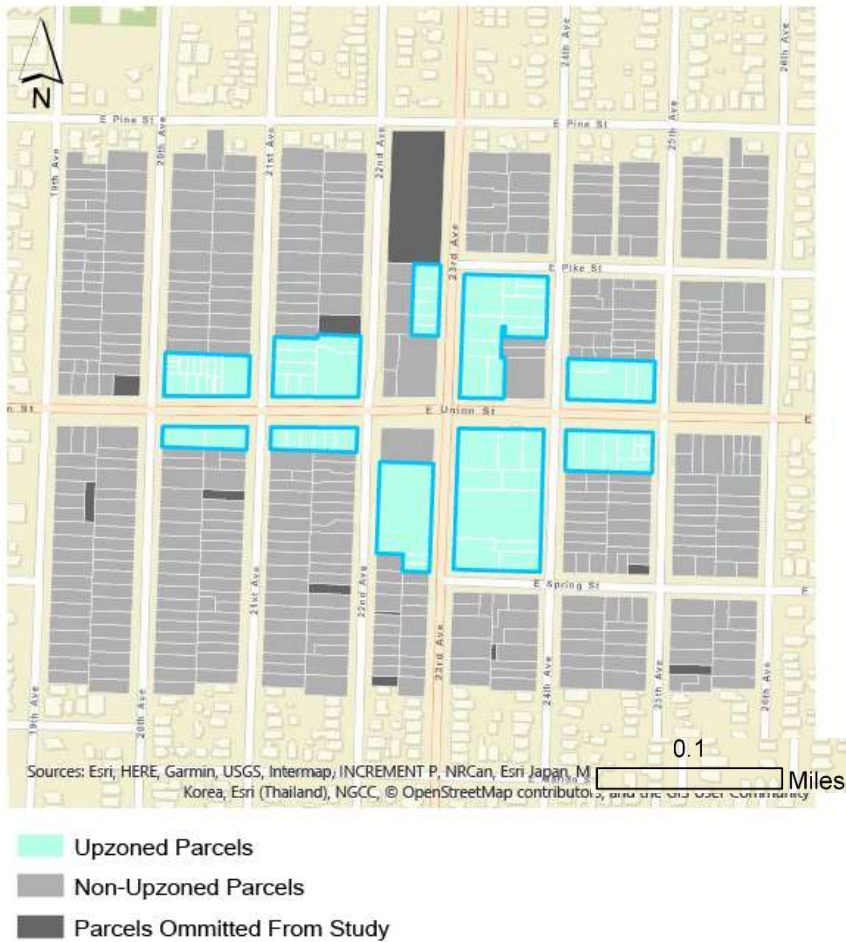


Figure 4.2. The study area around 23rd & Union intersection in the Central District

Data Collection

This study investigated whether parcel-level patterns arose in terms of: land use, annual assessed value changes during the recent four-year period of 2015 through 2018, market value estimates (as of February 2019) and property sale prices since 2003. Assessed values as a percentage of pre-upzone and post-upzone property sale prices were also calculated, as well as property sale prices per square foot of land and per buildable square foot (“PBSF”). Upzoned properties in the study area that sold in 2017 or later were of particular interest and are listed in Appendix B.

In order to assess trends among parcels from each group within the study area, pre- and post-2017 upzone data was compiled for all parcels in the study area with respect to property sale transactions, assessed values and market value estimates. To adjust sale prices by parcel square footage and by maximum buildable square footage, parcel sizes and floor area ratios were also compiled for each parcel.

Four types of secondary data were included in this study: assessed property values, market value estimates, property sale information and qualitative information about land use; all of which was accessed through the King County Assessor’s website (“King County Parcel Viewer,” 2019), the Redfin website (“Redfin,” 2019) and my own street-level observations of current land uses (e.g., multifamily residence, single family home, church, tent city). GIS data from the City of Seattle (“City Seattle Open Data Portal,” 2019) and King County websites (“King County. GIS Open Data,” 2019) were also utilized to create base maps on top of which property-level data was presented.

A subject of inquiry in the data gathering process was what properties in the study area sold for on a per [estimated] buildable square foot basis because that is typically most important to developers seeking to redevelop parcels to support more intensive commercial or residence use. Although maximum building heights are typically what come to mind first when one views the zoning classification for a particular parcel or block of parcels, other land use regulations such as setback requirements and Floor Area Ratios (“FARs”) can play an equally important role in determining the value of a property based on how much square footage of finished space can be built. Table 4.1 below shows the maximum FAR multiplier values used for each of the zoning designations that exist within the study area, as per the Seattle Municipal Code as of February 2019. In cases where a given designation had an upper and lower maximum FAR value based on land use details, such as whether development would include commercial space or not, the lower of the two maximum FAR values was used. For the “SF_5000” zoning designation, a maximum FAR is not explicitly defined in the local building code, so a maximum FAR of 1.05 was used based on guidance from section “23.44.010 - Minimum Lot Area and Lot Coverage” of the Seattle Municipal Code, which states that no more than 35% of a parcel’s square footage is typically permitted to be covered by built structures and building height is generally limited to 30 feet above grade (sans additional height requirements for sloped rooftops) (City of Seattle, 2019). Admittedly, additional limitations could theoretically impact the buildable square footage of certain properties regardless of their zoning categories due to property-specific characteristics such as the occasional oddly shaped parcel, setback requirements or existing easements in place and so on. Also, some upzoned properties could ostensibly

have structures already constructed on them deemed by developers to be valuable enough to preserve, which could also positively impact prices PBSF.

Zoning	Maximum FAR
LR1	0.90
LR2	1.00
LR3	1.10
NC2P-30	2.25
NC2-40	3.00
NC2-55(M)	3.75
NC2-65	4.25
NC2-75(M1)	5.50
NC2P-40(M)	3.00
NC2P-55(M)	3.75
NC2P-55(M1)	3.75
NC2P-65	4.25
NC2P-75(M1)	5.50
SF_5000	1.05

Table 4.1. FAR limits associated with each zoning category

Data Considerations

While conducting a value capture study within an upzoned urban village boundary in Seattle, it quickly becomes apparent that assessed value data and sales price data is laden with limitations and challenges. Aside from the urban village boundaries where HALA’s proposed upzoning would have direct impact, there are no publicly accessible resources that visually document where past upzone boundaries were drawn in Seattle. “Spot zoning” of individual parcels on an as-needed basis rather than as matters of district- or neighborhood-wide policy also make for sometimes blurred lines between areas that have been upzoned and those that have not.

Property sale data, despite being offered on a site-specific basis by free and public data sources like Zillow and Redfin, are generally difficult to obtain on a large, aggregated level. There is a lag time between when property sales formally close and when such transactions are reflected on public websites, also. Further, there is much noise in sales data and assessed values (provided by King County Assessor's Office in the case of the Seattle area) due to non-sale transfers of property ownership to and from legal entities, estate transfers, marriage-related estate sharing and so on. Properties are generally not assessed manually each year and improvements made to properties over time can have a very significant impact on assessed values.

A wider study on all upzoned urban villages across Seattle that references specific property value changes has not been conducted to date and is beyond the scope of this study. Also beyond the scope of this study is a quantitative estimate of the magnitude of the described windfalls specifically caused by upzone policy amidst the myriad other factors that influence assessed values and, more importantly, market values for properties at any particular point in time. Only two years' worth of post-upzone assessment and transaction data could be gathered because of the timing of this study, which may also present an opportunity for future studies around windfalls and property-level patterns in and around Seattle's upzoned areas as well.

There is no single commonly accepted definition of a windfall in the literature that is specific, let alone one that is quantitatively descriptive (e.g., any property that has doubled or more in value in one year without any capital investment by its owner). This study is more concerned with the 2017 upzoning's impact on parcels in general, however, as

opposed to being solely focused on properties that sold at prices exponentially higher than others within the study area.

Data Limitations

Gathering parcel-level data that is stable and predictable and truly representative of the value of land within the study area also poses a very large challenge to any scholar intending to do quantitative research or build a credible regression model that can estimate an upzoning event's impact on property values. Thus, a more in-depth, qualitative method of surveying an urban village was utilized instead of attempting to deduce a meaningful and statistically significant estimate of the 2017 upzoning's impact on property values across Seattle's urban villages. It is apparent that variation in the data set for assessed property values (even adjusted for lot size) and sale prices is less stable and predictable than what would be required to begin entertaining the possibility of building a regression model to explain what drives local property values (be they market values or assessed values). However, with windfalls serving as the scholastic backdrop of this study, the high degree of variation within and between different measures of property values was also what made this descriptive quantitative study interesting.

Entering this study, land value spikes following upzones seemed to be intuitively the most interesting because buildable land is the component of private property that is most affected by upzone events. However, very few parcels exist in the study area that are either on raw land or land with unproductive "scrapers" homes on them. An additional area of future study could be one with a wider study area and a focus on patterns in property values for only parcels with unimproved land, unproductive buildings or both. Another

interesting area of study could be comparing variation among developers' prices paid for different properties on a PBSF basis (based on zoning code height restrictions and FAR limits) specifically focused on unimproved or "scraper" lots.

Various types of legal transactions can occur on properties over time that introduce "noise" to assessed value data and property sale history. Properties can be subject to deed transfers or changes that are not related to traditional property sales, thus transacting at prices well below competitive "market-clearing" levels, for example. Some other properties may qualify for lower effective taxation rates due to successful appeals made by landowners, while other properties are combined with adjacent properties, as additional examples. Marriages, divorces and inheritance events are also common causes of noise in property-level data. There is also a period of time that passes between the time when a property is sold and the time when transactions are captured in the publicly available King County Assessor's data sets.

Determining effective taxation rates on properties can become more complex than many might expect. The local rule of thumb is that assessed values are required to represent 95% of the market value and in September of each year the Department of Revenue compares appraised values of selected properties in each county in Washington state to market values that are based on real estate excise tax affidavits (Washington State Senate Ways and Means Committee, 2006). This is oftentimes not the case, however, particularly for properties that have not been sold in recent years. Further, the effective property tax rate does not have a linear relationship with assessed values because the total amount of property tax each local government is allowed to collect is tethered to budgetary needs.

Put differently, a theoretical 20% increase in assessed values after one year of rapid market appreciation will not lead to a 20% year-over-year increase in property taxes. This complexity also added an exploratory element to my study and has been explained in simple terms for readers because property taxation is a critical source of public funds in all urban locales.

Even with a revised method of data gathering and interpretation, some parcels could not have their sale values meaningfully compared to their assessed values from the year preceding their sale dates because newly subdivided parcels with new buildings constructed on them are given new parcel numbers and because past years' assessments by the King County Assessor's Office are not meaningful for comparison if significant capital investment was subsequently made into those parcels (i.e., new construction or significant rehabilitation projects).

Several parcels in the study area are either church- or government-owned or serve as privately-owned unimproved parcels of land owned by an adjacent property owner. Such parcels have almost no information publicly posted about them online and were omitted from the data sets for upzoned parcels and the surrounding parcels that were not upzoned in 2017. Several other parcels have seen significant construction activity in recent years in the form of new apartment buildings, but were not included in the upzoned parcel data set as they were upzoned through "spot zoning" in years prior to the HALA-related 2017 urban village upzone. In summary, of the 515 parcels initially included in the study area, just 14 were omitted from the analysis.

While single family homes in the neighborhood may include attached or detached dwelling units to accommodate multiple families or purposes, non-advertised casual commercial spaces within homes did not change buildings' residential classifications. Along E. Union Street, a number of retrofitted live-work homes, typically either built in the first decade of the 20th century or in the last ten years, were classified as such due to having online or street-facing commercial advertising.

The post-upzone window of time for transactions to have occurred inside of spans over just two years, whereas the pre-upzone window spanned 15 years. This is clearly not symmetrical, as may have been ideal, although both groups of parcels shared the same time periods.

Analysis Procedures

After identifying and omitting outlier properties and non-taxable properties that lack publicly accessible data, basic descriptive statistics and maps were generated for both parcel groups for purposes of comparison between parcels that were upzoned in 2017 and parcels that were not. Clear examples of windfall properties also emerged, which served as concrete examples for the study area, although I was unable to estimate just how much wealth had been generated in aggregate across the urban village as a result of the 2017 upzoning and those windfall properties were not the primary objects of interest.

Land Use Patterns. The GIS portals on the City of Seattle ("City Seattle Open Data Portal," 2019) and King County ("King County. GIS Open Data," 2019) websites provided shapefile data with parcel-level data, including square footage, zoning designation and street

address of each parcel in the study area. Separate layers for upzoned and non-upzoned parcel groups were created in the ArcGIS Pro application. The online King County Parcel Viewer tool (“King County Parcel Viewer,” 2019) was then accessed to manually pull structure build years, land use designations and building square footage for both groups and joined to the same spreadsheet containing data pulled from the City and County GIS portals. Basic formulas were utilized in MS Excel to count parcels by build year decade and by land use categories. This data was then geospatially represented on a map with a color-based symbology

Changes in Assessed Values. Annual assessed values for each parcel in the study area from 2015 through 2018 were manually extracted from the online King County Parcel Viewer tool and added to the working spreadsheet mentioned in the previous sub-section and the simple (non-compounding) average annual rate of increase or decrease was calculated for those assessed values. Simple descriptive statistics were computed for both groups and the average annual assessed value change values were geospatially represented in the same manner and same color style as were the data related to land use patterns.

Estimated Market Values. Estimated market values for each property in the study area were manually pulled from the Redfin website (“Redfin,” 2019a) and added to the working spreadsheet before adding new fields to the spreadsheet for calculating each parcel’s estimated market value per square foot of land and the ratio of each parcel’s estimated market value relative to the most recent year’s (i.e. 2018) assessed value. Based on each parcel’s zoning designation, a numerical FAR multiplier was used (see Table 4.1) to

approximate the buildable square footage of each parcel based on parcel size. Pre- and post-2017 property sale years and amounts were manually pulled from the online King County Parcel Viewer tool and Redfin website, respectively. Estimated market values and sale prices per parcel square footage and parcel-level buildable square footage were then calculated in Excel and joined to the working file in ArcGIS Pro to be geospatially represented. Sales prior to 2017, going back 15 years to 2002, were grouped and labeled as such, while sales in 2017 and onward were grouped as “recent sales.”

Assessed Value Estimates and Sale Prices. Going back as far as 15 years before 2017 all “old sales” had their sale year and sale price recorded based on the “Property Detail” information within the “Property Report” on the online King County Parcel Viewer tool. For properties that sold in 2017 or later, the same details were pulled and also added to the working spreadsheet to be compared to prior years’ assessed values to assess the extent to which assessed values tended to track transaction prices before and after 2017 across both groups of parcels.

Chapter 5. Results

A great decoupling of upzoned property values from nearby non-upzoned properties was not found within the study area. Sale prices since 2017 were only around 1% higher among upzoned parcels and upzoned properties have sold for 80% less on a per buildable square foot basis since 2017. These results are admittedly specific to the defined study area around 23rd and Union, but may surprise some observers who would have expected exponential increases in property values in line with upzoned properties' increased building potential. The results also offer an alternative neighborhood narrative from the one provided by Alexander Casey and local scholar Rachel Fyall, who focused much of their study on properties located close to the planned Roosevelt light rail station in north Seattle that generated windfalls after being upzoned in 2012 (Fyall & Casey, 2017).

On average, assessed values appreciated at a similar rate across both groups from 2015 through 2018. The upzoned group includes a more diverse mix of land uses, although both groups have 18% of parcels developed into new (i.e., 1990 to 2019) residential buildings.

Land Use Patterns

There is more variation in land use categories within the upzoned parcels despite having a much smaller sample set of parcels, with 11 distinct typologies defined in this study versus just five in the non-upzoned area. There was a significant decline in building activity across both groups during the 1930s and all the way through the 1990s. Table 5.1 provides detail and includes residential and non-residential buildings.

Upzoned Parcels	
1900-1910	29.2%
1910-1920	10.8%
1920-1930	9.2%
1930-1940	4.6%
1940-1950	1.5%
1950-1960	4.6%
1960-1970	4.6%
1970-1980	1.5%
1980-1990	1.5%
1990-2000	3.1%
2000-2010	16.9%
2010-2019	12.3%

Non-Upzoned Parcels	
1900-1910	56.4%
1910-1920	6.3%
1920-1930	6.6%
1930-1940	0.2%
1940-1950	2.6%
1950-1960	0.7%
1960-1970	0.7%
1970-1980	2.1%
1980-1990	2.3%
1990-2000	4.2%
2000-2010	11.0%
2010-2019	6.8%

Table 5.1. Build years by decade for all parcels containing structures

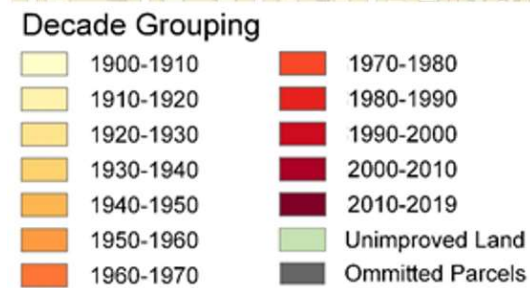


Figure 5.1. Build years by decade with upzoned parcels outlined with blue borders

Both groups interestingly happen to have 18% of parcels occupied by recently built residential structures (i.e., 1990s or later) as shown in Tables 5.2 and 5.3. In the upzoned group, there is an even split between single family homes and multifamily homes, while in the non-upzoned group there is an 18% and 2% split, respectively. While 7% of upzoned parcels are comprised of undeveloped land and another 4% is comprised of uninhabited “scrapers” structures poised for redevelopment, just one parcel in the other group of 428 non-upzoned parcels is undeveloped land. Old commercial lots still dominate newer ones in the upzoned area, which together account for 22% of parcels, while none exist in the non-upzoned group. The upzoned group also contains two churches, one parcel of land being used for a “tent city” and just one multifamily structure, which was built before the 1990s.

In the upzoned group, 20 of 73 parcels have single family homes on them that were constructed pre-1990s, versus more than 79% of the 428 non-upzoned parcels. Typical lot sizes vary significantly between property type classifications, as show in the table below. Parcels subdivided for development in the 1990s and onward tend to consume much less land than their older counterparts, although this dynamic is not observed among the smaller sub-sample of commercial properties.

	Count	% of Properties	% of Land Coverage
Single Family Homes (Pre-1990s)	25	34%	23%
Commercial (Pre-1990s)	13	18%	30%
Single Family Homes (Post-1980s)	13	18%	5%
Multifamily Homes (Post-1980s)	7	10%	4%
Land	5	7%	10%
Commercial (Post-1980s)	3	4%	11%
Scraper	3	4%	6%
Church	2	3%	6%
Tent City	1	1%	1%
Multifamily Homes (Pre-1990s)	1	1%	4%
Total	73	100%	100%

Table 5.2. Table of property types and land coverage for the upzoned group

Among the 427 developed parcels in the non-upzoned group, there are 78 single family homes built in or after the 1990s and these newer structures again generally consume a smaller proportion of land than would be expected given how many such homes there are in the non-upzoned group. Older single family homes use slightly more land proportion-wise relative to their share of all parcel counts. Among the 10 multifamily parcels, however, this relationship does not emerge.

	Count	% of Properties	% of Land Coverage
Single Family Homes (Pre-1990s)	339	79%	84%
Single Family Homes (Post-1980s)	78	18%	11%
Multifamily Homes (Post-1980s)	7	2%	4%
Multifamily Homes (Pre-1990s)	3	1%	1%
Land	1	0.2%	0.3%
Total	428	100%	100%

Table 5.3. Table of property types and land coverage for the non-upzoned group

Changes in Assessed Values

Changes in assessed values varied considerably within both groups for 2015 through 2018, particularly the non-upzoned parcel group. However, the average annual change in assessed values for upzoned parcels was very similar to that of the non-upzoned parcels.

After excluding several properties without data and one outlier parcel (2407 E. Union Street) that underwent intense development in 2016 and had its assessed value increase 2,738% from 2015 through 2018, the average (non-compounding) annual rate of change in assessed values for upzoned parcels was 20.8% from 2015 through 2018, with a range of -2.0% to 48.0%. Just one of those parcels experienced a negative average annual change in assessed values during that period. Of the described 70 parcels, seven were part of a new townhome development on 20th Avenue and had only three years of assessed value data. Those seven parcels had a positive average annual change of 7.0%, with a range of 6.5% to 7.0%.

The average annual appreciation rate for non-upzoned parcels from 2015 to 2018 was 18.3%, with a range of -4.8% to 82.2%. This data was calculated after excluding six outlier parcels where new homes were constructed and values ranged from 89% to 326%, five new multi-family developments lacking assessed value data and one undeveloped parcel also lacking assessed value data-- a small 3,810 square foot residential lot along 22nd Avenue owned by a local REIT with a Redfin market value estimate of \$534,499 as of February 2019. Two other parcels only had partial assessed value data histories (i.e., 2017 and 2018), but were included in the data set for Figure 5.2 below: a duplex townhome unit on 19th Avenue that was built in 2017 and a small single family home built in 1911. Figure 5.2 maps the discussed values for each parcel. The similar mean values between the two parcel groups may be explained by the fact that assessed value changes are not manually calculated for every property in Seattle each year and properties within

urban village boundaries may not necessarily be assessed differently by the King County Assessor's Office as compared to other nearby properties.



Average Annual Change in Assessed Values (2015-2018)

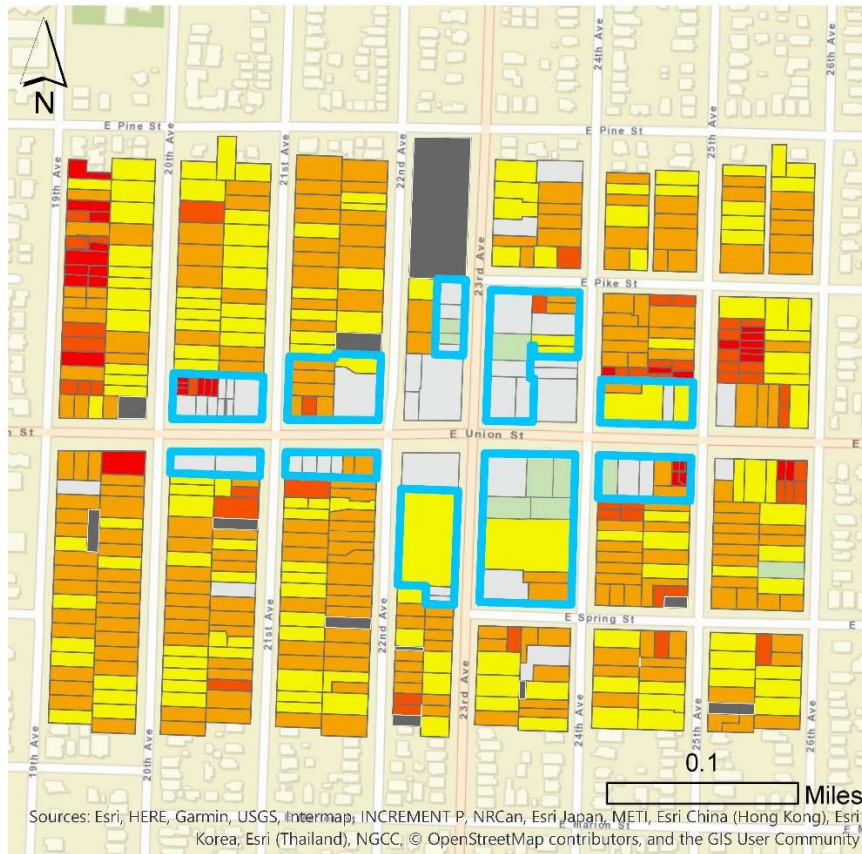


Figure 5.2. Average annual change in assessed values from 2015 through 2018

Estimated Market Values

The average market value of properties located on upzoned parcels on a simple per square foot of land basis, per Redfin data pulled in February of 2019, was \$487. For non-upzoned properties, it was just over \$243. For reference, it is worth noting that as of January 2019 the median sale price per square foot of built residential property in Seattle was \$426 (Redfin, 2019b). For both groups, most parcels had Redfin value estimates. While the

wide disparity between those two averages may be explained by many different factors that go beyond the scope of this study, such as whether parcels face major streets (and are thus more commercially viable for attracting more passersby) and proximity to transit stops or other community assets, this was an interesting finding. Figure 5.3 presents the lack of a clear spatial pattern with respect to the distribution of estimated market values per square foot of land, as well as the clustering of high values along the eastern sides of certain blocks on 19th Avenue and 25th Avenue.

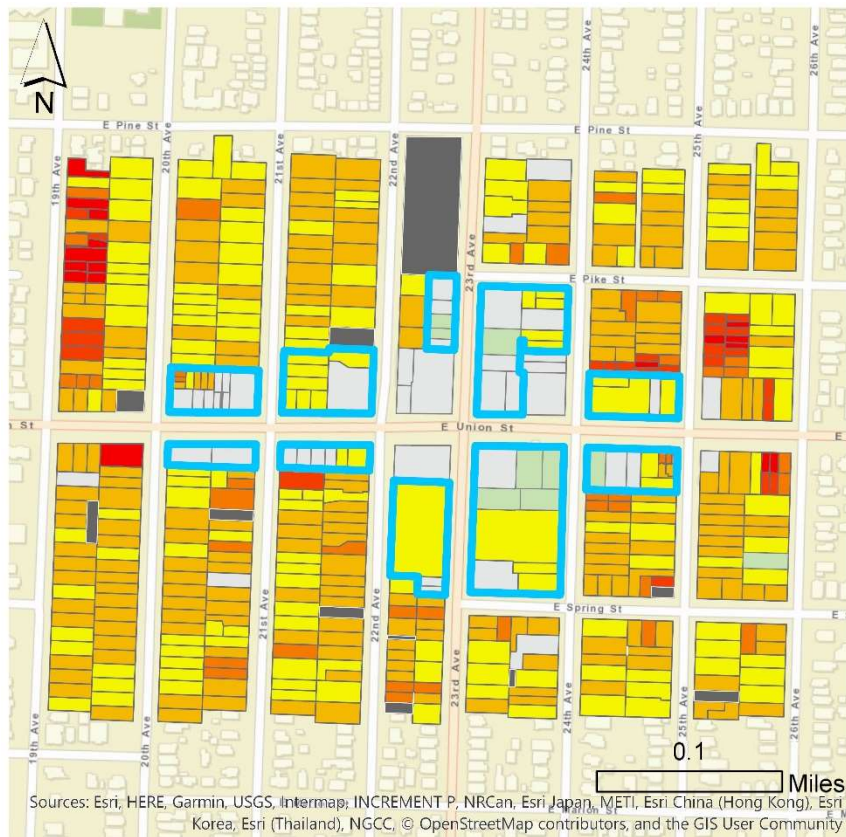


Estimated Market Value Per Square Foot of Land

- < -0.50 Std. Dev.
- 0.50 - 0.50 Std. Dev.
- 0.50 - 1.5 Std. Dev.
- > 1.5 Std. Dev.
- Unimproved Land
- Omitted Parcels
- Parcels Without Estimates

Figure 5.3. Redfin market value estimates per square foot of land

On a PBSF basis, upzoned parcels in the study area have actually sold for significantly less than non-upzoned parcels since 2017-- \$57 on average versus \$272. Since 2017, sale prices per square foot of land were only slightly higher among upzoned parcels versus non-upzoned parcels-- \$269 to \$265. This may be an aberration of sorts due to the small sample set of recent sales in the study area, but it is nonetheless a surprising result which contradicts much existing literature and expectations of upzoning's positive impact on land values. Essentially, land values have not skyrocketed in step with buildable square footage among upzoned parcels around 23rd and Union.



Estimated Market Value Per Buildable Square Foot

- < -0.50 Std. Dev.
- 0.50 - 0.50 Std. Dev.
- 0.50 - 1.5 Std. Dev.
- 1.5 - 2.5 Std. Dev.
- > 2.5 Std. Dev.
- Unimproved Land
- Omitted Parcels
- Parcels Without Estimates

Figure 5.4. Redfin market value estimates per buildable square foot

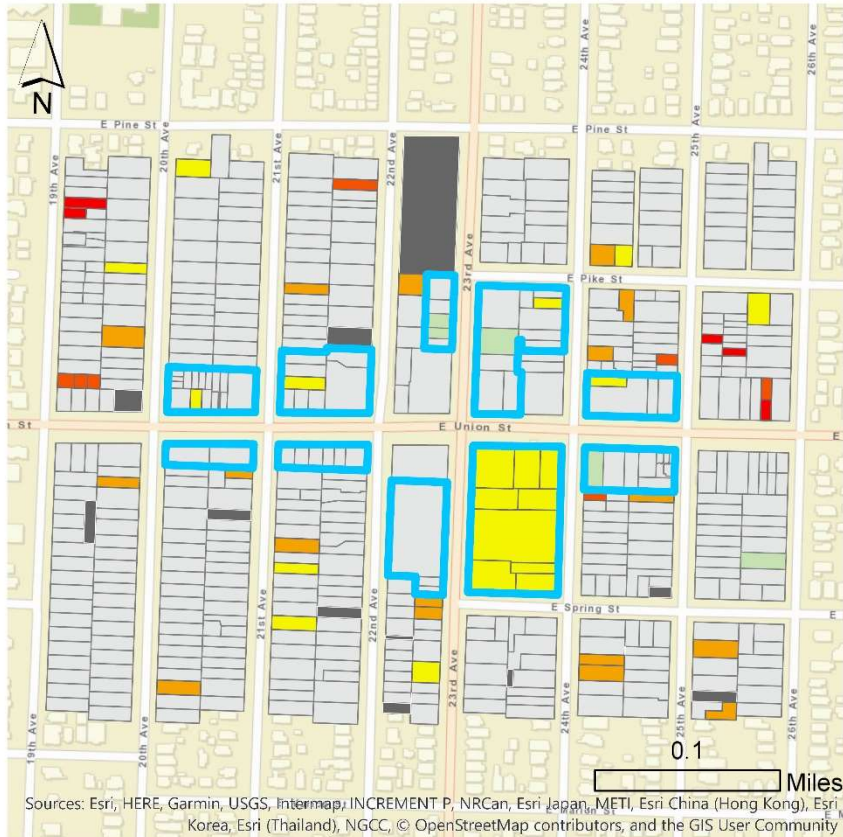
Figure 5.4 presents estimated property values PBSF and resembles Figure 5.3 on most blocks except the northeast block of 20th Avenue and E. Union Street. Figures 5.5 and 5.6 shows the dispersed nature of prices paid in recent property sales PBSF.



Sale Price Per Buildable Square Foot (Sales in 2017 or Later)

- ≤ \$150
- ≤ \$300
- ≤ \$450
- ≤ \$600
- Unimproved Land
- Omitted Parcels
- Parcels Without Estimates

Figure 5.5. Post-upzone prices paid per buildable square foot



Sale Price Per Buildable Square Foot (Sales in 2017 or Later)

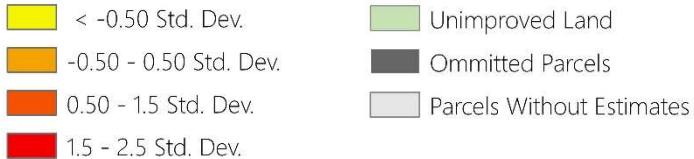
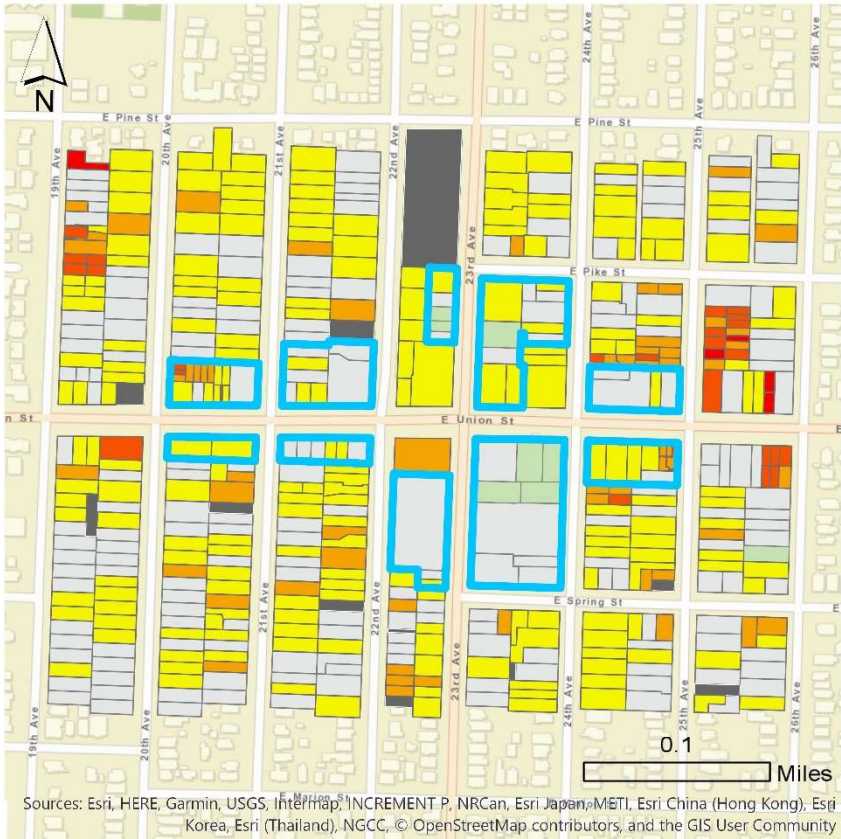


Figure 5.6. Post-upzone prices paid per buildable square foot (by standard deviation)

With respect to pre-upzone sales, parcels that would later be upzoned in 2017 sold for \$133 per [pre-upzone] buildable square foot, while parcels that were not upzoned in 2017 sold for \$145 PBSF. Figures 5.7 and 5.8 show transaction prices that generally resemble estimated market values with respect to spatial patterns.



Sale Price Per Buildable Square Foot (Pre-2017 Sales)

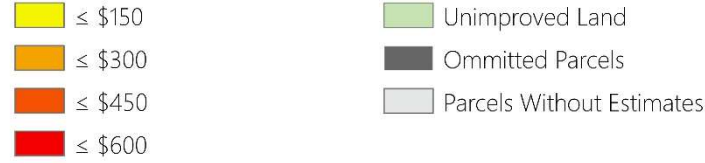
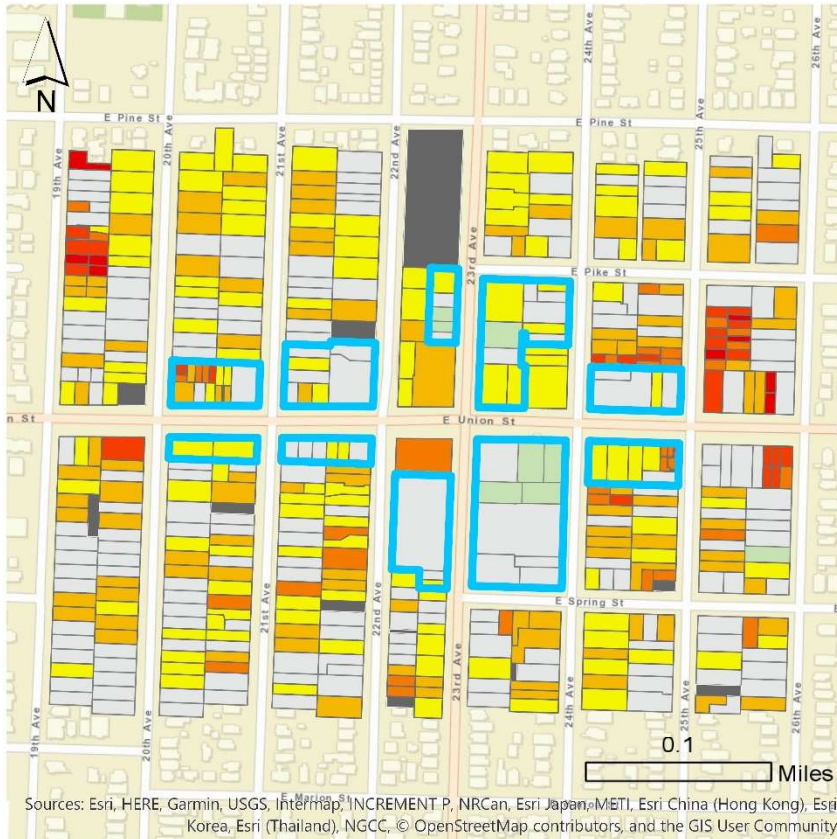


Figure 5.7. Pre-upzone prices paid per buildable square foot



Sale Price Per Buildable Square Foot (Pre-2017 Sales)

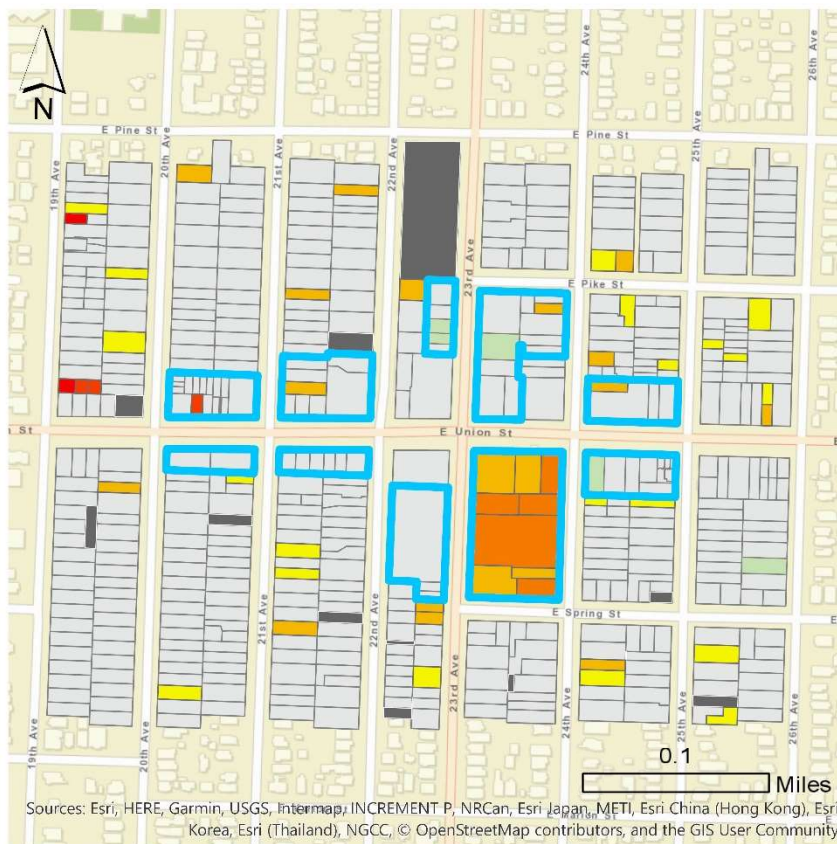


Figure 5.8. Pre-upzone prices paid per buildable square foot (by standard deviation)

Assessed Value Estimates and Sale Prices

For properties that sold both before and after 2017, assessed values did not track closely to market transaction prices. This held true for both groups of parcels and was not a phenomenon specific to newly constructed properties that received significant capital investment which would expectedly lead to a substantial increase in assessed values from one year to the next. However, among upzoned parcels sold in or after 2017, the delta between sales prices and prior years' assessed values was much larger than for properties

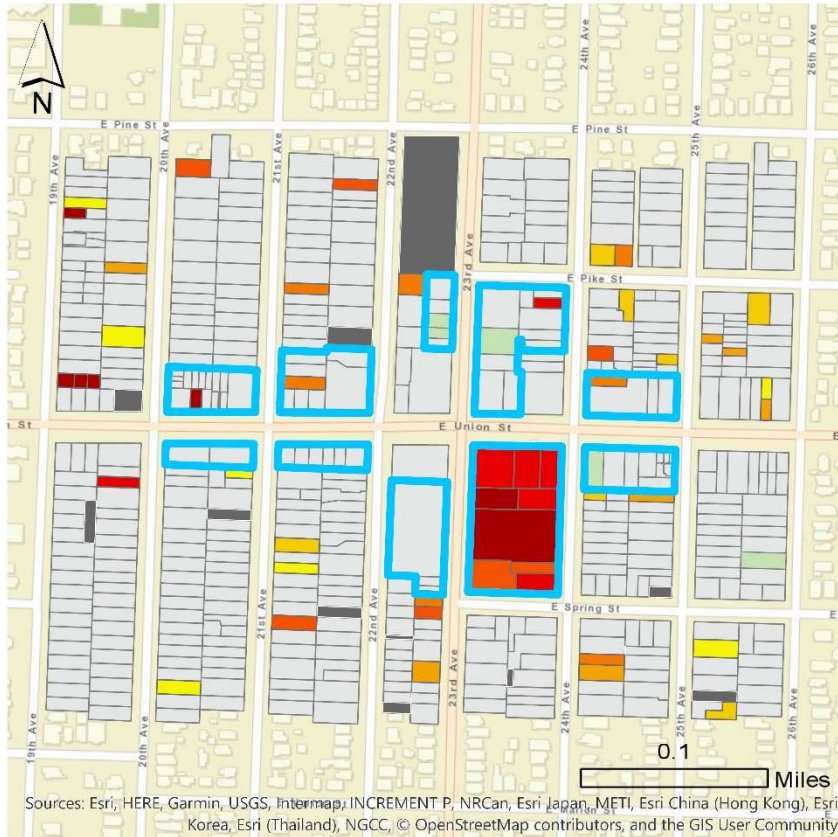
sold from 2002 through 2016-- 127% and 68%, respectively. Among non-upzoned parcels, results were different. Non-upzoned properties that sold from 2002 through 2016 were 69% above prior years' assessed values on average, while older 2002-2016 sales were 77% over prior year's assessed values on average. Figures 5.9 and 5.10 show the spatial distribution of properties sold in 2017 or later and the extent to which transaction prices differed from assessed values leading up to the year of each transaction.



Sale Price Over Prior Year's Assessed Value (Sales in 2017 or Later)

- < -0.50 Std. Dev.
- 0.50 - 0.50 Std. Dev.
- 0.50 - 1.5 Std. Dev.
- 1.5 - 2.5 Std. Dev.
- > 2.5 Std. Dev.
- Unimproved Land
- Omitted Parcels
- Parcels Without Estimates

Figure 5.9. Prices over prior year's assessed values for parcels sold in 2017 or later



Sale Price Over Prior Year's Assessed Value (Sales in 2017 or Later)



Figure 5.10. Ratio of prices paid in 2017 or later to prior year's assessed values

Although the 13 recently sold properties in the upzoned area sold for prices that were, on average, more than three times the average price of properties in the non-upzoned area, significantly less was paid on a PBSF basis for upzoned properties. Good examples of this phenomenon can be found in properties like 2317 E. Union Street and 1111 24th Avenue, both located on the southeast corner of the 23rd and Union intersection where the 433-unit Midtown Commons apartment and retail project is to be built right up to its zoning limits

and provide parking for 255 vehicles as proposed by the developer. This was a surprising finding because although diminishing costs can be expected of larger projects, upzoned parcels did not significantly sell for higher prices than non-upzoned parcels even based on lot sizes, let alone in relation to buildable square footage.

Although assessed values generally lagged significantly behind transaction prices across the whole study area for parcels sold in 2017 or later, this delta between sale prices and prior years' assessed values was much larger within the upzoned group. On a price PBSF basis, however, less was paid on average for upzoned parcels.

Chapter 6. Conclusion and Policy Considerations

Conclusion

This analysis of post-upzone impacts on the upzoned and non-upzoned parcel groups showed that upzoned properties are generally more valuable per square foot, but much less expensive to purchase on a per [potential] buildable square foot basis. In the 23rd and Union study area, windfalls have not generally occurred on upzoned properties commensurate with their higher potential for dense development. In the 15 years leading up to the 2017 upzone, properties within the [later] upzoned area sold for 8% less than non-upzoned properties on a per buildable square foot basis. Average assessed values per square foot have remained almost equal between both property groups. Upzoned parcels as a group exhibit a more diverse set of land uses relative to non-upzoned parcels within the study area, however, as most would expect.

Some research supports the view that upzoning events cause windfalls, but the findings of this study do not support this view. The findings of this study are not aligned with the assumed outcomes of upzoning prevalent in the literature, including a Seattle area studied by Rachel Fyall and Alexander Casey in 2017 (Fyall & Casey, 2017). Additional data needs to be gathered for Seattle's urban village areas in order to conclude such a phenomenon has been widespread in Seattle.

Taken together, the data presented herein provide fact-based descriptions of the study area around the 23rd and Union intersection and a basis for further research on post-upzone land value changes by gathering additional data across other urban village areas in

Seattle. For most metrics in this study, a clear spatial pattern did not emerge along main streets or within the upzoned area's boundary lines. This was an interesting finding, since the underlying assumptions that support upzoning decisions (i.e., upzoning will drive production of more affordable housing and commercial space), typically in lieu of conclusive data-based evidence, have the power to lead voters and city planners alike into assuming certain development outcomes as virtually inevitable.

While several properties were identified as being clear windfall examples, upzoned parcels generally did not sell at significantly higher prices than non-upzoned ones when factoring in lot sizes. In fact, on a buildable square footage basis, upzoned parcels sold for significantly less within the study area. This phenomenon may be explained by the fact that there are fewer potential buyers able to place competitive bids on lots slated for more intensive development than their legacy uses, hence leading to less demand relative to supply than one would typically observe among residential properties for sale.

The argument for recapturing a large portion of windfall profits caused by capital investments or public policy changes remains, although a mechanism and formula for calculating publicly created value would need to be informed by local works of research such as this study. For example, the current system of calculating assessed value estimates tends to significantly lag actual market values and likely would require greater resources in order to be usable in calculations regarding value uplift. Also, effective taxation rates on properties are also constitutionally constrained because they are tethered to budgetary needs (rather than being tethered to property values regardless of budgetary

needs), so any future value capture policies would likely need to be administered outside the standard process used by the King County Assessor's Office.

Further research across more urban village areas in Seattle, inclusive of more years of post-upzone data than what was possible for this study, could validate whether this phenomenon is consistently found around the city. It would be worthwhile to concentrate on assessed values and property transactions on a per buildable square footage basis. Such research could contribute to planning policy decisions that optimize land use decisions with respect to how much dense development is concentrated and economies of scale with respect to land costs per dwelling.

Additional policy ideas will likely need to be added to these themes in the coming years as more works of urban land value research are published and activist groups come forward with new demands or proposals. For example, the OneCity political action group in British Columbia is advocating for a value recapture tax on windfall property sales in order to cool speculation powers and raise more money for public housing (Denis, 2018). OneCity is also in favor of upzoning areas designated for single family homes but would subject all landowners to windfall taxes if their property value increased as a result of upzoning or improved public transit nearby. They claim that a recapture tax would be more transparent and uniform than current negotiated deals made privately between developers and government for "amenity contributions" (Ibid).

Bibliography

Albouy, D., & Ehrlich, G. (2012). Metropolitan Land Values and Housing Productivity.

National Bureau of Economic Research.

Alterman, R. (2012). *Land-Use Regulations and Property Values: The “Windfalls Capture”*

Idea Revisited. The Oxford Handbook of Urban Economics and Planning.

<https://doi.org/10.1093/oxfordhb/9780195380620.013.0034>

Atkinson-Palombo, C. (2010). Comparing the capitalisation benefits of light-rail transit and

overlay zoning for single-family houses and condos by neighbourhood type in

metropolitan phoenix, Arizona. *Urban Studies*, 47(11), 2409–2426. Retrieved from

<http://ovidsp.ovid.com/ovidweb.cgi?T=JS&PAGE=reference&D=emed9&NEWS=N&A>

N=20857563

Bartke, R. W., & Lamb, J. S. (1976). Upzoning, Public Policy, and Fairness - A Study and

Proposal. *WILLIAM AND MARY LAW REVIEW*, 17(701).

<https://doi.org/10.1533/9781845699789.5.663>

Bassett, E. M., Crawford, A. W., Swan, S., & Association, D. C. A. C. (1920). Zoning as an

element in city planning , and for protection of property values , public safety , and

public health / by Lawson Purdy , Harland Public Domain , Google-digitized. *American*

Civic Association.

Bergen, M. (2012). Money Grab. *Next City (Institution)*, 1(18), 1–17. Retrieved from

<https://nextcity.org/features/view/money-grab>

Bruhn, J. A. (1969). 1960s Theory on Zoning Effect on Property Value in General.pdf.

Buchanan, S. (2010). Why Marginalized Communities Should Use Community Benefit Agreements as a Tool for Environmental Justice : Urban Renewal and Brownfield Redevelopment in, *1*.

City of Seattle. (2019). *Seattle , WA Municipal Code* (SEATTLE MU). Seattle. Retrieved from https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT23LAUSCO_SUBTITLE_IIILAUSRE_CH23.44RESIMI

City of Seattle, D. of P. and D. (2015). *Growth and Equity: Analyzing Impacts on Displacement and Opportunity Growth and Equity* (Vol. Public Rev). Retrieved from <http://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/SeattlesComprehensivePlan/EquityAnalysisPublicReviewDraft.pdf>

City of Seattle, D. of P. and D. (2018). Housing Affordability and Livability Agenda. Retrieved from <http://www.seattle.gov/hala>

City of Seattle Open Data Portal. (2019). Retrieved from <https://data.seattle.gov/>

Denis, J. (2018). "Windfall" tax would curb land-value speculation and raise funds toward social housing when property values go up, civic party says. Retrieved October 6, 2018, from <https://www.thestar.com/vancouver/2018/07/26/real-estate-windfall-tax-would-curb-speculation-and-gentrification-in-vancouver-onecity-says.html>

Dye, R. F., & Merriman, D. F. (2006). TAX INCREMENT FINANCING : A Tool for Local

Economic Development. *Journal of Housing & Community Development*, (May/June), 23–29.

Fischel, W. A. (1992). Property Taxation and the Tiebout Model: Evidence for the Benefit View from Zoning and Voting. *Journal of Economic Literature*, 30(1), 171–177.
<https://doi.org/10.1126/science.151.3712.867-a>

Florida, R. (2019). Does Upzoning Boost the Housing Supply and Lower Prices ? Maybe Not . *CityLab*, 2–5. Retrieved from <https://www.citylab.com/life/2019/01/zoning-reform-house-costs-urban-development-gentrification/581677/>

Freemark, Y. (2019). Upzoning Chicago: Impacts of a Zoning Reform on Property Values and Housing Construction. *Urban Affairs Review*, 107808741882467.
<https://doi.org/10.1177/1078087418824672>

Fyall, R., & Casey, A. (2017). Urbanizing for Equity: Harnessing Upzones as a Redistributive Policy Tool. *US Department of Housing and Urban Development*, 19(2), 9–19. Retrieved from https://search.proquest.com/docview/1930067496?accountid=13031%0Ahttp://sfx.nelliportaali.fi/nelli28b?url_ver=Z39.88-2004&rft_val_fmt=info:ofi/fmt:kev:mtx:journal&genre=article&sid=ProQ:ProQ%3Aabiglobal&atitle=Urbanizing+for+Equity%3A+Harnessing+Upzones+a

Geisinger, A. (2012). The Benefits of Development and Environmental Injustice. *J. Envtl. L.*, 211(205).

- Gihring, T. A. (2001). Applying value capture in the seattle region. *Planning Practice and Research*, 16(3–4), 307–320. <https://doi.org/10.1080/02697450120107916>
- Gihring, T. A., & Nelson, K. J. (2005). *Incentive Effects of Land Value Taxation in Metropolitan Portland Commercial Corridors*.
- Glaeser, E. L., & Gyourko, J. (2002). The Impact of Zoning on Housing Affordability. *National Bureau of Economic Research*.
- Glaeser, E. L., & Ward, B. A. (2009). The causes and consequences of land use regulation: Evidence from Greater Boston. *Journal of Urban Economics*, 65(3), 265–278. <https://doi.org/10.1016/j.jue.2008.06.003>
- Glosecki, D. (2017). The Grand Bargain. Retrieved March 11, 2019, from <http://www.via-architecture.com/the-grand-bargain/>
- Greystone. (2019). How Does Seattle Stack Up in Combating the Affordable Housing Crisis ? Retrieved from <https://www.greyco.com/insight/how-does-seattle-stack-up-in-combating-the-affordable-housing-crisis/>
- Hills, R. M. J., & Schleicher, D. N. (2011). Balancing The Zoning Budget. *Case Western Reserve Law Review*, 1. <https://doi.org/10.1533/9781845699789.5.663>
- Ihlanfeldt, K. R. (2007). The effect of land use regulation on housing and land prices. *Journal of Urban Economics*, 61, 420–435. <https://doi.org/10.1016/j.jue.2006.09.003>
- Ishisaka, N. (2016). Photos : Unity on Union protest blocks Uncle Ike ' s 4 / 20 party. *Seattle Globalist*. Retrieved from <http://www.seattleglobalist.com/2016/04/21/23rd->

and-union-uncle-ikes-420-seattle/50230

King County GIS Open Data. (2019). Retrieved from <https://gis-kingcounty.opendata.arcgis.com/>

King County Parcel Viewer. (2019). Retrieved from <https://gismaps.kingcounty.gov/parcelviewer2/>

Kok, N., Monkkonen, P., & Quigley, J. M. (2014). Land use regulations and the value of land and housing: An intra-metropolitan analysis. *Journal of Urban Economics*, 81, 136–148. <https://doi.org/10.1016/j.jue.2014.03.004>

Korngold, G. (2017). The Potential for Value Capture as a Revenue Raising Tool in the United States Defining “Value Capture.” *Lincoln Institute of Land Policy*.

Lai, F. C., Sun, C. H., & Wang, A. M. (2014). Housing Appreciation (Depreciation) and Owners’ Welfare: An Alternative View. *Urban Studies*, 51(1), 63–74. <https://doi.org/10.1177/0042098013484527>

Mathur, S., & Smith, A. (2012). A Decision-Support Framework For Using Value Capture to Fund Public Transit: Lessons From Project-Specific Analyses. Retrieved from <http://works.bepress.com/cgi/viewcontent.cgi?article=1051&context=shishirmathur>

Misczynski, D. J., & Hagman, D. G. (1978). *Windfalls for Wipeouts_Land Value Capture and Compensation. US Department of Housing and Urban Development.*

Nelson, A. C., Pendall, R., & Dawkins, C. J. (2002). THE LINK BETWEEN GROWTH MANAGEMENT AND HOUSING AFFORDABILITY. *The Brookings Institution Center on*

Urban and Metropolitan Policy, (February).

Peterson, G. E. (2009). Unlocking Land Values to Finance Urban Infrastructure. *The World Bank Public-Private Infrastructure Advisory Facility*, (7). <https://doi.org/10.1596/978-0-8213-7709-3>

PR Newswire. (2014). Mt . Calvary Christian Center Church les lawsuit against Washington State Liquor Control Board , City of Seattle and owner of Uncle Ike ' s Pot Shop to revoke shop ' s license. Retrieved from <https://www.prnewswire.com/news-releases/mt-calvary-christian-center-church-files-lawsuit-against-washington-state-liquor-control-board-city-of-seattle-and-owner-of-uncle-ikes-pot-shop-to-revoke-shops-license-900998594.html>

Puget Sound Regional Council. (2013). *Value Capture Financing in Washington*.

Redfin. (2019a). Retrieved from <https://www.redfin.com/>

Redfin. (2019b). RedfinSnapshot. Retrieved from <https://www.redfin.com/blog/data-center>

Rolleston, B. S. (1987). Determinants of Restrictive Zoning: An Empirical Suburban Analysis. *Journal of Urban Economics*, 21, 1–21.

Schill, M. H. (2005). Regulations and Housing Development : What We Know and What We Need to Know. *Cityscape: A Journal of Policy Development and Research*, 8(April), 5–19. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.507.3928&rep=rep1&type=pdf>

Seattle City Council. Seattle City Council Signed Ordinance 125360 (2017). Retrieved from <https://seattle.legistar.com/View.ashx?M=F&ID=5363092&GUID=EB8FC884-8FE4-4B00-84AA-01C3B4EFFD05#page=9>

Smith, J. J., & Gihring, T. A. (2006). *Financing Transit Systems Through Value Capture*. *Journal of Economics* (Vol. 65).

Washington State Senate Ways and Means Committee. (2006). *WASHINGTON STATE PROPERTY TAX MANUAL*. Retrieved from <http://leg.wa.gov/Senate/Committees/WM/Documents/Publications/2006/PropertyTaxManualMay2006.pdf>

Weber, R., Bhatta, S. D., & Merriman, D. (2003). Does tax increment financing raise urban industrial property values? *Urban Studies*, *40*(10), 2001–2021. <https://doi.org/10.1080/0042098032000116086>

Wyatt, P. (2018). Can land value uplift deliver affordable housing? Experiences from England. *Journal of European Real Estate Research*.

Young, B. (2016). Seattle voters push \$290M housing levy to big victory. *The Seattle Times*, 1–9. Retrieved from <https://www.seattletimes.com/seattle-news/politics/2016-seattle-housing-levy-results/>

Appendix

Appendix A. Descriptive Statistics

The below two tables list numerical data fields and descriptive statistics for the upzoned parcel group and non-upzoned parcel group, respectively. For a complete list of data fields, please refer to Appendix B.

Field Name	Mean	Median	Std Dev	Kurtosis	Skewness	Minimum	Maximum	Count
Shape_Area	5,580	3,673	6,927	16.40	3.69	609	42,686	73
PBSF_Multip	4.1	3.8	0.9	-1.06	0.67	3.0	5.5	73
2015_AV	725,539	534,500	741,510	14.65	3.54	200,000	4,480,300	64
2016_AV	935,061	614,000	1,577,180	44.82	6.27	200,000	12,647,600	71
2017_AV	1,069,900	694,000	1,661,156	33.77	5.41	265,200	12,516,400	71
2018_AV	1,375,899	832,000	1,990,856	22.21	4.41	311,300	13,509,600	71
Recent_Price	2,438,846	2,021,126	2,585,114	9.23	2.90	760,000	10,503,069	13
Recent_SF	269	281	48	0.36	-0.11	196	364	13
Rec_PBSF	57	51	23	5.70	2.13	36	121	13
Recent_Over_PriorAV	1.27	1.22	0.55	0.95	0.81	0.54	2.53	13
Old_Price	595,141	592,000	264,196	-0.26	0.50	210,000	1,200,000	37
Old_PricePBSF	100	56	92	-0.55	0.94	10	317	37
Old_Over_Prior_AV	0.68	0.62	0.86	2.63	1.50	-0.49	3.21	30
Redfin_Val	961,678	928,457	375,995	13.28	3.07	524,403	2,717,360	36
Redfin_ValSF	487	255	432	-0.07	1.08	19	1,499	36
Redfin_PBSF	138	67	132	-0.54	0.98	3	435	36
Redfin_Over_PriorAV	0.20	0.20	0.38	3.66	-0.50	-0.90	1.25	34
Avg_AV_Ch	0.21	0.19	0.09	0.32	0.21	-0.02	0.48	70

Field Name	Mean	Median	Std Dev	Kurtosis	Skewness	Minimum	Maximum	Count
Shape_Area	4,506	3,850	3,444	182.69	11.34	1,123	61,949	428
PBSF_Multip	1.1	1.1	0.4	64.48	8.05	0.9	4.3	428
2015_AV	520,633	481,500	370,553	280.17	15.28	118,000	7,379,100	422
2016_AV	609,493	522,500	1,214,108	401.53	19.80	223,000	25,186,000	422
2017_AV	730,460	629,000	1,499,959	407.26	19.99	158,000	31,237,000	424
2018_AV	865,952	748,000	1,718,349	407.72	20.01	332,000	35,803,000	423
Recent_Price	806,782	825,000	139,600	0.86	-0.24	460,000	1,129,950	30
Recent_SF	253	184	151	-0.35	0.95	91	573	30
Rec_PBSF	256	176	171	0.11	1.14	86	637	30
Recent_Over_PriorAV	0.48	0.34	0.66	21.74	4.37	-0.10	3.74	30
Old_Price	524,903	450,000	441,096	43.80	5.92	31,000	4,125,000	266
Old_PricePBSF	149	115	117	2.09	1.52	4	640	266
Old_Over_Prior_AV	0.79	0.33	1.58	13.75	3.38	-0.91	11.28	265
Redfin_Val	856,087	814,462	229,710	13.05	2.28	454,630	2,809,608	413
Redfin_ValSF	244	202	143	2.93	1.66	0	934	414
Redfin_PBSF	237	192	160	3.55	1.77	0	1,038	424
Redfin_Over_PriorAV	0.11	0.11	0.16	13.68	1.78	-0.33	1.45	412
Avg_AV_Ch	0.21	0.19	0.23	98.91	9.28	-0.05	3.26	422

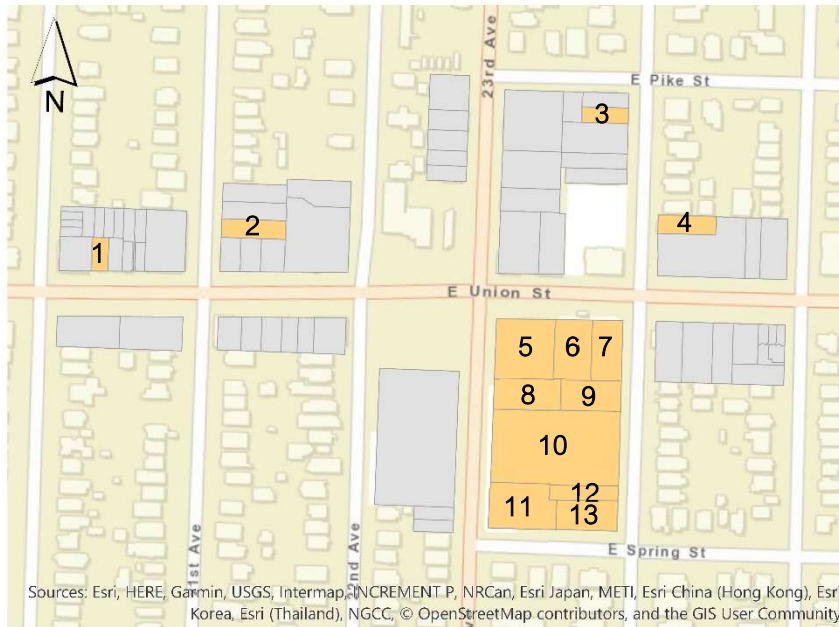
Appendix B. Comprehensive List of Parcel-Level Data Fields and Brief Descriptions

Most properties from both the upzoned and non-upzoned parcel groups did not have values for all data fields. In many cases, certain fields were not relevant to all parcels. For example, many parcels only had pre-2017 transaction records.

Field Name	Description
PIN	Property index number
Shape_Area	Square footage of parcel
Street_Address	Street address of parcel
Zoning	Zoning classification for parcel
PBSF_Multip	FAR-based multiple of parcel square footage to calculate buildable square footage
Upzoned	Whether parcel was upzoned in 2017 or not
2015_AV	Total Assessed Value for 2015
2016_AV	Total Assessed Value for 2016
2017_AV	Total Assessed Value for 2017
2018_AV	Total Assessed Value for 2018
Tax_Name	Taxpayer name associated with parcel
Prop_Type	Brief description of current land use (e.g., Single Family Home, Multi-Family Home)
Recent_Yr	Year of any sales after 2016 (most recent)
Recent_Date	Specific date of any sales after 2016 (most recent)
Recent_Price	Price of any sales after 2016 (most recent)
Recent_SF	Price paid per square foot of parcel in any sales after 2016 (most recent)
Rec_PBSF	Price paid per buildable square foot in any sales after 2016 (most recent)
Recent_Over_PriorAV	Most recent (post-2016) sale's percentage above or below prior year's assess value
Old_Sale_Yr	Year of any sales from 2002 through 2016 (most recent)
Old_Price	Price of any sales from 2002 through 2016 (most recent)
Old_PricePBSF	Price paid per buildable square foot in any sales from 2002 through 2016 (most recent)
Old_Over_Prior_AV	Most recent sale's percentage above or below prior year's assess value from 2002 through 2015
Redfin_Val	Redfin market value estimate of property as of February 2019
Redfin_ValSF	Redfin market value estimate per square foot of parcel as of February 2019
Redfin_PBSF	Redfin market value estimate per buildable square foot (as of February 2019)
Redfin_Over_PriorAV	As of February 2019, Redfin market value estimate's percentage above or below prior year's assess value
Avg_AV_Ch	Non-compounding average annual change in assessed values from 2015 through 2018

Appendix C. Recently Sold Parcels in Upzoned Group

Below is a map of recently sold properties and brief narratives on the recent history of each property for the upzoned area around 23rd and Union.



Properties sold in 2017 or later located on upzoned blocks

Property 1. 2006 E. Union Street. Old single family home converted into mixed-use with first floor commercial space facing Union Street. Larger assessed value jump than average for upzoned group at 33% per year on average from 2015 through 2018. August 2017 sale for \$760,000.

Property 2. 1408 21st Avenue. Large old single family home with rapid market value appreciation up until sale. June 2018 sale for \$1,250,000.

Property 3. 1431 24th Avenue. Small 2,700 square foot lot with seven-story height limit. Rapid market value richening up until sale. June 2018 sale for \$875,000.

Property 4. 1410 24th Avenue. Small lot with old single family home across 24th Avenue from a large new mixed income apartment project on northeast corner of 23rd & Union. April 2018 sale for \$1,070,000.

Property 5. 2301 E. Union Street. One-story commercial space and cultural hub (Midtown Center, Earl's barbershop). Planned new construction accelerated its market value. To be developed into large multifamily project. May 2017 sale for \$3,985,923.

Property 6. 2317 E. Union Street. Medium-sized undeveloped lot on Union Street. To be developed into large multifamily project. Rapid market value richening up until sale. May 2017 sale for \$2,483,678.

Property 7. 2317 E. Union Street. Medium-sized undeveloped lot on Union Street. Rapid market value richening up until sale. To be developed into large multifamily project. May 2017 sale for \$2,021,126.

Property 8. 982 23rd Avenue. Planned new construction accelerated market value. To be developed into large multifamily project. May 2017 sale for \$2,235,052.

Property 9. 2317 E. Union Street. Medium-sized undeveloped lot on Union Street. Rapid market value richening up until sale. To be developed into large multifamily project. May 2017 sale for \$2,021,152.

Property 10. 1111 24th Avenue. Planned new construction accelerated market value. To be developed into large multifamily project. May 2017 sale for \$10,503,069.

Property 11. 1122 23rd Avenue. Medium lot with "scrapers" structure sold to Africatown Plaza LLLP. October 2017 sale for \$2,321,532.

Property 12. 1107 24th Avenue. Small lot with "scrapers" structure sold to Africatown Plaza LLLP. October 2017 sale for \$799,190.

Property 13. 2314 E. Spring Street. Medium lot with "scrapers" structure sold to Africatown Plaza LLLP. October 2017 sale for \$1,379,278.