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### Executive Summary

Cooke Riverside Properties, LLC. is a cottage housing development firm with the goal to develop a community having good air and water quality inside the houses and outside in the common areas, and promotes livability and sustainability. To be the most sought after community to live in South King County, and raising the standards for future Clustered Housing developments in Tukwila. Cooke Creek Meadows is located at 13325 Macadam Road S., Tukwila WA. The site plan for these homes will be designed with the goals of livability and sustainability. To encompass 5 homes 1500SF at or above grade and 200- 300SF additional space below grade with attached double garages, 3 homes 1000SF at or above grade and 800SF below grade with detached double garage, and 1 home 1000SF at or above grade with 250SF below grade with attached double garage. Houses will be LEED or built green certified we found that this type sells quicker, for more value.

The Principal Todd Smith is CEO of CRP, LLC. He has 15 years Project Management experience working at the Seattle Parks Department. Additional 12 years as a owner, general contractor and painting contractor, Professional Home Decorators in Washington DC., during the renaissance of DC, 70’ and 80’s, when slums and tenement housing gave birth to restoration efforts to 3-4 story brownstones (townhomes).

**Market and Marketing:**

**Absorption Rate:** NW MLS data covering all house sold in surrounding area is 4.1 months. However, our data analysis covering all of King Co., criteria verified green, 1700SF, community, double garage, suggests the absorption rate maybe closer to 54 days on the market; Avg. Value for 1700SF home in KC $540,871;

**Process:**

Concept Design awarded for cottage housing by Director Community Development April 4, 2008[[1]](#footnote-1)

Design Review submitted complete March 30, 2009, presently in second round of comments.

Approvals received:

* Wetland survey approved and buffer reduction approved June 2009

Pending:

* Nationwide #27 for wetland enhancement, Army Corp. Engineering
* SEPA July 2009
* Short Plat Approval Pending est. November/December 2009

City is allowing modification of their ordinance to stage project in two phases allowing 5 houses per Phase one and 4 houses Phase two.

What we would like to propose is obtaining funding to complete Wetland Enhancement and Phase1, providing the infrastructure for 5 lots. Our debt to equity, 450,000:669,000, is .67. After the Phase 1 is completed our equity position is stronger to proceed with Phase 2.

**Financials for the project**…

Revenue:

Eight homes approx. 1700SF avg. $540,000 $4,320,000

One home approx. 1200SF avg. $ 375,000

27KWH solar electric panels $ 225,000

Total Revenue $4,920,000

Project Expenses:

Consultants $ 161,100

Permits $ 22,280

Wetland enhancement $ 12,000

Infrastructure $ 378,000

Improvements $1,615,000

Landscaping/Promenade/Green $ 275,000

Contingency $ 255,000

Real Estate Sales $ 196,800

Total Cost of Sales **$ 2,915,180**

Administrative Expense $ 224,820

Total $ 3,140,000

**Net Profit $ 1,780,000**

Equity:

**Present** **After Short Plat Approval**

1.1 Total Acres $489,000 Market Value $150,000ea/KC Assessor

Pre-Production Costs $180,000 Phase1\_ 5 Lots $750,000 Phase2\_4 Lots $600,000

Total Equity $669,000 Pre SP $1,350,000 Post SP Recording

**Sources and Uses of Funds**

Financial Institution Wetland and Phase1  **$450,000** Phase 2 **$1,660,000**

**Debt Service Coverage Ratio= 1.3**

* + Loan Principal $ 2,110,000 interest exp. $ 170,000 = $ 2,280,000
  + Income Calc. bottom right Cash Flow Statement 3,065,700/2,280,000=1.3

### General Company Description

The principleactivity of the business will be to develop the Property at 13325 Macadam Road, Tukwila WA 98168 into 9 clustered housing lots. The property as it exists has one house valued at $150K on .50 acres of land Valued at $200K and another unencumbered lot of .60 acres valued at $169K for a total of 1.1 acres. Cooke Riverside Properties have been given the opportunity by the City of Tukwila to build a clustered housing development of 8 Compact houses 1500SF and 1 Cottage house at 1000SF under their 2005 Housing Options Ordinance. We have substantially accomplished the Wetland mitigation and planning which reduce the wetland and buffer boundaries. An important characteristic of the project is to enhance the wetland area and its buffer turning it into a jewel attracting potential residents and wildlife to the area. The primary reason the project was selected is we were able to increase density, develop a livable community and maintain a large open space.

**Mission Statement**:

Cooke Creek Meadows is an Urbanesque Cottage Community dedicated to Living Green that will grow and evolve with time to meet the changing needs, opportunities and personalities that contribute to its future.

**Goals and Objectives:**

Project goals: To develop a community having good air and water quality inside the houses and outside in the common areas, and promotes livability and sustainability. To be the most sought after community to live in South King County, and raising the standards for future Clustered Housing developments in Tukwila.

The objective is to raise the level of housing inventory in the City of Tukwila. Sell the houses within one and a half years after building the first house. To increase awareness of Cooke Creek Meadows we plan to use the media and other interested parties of this unique high density housing development which maintains a large open space and a quality sustainable neighborhood.

**Business Philosophy**:

Cooke Properties philosophy is to make this community a place to seek refuge from the daily stress that life brings. By enhancing the wetland area, building sustainable houses with a low carbon footprint using passive solar heat, passive cooling and ventilation will provide a quality of life that will impact life and personalities into the future. I modeled this clustered housing environment from my experience living on Houseboats.

**Target Market:**

Cooke Properties envision selling to the middle class household which encompasses singles, couples, small families, empty nesters, and urban professionals who want to downsize to smaller high end housing. The houses will be designed using Green construction practices, thus reducing the energy load and utility costs and low carbon footprint.

**Describe your industry**:

Presently**,** Tukwila does not have any cottage or clustered type housing. This would be the first in Tukwila and the South King County area. Our site is 20 minutes from Seattle , 5 minutes from the largest Mall, 2 minutes to a large walking/biking path (Interurban Bike Path), 5 minutes to Light Rail station between Seattle and the airport, 2 minutes to the Duwamish River, 8 minutes to the Aviation High School, and 3 minutes to a large Tukwila Community Center. There is a growing need for smaller housing on smaller lots with greater responsibility for landscape care done by contracting agency and close sense of community.

**Describe your most important company strengths and core competencies.**

Thecompany’s core competencies are having sound project management skills developed through the UW PM Certificate program, years of contracting for consumers on painting and general contracting services, inventing, designing, developing and marketing the Pow’r Load’r, a playground toy for national distribution, and Project Management activities on the largest public works project ever accomplished by the Seattle Parks Department. My knowledge base provides me with a good background for negotiating and finding the capable people to bring this project to a successful conclusion. A primary example is the wetland mitigation. I initially didn’t believe the city’s demarcation of a type 2 wetland. I interviewed several consultants negotiating a staged contract with ESA Adolfson and Associates. The finding determined that it is a stage three wetland by enhancing the buffer thus reducing the wetland and buffer allowing the project to proceed as planned. The caveat to my recent activities is negotiating a quiet title with the City to add the never used right-of-way to my property description, adding 9000 SF to the project for the sum of $450.00. I negotiated modification to Short Plat Ordinance using the Housing Options Ordinance, which our concept design was approved under, to allow lot recording upon short plat.

**The company** will succeed because of the core group of consultants, the project team, are a strategic factor that aid in the development of the project. The project team consists of:

Todd Smith (project manager),

Chandler Stever (principle architect),

Calvin Smith (business analyst),

Don Nelson (excavation and utilities expert).

The housing market in the Seattle-Tukwila area is showing signs of growth. Nationally housing prices are down 22% while here they have grown 11%. The baby boom market is nearing the time when a big house is too much to care for, children have moved out, and assisted living is unnecessary or not an option. Finally the light rail between Seattle and SeaTac Airport is nearby allowing homeowners access to downtown and air travel providing convenient living without the use of an automobile.

**Competitive strengths:**  I have considerable training and experience in this arena of managing projects, negotiating contracts; considerable knowledge of building practices will provide an advantage when dealing with outside contractors. My background in building trades make this venture ideally suited for a successful outcome.

**Legal form of ownership:** We have selected **Limited liability Corporation** (LLC) as the form of ownership chosen because this allows Cooke Riverside Properties to be separate and distinct from my personal property. Most projects of this sort are LLC. The houses legal description will be based on fee simple lots with large common are owned jointly.

### Products and Services

My product is to plat the property into buildable lots contracting the building of 9 cottage/clustered houses. I chose this avenue because Tukwila in 2005 passed an ordinance allowing for cottage housing or smaller houses on smaller lots, which expires in October 2008. Presently in Tukwila the minimum size for Single family lots is 6500 square feet. However, the ordinance allows for two 1000 sq. ft. houses on the same lot size. A regular buildable lot sells for $200K whereas, 2 cottage lots sell for $350K.

Subdividing the property for cottages as opposed to regular houses will require more meetings, and bureaucratrequirements to accomplish the development. More importantly the Tukwila ordinance allows us to count the wetland in our calculation to determine the number of housing units we can build. Thus the wetland isn’t a detriment but a significant part of the process.

Our advantages are that very few Cottage communities have been built in South King County and none in Tukwila, currently however two other projects have been approved to proceed through design review in Tukwila. The advantages are the same as the greatest risk; our indications are above average passive solar home will sell in this area. The demographic analysis supports that homeowners 30-60 YO, given the choice to live in a condominium or cottage housing, choose similar smaller housing with more space than a condominium. Furthermore, like houseboats on Lake Union, these houses will continue to increase in value whereas the King County housing market is cyclical. Like houseboat living cottages provide low maintenance, high end or distinctive architectural design, and a community where you meet your neighbors on a daily or weekly basis. This is very different than regular housing where you have roads and driveway that put barriers between people.

We have arduously maintained a large common area for all the residents to enjoy. This landscaped area will be professionally maintained using funds as part of the Homeowner’s Development Agreement to reduce the maintenance activities of the owners. There will be a walking area in back while the houses will be highly energy efficient providing state of the art design for houses of 1000 to 1500 square feet with 200-400sf of basement available. The base pricing of the houses will start at 540,000K[[2]](#footnote-2). If market conditions improve all houses will have access to 3 KWH solar panels increasing the value $25,000.

### Marketing Plan

##### Economics

Facts about the industry:

* The size of the market we are targeting is South King County, Washington
* Current demand in target market is high; very few if any cottage housing presently exists.
* What barriers to entry do you face in entering this market with your new company?

1. Capital costs: Mitigating with personal loan, development and construction loan with possibly 1 limited partner.
2. Moderate marketing costs: Getting the word out to potential customers to the availability of our houses.
3. Some technologies that are underutilized, but are huge assets to our project are passive solar heating, passive cooling and ventilation, tank-less water and zone heating.
4. The Housing Options ordinance requires that each compact house has parking for at least 2 cars and for each cottage house there must be at least parking for 1.5 cars.
5. The fire code requires a fire access turnaround.
6. **Land or Road mitigation:** Discovering in 2006 that my property has a City right of way for 134th St. 20’x400’ along the South boundary to the property. When the area was first plated in 1903 a road was proposed 134th street. King County did nothing with the property nor has Tukwila.
7. **Wetland or environmental issues:** We have Southgate Creek as our western boundary and a wetland swale passes through this site.
8. House sales and the Absorption Rate are slow.

* These barriers will be overcome by…

1. Present a loan package with a high debt to equity ratio to improve loan availability
2. Marketing costs will be done via the internet and real estate agency. We are scheduled to meet with the Seattle Times in July 2009 to discuss series of articles. We will continue to solicit local magazines to do articles about the project. We will also advertise in glossy magazines to interest our target group. We will be presenting in front of the members of Seattle Electric Vehicles Association. Regarding online marketing we will be creating blogs, press releases, and using various social media techniques to get the name out about the company.
3. Energy features will provide much needed marketability. We are evaluating installing 27 KWH of solar Photovoltaic panels for electricity to take advantage of Washington law for buying electricity at $.54/KWH, the caveat is the PV panel must be made in Washington. Our passive solar heating design, passive cooling and ventilation, and tank-less water heaters will drastically reduce the heating and cooling load on the houses providing an attractive lower utility costs.
4. The parking situation will be overcome by installing garages that are under the houses which will fit 2 cars and overflow parking will be 2 stalls off driveway. Interestingly across the street, city right of way has room for 7 cars.
5. In accordance to the fire code rather than destroying the project by installing a 90’ diameter turnaround, sprinkler systems will be installed in houses >150 from fire hydrant, which acts as a 24/7 fireman. Our design calls for a 45’ turnaround, which was approved by the fire marshal.
6. Land or Road mitigation: To gain title and have Tukwila vacate the right-of-way procured the assistance of a land attorney and file a petition with the city. Thus through a legal process called Quiet Title I gain title to this property. An important feature in the plan is maximizing total square feet. I had 39000+ sq. ft., including the right-of-way increases the total to 47000+. Private driveway and parking is about 6000 sq. ft., leaving 41000 sq. ft. enough for 9 cottage houses clustered together leaving the wetland area and large promenade as common property.
7. Wetland or environmental issues: Hiring ESA Adolfson & Assoc. to do a biological survey analysis to determine, and define where the wetland exists and the type description. Through this scientific survey the wetland reduced significantly from 50’ to 10’ and description from Type II to III, which in turn reduces the buffer requirement from 80’ to 25’ with enhancement. Sewall Wetland Consultants developed the wetland mitigation plan to reduce exposure from the development, and to include a landscape architectural plan to enhance this area to be acceptable to the city and Army Corp of Eng, and myself.
8. Presently, no such cottage or clustered housing communities exist in So. King County. Searching a ½ mile radius from the site using www.nwmls.com we identified 8 houses for sale built after 2005. Reviewing our housing analysis we discovered the Green Built verified and LEED houses sold quicker than average houses, 2 months compared to MLS avg. 4 months. They also sell at slightly higher value.

* How could the following affect your company?

**Change in government regulations:** We received preliminary approval for our project April 4, 2008. March 30, 2009 we submitted for Design Review to get Short Plat Descriptions for 9 lots, SEPA and Wetland buffer reduction were also submitted, approval suggested around late July.The Cottage Housing Ordinance allows one year after securing approved short plat to install utilities. Our wetlands analysis, mitigation plans, survey and application were filed March 30, 2009. Our goal is to secure Short Plat authorization by November 2009. Also considering that Cooke Creek Meadows will be using alternative energy as the government promotes using alternative energy it will benefit those that live here and the developer.

**Change in the economy:** I amsomewhat insulated from the economy at large[[3]](#footnote-3). There is a promising up side because of the relatively limited supply of cottage/clustered communities in King County with small well detailed houses built as a community which causes for high demand for this type of housing. Worst case scenario the local economy goes in the tank, I Short Plat the land sell the property, wait 1 year under the ordinance to allow the economy to improve. Presently most economic indicators show improvement in the economy and jobless rate declining or stabilizing. The house would continue to provide income. I would lose opportunity costs but it would not cancel the project. If the local economy goes up which is more likely since Boeing is number 1 in aircraft sales and Microsoft continuing its market dominance is also showing improvement. Boeing stock continues to go up in value while MS improves too, while neither has seen pressure to reduce value. The State of Washington has an employment rate for high wage sector is growing faster than the national average[[4]](#footnote-4). Most of the local economic barometers are very slowly moving in a positive direction.

##### Product: Features and Benefits: See Table 1 work sheet

|  |  |  |
| --- | --- | --- |
| **Table 1:** | |  |
| **Features and Benefits Analysis** | | |
| **Features** | **Benefits** | |
| 5 Star Green Built(MBA) | Low energy use, reduce carbon footprint | |
| Passive solar heat | Reduce dependency on outside source of energy | |
| Passive cooling | More comfortable space in the summer time | |
| Passive ventilation | Reduce energy use, increase comfort ability of the livable space | |
| Solar assisted tank-less water heater | Providing inexpensive hot water 97% energy efficient | |
| Wifi | Cordless internet to be able to move freely about the house | |
| Large decks and porches | Taking advantage of the views and expanding the livable space | |
| Indoor outdoor effect | Indoors and Outdoors blend together giving a more spacious effect | |
| Garages | Can store up to 2 cars | |
| Exhaust fans(garages) | Exhaust the carbon monoxide out of the garage using a fan so it doesn't enter the house above | |
| Water filtration unit | Channel water from the houses and land into streams and ponds to filter it as it drains down to the wetland | |
| Gathering space | View of the west, and the meadow where people can gather and talk. | |
| Tuscan fountain in gathering space | Aesthetically pleasing attractive to community | |
| Home sprinkler system | 24/7 Fire Safety System that reduces fire insurance | |
| Large common space (60%) | Less crowded feeling to the home owner, a place to walk and view nature | |
| View of the cascade mountain range | Aesthetically pleasing | |
| View of meadow and wetland | Aesthetically pleasing | |
| Wetland | Attracts wildlife by removing blackberries and adding new plants | |
| Architectural designed space | More use of space in smaller area, distinctive | |
| Multimedia room | Dark room to watch movies where sound doesn't bother people in other rooms | |
| Sound Board Sheetrock | Dampens sound transition to other rooms of the house | |
| 10 Minutes to the aviation high school | Opportunity to have a sound education | |
| 2 Minutes to the Duwamish river | Recreation | |
| 2 Minutes to community center | Recreation | |
| 5 Minutes to South center | Place to shop and eat | |
| 20 Minutes to downtown Seattle | Recreation, eat, shop, entertainment, and jobs | |
| 2 Minutes to the important freeways | Freeways that can take you north south east and west | |
| 12 Minutes to SeaTac | Quick and easy to get on a plane to fly | |
| 6 Minutes to Light Rail station | Accessibility to SeaTac Airport and downtown Seattle | |
| 2 minutes interurban bike path | Recreation and exercise | |
| Home Owner's Association | Maintenance of the community is well taken care of | |
| Community | Security, Comfort ability with neighbors | |

##### Customers

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their demographics.

* Age: **40-60 YO**
* Children: **0-1**
* Married status: **Married or Head of household**
* Gender: **Male and Female**
* Location: **Tukwila/South King County**
* Income level: $**70,000 + annual**
* Social class and occupation: **Middle and upper middle class, occupations range from retired to skilled trades and profession.**
* Education: **K-12 and College**
* Other factors**: Need to reduce energy costs, short commute, restful and community housing, desire to live in a more earth friendly environment.**

For business customers, the demographic factors might be:

* Industry (or portion of an industry): **Large firms like Group Health Cooperative, Boeing, Paccar, Microsoft, and Department of Homeland Security are nearby companies with transient high level employees.**
* Location: **King County** 20 minutes to employer sites; Seattle, Renton, Federal Way, Burien, Kent
* Size of firm: **Large corporation** possibly Fortune 500
* Quality, technology, and price preferences: **The residence makes a statement** to the employee concerning the firm.
* Other (specific to your industry): The Corp. purchase residence for staff on short term assignment, 1 to 3 years. When they leave another staff member takes their place. Similar to a residence hotel.

##### Competition

My competition is land & housing developers who are competing for similar customers in King County or Tukwila. The competition for customers is based on price, quality, and needs of the customer. Cooke Properties is small operating on very little overhead. This increases our competitive advantage and ability to change quickly to market demands. The idea of building a green cottage community is relatively new in South King County. Oddly a well designed cottage neighborhood commands a higher value because the demands seem to be greater than for single family homes. Interviewing residents in other cottage communities I discovered their willingness to pay more for an architectural distinctive home where a community of neighbors provides safety and communal benefits.

**List your major competitors:**

Sundial Properties, 11544 Riviera Place NE, Seattle, WA 98125, Ph425-251-6222

Rehabitat Northwest, 3601 W. Marginal Way SW, Seattle, WA 98106, Ph206-932-7355

*Will they compete with you across the board, or just for certain products, certain customers, or in certain locations?* I don’t believe we represent the same markets. Our architectural style, innovative concepts, and energy awareness to solar as well as passive energy design places us in a group that others will hopefully play catch-up.

*Will you have important indirect competitors?* Yes, many because there are other builders and housing developers that play a role in the local market. Our approach is that they will set the basis price and standards while we will exceed those standards with style and community design attracting people who want the creature comforts of living among neighbors with similar values. See Table 2

Table 2: Competitive Analysis

| Factor | Cooke Riverside Prop. | Strength | Weakness | Rehabitat Group | Sundial Properties | Importance to Customer |
| --- | --- | --- | --- | --- | --- | --- |
| House Designs | Not cookie cutter style housing but original designs | X |  | unknown | Lack of originality in the design | 1 |
| Price | Above Average |  | X | Average | Above Average | 2 |
| Quality | Green and High quality material | X |  | Green | Green | 1 |
| Open Space Design | 60% open space | X |  | 40% | 30% limited | 2 |
| Community Features | Water feature, enhanced wetlands and paths to the creek | X |  | unknown | Community trail to the Duwamish river | 2 |
| Company Reputation | Relatively unknown and newly formed |  | X | Well Known and considerable experience | Architect has won awards | 2.5 |
| Location | Proximity to work and play and freeways | X |  | Good location but slightly farther than the other two projects | Same as Cooke | 1 |
| Appearance | Distinctive and above average | X |  | Mediocre houses | Above average houses | 3 |
| Sales Method | Green Works Realty | X |  | Unknown realtor | Unknown realtor | 4 |
| Advertising | Magazine, newspaper, online and word of mouth |  | X | Strong representation due to higher budget | Same as Rehabitat | 4 |
| Image | Local company with public interest | X |  | 20 year old company | Unknown, Incorporated 2007 | 3 |
| Energy | MBA,4-5 Star | X |  | MBA 3-4 star | MBA 3-4 star | 1 |

Cooke Riverside Properties LLC., is a small company when compared to the other groups is a disadvantage. However, because it is a small company it has a strategic advantage over its competitors in that the core group is highly competent and capable allowing the group to be more nimble and dynamic. We use this to be the first group to begin the process applying for short plat acceptance. The other groups had a head start and more experience however we are the first to start the process. Cooke Creek Meadows site plan is innovative and imaginative by taking advantage of the natural beauty and contours of the land by giving every home a view private space and a feeling of community. Our primary weakness is that we have little recognition in the field of building clustered homes. However, we have the capability of hiring a builder with the necessary experience and name recognition to complete the project.

##### Niche-

A green built community where people can live in a safe and enjoyable environment while still being ecologically friendly. By continually being on top of the competition we can stay ahead with a new age approach to an industry that is reticent to innovate. Using this approach, building a communal space so that people interact rather than living in their separate space, we feature a lower carbon footprint benefiting to society, and a sense of community which benefits the individual. People, who want to lower their energy bill, enjoy a more spacious detailed living space with a first class look in a smaller building envelope make our community attractive. We will have a strategic advantage in this market.

##### Strategy Promotion

In order to get the word out on Cooke Riverside the company will use newspaper publications, real estate agents, magazines, internet website, and social markets to accomplish this task. We are presently in discussions with the Seattle Time to do several articles about this site.

**Advertising:**

Magazines will be used because we will tailor it to our niche market. It will be advertised monthly. Use magazines because they specifically get at our specified target market.

Newspaper ads, will be used because it reaches a vast market. It will be advertised bi-weekly. The use of a newspaper is useful because it advertises to wide variety of people including our target market.

Our low-cost methods to get coverage of the property include:

The Seattle Times has shown interest in doing a four part expose on our project.

Our website [**www.cottagesnw.com**](http://www.cottagesnw.com) will inform and present our project in a favorable position at a low cost.

Other low cost methods will be word of mouth, our network of friends and professionals will create interest. We will also be using the internet to promote the company and the project. The way we will use the internet is through Search Engine Optimization techniques. We will be making a blog to promote the ideas of the company, we will become part of forums to create strong brand recognition, and we will be using the social media to increase our brand name.

The image we are presenting is a new age eco-friendly company. This says we build with style, build with economy, and ecology which will transcend into a livable and sustainable community.

##### Promotional Budget

Our promotional plan we budgeted spending a total of $10K Before we get the project built we plan on spending $5K. Much if not all the advertising will come from the realty group hired to sell the houses.

While the project is going we expect promotional expenses to increase to $20K.

##### Pricing

Our pricing will be determined based on certain variables/amenities that are deemed relevant to the base pricing of the house. The variables that are relevant are determined by a multiple regression analysis that comes up with a price taking into consideration these variables. Furthermore, to determine a relevant basis price we collected data from 1910 houses in the King County area, from December 1, 2007 to February 20, 2009. The variables used were Green, Energy, Verified, Tukwila, Bathrooms, Bedrooms, SqFt, Cable/TV, Fire Dept, High Speed Internet, Nat\_Gas\_Available, Sprinkler Sys, NW Contemporary, Garage Attached, Territorial View, and Monthly Homeowners Dues. Results indicate the base price of a 1700 square foot house would be $540K plus a turn-key business using 3 kilowatts of photovoltaic roof panels to feed. The amenities of each house and the community will add value and increase the basis price between $20K-40K[[5]](#footnote-5).

The amenities include recycled glass or granite counter tops, above average cabinetry, inside/outside relations, 10ft double hung French doors, large porch and decks, bay windows, passive solar heat, passive ventilation and cooling, many high-end windows, energy star lighting and appliances, solar assisted tank-less water heater, homeowner association to care for large common area, large basement area that maybe used as theatre room and.

See the Appendix for information regardingMarket Analysis, Lot Pricing Summary, Profit and Loss Projection 4 Year, Cash Flow Statement 4 year, Startup Expenses, and Breakeven Point Analysis.

**The pricing strategy follows the competitive analysis.**

Compared to other houses in the area we are higher than standard single family homes, but we plan to be lower than other clustered community development because our production and management costs are lower. The two other cottage housing projects in Tukwila are not part of our analysis because they have not been built and pricing has not been revealed.

Price is less an important element because there are other factors and benefits involved attracting customers. A few items are layout of the community, large open space, views, privacy, spacing, quality built houses with attention to detail, and the advantage of symbiosis nature and responsibility of the residents.

##### Distribution Channels

Our plan will be a multi-prong approach using our own people for sales and using the internet to drive interest and inform customers, real estate listing, magazines and newspapers.

Agents: Green Works Realty Group has shown interest.

Bid on contracts: This would be done through pre-sales using our sales force or an agent. One buyer has shown a great deal of interest in House #2 and willing to purchase when subdivision and permitting is complete.

##### Sales Forecast:

**Best case scenario** based on local real estate information gleaned by agents and newspapers is that the houses would sell 1per 2 month period after the first house is completed August 2010. The last one would sell 16 months later.

**Worst case scenario** was recommended by Green Works Realtor would be 1unit per 4 month. The first house is completed in August 2010 and the last sells 32 months later. All indication and analysis point to the fact that the need is greater than supply which indicates all the houses will sell prior to this time frame.

### Operational Plan

##### Location:

The Site is at 13325 Macadam Road S., Tukwila WA.

Initially we want enlarge the wetland and enhance its functionality to hold more water from the storm water runoff from the site. To accomplish this we need our permits approved and funding available between August and September.

We estimate Short Plat will be completed and approved by May/June 2009. Tukwila has offered to modify their short plat ordinance to allow the project to be stage in two Phases. Phase 1 will result in buildable lots for lots #1, 2, 3, 4 &9 and Phase 2 will be lots #5, 6, 7, 8. This will allow us to develop the lots and improvement with less funding demands. Excavation utilities and foundations will start spring/summer of 2010. The site completion date for the nine houses is estimated to be summer 2012. Power and utilities are available at the site. All permits utilities, grading and excavation, and building will be secured prior to start of mass grading.

Having completed infrastructure and secured lot recordings we sign contracts to build the houses. We go slow at first making sure the energy system work as planned. Defining and testing the building envelope we push to complete the other units along with completing rain garden and landscaping.

Our location is a feature that will increase accessibility to potential customers in our target market. The site is near 3 freeways and two main surface arterial that will makes finding this oasis much easier and strategic in this gas conscience environment. Our location is a strategic feature to customers wanting access to metropolitan areas, as well as social and recreational amenities.

##### Legal Environment

Describe the following:

* Licensing and bonding requirements: Since Cooke Riverside Properties will secure bonding for the wetland mitigation, and other bonding as required. Permits: The utilities, excavation/grading, and building will be secured prior to commencing grading activity.
* Zoning or building code requirements: Any conditions set by the City of Tukwila will be resolved during the design review process. The City has shown a great deal of interest in bringing a different type of residence to their housing inventory. Furthermore, the Community Development Dept. has said the permitting process should be between 2-4 months.
* Insurance coverage: Managing the project the only requirement is liability insurance, while it is important that during the contract stage the contractors prove their insurance capacity.

##### Personnel

* Number of employees: Myself and one other. We will use consultants, professional services, and contractors to perform the work.

Todd Smith is CEO and Project Manager

Calvin Smith is the Business Analyst, a Certified Green Professional

##### Inventory

* The houses and lots are the inventory. The first will be ready to occupy summer of 2010 and one per every 2 month will be complete until all nine units are finished.

**Process:**

* Concept Design awarded for cottage housing by Director Community Development April 4, 2008[[6]](#footnote-6)
* Design Review submitted complete March 30, 2009, presently in second round of comments.
* Require Approvals: Wetland survey and buffer reduction approved June 2009
* Pending: SEPA approval July 2010
  + Nationwide #27 Permit for wetland enhancement, Army Corp. Engineering
  + Short Plat Approval Pending est. November-December 2009
  + Staging Permits: Water, Sewer, Road Access fee, upon Short Plat approval
* City is allowing modification of their Short Plat ordinance to stage project in two phases allowing 5 houses per Phase one and 4 houses Phase two.
* What we would like to propose is obtaining funding to complete Wetland Enhancement and Phase1, providing the infrastructure for 5 lots. Our debt to equity, 450,000:669,000 (.67). After the Phase 1 is completed our equity position is stronger to proceed with Phase 2.

### Management and Organization

##### Professional and Advisory Support

List the following:

* Board of directors: Todd Smith, CEO; Rieko Ohno-Smith, Vice President, Calvin Smith, Treasurer.
* Principal Project Manager: Todd Smith, BA, Howard Univ., Cert. Project Management U of W, Principle Stake Holder
* Business Analyst: Calvin Smith, BS Economics, U of W, Asst. Project Manager
* Attorney: Gerald F. Robinson, PLLC
* Accountant: To be determined
* Real Estate agent: Green Works Realty
* Banker: To be determined
* Consultant or consultants:
  + Chandler Stever, Principal Architect: BFA, Rhode Island School of Design & Bachelor of Architecture
  + Don Nelson Construction, excavation and utilities
  + Ken Large, Principal Landscape Architect, KLLA, LLC
  + Ken Lauzen, Principal Civil Engineer, Blueline Group, LLC
* Mentors and key advisors:
  + Pat Dadosio, BS Physics, U of W, City of Seattle Project Manager;
  + Luca Marzola, BA, U of Bologna, Italy, Comptroller for trading firm in Los Angeles.

### Personal Financial Statement

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| |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Personal Financial Statement of:** | | | | | | |  | |  |  |  | | | Todd Smith and Rieko Ohno-Smith | | | | | | |  | |  |  |  | | | **as of:** | | |  | | | |  | |  |  |  | | | 7/1/2008 | | |  | | | |  | |  |  |  | | |  | | |  | | | |  | |  |  |  | | | **Assets** | | | **Amount in Dollars** | | | | | |  |  |  | | | Cash - checking accounts | | | 3000 | | | |  | |  |  |  | | | Cash - Money Market | | | 30000 | | | |  | |  |  |  | | | Cash - savings accounts | | | 1000 | | | |  | |  |  |  | | | Certificates of deposit | | | 6500 | | | |  | |  |  |  | | | Securities - stocks / bonds / mutual funds: MS | | | - 16,900 | | | |  | |  |  |  | | | Notes & contracts receivable | | | 12,000 | | | |  | |  |  |  | | | Personal property (autos, jewelry, etc.) | | | 45,000 | | | |  | |  |  |  | | | Retirement Funds (eg. IRAs, 401k) | | | 50,000 | | | |  | |  |  |  | | | Real estate (market value) | | | 789,000 | | | |  | |  |  |  | | | Other assets (Art, Picasso) | | | 5,000 | | | |  | |  |  |  | | | Other assets (Tools & Windows) | | | 15,000 | | | |  | |  |  |  | | | **Total Assets** | | | **$ 973,400** | | | |  | |  |  |  | | |  | | |  | | | |  | |  |  |  | | | **Liabilities** | | | **Amount in Dollars** | | | | | |  |  |  | | | Current Debt (Credit cards, Accounts) | | | $ 1,520 | | |  | | |  |  |  | | | Notes payable (describe below) | | | - | | |  | | |  |  |  | | | Taxes payable | | | - | | |  | | |  |  |  | | | Real estate mortgages (describe) | | | 452,000 | | |  | | |  |  |  | | |  | | |  | | |  | | |  |  |  | | | Other liabilities (specify) | | | - | | |  | | |  |  |  | | | **Total Liabilities** | | | **$ 453,520** | | |  | | |  |  |  | | |  | | |  | | |  | | |  |  |  | | | **Net Worth** | | | **$ 519,880** | | |  | | |  |  |  | | |  | | |  | | |  | | |  |  |  | | |  | | |  | | |  | | |  |  |  | | | **Signature:** | | | **Date:** | | | 6/30/2009 | | |  |  |  | | |  | | |  | | |  | | |  |  |  | | |  | | |  | | |  | | |  |  |  | | | **Personal Finance Statement of:** | | | | | |  | | |  |  |  | | | Todd Smith and Rieko Ohno-Smith | | | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | **Details** | |  | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | **1. ASSETS - Details** | |  | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | ***Notes and Contracts held*** | |  | | | |  | | |  |  |  | | | From Whom Owing | | Balance Owing | | | | Original Amount | | | Original Date | Monthly Payment | Maturity Date | | | M. A. | | $12,000 | | | | $15,000 | | | 9/1/2007 | $600 | 4/1/2010 | | | CD Washington Mutual | | 6,500 | | | | $6000 | | | 6/1/2004 |  | 7/1/2009 | | |  | |  | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | ***Securities: stocks / bonds / mutual funds*** | | | | | |  | | |  |  |  | | | Name of Security | | Number of Shares | | | | Cost | | | Market Value | Date of Acquisition |  | | | Microsoft | | 400 | | | | $ 6,000 | | | $10,000 | 2/01/1999 |  | | | General Electric | | 252 | | | | $2750 | | | $3000 | 3/15/2009 |  | | | Bank of America | | 300 | | | | $1800 | | | $3900 | 3/01/2009 |  | | |  | |  | | | |  | | |  |  |  | | | ***Real Estate*** | |  | | | |  | | |  |  |  | | | Description / Location | | Market Value | | | | Amount Owing | | | Original Cost | Purchase Date |  | | | 8129 Hudson Place | | $300,000 | | | | $210,000 | | | $115,000 | 7/1/1991 |  | | | 13325A Macadam Rd | | $320,000 | | | | $242,000 | | | $130,000 | 9/1/1997 | Transfer to LLC | | | 13325B Macadam Rd | | $169,000 | | | | $0 | | | $20,000 | 9/1/1997 | Transfer to LLC | | |  | |  | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | **2. LIABILITIES - Details** | |  | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | ***Credit Card & Charge Card Debt*** | | | | | |  | | |  |  |  | | | Name of Card / Creditor | | Amount Due | | | |  | | |  |  |  | | | American Exp | | $1,000 | | | |  | | |  |  |  | | |  | |  | | | |  | | |  |  |  | | | Watermark Visa | | $500 | | | |  | | |  |  |  | | |  |  | | |  |  | | | | ***Mortgage / Real Estate Loans Payable*** | | | | | |  | | |  |  |  | | Name of Creditor | | Amount Owing | | | | Original Amount | | | Monthly Payment | Interest Rate | Secured by (Lien) | | Citi Bank Hudson Pl, Lakewood WA | | $210,000 | | | | $210,000 | | | $1,118 | 0.05625% | yes | | Citi Bank Macadam Rd, Tukwila, WA | | 250,000 | | | | 250,000 | | | 1,402 | 0.05375% | Yes | |

### Refining the Plan

##### Raising Capital

##### Bankers

Amount of loan:

* + - Cooke Creek Meadows Develop and Construction cost $2.9 million

Develop and build 9 homes: There are costs associated for professional services, municipals to permit the project, excavation and utility contracts, foundations for garages and buildings, building costs, landscaping, wetland enhancement, operational and management costs.

* + - Profit and Loss projection statement see Appendix part 3**.**

This activity provides the funds to develop the property and bring the designs and planning of the site to fruition. Estimating these cost is one thing, but my intuition tells me under present economic conditions my numbers may very well be over estimated. Secondarily if the real estate market improves quality, highly efficient, well designed community will again be in demand. Thus the Absorption Rate may very likely come down, and more frequent sales will reduce the financial funding demand.

* + - Requested repayment terms (number of years to repay). 2.5 years.

Collateral offered, and a list of all existing liens against collateral:

* + - Front property is .5acre has a $242,000 loan of the property; the back lot to 13325 Macadam is .6 acres is unencumbered. This lot has the wetland across the back 1/3, all the costs and associated permits required to enhance this area and reduce the buffer to allow homes have been secured. When our Short Plat is approved the lots will be combined providing the development to 9 lots, while each lot will own 1/9th of the open space (not associated to a lot) and share in the maintenance of this space.
    - Presently we have $669,000 of equity upon recording of the Short Plat and the 9 associated lots we estimate the equity will $1,350,000. This is based on lower of our regression analysis which is $150,000/lot and KC Assessor’s 2009 value of the back property $169,000, which is encumbered by a wetland. However, all the wetland mitigation activities, approvals, and permits are presently in the pipeline while the City has suggested approval due July/August. This allows the City to Short Plat this lot for 4 houses for a total of 9 lots..

### Appendix

1. Tukwila Demographics
2. Lot Pricing, Market Analysis
3. House Pricing, Market Analysis
4. Profit and Loss Projection 4 Year
5. Cash Flow Statement 4 year
6. Start Up Expenses
7. Breakeven Point Analysis
8. Articles
   1. The Newest Cottage Industry
   2. Building the Green Way
   3. Green Homes Sell Faster and Sell for more than Comparables
   4. America’s Increasingly Unaffordable Cities
   5. State revenue forecast rosier by $126 million
   6. Economic Stress Index, March 2009
9. Vicinity Maps
10. Bicycle Routes
11. Plans:
    1. City of Tukwila, Notice of Decision April 4, 2008
    2. Biological Mitigation Plan, ESA Adolfson and Assoc
    3. Geo Tech. Plan (Summary), GEO Group NW
12. Concept Designs
    1. Concept House Design, Chandler Stever Architect
    2. Concept Site Plan, Chandler Stever Architect
       1. Color rendering for Phase1
       2. Outline for Phase1
       3. Design Review Submittal

1. See Appendix Plans/City of Tukwila, Notice of Decision [↑](#footnote-ref-1)
2. See Appendix part 1 for information on base pricing [↑](#footnote-ref-2)
3. See Appendix part 7d [↑](#footnote-ref-3)
4. See Appendix part 7e [↑](#footnote-ref-4)
5. See Appendix Part 1 [↑](#footnote-ref-5)
6. See Appendix Plans/City of Tukwila, Notice of Decision [↑](#footnote-ref-6)