



# Memo

**Date:** September 1, 2016

**To:** Councilmember Tim Burgess, Chair, Affordable Housing, Neighborhoods & Finance  
Councilmember Lisa Herbold  
Councilmember Rob Johnson  
Councilmember Mike O'Brien

**Cc:** Councilmember Debora Juarez

**From:** Steve Walker, Director

**Subject:** Sand Point Youth Homes – Amendment to Lease and Transfer of Ownership

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OH staff will be presenting the above referenced legislation at September 7's AHNF meeting. The proposed legislation authorizes the Director of the Office of Housing (OH) to amend an existing ground lease for three group homes at Magnuson Park. The City-owned parcels are currently leased to Sand Point Community Connections LLC (SPCC), an entity formed and controlled by Solid Ground Washington, although the group homes themselves are operated by Friends of Youth (FOY) and YouthCare (YC). Transferring the leases to the actual building operators will allow for a more streamlined property management and facilitate OH-funded capital renovation of the three properties.

## **Background**

The City of Seattle took ownership of 9 parcels at Sand Point Naval Air Station from the federal government in 1998 for development and preservation of 200 units of housing to serve the homeless. In April 1998 the City entered into a lease with Sand Point Community Housing Association (SPCHA). Subsequently, SPCHA entered into subleases with FOY on building 330 and YC on buildings 331 and 332. In 2008, the City assigned the original ground lease to SPCC and amended the ground lease to support SPCC's efforts to develop additional housing for the homeless. At this time the subleases were assigned and assumed by SPCC.

In December 2015, the City's Office of Housing (OH) made conditional funding commitments to YC and FOY for the recapitalization and rehabilitation of the Group Homes. In addition to the OH commitment, YC and FOY have secured a commitment from the Washington State Housing Trust Fund, and both have committed agency funds towards rehabilitation. The homes will continue to serve homeless youth. Construction is scheduled to begin in October 2015. In addition, the regulatory term will be extended to the year 2066 providing an additional 20 years of housing affordability.

## **Summary of Proposed Action**

The proposed ordinance would authorize a 75-year ground lease of the parcels and provide other related agreements and actions to support recapitalization.

**Benefits of Proposed Action**

Due to the complexities of recapitalization, OH has found it necessary to contract directly with YC and FOY in an effort to efficiently monitor construction and management of the buildings. Acting on this legislation now allows the City to facilitate the recapitalization process and efficiently monitor the homes during construction and throughout the 75-year life of the lease.

If you have any questions, please contact Laurie Olson at 206-615-0995.

cc: Traci Ratzliff, Council Central Staff  
Leslie Price, Mayor's Office