



SEATTLE CITY COUNCIL

Legislative Summary

CB 118888

Record No.: CB 118888

Type: Ordinance (Ord)

Status: Passed

Version: 3

Ord. no: Ord 125243

In Control: City Clerk

File Created: 11/30/2016

Final Action: 01/13/2017

Title: AN ORDINANCE relating to the sale of City real property for multifamily development; declaring the property located at 12705 30th Avenue Northeast surplus to the City's needs and authorizing its sale to the Low Income Housing Institute or its designee; and authorizing the Director of Finance and Administrative Services to execute and deliver the contract for transfer of land, deed, and related documents.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att A - Term Sheet

Drafter: adam.schaefer@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	12/02/2016	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	Notes:						
1	City Clerk	12/02/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	12/06/2016	sent for review	Affordable Housing, Neighborhoods, and Finance Committee			

Action Text: The Council Bill (CB) was sent for review. to the Affordable Housing, Neighborhoods, and Finance Committee

Notes:

- | | | | | | |
|---|--|------------|-----------------|--|------|
| 1 | Full Council | 01/03/2017 | referred | Affordable Housing, Neighborhoods, and Finance Committee | |
| 1 | Affordable Housing, Neighborhoods, and Finance Committee | 01/04/2017 | pass as amended | | Pass |

Action Text: The Committee recommends that Full Council pass as amended the Council Bill (CB).

Notes: A public hearing was held on this item.

In Favor: 2 Chair Burgess, Vice Chair Herbold

Opposed: 0

- | | | | | | |
|---|--------------|------------|-------------------|--|------|
| 2 | Full Council | 01/09/2017 | passed as amended | | Pass |
|---|--------------|------------|-------------------|--|------|

Action Text: The Motion carried, The Council Bill (CB) was passed as amended by the following vote, and the President signed the Bill:

Notes: ACTION 1:

Motion was made by Councilmember Herbold, duly seconded and carried, to amend Council Bill 118888, by substituting version 8 for version 7.

Councilmember Johnson left the Council Chamber at 3:09 p.m.

ACTION 2:

Motion was made and duly seconded to pass Council Bill 118888 as amended.

In Favor: 7 Councilmember Burgess, Councilmember González, Council President Harrell, Councilmember Herbold, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant

Opposed: 0

Absent(NV): 1 Councilmember Johnson

- | | | | | | |
|---|------------|------------|---------------------------------|------------|--|
| 3 | City Clerk | 01/10/2017 | submitted for Mayor's signature | Mayor | |
| 3 | Mayor | 01/13/2017 | Signed | | |
| 3 | Mayor | 01/13/2017 | returned | City Clerk | |
| 3 | City Clerk | 01/13/2017 | attested by City Clerk | | |

Action Text: The Ordinance (Ord) was attested by City Clerk.

Notes:

CITY OF SEATTLE

ORDINANCE 125243

COUNCIL BILL 118888

AN ORDINANCE relating to the sale of City real property for multifamily development; declaring the property located at 12705 30th Avenue Northeast surplus to the City's needs and authorizing its sale to the Low Income Housing Institute or its designee; and authorizing the Director of Finance and Administrative Services to execute and deliver the contract for transfer of land, deed, and related documents.

WHEREAS, pursuant to Ordinance 82426, The City of Seattle acquired the property at 12705 30th Avenue Northeast (Property) by annexation in 1953, and used it continuously until 2010 for Fire Station 39; and

WHEREAS, on November 4, 2003, Seattle voters approved the Fire Facilities and Emergency Response Levy Program (Fire Facilities Program), proposed under Ordinance 121230, which included funds for a new Fire Station 39, which is now operational; and

WHEREAS, the funding plan for the Fire Facilities Program assumed that the proceeds from the sale of former Fire Station 39 would be deposited back into that program; however, other funding sources have been identified and proceeds from this property are not needed; and

WHEREAS, in 2011, the Seattle City Council adopted Resolution 31292 stating the intent to review alternatives for meeting shelter needs in the city, including renovating Fire Station 39 as a possible long-term shelter or housing facility; and

WHEREAS, in 2012, the City Council adopted a Statement of Legislative Intent requesting the Executive to develop a proposal for the future development of Fire Station 39 to include long-term housing for low-income or formerly homeless individuals or families; and

WHEREAS, at the request of the City Council, the Executive included in the 2013 -2014 Proposed Budget, \$950,000 in funding to support the capital costs associated with the

development of low-income housing at Fire Station 39, with those funds specifically targeted for the development of the ground floor space that would provide services desired by the community; and

WHEREAS, in September 2014, the City Council adopted Resolution 31546, in which the Mayor and City Council jointly convened the Seattle Housing Affordability and Livability Agenda (HALA) Advisory Committee, and in particular to promote the development and preservation of affordable housing for residents of the City; and

WHEREAS, in July 2015, HALA published its Final Advisory Committee Recommendations and the Mayor published *Housing Seattle: A Roadmap to an Affordable and Livable City*, which outlines a multi-prong approach of bold and innovative solutions to address Seattle's housing affordability crisis; and

WHEREAS, in October 2015, the Mayor proposed and the City Council adopted Resolution 31622 declaring the City's intent to expeditiously consider strategies recommended by the HALA Advisory Committee; and

WHEREAS, the final HALA Advisory Committee Recommendations include prioritizing the use of surplus City property for development of affordable housing; and

WHEREAS, the Office of Planning and Community Development led an integrated planning effort in the Lake City neighborhood that included the redevelopment of the Property for low-income housing and preschool purposes and after a competitive process led by the Office of Housing, the City selected the Low Income Housing Institute (LIHI) as its preferred developer for the Property; and

WHEREAS, in accordance with Resolution 30862, the Director of Finance and Administrative Services (Director) investigated the suitability of the property for other municipal

1 purposes and the Final Recommendation Report on the Reuse and Disposal of the
2 Property at 12705 30th Avenue NE (Report) was published and it includes the
3 determination that neither the Seattle Fire Department nor any other City department has
4 a current or future need for the Property; and

5 WHEREAS the Report recommends that the Property be transferred to LIHI or its designee, at
6 no cost, in exchange for LIHI's commitment to build and operate a minimum of 70 units
7 of affordable housing, approximately 6,605 gross square feet of first-floor commercial
8 space suitable for build-out as preschool/childcare space, approximately 1,752 square feet
9 of outdoor play area, and other amenities; and

10 WHEREAS, the Department of Education and Early Learning (DEEL) is administering the
11 Seattle Preschool program, a four-year demonstration phase project to provide voluntary,
12 high-quality and affordable preschool; and

13 WHEREAS, funding for the preschool has been identified in the 2017 Adopted and 2018
14 Endorsed Budgets and funding for the housing development will be allocated by the
15 Office of Housing as part of the 2016 Notice of Funding Availability process;

16 NOW, THEREFORE,

17 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

18 Section 1. The City of Seattle (City) approves the steps documented in the Final Disposition
19 Report on the Evaluation of Re-use and Disposal Options for PMA 136 - Former Fire Station 39.

20 Section 2. The property located at 12705 30th Avenue NE, legally described in Section 3
21 below, is hereby found and declared to be no longer required for municipal purposes and is
22 hereby declared surplus to the City's needs.

1 Section 3. The Director of Finance and Administrative Services (Director) is authorized to
2 enter into and perform an agreement (Agreement) with the Low-Income Housing Institute (LIHI),
3 a Washington nonprofit corporation, or with a designee of LIHI approved by the Director (LIHI
4 and any approved designee, and any assignee of the Agreement approved by the Director, are
5 referred to as Transferee), for the transfer of the Property legally described as:

6 Lots 9 and 10 in Block 1 of Kenwood Division TWO, according to the plat recorded in
7 Volume 21 of Plats at Page 28, in King County, Washington

8 (Property) on the terms and subject to the conditions authorized in this ordinance. The
9 Agreement shall reflect the provisions included in the Term Sheet attached to this ordinance as
10 Attachment A, with such revisions and additions, not inconsistent with the express terms of this
11 ordinance or with applicable law, as the Director may determine are reasonably necessary to
12 carry out the intent of this ordinance. In order to carry out the Agreement for and on behalf of
13 the City, the Director is authorized to execute a quitclaim deed for the Property and such
14 environmental covenants, either contained in the deed or a separate covenant agreement, as the
15 Director determines are necessary for the City's protection and benefit, and upon satisfaction of
16 the conditions precedent under the Agreement, except for any that may be waived in writing by
17 the Director, the Director is authorized to cause the deed to be recorded and delivered to the
18 Transferee. The Director is authorized to execute, deliver, accept, record, modify, enforce, and
19 administer such other documents, which may include amendments and extensions to the
20 Agreement, and take such other actions, as the Director shall deem necessary or advisable to
21 implement the purpose of this ordinance. The Director may call upon the Director of the Office
22 of Housing to assist in administering any aspect of the Agreement.

1 Section 4. The Transfer Agreement shall require LIHI to use diligent efforts to pursue
2 design work, financing applications, environmental reports, permit applications, and all other
3 steps necessary to construct and permanently finance improvements on the Property as described
4 in Section 5 of this ordinance. All such efforts of LIHI shall be at its own expense and risk. The
5 Agreement may provide interim deadlines as deemed appropriate by the Director, which may be
6 extended in the discretion of the Director. The Agreement shall terminate if the conditions to
7 transfer of the property by the City are not satisfied within 15 months of the effective date of this
8 ordinance, except that extensions may be granted by the Director if in the Director's judgment an
9 extension furthers the City's objectives.

10 Section 5. The improvements to be developed on the Property are to include at least 70
11 units of housing for 60 percent of median income households, with rents affordable to such
12 households, together with approximately 6,605 gross square feet of commercial space suitable
13 for childcare or preschool purposes, approximately 1,752 square feet of outdoor play area, and
14 certain other amenities, all substantially as defined in the Agreement. The housing units will be a
15 mix of studios, one, two, and three bedroom apartments. The housing, commercial space, and
16 outdoor play area, together with any additional improvements to be developed on the Property
17 with the approval of the Director and all necessary regulatory approvals, are referred to in this
18 ordinance as the "Project".

19 Section 6. The City Council recognizes that the actual development capacity of the
20 Property will depend upon the results of applicable regulatory processes and financial feasibility.
21 If the Director determines that, because of regulatory, financial, or other constraints, LIHI will be
22 unable to develop a project on the Property that includes the minimum number of units for 60
23 percent of median income households as set forth in Section 5, then the Director may

1 recommend to the City Council an alternative plan for the Property, which shall require approval
2 by ordinance.

3 Section 7. The Agreement shall provide for the transfer of the Property to LIHI after the
4 Director is satisfied that (1) LIHI has obtained all necessary financing commitments for the
5 construction and permanent financing of the Project as described in Section 5 of this ordinance;
6 (2) LIHI has delivered to the City a covenant (Covenant) pursuant to which LIHI agrees to use
7 the Property for housing serving households at or below 60 percent of median for a term of 50
8 years from the Project completion date, and (3) any other conditions in the Agreement, as may be
9 deemed necessary or appropriate by the Director, are satisfied.


10 Section 8. The Agreement, and the Covenant to be recorded at closing of the transfer,
11 shall prohibit any sale or other transfer of the Property prior to completion of the Project without
12 the express written consent of the City, except for mortgages, deeds of trust, regulatory
13 agreements and covenants for the purposes of the financing contemplated by the Agreement. The
14 Agreement and such covenants shall not prohibit any transfer upon foreclosure of a deed of trust
15 or mortgage approved by the Director, or in lieu of foreclosure thereof, or any subsequent
16 transfer, but any transfer shall be subject to the requirements as to use of the Property set forth in
17 the Covenant. The Director may approve a transfer of the Property to a limited partnership in
18 which LIHI or a limited liability company in which LIHI serves as the sole member and
19 manager, if the Director finds such a transfer or designation is necessary for the financing of the
20 Project.

21 Section 9. At the time the Covenants required herein are delivered to the City, the
22 Property shall not be encumbered in any way except by instruments of record or reservations in
23 favor of the City.

1 Section 10. The Director is authorized to execute and deliver such additional documents,
2 which may include amendments to the Agreement and related covenants, and to take such other
3 actions, as may be necessary or appropriate to implement the intent of this ordinance, and to
4 administer and enforce the Agreement, covenants, and any other such documents.

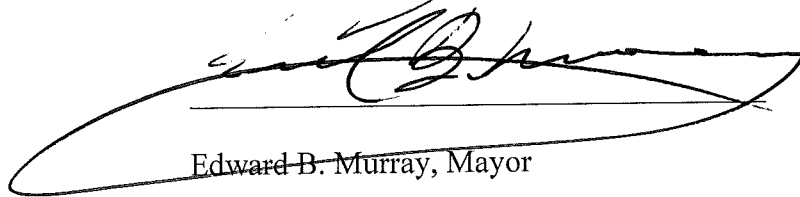
Section 11. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 9th day of January, 2017,
and signed by me in open session in authentication of its passage this 9th day of
January, 2017.



President _____ of the City Council

Approved by me this 13th day of January, 2017.



Edward B. Murray, Mayor

Filed by me this 13th day of January, 2017.



Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment A – Term Sheet

ATTACHMENT A: TERM SHEET

TRANSFER OF PROPERTY FROM THE CITY OF SEATTLE (City) TO LOW INCOME HOUSING INSTITUTE (LIHI) OR ITS ASSIGNEE (Purchaser)

This term sheet describes the basic terms of the proposed transfer of property between Purchaser and City. Any binding commitment by the City to transfer the property will be made only after City Council approval by ordinance and upon signing of a definitive agreement (the "Agreement"). The Agreement is intended to include the following terms:

1. Transfer. City shall transfer to Purchaser certain real property located in the City of Seattle, commonly known as 12705 30th Ave. NE ("Property").

2. Consideration. In consideration for City transferring the Property to Purchaser, Purchaser shall agree to construct or cause to be constructed within the Property improvements substantially as described in those plans and specifications prepared by Runberg Architecture Group dated as of November 21, 2016, titled Lake City Family Housing Master Use Permit #3024131 ("MUP"), which improvements shall be used respectively as 1) a residential rental apartment project with rents affordable to households with incomes at the time of initial occupancy of 60% or less than the area median income, as defined by the U.S. Department of Housing and Urban Development (the "Housing Project"); 2) shell and core improvements suitable for build-out as preschool or childcare space, including outdoor play space (the "Civic/Commercial Project"); and 3) amenities consisting of a roof deck and storage (the "Amenities"), all as defined and described in the MUP. The Housing Project is comprised of 15 one-bedroom units, 25 two-bedroom units, 5 three-bedroom units, 5 open one-bedroom units, and 20 studio units. The Housing Project, the Civic/Commercial Project and the Amenities are collectively referred to in this Term Sheet as "the Project."

3. Development Plan:

a) The Agreement shall require Purchaser to use diligent efforts to pursue design work, financing applications, environmental reports, permit applications and all other steps necessary to construct and permanently finance the Project, including 70 units of rental housing to serve Eligible Households (as defined below) on the Property. It is understood that the results of environmental review or regulatory processes could result in only a smaller number of units being feasible, and neither the Agreement nor the ordinance approving it shall be construed as any determination or assurance of the number of units that will be permitted.

b) Upon completion of Construction, Purchaser shall rent the units to qualified Low Income Households," defined as households with incomes at the time of initial occupancy of 60% or less than the area median income, as defined by the U.S. Department of Housing and Urban Development ("Eligible Households").

4. Conditions precedent to the City's obligation to convey the property:

a) Purchaser shall have obtained approval from the Director of Finance and Administrative Services ("Director") for the schematic design (including the landscaping features), and any changes to the schematic design, and the construction documents consistent with the schematic design shall have been submitted to the Director.

b) Purchaser shall have obtained the Master Use Permit for the development of the Property consistent with the schematic design issued by the Seattle Department of Construction and Inspections ("SDCI"), or SDCI shall have given notice that such permit is ready to issue.

c) Purchaser shall have provided evidence satisfactory to the City that Purchaser has the necessary financing to fund the construction of the improvements.

d) Purchaser shall have delivered to the City a covenant pursuant to which Purchaser agrees to use the Property as rental housing serving Eligible Households for a term of 50 years from the Project completion date.

e) Purchaser shall have delivered to the City environmental indemnity and hold harmless agreement satisfactory to the City.

5. Development Schedule.

a) Fifteen (15) months following the effective date of the ordinance ("Effective Date"), Purchaser shall have secured all required approvals (the "Approvals") to begin construction and closing of the transfer of the Property to Purchaser shall have occurred.

b) Within fifteen (15) months following the receipt of the Approvals ("Completion Date"), Purchaser shall have completed construction.

Purchaser may request extensions of either the Effective Date or the Completion Date by submitting a request to the Director.

6. Transfer of Title / Closing/Possession. Closing shall take place on such date as the Purchaser may specify in a written notice to the City, delivered to the City at least 10 days in advance of the closing date specified in the written notice, but such notice may be given only after satisfaction of all conditions to closing. Title shall be conveyed by Quit Claim Deed. After closing, Purchaser will ensure that the property is continuously insured against liability, in amounts and with coverages satisfactory to the City, with the City named as additional insured.

7. Other conditions.

a) The agreement will contain other conditions determined by the Director to be necessary to provide the desired outcomes.

b) The transfer to Purchaser shall be "AS IS," without any warranty as to any matters related to the condition of the premises, including without limitation the presence of any hazardous materials or underground tanks, or any other environmental matters.

8. Expenses. Purchaser shall pay all costs of closing the transfer, including without limitation escrow fees and recording charges, and shall pay for any title insurance policy desired by Purchaser.