

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..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.

..body

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, the Director of Finance and Administrative Services (Director) investigated the suitability of the property for other municipal purposes by undertaking the disposition process for the reuse and disposition of City-owned property required by Resolution 30862; and

WHEREAS, in accordance with Resolution 30862, the Final Recommendation Report on the Reuse and Disposal of the Property at 12705 30th Avenue NE (Report) was published and it includes the determination that neither the Seattle Fire Department nor any other City department has a current or future need for the Property; and

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

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

9 WHEREAS, in October 2015, the Mayor proposed and the City Council adopted Resolution
10 31622 declaring the City’s intent to expeditiously consider strategies recommended by
11 the HALA Advisory Committee; and

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

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

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

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

4 WHEREAS, funding for the preschool has been identified in the 2017 Adopted and 2018
5 Endorsed Budget and funding for the housing development will be allocated by the
6 Office of Housing as part of the 2016 Notice of Funding Available process;

7 NOW, THEREFORE,

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

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

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

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

19 Lots 9 and 10 in Block 1 of Kenwood Division TWO, according to the plat recorded in

20 Volume 21 of Plats at Page 28, in King County, Washington

21 (Property) on the terms and subject to the conditions authorized in this ordinance. The
22 Agreement shall reflect the provisions included in the Term Sheet attached to this ordinance as
23 Attachment A, with such revisions and additions, not inconsistent with the express terms of this

1 ordinance or with applicable law, as the Director may determine are reasonably necessary to
2 carry out the intent of this ordinance. In order to carry out the Agreement for and on behalf of
3 the City, the Director is authorized to execute a quitclaim deed for the Property and such
4 environmental covenants, either contained in the deed or a separate covenant agreement, as the
5 Director determines are necessary for the City's protection and benefit, and upon satisfaction of
6 the conditions precedent under the Agreement, except for any that may be waived in writing by
7 the Director, the Director is authorized to cause the deed to be recorded and delivered to the
8 Transferee. The Director is authorized to execute, deliver, accept, record, modify, enforce, and
9 administer such other documents, which may include amendments and extensions to the
10 Agreement, and take such other actions, as the Director shall deem necessary or advisable to
11 implement the purpose of this ordinance. The Director may call upon the Director of the Office
12 of Housing to assist in administering any aspect of the Agreement.

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

22 Section 5. The improvements to be developed on the Property are to include at least 70
23 units of housing for 60 percent of median income households, with rents affordable to such

1 households, together with approximately 6,605 gross square feet of commercial space suitable
2 for childcare or preschool purposes, approximately 1,752 square feet of outdoor play area, and
3 certain other amenities, all substantially as defined in the Agreement. The housing units will be a
4 mix of studios, one, two, and three bedroom apartments. The housing, commercial space, and
5 outdoor play area, together with any additional improvements to be developed on the Property
6 with the approval of the Director and all necessary regulatory approvals, are referred to in this
7 ordinance as the "Project".

8 Section 6. The City Council recognizes that the actual development capacity of the
9 Property will depend upon the results of applicable regulatory processes and financial feasibility.
10 If the Director determines that, because of regulatory, financial, or other constraints, LIHI will be
11 unable to develop a project on the Property that includes the minimum number of units for 60
12 percent of median income households as set forth in Section 5, then the Director may
13 recommend to the City Council an alternative plan for the Property, which shall require approval
14 by ordinance.

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

22 Section 8. The Agreement, and the Covenant to be recorded at closing of the transfer,
23 shall prohibit any sale or other transfer of the Property prior to completion of the Project without

1 the express written consent of the City, except for mortgages, deeds of trust, regulatory
2 agreements and covenants for the purposes of the financing contemplated by the Agreement. The
3 Agreement and such covenants shall not prohibit any transfer upon foreclosure of a deed of trust
4 or mortgage approved by the Director, or in lieu of foreclosure thereof, or any subsequent
5 transfer, but any transfer shall be subject to the requirements as to use of the Property set forth in
6 the Covenant. The Director may approve a transfer of the Property to a limited partnership in
7 which LIHI or a limited liability company in which LIHI serves as the sole member and
8 manager, if the Director finds such a transfer or designation is necessary for the financing of the
9 Project.

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

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

17

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

4 Passed by the City Council the _____ day of _____, 2016,
5 and signed by me in open session in authentication of its passage this _____ day of
6 _____, 2016.

7 _____
8 President _____ of the City Council

9 Approved by me this _____ day of _____, 2016.

10 _____
11 Edward B. Murray, Mayor

12 Filed by me this _____ day of _____, 2016.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)
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21 Attachments:
22 Attachment A – Term Sheet