

# Ordinance for the Sale of the Mercer Properties 800 Mercer and 620 Aurora

Sustainability and Transportation Committee  
September 6, 2019



# Presentation Overview

- Why We Are Here
- Vision and Priorities for the Mercer Properties
- Ordinance summary
- Request for Proposals
- Next Steps
- Questions



# Overview of Mercer Properties

Three parcels comprising 2.86 acres of land with more than 124,300 square feet of space, situated on three blocks in the heart of South Lake Union.



# Vision and Priorities for the Mercer Properties

- A generational opportunity to take an underutilized, City-owned property and make a transformational investment to create jobs, create more affordable & mixed-income housing in locations throughout the city, and build more safe transportation connections.
- Investments made with these proceeds **must be rooted in advancing racial equity** and leaning in on **addressing displacement in a way the city has not had the resources to do before.**
- Achieve a public benefit greater than an unrestricted sale; **use public land to maximize public value in all communities** in Seattle.



# Ordinance Summary

- Removing Properties from limited access highway purposes property
- Authorizing the sale of the properties for \$138,500,000, including:
  - Covenant to develop affordable housing
  - Negotiate a lease with Seattle Parks and Recreation for recreational facility
- Authorizing Mayor to execute the MOU for sale of the property
- Authorizing the Superintendent of Seattle Parks and Recreation to negotiate, execute, and deliver a lease of the recreational facility
- Authorizing the Director of Seattle Department of Transportation or designee to negotiate, execute, and deliver all other documents necessary or appropriate to carry out the transactions described in this ordinance



# Request for Proposals Response

- Received 7 responses to RFP, 6 of the proposals were deemed responsive
- Evaluation Committee met October 15<sup>th</sup> and 16<sup>th</sup> 2018, to review, analyze, and request specific answers for each of the responsive submissions
- Evaluation Committee recommended that all of the 6 responsive proposals move forward to the interviews on October 29<sup>th</sup> and 30<sup>th</sup>, 2018.
- Evaluation Committee recommended the 6 responsive proposals move forward to the next stage of the RFP process, specifically Best and Final Offer (BAFO)
- After reviewing responses to the BAFO, the Evaluation Committee on December 10, 2018 recommended to move forward with the RFP/BAFO proposal from Alexandria Real Estate Equities, Inc.
- Staff presented offers and recommendation to City Council in Executive Session December 17, 2018



# Background: Transaction Details and Purchaser

Cash Proceeds	
Total Sales Proceeds	\$138,500,000 cash at closing
Additional Homelessness Contribution	\$5,000,000 to support strategies addressing homelessness
<i>Total Cash at Closing</i>	<b><i>\$143,500,000</i></b>

## Purchaser: Alexandria Real Estate Equities, Inc. (NYSE: ARE)

- Owner, operator, and developer of life sciences campuses
- Entered the Seattle market in 1996 through a partnership with Fred Hutchinson Cancer Research Center at their original First Hill location
- Expanded into Eastlake with our 2003 acquisition of 1616 Eastlake Avenue East
- Alexandria envisions at the Mercer site an iconic, fully integrated mixed-use campus dedicated to accelerating the discovery and development of innovations that will positively impact human health



# Public Benefits at a Glance:

## Transformational Investments in Housing, Community Spaces, and Safe Routes for Walking and Biking

	Proceeds from Sale
	Homelessness: One-time Homelessness Contribution
	Housing: 175 Units of Affordable Housing on site
	Public Spaces: up to 30,000 square foot Community Center on Site
	Project Labor Agreement
	Transportation & Mobility: Extension of Mercer Street protected bike lane & 8 <sup>th</sup> Avenue improvements
	Environmental Remediation

**APPROX.  
\$300M  
=  
OF PUBLIC  
BENEFITS**

# Next Steps

City Council and Development Process	
September 6, 2019	Sustainability and Transportation Committee
September 16, 2019	Full Council vote expected
September 2019	Mayor signs legislation
September 2019	Mayor includes proposals in 2020 budget
Through 2019	Disposition and Development Agreement prepared
2019/2020	ARE pursues Prospective Purchaser Consent Decree (PPCD) from State of Washington Department of Ecology (DOE)
2020	Transaction closes upon DOE issuing PPCD to ARE
2021 onward	Construction begins following permitting, remediation, and site preparation



# Questions?

