

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, 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

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

4 ~~WHEREAS, the Director of Finance and Administrative Services (Director) investigated the~~
5 ~~suitability of the property for other municipal purposes by undertaking the disposition~~
6 ~~process for the reuse and disposition of City-owned property required by Resolution~~
7 ~~30862; and~~

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

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

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

20 WHEREAS, in October 2015, the Mayor proposed and the City Council adopted Resolution
21 31622 declaring the City’s intent to expeditiously consider strategies recommended by
22 the HALA Advisory Committee; and

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

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

8 WHEREAS, in accordance with Resolution 30862, the Director of Finance and Administrative
9 Services (Director) investigated the suitability of the property for other municipal
10 purposes and the Final Recommendation Report on the Reuse and Disposal of the
11 Property at 12705 30th Avenue NE (Report) was published and it includes the
12 determination that neither the Seattle Fire Department nor any other City department has
13 a current or future need for the Property; and

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

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

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

4 NOW, THEREFORE,

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

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

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

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

16 Lots 9 and 10 in Block 1 of Kenwood Division TWO, according to the plat recorded in
17 Volume 21 of Plats at Page 28, in King County, Washington
18 (Property) on the terms and subject to the conditions authorized in this ordinance. The
19 Agreement shall reflect the provisions included in the Term Sheet attached to this ordinance as
20 Attachment A, with such revisions and additions, not inconsistent with the express terms of this
21 ordinance or with applicable law, as the Director may determine are reasonably necessary to
22 carry out the intent of this ordinance. In order to carry out the Agreement for and on behalf of
23 the City, the Director is authorized to execute a quitclaim deed for the Property and such

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

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

19 Section 5. The improvements to be developed on the Property are to include at least 70
20 units of housing for 60 percent of median income households, with rents affordable to such
21 households, together with approximately 6,605 gross square feet of commercial space suitable
22 for childcare or preschool purposes, approximately 1,752 square feet of outdoor play area, and
23 certain other amenities, all substantially as defined in the Agreement. The housing units will be a

1 mix of studios, one, two, and three bedroom apartments. The housing, commercial space, and
2 outdoor play area, together with any additional improvements to be developed on the Property
3 with the approval of the Director and all necessary regulatory approvals, are referred to in this
4 ordinance as the "Project".

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

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

19 Section 8. The Agreement, and the Covenant to be recorded at closing of the transfer,
20 shall prohibit any sale or other transfer of the Property prior to completion of the Project without
21 the express written consent of the City, except for mortgages, deeds of trust, regulatory
22 agreements and covenants for the purposes of the financing contemplated by the Agreement. The
23 Agreement and such covenants shall not prohibit any transfer upon foreclosure of a deed of trust

1 or mortgage approved by the Director, or in lieu of foreclosure thereof, or any subsequent
2 transfer, but any transfer shall be subject to the requirements as to use of the Property set forth in
3 the Covenant. The Director may approve a transfer of the Property to a limited partnership in
4 which LIHI or a limited liability company in which LIHI serves as the sole member and
5 manager, if the Director finds such a transfer or designation is necessary for the financing of the
6 Project.

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

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

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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Attachments:
Attachment A – Term Sheet