

# SIXTH AND YESLER PROPERTY DISPOSITION

Office of Housing Recommendations

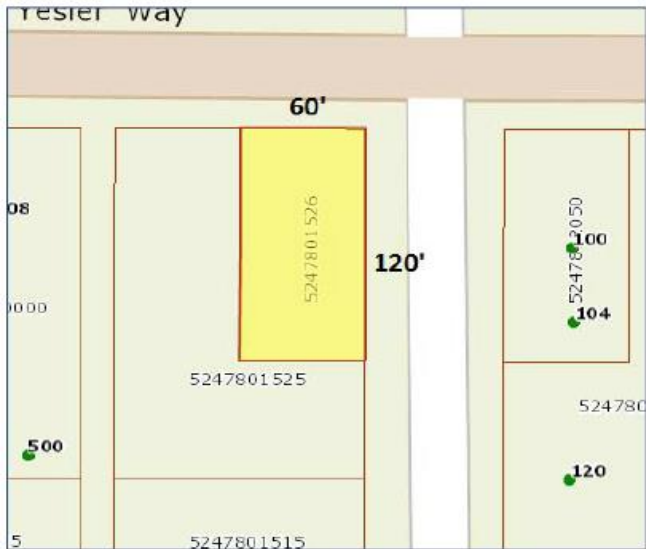
# Sixth and Yesler: Objectives

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- Dispose of underutilized City-owned property in prime location.
- Capitalize on pending development of adjacent lot.
- Receive fair market value with proceeds dedicated to housing for those with lowest incomes.
- Obtain additional public benefit including guaranteed provision of affordable workforce housing for 50 years.

# Background

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- City acquired this 7,200 sq ft lot in 1995 through a land swap with King County.
- Site is located at the northeast corner of a larger lot located at the southwest corner of Sixth and Yesler.
- Site currently operates as a parking lot; annual revenue is approximately \$22,000 per year.

# Pending Adjacent Development

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- City site is surrounded by a 14,400 sq ft “L”-shaped parcel under private ownership.
- A developer has recently acquired the “L” and plans to develop housing on that site alone.
- With the adjacent lot poised for development, we face a time-critical opportunity to transform this small City-owned site from a gravel parking lot into housing.

# Sale Proceeds

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In exchange for the property, the City will receive fair market value: **\$1.44** million.

- Amount determined through independent appraisal (2015).
- Analysis indicates supportable density of 41 units.
- Analysis uses nearby comparable sales to determine land value per square foot and per unit; both metrics point to fair market value of \$1.44 million.

# Proposed Use of Revenue

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- Proposed legislation directs sale proceeds to development of housing affordable to households with incomes below 60% of area median.
- Proceeds would be pooled with other City resources (e.g., Seattle Housing Levy) for award to affordable housing developers.
- These funds would leverage millions in other non-City sources, including low-income housing tax credits and other public funding.
- Sample project: Patrick Place Apartments

# Sample Project: Patrick Place

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- City funding of \$1.6 million leveraged \$8.3 million to complete this \$9.9 million project.
- 71 units of permanent supportive housing for men and women exiting homelessness.
- Developed and operated by Catholic Housing Services.
- Opens this month.



# Additional Public Benefit

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- New housing stock: approximately 150 units
  - 110 attributable to the “L”
  - 40 attributable to City site
- All units offered at below-market rents: affordable to 80% of area median income for 50 years.
- Affordability guaranteed through an incentive zoning covenant (via off-site performance).
- Site assembly with the City-owned parcel enables affordable child care on the ground floor.



# Security for the City

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- Purchase and sale agreement is contingent on developer's ability to secure an incentive zoning linkage agreement.
- Completion of the housing is guaranteed through security required under incentive zoning.
- Long-term affordability is guaranteed through a covenant.

# Summary

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- The “L” can be developed with or without the City-owned parcel:
  - As market-rate housing, or
  - As an off-site performance location under existing incentive zoning Code.
- Sale of the City site:
  - Ensures its productive use for housing.
  - Generates fair market value proceeds (\$1.44 million) to finance development of deeply affordable housing.
  - Ensures that all units on the consolidated site are rent- and income-restricted for 50 years.
  - Enables provision of child care under an incentive zoning performance agreement.

THANK YOU