

Summary and Fiscal Note

1. Legislation Summary

Department: Office of Housing

Title: An ordinance relating to the Office of Housing; authorizing the acquisition of two parcels in the Central Area for the purpose of developing affordable for-sale housing; placing the property under the jurisdiction of the Office of Housing; authorizing the Director of the Office of Housing or the Director's designee to issue a request for proposals and to select a developer and thereafter to execute and deliver a contract for transfer of land, deed, and related documents; and ratifying and confirming certain prior acts.

Background:

Since 1999 the Central Area Development Association (CADA), a Washington State nonprofit corporation, has owned two adjacent real estate parcels at the intersection of East 26th Avenue and East Cherry Street in Seattle's Central Area. One of the two parcels is vacant; CADA owns it free and clear. The other parcel, located at 2615 E Cherry Street, is the site of the Harvey Apartments, a 20-unit 1909-era apartment building. Together the two parcels comprise 8,534 square feet. Zoning is NC1-55(M), providing development potential sufficient for more than the present 20 studio and one-bedroom apartments.

In 1999 OH lent \$745,335 to CADA to support its acquisition and rehabilitation of the Harvey Apartments. Subsequent City awards have brought CADA's total obligation

OH Harvey Transfer SUM
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to OH, including the loan balance and accrued interest, to approximately \$1,210,350 as of April 2026. By 2025 building conditions had deteriorated to the point of being uninhabitable. The building was already 50 percent vacant and OH helped CADA relocate the remaining tenants to other OH-funded affordable housing properties. The building has been mothballed ever since, though the Seattle Fire Department conducts training on site from time to time.

Under the City's loan terms the Harvey site must provide no fewer than 18 units of habitable rental housing affordable to households with incomes below 65 percent (4 apartments) and 50 percent (14 apartments) of the area median income through 2039. With a vacant and uninhabitable building, CADA is no longer meeting the terms of its obligation to provide affordable housing at the Harvey Apartments through 2039; furthermore, CADA staff has informed OH staff that the organization is seeking to dispose of their real estate holdings and is unable to continue to pay ongoing operating costs (primarily fire alarm service, insurance, and property tax).

OH staff were unsuccessful in finding another housing organization to take over the property and assume the loan. Nonetheless, retaining the site for affordable housing is essential, given the Central Area's high levels of displacement and historical significance as the heart of Seattle's Black community. OH has not identified any concerns with the site's viability for redevelopment of new affordable for-sale housing.

This legislation would authorize OH to acquire two parcels; enter into a settlement agreement with CADA to (1) accept a deed in lieu of foreclosure for the Harvey Apartments, in the form of a quit claim deed; and (2) enter into a purchase and sale agreement with CADA to acquire the adjacent site. The OH Director or Designee

would be authorized to take ownership of the Harvey Apartment, subject to existing State Housing Trust Fund deed and covenant as encumbrances. Both transactions are subject to an umbrella settlement agreement, the terms of which are attached to the ordinance. Following acquisition of the sites, OH will combine the parcels into a single development site and OH conduct a community engagement process and competitive solicitation for a homeownership housing development partner. CADA's outstanding loan balance would be rolled into the total debt on the site, along with the financing that OH provides to the selected development partner for design and construction of new for-sale housing.

Summary Attachments: None.

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

Yes

No

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

Yes

No

a. Expenditure Change to General Fund - none

b. Expenditure Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
\$350,000	75,000	75,000		

c. Revenue Change to General Fund - none

d. Revenue Change to Other Funds - none

3a. Appropriations

This legislation adds, changes, or deletes appropriations. N/A

3b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation: none

Revenue/Reimbursement Notes: none

3c. Positions

N/A

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

2026 expenditures reflect the \$300,000 payment to CADA for the parcel adjacent to the Harvey Apartments and an estimated \$50,000 for partial-year operating and pre-development costs. 2027 and 2028 expenditures reflect estimated operating expenses (e.g., insurance, security, and fire alarm service) and ongoing pre-development costs.

The Office of Housing expects to conduct a public engagement process and issue a Request for Proposals in mid-2027, with developer selection and a funding award to follow in mid-to-late 2028.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?

For the initial payment of \$300,000, OH will draw from the portion of JumpStart Payroll Expense Tax (JS/PET) in its existing 2026 budget that is reserved for preservation efforts. A total of \$8 million annually is available for these purposes. For the operating and pre-development costs, OH will draw from the 2023 Housing Levy's pre-development fund of \$10 million. One-seventh of these funds are available for each year of the Levy.

c. What financial costs or other impacts might happen if this legislation is not implemented?

Absent this legislation, the Harvey Apartments will remain uninhabitable and CADA will remain out of compliance with the terms of its past agreements with OH. Direct foreclosure on CADA would be costly and unwieldy. Rehabilitating the property is not financially feasible. This legislation allows for a streamlined approach to acquire and redevelop the property in a way that provides additional affordable homes in an efficient manner.

d. How might this legislation affect other City departments besides the one that proposed it?

No interdepartmental impacts.

4. Other Impacts

a. Does this legislation require a public hearing?

Yes

No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

Yes

No

c. Does this legislation affect a piece of property?

Yes

No

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

This legislation seeks to expand the supply of affordable housing in a neighborhood that has experienced high levels of displacement. Decades of redlining and other forms of discrimination have caused the Central Area's Black population to decline from nearly 75 percent in the 1970s to only about 15 percent by 2018. Black homeownership rates in Seattle are about half those of white households; the loss of Black homeownership in the Central Area has been particularly severe. New public and private investments continue to change the Central Area, but many longstanding residents are no longer around to benefit from the improvements and amenities provided by these investments. Seattle's 2016 Equitable Development Plan and ongoing OPCD demographic and equity analyses repeatedly emphasize that public investment in affordability is essential to counter the loss of affordability areas of both high opportunity and high displacement. A public engagement process will inform the affordable homeownership project to be developed.

Given CADA's plans to wind down operations, this is an opportune time to support the organization's desire to relinquish its commitments under its existing loan agreements with OH and the State of Washington.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

See above.

3. What is the Language Access Plan for communicating with the public about this legislation?

This legislation will have minimal impact on the public. The legislation will assist in OH in pursuing a transaction between OH and the housing provider.

Should a member of the public request a copy of this legislation in a language other than English, OH will provide translation.

e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

No. We note that the existing property's heat source is an aging gas boiler and the building's envelope does not meet current efficiency standards.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact

No resiliency impacts identified.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

This legislation does not create a new program. It implements OH's existing asset stewardship policies.

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No