

May 21, 2021

MEMORANDUM

To: Land Use and Neighborhoods Committee
From: Lish Whitson, Analyst
Subject: Council Bill 120086 – Transfer of the Greenwood Senior Center to the Phinney Neighborhood Center

On May 26, 2021, the Land Use and Neighborhoods Committee will discuss and may vote on [Council Bill 120086](#), which would transfer ownership of the [Greenwood Senior Center](#) (GSC) from the Department of Finance and Administrative Services (FAS) to the [Phinney Neighborhood Association](#) (PNA), which has managed the GSC since 2006. The property, at 525 N 85th Street, was acquired by the City in 1978 to be used as a senior center and has been kept in that use ever since. CB 120086 would transfer the property to the PNA with a subrecipient agreement and quit claim deed with covenants to ensure that the property continues to be used for social services with a focus on meeting the social, physical and mental health welfare needs of seniors.

This is the third of three agreements the Executive has developed to transfer City-owned properties to non-profits with which the City has had mutual and offsetting benefits lease agreements (MOB).¹ These transfers are in response to [Resolution 31856](#), which asked the Executive to prepare agreements to transfer MOB properties to their tenants. Consistent with Resolution 31856, the Council recently approved the transfer of [Byrd Barr Place](#) and the [Central Area Senior Center](#) to their tenants.

This memorandum provides information on the Greenwood Senior Center and describes the agreements that would be approved by CB 120086.

Greenwood Senior Center

The GSC, a former medical clinic at 525 N 85th Street in the Greenwood neighborhood, was [acquired](#) by the City in 1978 for use as a senior center in 1978. Funding for the acquisition and renovation of the GSC included funding from Washington State Referendum 29 and Community Development Block Grants (CDBG). These funding sources include requirements that the City ensure that the property continue to be used for public purposes. Because of the CDBG funding, the PNA will become a “subrecipient” of the property under federal law.

The GSC is a two-story 9,587 structure on a 21,987 square foot lot. The property is zoned Neighborhood Commercial 2-55 with a Mandatory Housing Affordability suffix (NC2-55 (M)), allowing mixed-use development up to 55 feet.

¹ Mutual and Offsetting Benefit (MOB) leases allow the tenants of a City-owned building to pay the City rent, in whole or in part, through the public services they provide.

In 1980, the City [contracted](#) with Senior Centers and Services, Inc. to manage the new senior center. An MOB lease with Senior Services Center, Inc. was [signed](#) in 1987. In 2006, the PNA and Senior Services merged. Since 2006, the PNA has managed the GSC and provided services to seniors in Greenwood and surrounding areas under a month-to-month MOB lease. In addition to managing the GSC, the PNA owns an abutting parcel that provides some parking for the center.

Council Bill 120086

CB 120086 would transfer ownership of 525 N 85th Street as-is to PNA at no cost to PNA for ongoing use for social service activities through a [Transfer Agreement](#), a [Subrecipient Agreement](#), and a [Quit Claim Deed with Covenants](#).

These agreements require continuous use of the property to “provide and operate social services to the public with a focus on meeting the social, physical, and mental health and welfare needs of seniors.” The intended uses of the property are identified in the deed as including, but not being limited to:

- a. Health services and wellness programs;
- b. Assistance and support for accessing benefits available to low-income seniors;
- c. Low-cost meals and nutritional support;
- d. Fitness and recreation programs;
- e. Social and educational gatherings; and
- f. Affordable housing.²

If the property is redeveloped, it would be required to continue to be used for social services and could include affordable housing.³ PNA would indemnify the City against any environmental liabilities resulting from the property.

Under the terms of the agreements and federal and state law, ownership of the property would revert to the City if:

1. the PNA becomes in “material default” of the terms of the subrecipient agreement as described in section 7 of the agreement;
2. the property stops being used to meet a [national objective](#) during the term of the subrecipient agreement, or in the five-year period following its end;⁴ or

² Additional information about these activities is included in a Scope of Service and Statement of Work attached to the subrecipient agreement.

³ “Affordable housing” is defined in section B.3. of the Deed as being affordable to households earning up to 80% of area median income (AMI), with a majority of units affordable to households with incomes up to 60% AMI.

⁴ The subrecipient agreement will be in effect for fifteen years. Under federal law, the requirement that the property be used for national objectives continues for an additional five years after the end of the term of the subrecipient agreement.

3. pursuant to the Revised Code of Washington (RCW) section [43.83.410](#), the property stops being used for social services.

Under its MOB agreement with the City, the PNA does not pay cash rent, and instead provides services in lieu of rent. If the property is not transferred, FAS anticipates that it would need to spend an average of \$7,550 a year in 2021 and following years to maintain the property.

CB 120086 would transfer ownership of the property to PNA ensuring continuing community ownership of the facility and continued use of the facility for social service activities. The transfer would vest ownership in the property in its non-profit operator, bringing greater control over the operations of the center to the community it serves, while ensuring its continued use as a senior center. It would also have the benefit of relieving the City's maintenance obligations.

Next Steps

A vote on CB 120086 is currently scheduled for a possible vote at the Land Use and Neighborhoods Committee meeting on May 26, 2021. If approved in committee, it could be voted on by the City Council as early as June 2. The bill would authorize the Director of the Department of Finance and Administrative Services to sign the attached agreements with PNA, granting them possession of the property this year.

cc: Dan Eder, Interim Director
Aly Pennucci, Policy and Budget Manager