

March 7, 2023

*Via Email (Alex.Pedersen@seattle.gov)*

Councilmember Alex Pedersen  
Seattle City Council  
Transportation and Utilities Committee  
P.O. Box 34025  
Seattle, WA 98124

Re: *Request for Extension of Approved Block 89 Subterranean Alley Vacation, CF 313984*

Dear Councilmember Pedersen:

I represent City Investors IV, LLC (the “**City Investors**”) on its redevelopment of the block bounded by Denny Way, Westlake Avenue N, 9th Avenue N, and John Street (the “**Block:**”). The proposed redevelopment includes a residential tower, an office tower, street-level retail, ground plane improvements, and a 5,776 sf subterranean alley vacation to allow a connected below-grade parking garage (the “**Project**”). The surface of the alley will remain a public right-of-way without vehicular traffic, and there is also a public six-foot utility corridor above the vacated area for future utility infrastructure. We were instructed by Beverly Barnett at Seattle Department of Transportation (“**SDOT**”) to reach out to you to provide an update on the Project status and request an extension for the approval of the subterranean alley vacation.

#### Project Overview

The Project will activate the neighborhood, put eyes on Denny Park, provide much-needed housing, eliminate potential vehicular-pedestrian conflicts on the alley, and create new jobs during construction and operation. The Project will also realize the Denny Way Street Concept Plan and provide enhanced seating, landscaping, wayfinding, lighting, and open space. In all, the project provides more than 25,000 sf of public realm improvements.

The Project is in active permitting with the Seattle Department of Construction and Inspections (“**SDCI**”) under Master Use Permit (“**MUP**”) Nos. 3017321-LU and 3017320-LU. The structural building permit applications are also pending with SDCI. Correction responses were submitted in May 2022 with the most recent corrections issued from SDCI on June 21, 2022. The design team remains actively engaged on the Project. A term permit is also necessary for the public benefit improvements on the surface of the alley since the vacation is only below-grade. A term permit application was submitted to SDOT on October 17, 2018, and that term permit is still moving through the system. The last update was provided by

SDOT on August 8, 2019, and they shared that the term permit legislation was with the City Budget Office for its review.

The timeline for the Project has been extended due to a variety of factors outside the control of City Investors, including long review times with SDCI and SDOT during which negotiations with a potential tenant for the non-residential tower fell through. The Project entitlements were slowed to evaluate the market and try to find another potential tenant. This initial short-term slowdown was followed by the onset of the COVID pandemic. This period of unprecedented disruption effectively caused an additional three-year pause on the Project. There is a continued climate of economic uncertainty and uncertainty around the office market.

Despite this uncertainty, City Investors remains excited about the Project, continues to make progress and hopes to secure a tenant in the near future. The pending permits are still active at SDCI, and City Investors continues to invest in advancing the plans and progressing the design. Keeping the Project in the City's pipeline of future development is good for the City and for the South Lake Union neighborhood. During construction, the Project is estimated to generate hundreds of living-wage jobs. After construction, the office tower could accommodate approximately 2,000 employees, and the residential tower could provide much-needed housing for 700 people.

#### Alley Vacation

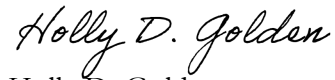
On December 7, 2015, City Council granted conceptual approval for the subterranean alley vacation on the Block (the "**Conceptual Approval**"). A copy of the Conceptual Approval is included for reference. In exchange for the subterranean vacation, City Investors will pay the fair market value for the land, and there is also a robust public benefit package that includes improvements in the right-of-way around the site, major improvements at the surface of the alley to create a great pedestrian environment, and a public plaza.

The Conceptual Approval contemplates commencement of construction activity within 18 months of Conceptual Approval and completion of construction activity within five years. These timeframes are not code requirements, and the Petitioner has provided Beverly Barnett and her staff with bi-annual updates on the Project status. As it is clear the Project will not meet these contemplated timelines, we submit this request to approve an extension of the Conceptual Approval timeframe to commence construction in 2027 and complete construction in 2030. City Investors hopes this timeframe will afford the flexibility to weather the ongoing economic uncertainty and find a tenant for the office tower.

Councilmember Alex Pedersen  
March 7, 2023  
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We appreciate your attention to this matter. Please feel free to reach out directly with any questions or to schedule a meeting with the City Investors team.

Very truly yours,



Holly D. Golden

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Enclosure

ND: 18053.016 4862-3195-7037



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**DEVELOPER / PETITIONER**

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VULCAN

**ARCHITECT**

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ZGF ARCHITECTS LLP  
ANKROM MOISAN ARCHITECTS, INC.

**LANDSCAPE ARCHITECT**

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HEWITT

**STRUCTURAL / CIVIL ENGINEER**

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COUGHLIN PORTER LUNDEEN

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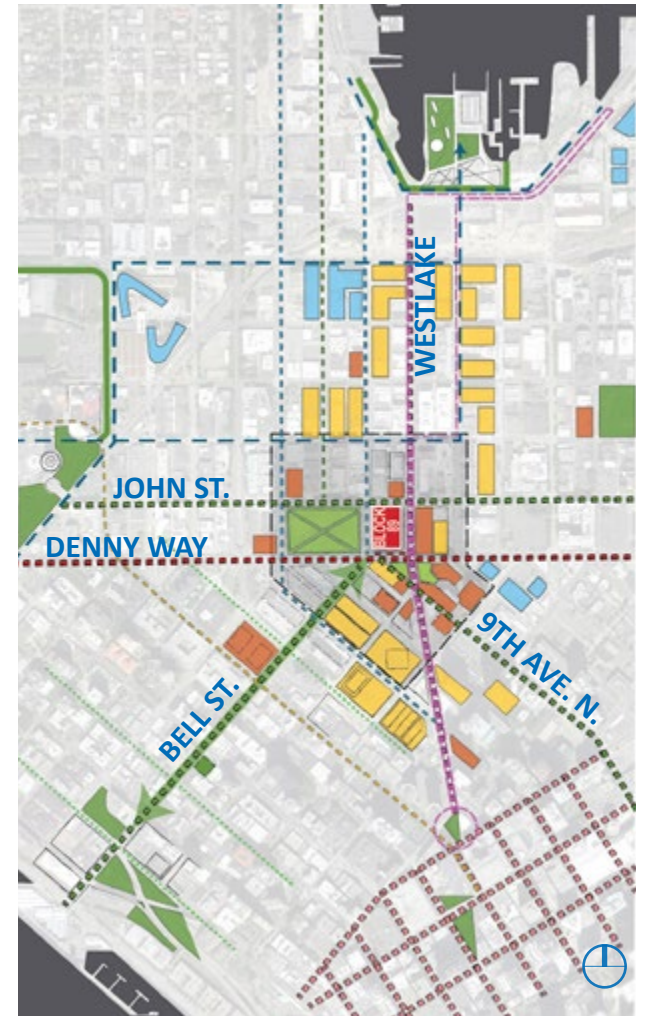
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# URBAN CONTEXT

## EXISTING / PROPOSED PROJECTS + VICINITY MAP



EXISTING / PROPOSED CONTEXT



VICINITY MAP (WESTLAKE / DENNY)

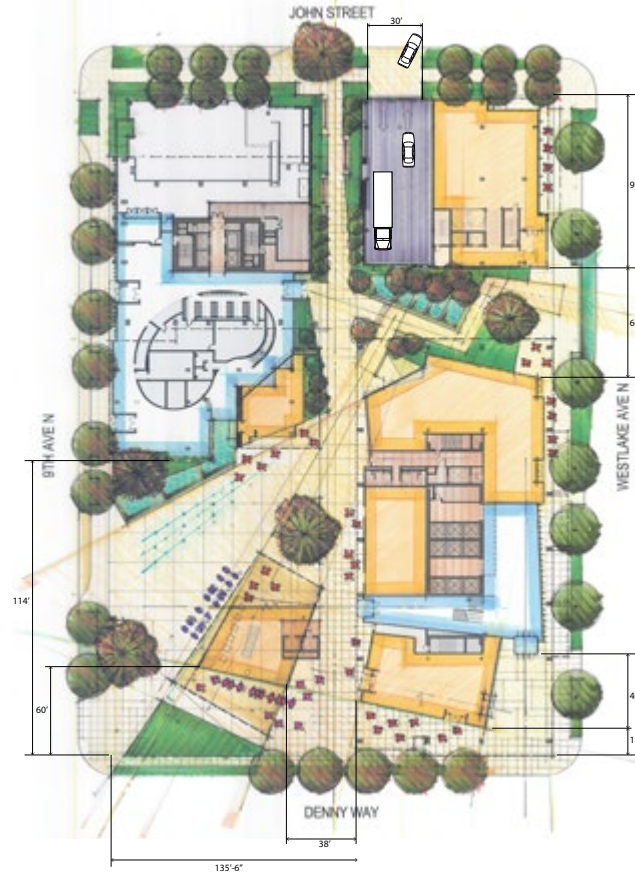
# DEVELOPMENT ALTERNATIVES

## WITH / WITHOUT SUBTERRANEAN ALLEY VACATION



### WITHOUT SUBTERRANEAN VACATION

- SAME DEVELOPMENT BOTH ALTERNATIVES
- SAME PARKING
- MULTIPLE PARKING / LOADING ACCESS AT SURFACE ALLEY
- PEDESTRIAN VEHICLE CONFLICTS
- FRONT / BACK BUILDING RELATIONSHIP



### WITH SUBTERRANEAN VACATION

- SAME DEVELOPMENT BOTH ALTERNATIVES
- SAME PARKING
- ALL BELOW GRADE PARKING / LOADING, NO CARS / TRUCKS AT SURFACE
- NO PEDESTRIAN / VEHICLE CONFLICTS
- EXPANDED PEDESTRIAN OPEN SPACE CONNECTIVITY

### PROJECT METRICS

- 387,888 SF OFFICE
- 452,954 SF RESIDENTIAL
- 39,227 SF RETAIL
- PARING FOR 848 VEHICLES

# DEVELOPMENT PROPOSAL



SITE PLAN



- SW PUBLIC PLAZA; WATER FEATURE; OPEN AIR PAVILION
- THROUGH-BLOCK CONNECTION
- ALLEY ROW IMPROVEMENTS
- DENNY WAY STREETScape
- JOHN ST. IMPROVEMENTS
- WESTLAKE / 9TH AVE. IMPROVEMENTS
- SINGLE POINT OF VEHICLE ACCESS

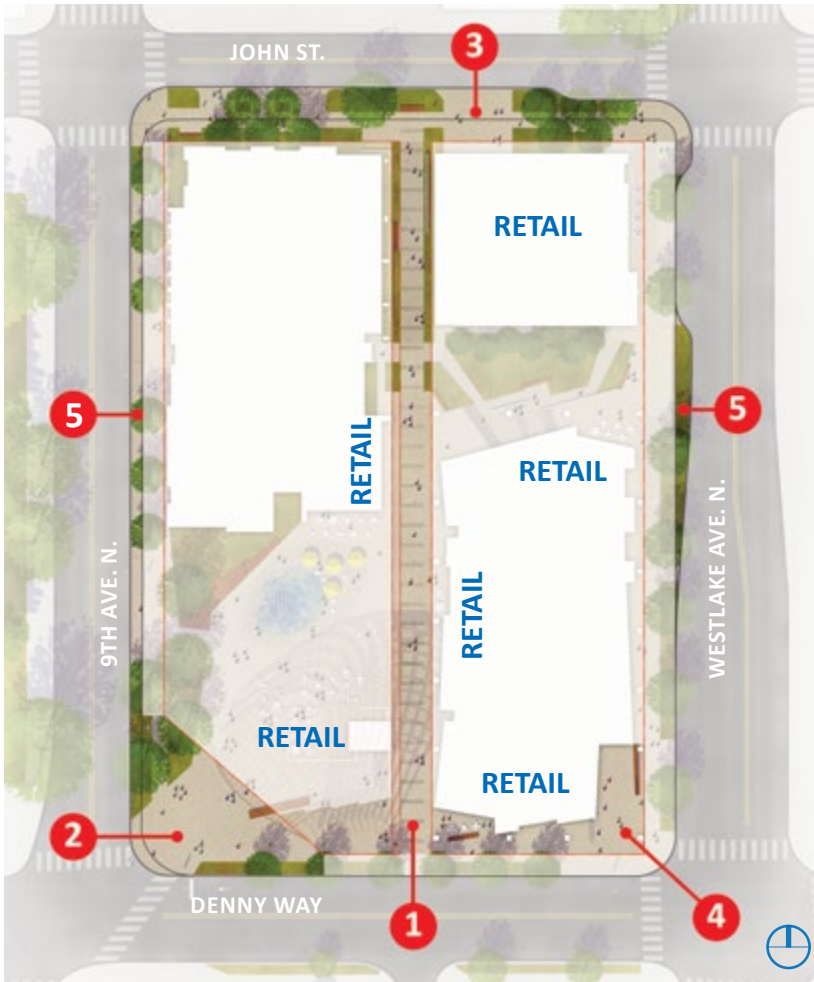




# PUBLIC BENEFITS

## SUMMARY

Public benefit elements stitch block 89 back into the surrounding city fabric. Street edges and alley are activated public zones.



| Public Benefit Element   | Description   | City Requirements   | Provided Beyond City Requirements | Quantities                             |
|--|---|---|-----------------------------------|--|
| 1. Alley ROW Improvements  | Provide pedestrian-scaled paving, landscaping, lighting, wayfinding, seating and furnishings, connecting John Street (Green Street) and Denny Way, with the through-block connection between Westlake Ave. N. and 9th Ave. N. | 10' x 10' concrete paving sloped to drain to dedicated stormwater system per SDOT standards | See detail on page 12             | Approx. 7,444 sf of alley improvements |
| 2. Denny Way/ 9th Ave. N. Triangle ROW and sidewalk Improvements | Provide pedestrian-scaled paving, landscaping and lighting to complement new sidewalk ROW paving and landscaping in conformance with the recommendations of the Denny Way Streetscape Concept Plan (Voluntary)                | None required   | See detail on page 12             | Approx. 4,506 sf of improvements       |
| 3. Green Street Improvements at John Street                      | Provide expanded pedestrian streetscape, landscaping, seating and lighting in conformance with the recommendations in the South Lake Union Street Concept Plans for John Street (Voluntary)                                   | None required   | See detail on page 12             | Approx. 6,968 sf of improvements       |
| 4. Denny Way voluntary setbacks and streetscape Improvements     | Provide expanded building street level building setbacks to accommodate outdoor seating and activities in accordance with recommendations in the Denny Way Streetscape Concept Plan (Voluntary)                               | None required   | See detail on page 12             | Approx. 3,933 sf of improvements       |
| 5. Streetscape improvements on 9th Ave. N. and Westlake Ave. N.  | Provide curb bulb at corner of Westlake Ave. N. and John Street, and expand sidewalk/ landscape zone along Westlake Ave. N.   | None required   | See detail on page 12             | Approx. 906 sf of improvements         |
|  | Provide curb bulbs at the corners of Denny Way and 9th Ave. N. and John Street and 9th Ave. N., extending along 9th Ave. N. to expand sidewalk/landscaping zone along 9th Ave. N.   | None required   | See detail on page 12             | Approx. 2,237 sf of improvements       |

# PUBLIC BENEFIT NO. 1

## ALLEY ROW IMPROVEMENTS

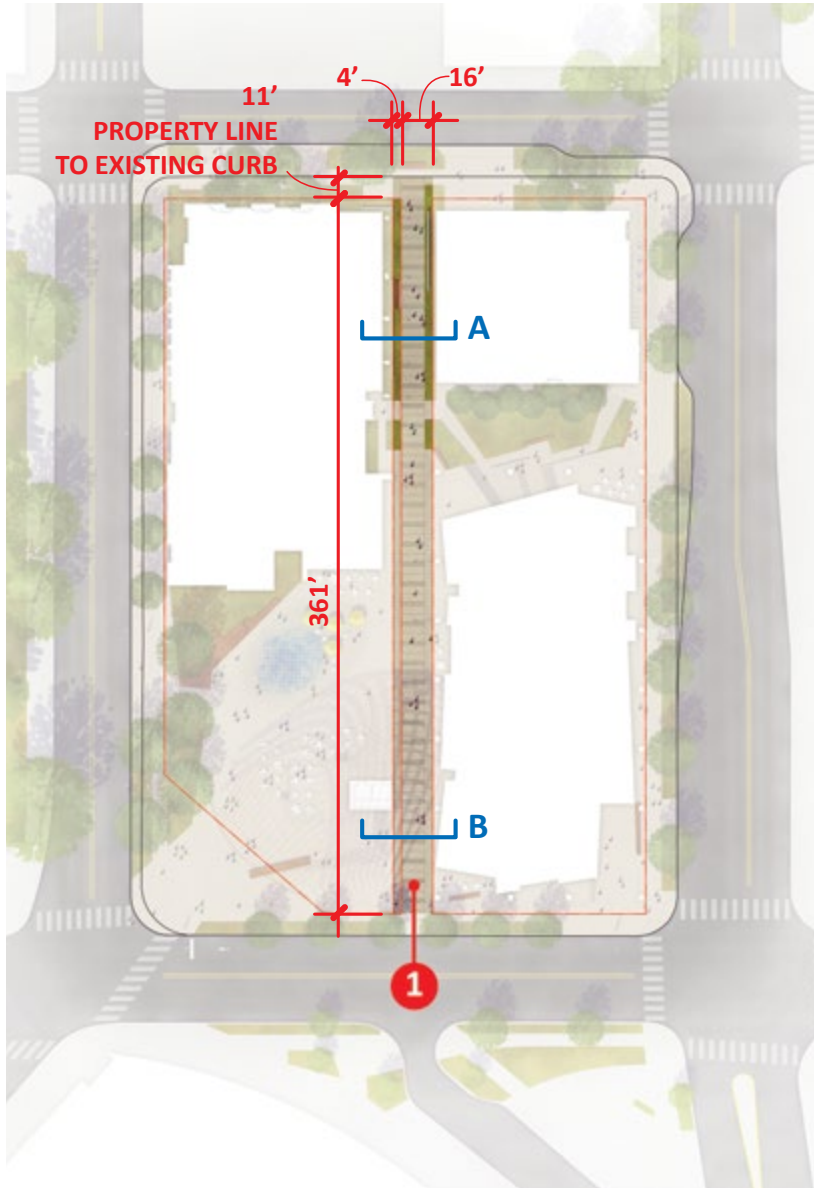


VIEW LOOKING SOUTH AT JOHN ST.



PRECEDENT IMAGES (POST ALLEY)

- SPECIAL PAVING, LANDSCAPING, LIGHTING, SEATING AND WAYFINDING IN ALLEY ROW
- ROW CAN REVERT BACK TO VEHICULAR ACCESS IF CITY DETERMINES NECESSARY
- UTILITY ROW PROVIDED BELOW GRADE FULL LENGTH OF ALLEY BETWEEN JOHN ST. AND DENNY WAY



## PUBLIC BENEFIT NO. 2

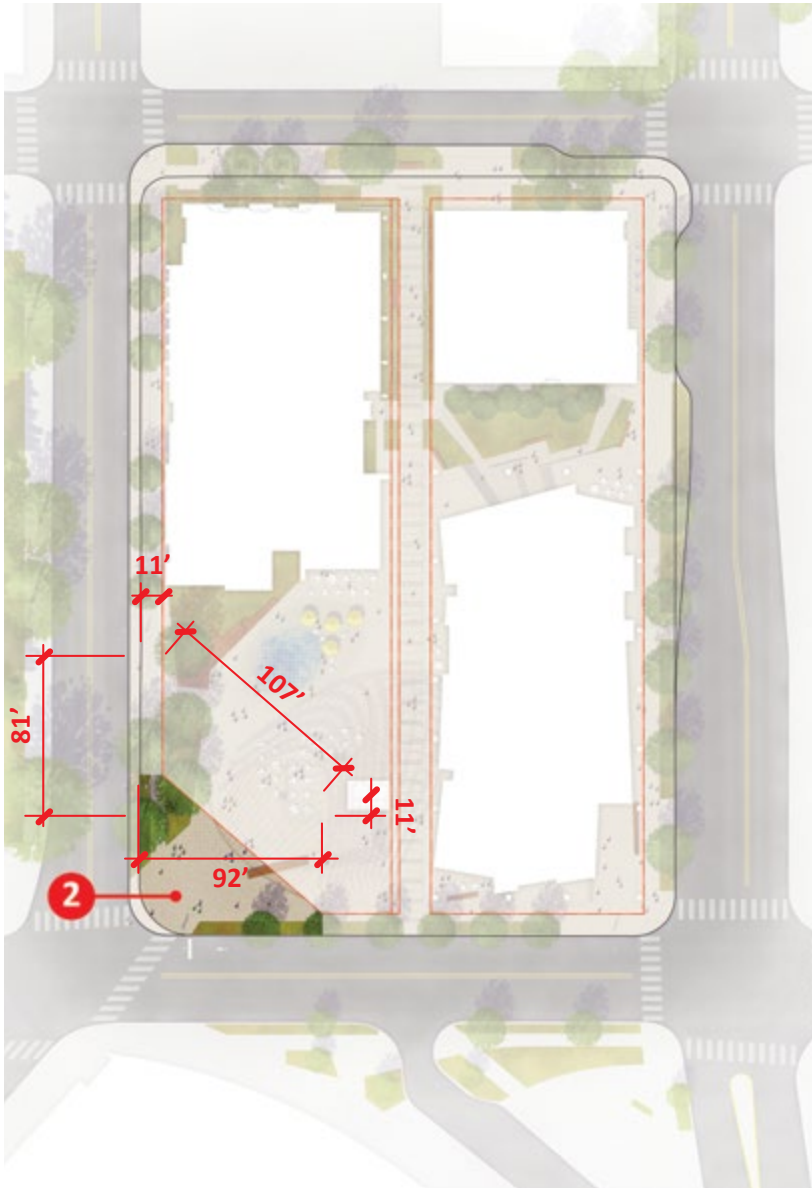
### DENNY WAY/9TH AVE. TRIANGLE ROW + SIDEWALK IMPROVEMENTS



VIEW LOOKING NE FROM DENNY WAY / BELL ST.

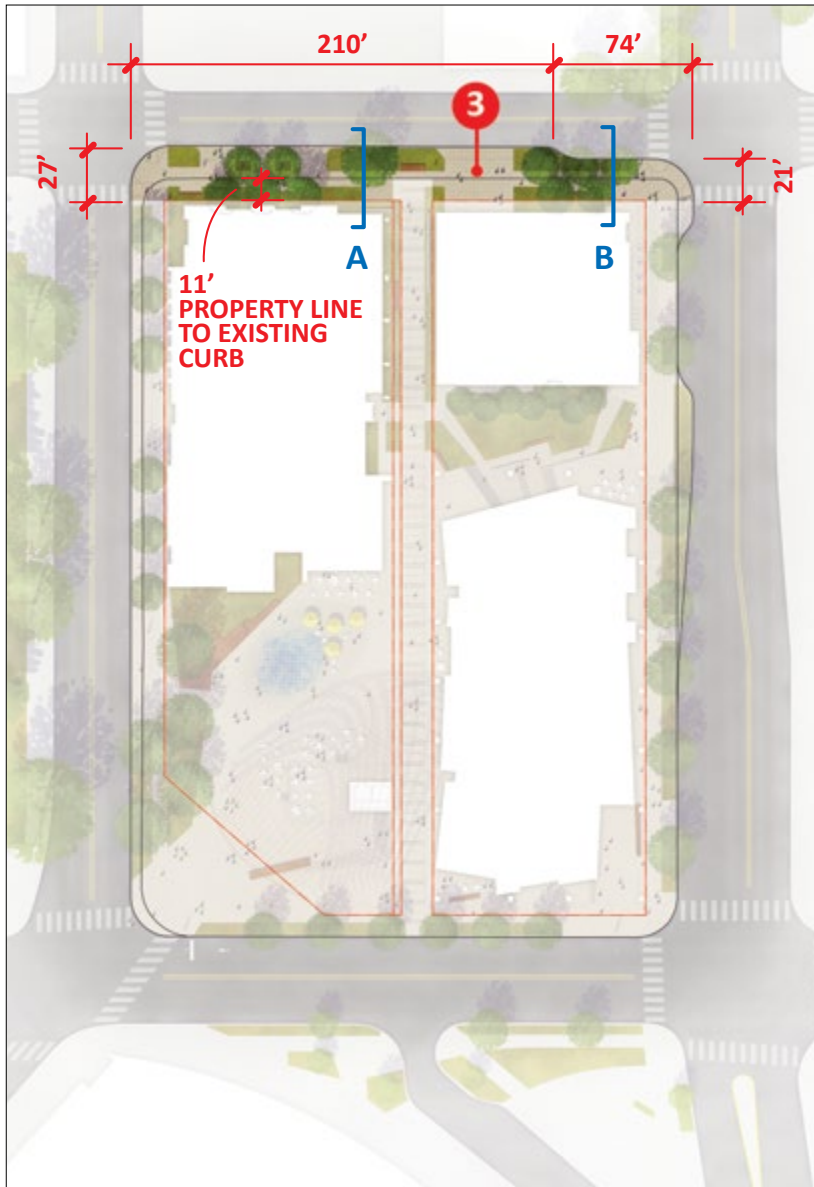


- STREET PAVING, LANDSCAPING, SEATING AND LANDSCAPING IN SIDEWALK AND TRIANGLE ROW.
- INTEGRATED ARTWORK TO HIGHLIGHT LOCATION WITHIN DISTRICT / NEIGHBORHOOD, PUBLIC DESTINATIONS AND SPECIFIC HISTORY OF 9TH AVE. N. / DENNY WAY INTERSECTION.



# PUBLIC BENEFIT NO. 3

## GREEN STREET IMPROVEMENTS ON JOHN STREET



VIEW LOOKING SOUTH AT JOHN ST.



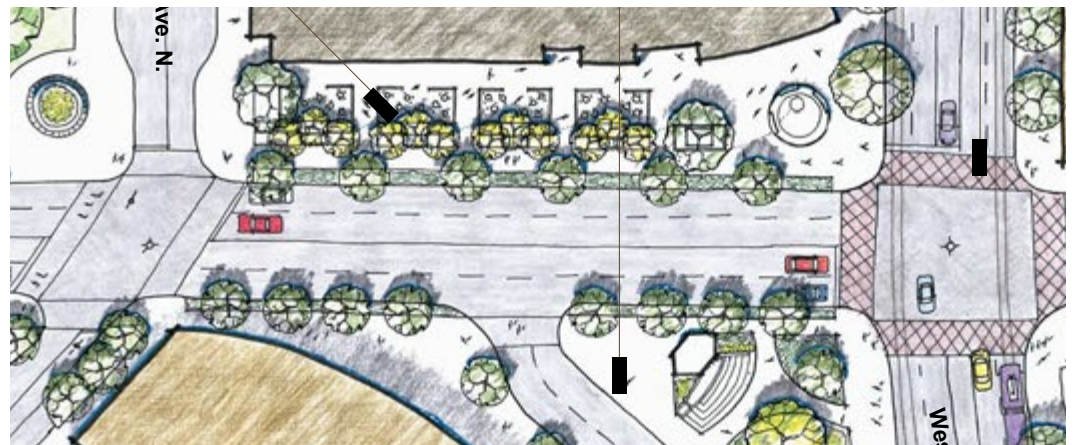
- PAVING, LANDSCAPE, LIGHTING, STREET FURNISHING IMPROVEMENTS AT JOHN ST.
- EXPANSION OF PEDESTRIAN ZONE (REDUCTION OF VEHICLE ZONE) BETWEEN 9 AND 16 FEET ENHANCING PEDESTRIAN CONNECTIVITY BETWEEN WESTLAKE AVE. N. AND DENNY PARK.

# PUBLIC BENEFIT NO. 4

## VOLUNTARY SETBACK+STREETScape IMPROVEMENT AT DENNY WAY

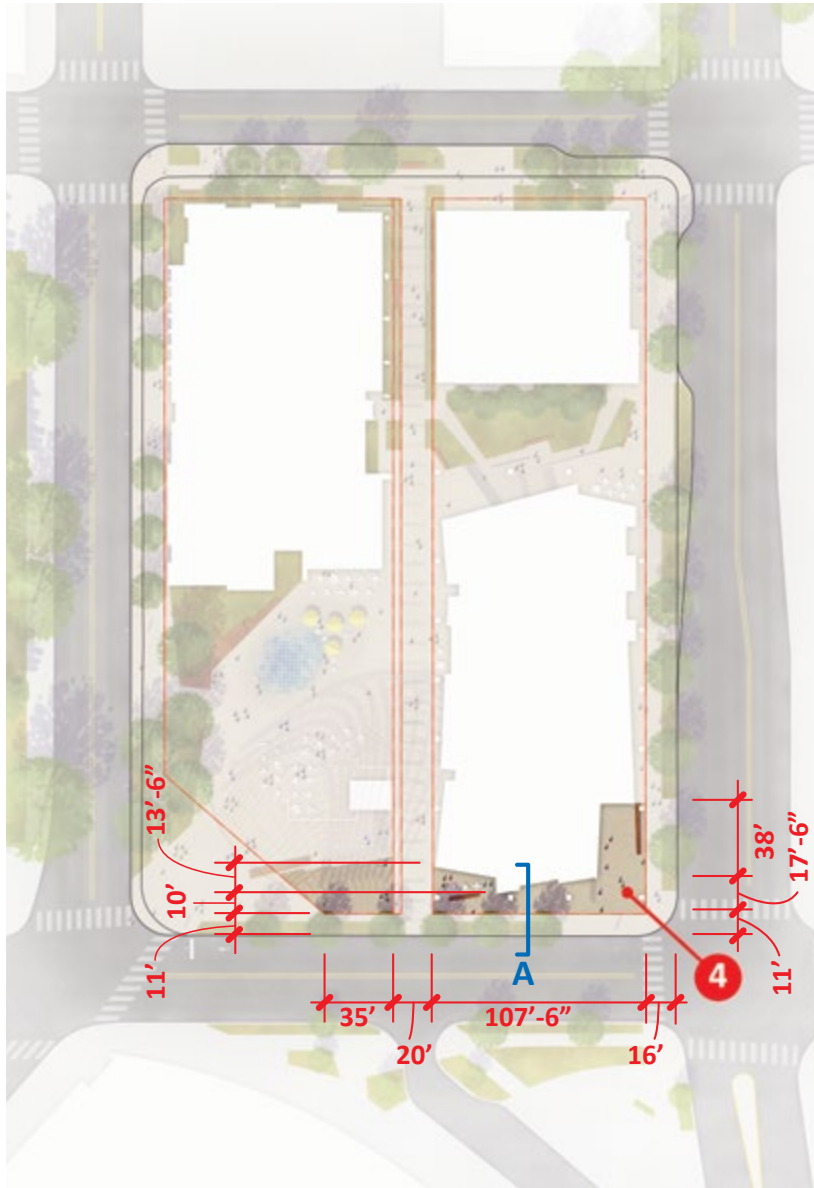


VIEW LOOKING WEST ALONG DENNY WAY



DENNY WAY STREETScape RECOMMENDATIONS

- EXPANDED STREET-LEVEL SETBACKS, LANDSCAPING AND PEDESTRIAN ZONE TO IMPLEMENT DENNY WAY STREETScape RECOMMENDATIONS, ENHANCING PEDESTRIAN CONNECTIVITY BETWEEN WESTLAKE AVE. N. AND DENNY PARK.
- INCORPORATE TRANSIT STOP AND RETAIL ZONES PER RECOMMENDATIONS.

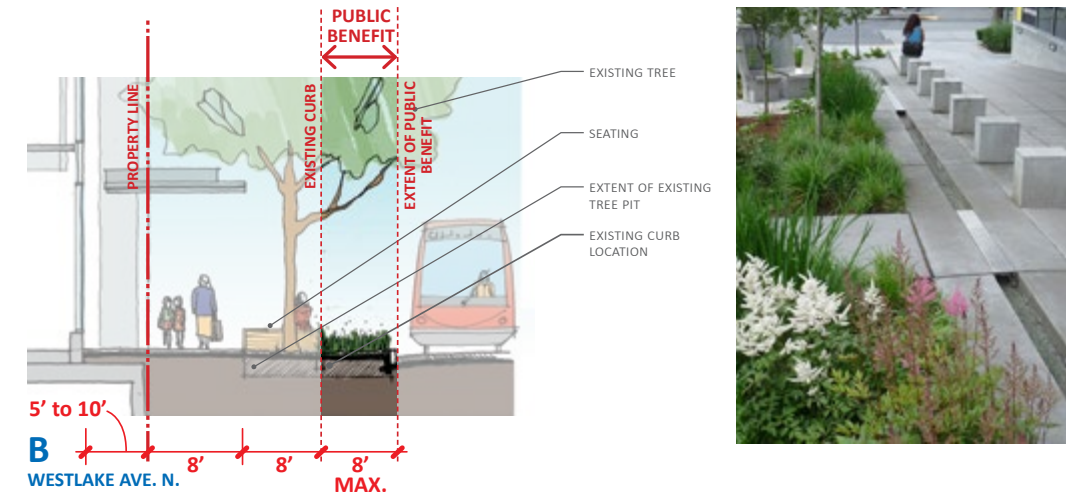
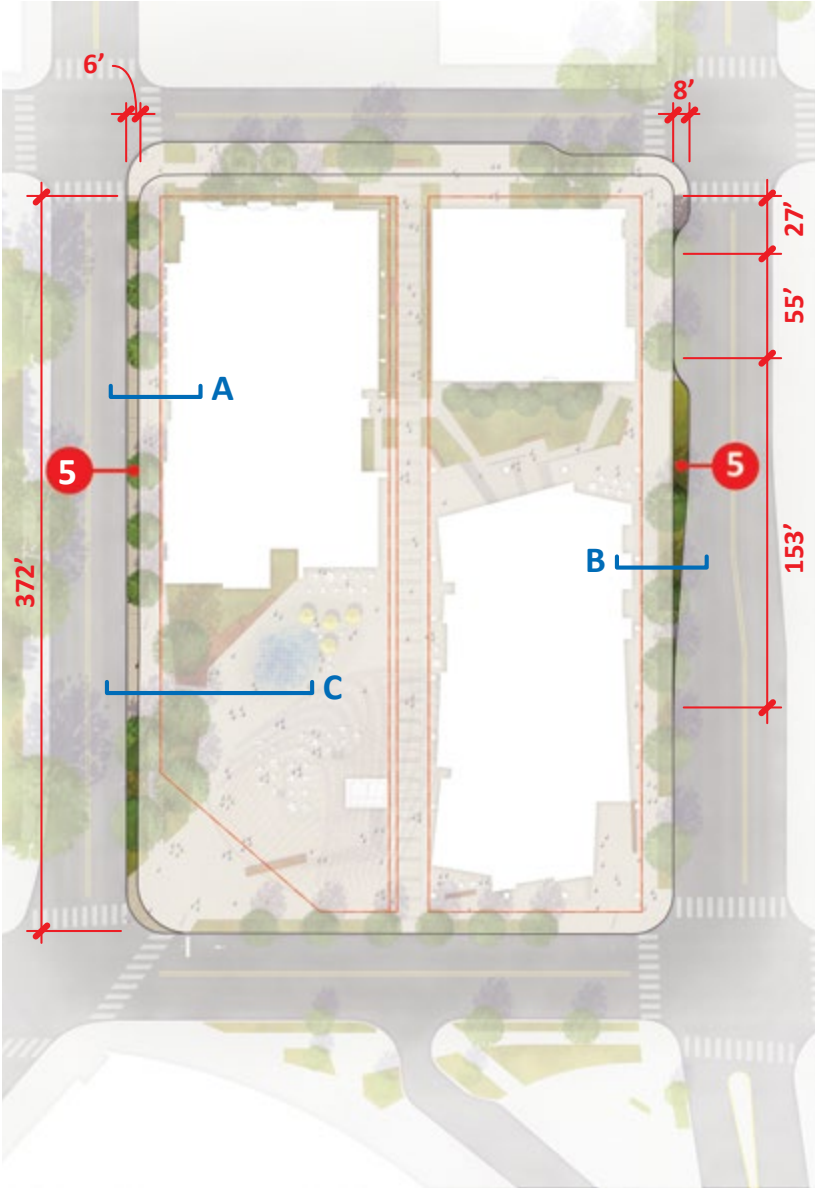


# PUBLIC BENEFIT NO. 5

## STREETSCAPE IMPROVEMENTS ON 9TH AVE. N. + WESTLAKE AVE. N.

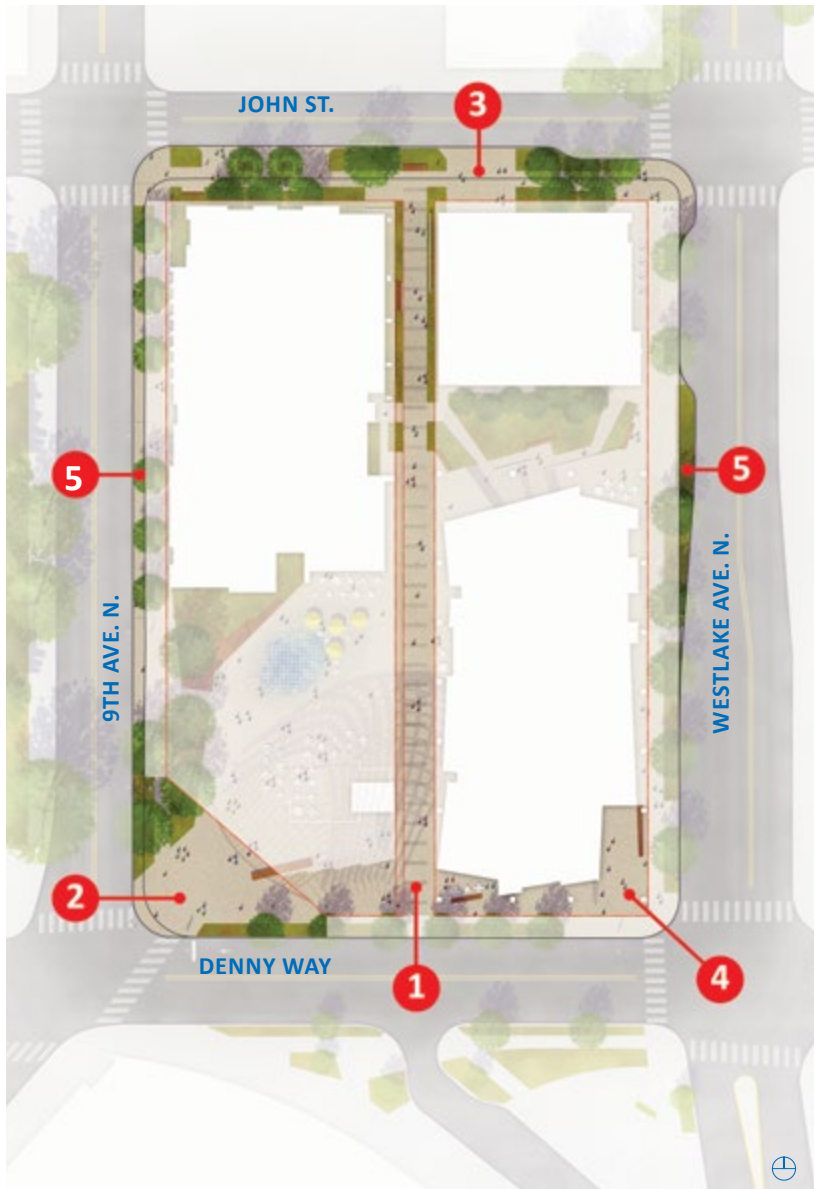


VIEW LOOKING WEST FROM WESTLAKE AVE. N.



- RELOCATE EXISTING CURB AT WESTLAKE AVE. N. AND 9TH AVE. N. TO INCREASE PEDESTRIAN ZONE.
- ADD NEW PAVING, LANDSCAPING, SEATING AND BICYCLE IMPROVEMENTS.

# PUBLIC BENEFITS SUMMARY



- 1. ALLEY ROW IMPROVEMENTS = Approx. 7,444 SF
- 2. DENNY WAY/ 9TH AVE. N. TRIANGLE ROW AND SIDEWALK IMPROVEMENTS = Approx. 4,506 SF
- 3. GREEN STREET IMPROVEMENTS AT JOHN ST. = Approx. 6,968 SF
- 4. DENNY WAY STREETScape IMPROVEMENTS = Approx. 3,933 SF
- 5. STREETScape IMPROVEMENTS ON 9TH AVE. N. AND WESTLAKE AVE. N. = Approx. 3,143 SF

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**TOTAL AREA OF ALL PUBLIC BENEFITS:** = Approx. 25,994 SF

**AREA OF SUBTERRANEAN ALLEY VACATION:** = 5,775 SF

# ALLEY VACATION BENEFITS SUMMARY

## DESCRIPTION OF SUBTERRANEAN ALLEY VACATION PROPOSAL PER CITY OF SEATTLE STREET VACATION POLICIES:

Public benefit proposal is to recognize loss of benefits to public of Right of Way (ROW) and gains to project from the vacation. What does the public lose, and what does the public and the project gain, by vacation? Public benefit is to be proportional to project gain and scale/impacts of the project. Public benefits must be in excess of code requirements and SEPA mitigation.



SITE PLAN

| ROW Benefits (listed in Street Vacation Policies) Are Retained by Vacation  | Project Gains from Vacation   | Proportional Public Benefit   |
|---|---|---|
| <p><b>ALL ROW BENEFITS ARE RETAINED BY THE PUBLIC</b></p> <ul style="list-style-type: none"> <li>Existing street grid preserved</li> <li>No change to building orientation or neighborhood scale</li> <li>Alley surface continues to provide “breathing space” between buildings, providing open space, views and pedestrian connectivity</li> <li>Public functions of pedestrian and bicycle use are significantly enhanced by the vacation, while preserving option of future vehicle use by City, if needed (landscaping and alley elements to be removed at Petitioner’s cost)</li> <li>Alley does not serve any current utility function</li> <li>Utilities have identified no future need for area under alley</li> </ul> | <p><b>PROJECT GAINS SOME EFFICIENCIES, BUT NO EXTRA FLOOR AREA</b></p> <ul style="list-style-type: none"> <li>Consolidated underground parking and loading reduces redundancy in parking ramps and increases efficiency for parking, loading and services</li> <li>Although there is reduced shoring and excavation costs with a single garage as opposed to one garage on each side of the alley, that cost savings is essentially neutralized by the additional costs of constructing all loading and parking below grade.</li> </ul> | <p><b>PUBLIC DOES NOT LOSE ANY ROW BENEFITS</b></p> <p><b>PUBLIC GAINS CONSIDERABLE BENEFITS OF AN IMPROVED VEHICLE-FREE ALLEY FOR PEDESTRIAN AND BICYCLE USE, and OPEN SPACE CONNECTIVITY</b></p> <p><b>PROJECT GAINS MODEST EFFICIENCIES and COST SAVINGS</b></p> <p>The public access to and experience of the alley is significantly enhanced, while the public gives up nothing due to the vacation.</p> <p>No change in project scale or impacts due to the vacation.</p> <p>Public Benefits exceed the proportional benefits called for in the Street Vacation Policies.</p> |



# RENDERINGS



