



Legislation Text

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File #: Res 31786, Version: 2

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**CITY OF SEATTLE**

**RESOLUTION \_\_\_\_\_**

A RESOLUTION calling for the issuance of a combined Request for Proposals (RFP) for the disposition of 800 Mercer Street and 620 Aurora Avenue N where that disposition would address neighborhood interests, creating opportunities for all City residents to take advantage of South Lake Union as a “neighborhood of opportunity.”

WHEREAS, the Seattle Department of Transportation is requesting vacation of the Broad Street right-of-way between Dexter Avenue North and Ninth Avenue North and any remaining Eighth Avenue North right-of-way between Mercer and Roy streets across the Broad Street right-of-way; and

WHEREAS, this Broad Street right-of-way, together with the abutting property, is no longer needed, or used, for transportation purposes because of changes to the transportation network constructed under the Mercer Corridor Project; and

WHEREAS, the Seattle City Council’s interest in the 800 Mercer Street (“Teardrop”) site and nearby sites grew out of an effort to use City assets in South Lake Union (SLU) to create opportunities for all City residents to take advantage of SLU as a “neighborhood of opportunity”; and

WHEREAS, Council has adopted three Green Sheets (GS) relative to these sites: 14-1-A-1 (2014), 90-3-A-1 (2016), and 90-3-A-2 (2016); and

WHEREAS, the Mayor’s Office responded to GS 14-1-A-1 (2014) in a report to the City Council on July 31, 2015, outlining opportunities identified by various City departments for programs that could operate in South Lake Union; and

WHEREAS, the Mayor’s Office responded to GS 90-3-A-1 (2016) and 90-3-A-2 (2016) in a briefing to the Sustainability and Transportation Committee on May 31, 2016, with recommendations supported by the

Sustainability and Transportation Committee; and

WHEREAS, those recommendations included marketing 800 Mercer Street and 620 Aurora Avenue N together as part of a joint Request for Proposals (RFP); engaging a consultant to assist the City in the preparation of the RFP, develop objective criteria, develop a marketing plan, and review responses to the RFP; and authorizing the property disposition to differ from the current Department of Finance and Administrative Services disposition guidelines for a “complex” site; and

WHEREAS, subsequent to the May 31, 2016, Sustainability and Transportation Committee meeting, the Seattle Design Commission supported the proposed public benefits for the vacation of remnants of Broad Street; and

WHEREAS, subsequent to the May 31, 2016, Sustainability and Transportation Committee meeting, the City selected Jones Lang LaSalle Americas, Inc. (JLL) to provide real estate consulting and brokerage services RFP preparation, develop objective criteria, develop a marketing plan, and review responses to the RFP; and

WHEREAS, the finance plan for the Mercer West Corridor Project included proceeds from the sale of the Teardrop property, and in 2015 the City Council passed Ordinance 124904 authorizing a \$26,300,000 interfund loan for the Mercer West project; and

WHEREAS, on November 20, 2017 the City Council passed the ordinance introduced as Council Bill 119098 to extend the term of the interfund loan for the Mercer West project to December 31, 2019; and

WHEREAS, on November 20, 2017, the City Council passed the ordinance introduced as Council Bill 119132 authorizing a \$4,300,000 interfund loan to address homelessness to be repaid no later than December 31, 2020 with proceeds from the sale of the Teardrop property; and

WHEREAS, vacating Broad Street to consolidate all property for sale will help ensure that the City receives the maximum value for the property and that the full value of the block is realized when the property is sold; and

WHEREAS, the City's goal for disposing of 800 Mercer Street and 620 Aurora Avenue N is to increase affordable housing resources either through on-site production or through increasing the amount of funding available for affordable housing projects; and

WHEREAS, the success of the disposition of these City-owned properties depends on a clear, strategic, and achievable vision, defined through principles which will guide the redevelopment of these properties; and

WHEREAS, in particular, the principles will look at the mix of uses that will build on the uniqueness and character of this part of the community, activate the site, and provide places for the community to gather; these uses may include a mix of housing (both affordable and market rate), commercial development, and public uses; and

WHEREAS, 800 Mercer Street and 620 Aurora Avenue N are valuable properties that, properly marketed, could achieve significant leveraging of these City assets, creating substantial public and community benefits for this neighborhood of opportunity; and

WHEREAS, to generate maximum interest in these properties and value to the City, and potentially mitigate for the value dampening encumbrances of public and community benefits, specific actions will need resolution prior to issuing the RFP for 800 Mercer Street and 620 Aurora Avenue N; NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR  
CONCURRING, THAT:**

Section 1. The Council declares its intent to support the issuance of a joint Request for Proposals (RFP) for the disposition of 800 Mercer Street and 620 Aurora Avenue N, subject to the following conditions being implemented prior to issuing the RFP, thus resolving property configuration, removing uncertainties for potential respondents, and achieving maximum valuation of these assets to the City. These conditions include, but are not limited to, the following:

A. Approve a final street vacation ordinance approval for Broad Street.

B. Complete a lot line boundary adjustment to create two parcels at 800 Mercer Street.

C. Record an American Land Title Association (ALTA) survey, which will note the final vacation ordinance requirements as deed restrictions on the property.

D. Implement the conditions in subsections 1.A, 1.B, and 1.C of this resolution with the following near-term steps:

1. Preparation of materials for a City Council vote on an ordinance to dedicate real property at 800 Mercer as right-of-way;

2. Preparation of materials for a City Council vote on an ordinance for final Broad Street vacation;

3. Prepare materials for City Council vote on an ordinance to authorize execution of utility easement with King County;

4. Preparation of a Lot Line Adjustment creating two parcels;

5. Preparation and recording of the ALTA survey; and

6. After the steps in subsections 1.D.1 through 1.D.5 of this resolution, issue an RFP for the disposition of 800 Mercer Street and 620 Aurora Avenue N.

Section 2. The City Budget Office and other City departments are all requested to coordinate and work collaboratively to achieve the steps and conditions in Section 1 of this resolution in an expeditious manner with the intent to issue the joint RFP for the disposition of 800 Mercer Street and 620 Aurora Avenue N no later than the end of the first quarter of 2018.

The RFP should include the following requirements:

1. Development of the site must meet or exceed sustainability standards of LEED Gold or Washington State's Evergreen Sustainable Development Standards.

2. Hospitality operators that are part of the development will enter into a Labor Harmony Agreement.

3. The respondent will be responsible for any incremental costs to remediate environmental contamination on the site.
4. The future developer(s) of the sites will enter into a project labor agreement prior to construction.
5. The properties must be sold at Fair Market Value.
6. Priority may be given to respondents that include additional community benefits as part of their project, in particular, provision of affordable housing units that exceed the requirements of the Mandatory Housing Affordability program will be considered a priority.

Section 3. The Council requests that prior to selecting the respondent(s) to the RFP, CBO present the top three proposals to the Council. For this presentation, CBO should, at least, provide a comparison of the proposed number of affordable units and income levels provided by those respondent's proposals. CBO's presentation should also identify how the proposals would provide affordable housing as a result of on-site development of affordable housing, commitments to fund affordable housing off-site, and the amount of affordable housing that could be leveraged through City allocation of the proceeds of the sale of the property for affordable housing purposes. Because real estate negotiations are typically held confidential, such presentation should occur in an Executive Session of the Full Council, or other appropriate forum agreed to by Councilmembers.

Section 4. The Council intends to use the proceeds from the sale of these properties to pay off any outstanding debt from loans secured against the property and to fund the development of affordable housing.

Adopted by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2017, and signed by me in open session in authentication of its adoption this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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President \_\_\_\_\_ of the City Council

The Mayor concurred the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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Monica Martinez Simmons, City Clerk

(Seal)