

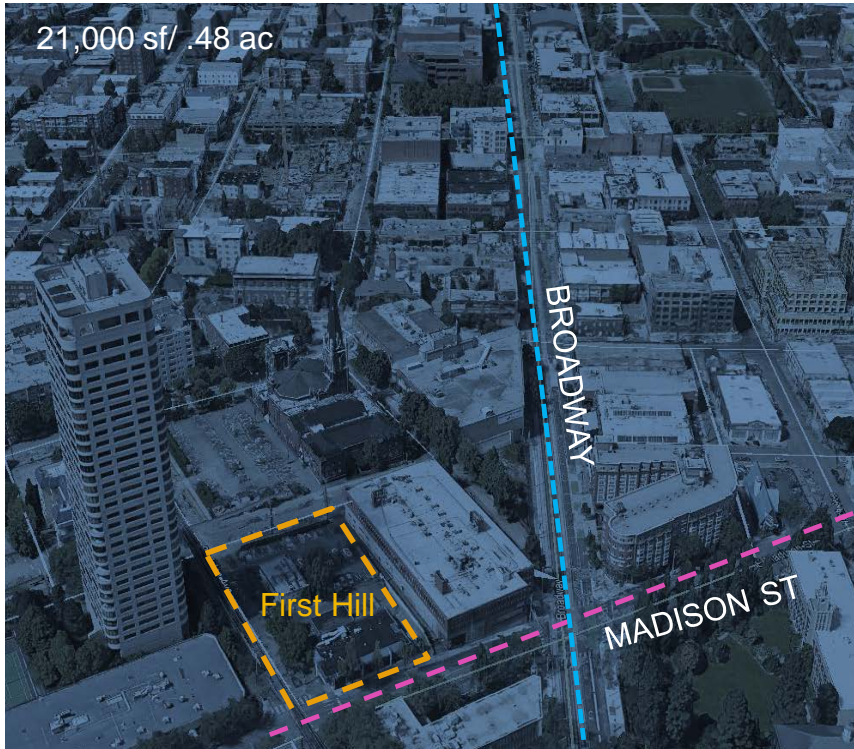


Transit Oriented Development

First Hill (Seattle) Site
June 22, 2017

 **SOUNDTRANSIT**

First Hill Overview



Zoning	NC3-P-160 Supports housing
Size	21,000 sf
Development Capacity	120 - 260 units
Land value (2017)	8.6 Million
Federal participation	0%
Anticipated Timing	2017: RFP 2019: TOD construction 2021: TOD Open

TOD analysis and engagement



- Zoned High-rise: multiple products possible
- 120 - 260 housing units likely
- Strong housing real estate market on First Hill, approximately 4,500 units in the pipeline.
- Fair market value is very high - presents challenges for affordable housing creation
- High-rise construction is expensive, may be cost prohibitive for affordable housing even with land subsidy
- Community support for significant affordable housing creation, up to 100% of units and support for range of depth in affordability
- Since 2014 Seattle City Council have expressed support for affordable housing on this site as a priority outcome

Community Priorities for the Site

The First Hill Improvement Association's (FHIA) Land Use and Open Space Committee worked to develop community priorities for the site that were confirmed at the ST-FHIA community meeting. They are:



Community Priorities

- Site provide 100 percent affordable housing
- Affordability be set at 60 percent of the area median income
- Site should include retail and community space
- Site should include family-sized (2+ bedrooms) units

Board actions

The resolution before the Board addresses the following questions:

- Is the property suitable for development as housing?
- Should the property be offered first to Qualified Entities (non-profit developers, local governments and public development authorities)?
- Should the property offering ask proposers to maximize density and affordability?
- Should the property offering provide flexibility around price and ask proposers to tell us what amount of subsidy their projects require, necessitating staff to come back to the Board to set the property value?

Suitability for housing





Question to Board:

- Is the property suitable for development as housing?

Proposed action:

- Declares that the property is suitable for development as housing.

CONSIDERATIONS

-  Local plans and the property's zoning support housing
-  Environmental conditions are conducive for housing
-  Strong community and city support for housing, especially affordable housing on the property
-  There is a strong real estate market for housing in the community

Offering the property to Qualified Entities

Question to Board:

- Should the property be offered first to qualified entities (local governments, housing authorities, and non-profit developers) to support affordable housing creation, pursuant to RCW 81.112.350?

Proposed action:

- Directs staff to offer the property first to Qualified Entities

CONSIDERATIONS

- ✓ Suitable for housing (if declared)
- ✓ Opportunity to create significant affordable housing
- ✓ Strong community and city support for affordable housing on the property
- ✓ Initial property offering would ask qualified entities to submit proposals that comply with the new statute

Nature of Offering





Question to Board:

- Should the property offering provide flexibility around price and ask proposers to tell us what amount of subsidy their projects require, necessitating staff to come back to the Board to set the property value?

Proposed action:

- Directs staff to develop an offering that allows proposers flexibility to balance density and affordability goals.

CONSIDERATIONS

-  Strong community and city support for affordable housing on the property
-  TOD best practices would suggest maximizing the site's density
-  Construction costs may make a high-rise 100% affordable project cost prohibitive
-  Providing proposers flexibility and collecting input on land value gives the Board data to select a project that is achievable and maximizes ETOD goals

Pricing the property

Question to Board:

- Should staff ask proposers to qualify their request for a discounted land value?

Proposed action:

- There is **no action** to price the property at this time. Staff proposes to come back to the Board following review of proposals and discuss valuing the property to facilitate an outcomes that best performs against Agency, City and community goals.



CONSIDERATIONS

The unrestricted fair market value set by appraisal is \$8.6M



The agency has flexibility to discount property for affordable housing projects that comply with the state law



High fair market value is barrier to affordable housing at this site



Allowing proposers to demonstrate concepts before setting a minimum price for the land may lead to better outcomes for achieving density and affordability

1 **Board Authorizes Offer to Qualified Entities**
Staff draft “Request for Proposals (RFP)” that outlines agency, local jurisdiction and community goals

2 **Agency Releases RFP**
RFP released to qualified entities; responsive proposers will describe how goals around density and affordable housing can be met and will describe financial plan

3 **Proposal Review**
Proposals evaluated against how the goals of density and affordability are met and how much subsidy is needed to build the project

4 **Board Authorizes Value for Property**
Based on proposals, the Board will consider a range of values and what types of projects can be accomplished in order to set a value for the property.

5a **Highest Ranked Proposal Authorized**
Overall highest ranked proposer identified and Board authorizes staff to enter into transaction negotiations with highest ranked proposer

5b **Unsuccessful Offering**
In the event the first offer to qualified entities is unsuccessful, staff will return to the Board to discuss next steps

Board action

Is the property suitable for development as housing?

- Declares the property suitable for development as housing.

Should the property be offered first to qualified entities?

- Directs staff to offer the property first to qualified entities to support affordable housing creation, pursuant to RCW 81.112.350.

How should the property be offered?

- Directs staff to devise a flexible offer that seeks to maximize density and affordability on the site and leaves the question of land value to a later Board action?

Next Steps

Summer 2017

- Finalize Offer & Release RFP

Fall/Winter 2017

- Return to the Board to review proposal highlights, discuss factors influencing land value and seek Board authorization to enter into transaction negotiations with highest ranked proposer or proposers
- Negotiate term sheet and deal points with highest ranked proposer
- Seek Board approval to enter into agreement with highest ranked proposer

