



**TO:** Mayor Marchione and City Council

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**DATE:** January 15, 2013

**SUBJECT: STAFF REPORT: 160th SITE IN DOWNTOWN: DISCUSS DEVELOPMENT OBJECTIVES AND CRITERIA FOR SUBSEQUENT USE IN A REQUEST FOR HOUSING PROPOSALS**

During 2012 City staff with assistance from A Regional Coalition for Housing (ARCH) staff has been exploring opportunities for more strategic use of Housing Trust Fund dollars for affordable housing in Downtown and Overlake, close to transit and services. In June 2012 staff reviewed a proposal for affordable senior housing on city-owned land located in Downtown on 160th Avenue NE (across from the Courthouse parking lot) with Council's Parks and Human Services Committee and with Council members not at the meeting. The Council was positive regarding staff continuing to pursue this concept for the property.

Staff has undertaken initial analyses for the site and the next step in the process is to develop a Request for Proposals (RFP to invite and select a suitable project proposal and developer. Staff recommends issuing the RFP in spring 2013 in order to meet timing requirements to apply for development funding. Staff also recommends that the City establish a long-term lease with no or minimal payment in support of affordable housing on the site.

#### **REQUESTED DIRECTION**

Staff is seeking City Council input regarding overall project objectives and selection criteria to be described in an RFP for the site, as well as approach for property disposition. The City Council will hold a study session on this topic on January 22, 2013. To facilitate discussion at the study session, staff requests that the Council identify any issues for discussion either prior to or during the staff report on January 15, 2013, or by contacting Sarah Stiteler by January 16, 2013.

#### **OVERVIEW AND BACKGROUND**

In May 2012 the City Council adopted the Housing Strategy Plan, which identified catalyst housing projects as a high priority and identified specific implementation actions, including:

Create and develop investment and other strategies that could include public/private partnerships including planned and existing infrastructure for Urban Centers that encourage mixed-use and mixed-income residential neighborhoods. Examples may

include catalyst housing projects in Overlake Village or Downtown; also the provision of infrastructure or other amenities to support housing.

The proposed site on 160th Avenue NE in the Downtown was acquired a number of years ago from a private party for the purpose of City Hall campus expansion though it is no longer needed for that purpose or for a stormwater facility. This site is an attractive location for senior housing due to its proximity to transit, recreation, shopping, and medical services.

In October 2012 the ARCH Executive Board approved the use of \$25,000 of ARCH reserve funds for technical studies as part of continued feasibility analysis and evaluation of the 160th site for affordable senior housing. In December ARCH and City staff hired consultants to complete these studies.

Staff met with the Design Review Board and Human Services Commission at their December 2012 and January 2013 meetings, respectively, to seek comments on the RFP criteria and will meet with the Senior Advisory Committee on January 17, 2013. In addition, assuming the Council approves proceeding with an RFP, staff is seeking representatives from each of these groups to participate on a review team to evaluate responses to the RFP and provide a recommendation to Mayor and City Council. Staff also proposes that a Council member participate on the team as a nonvoting liaison.

#### **ISSUES FOR COUNCIL CONSIDERATION**

At the study session on January 22, 2013, staff will seek Council discussion and input to inform the RFP, including the project objectives and criteria listed below for use in selecting the development team, as well as approach for property disposition.

#### **Project Objectives**

The city-owned site on 160th Avenue NE would accommodate housing for seniors in a location that is near services, including transit, retail, medical, recreation, and others. Specific objectives for an affordable senior housing development could be identified regarding:

Design: What are the City's design objectives for a multiunit housing development at this location?

Population Served: What ages and abilities should be planned for?

Affordability: What levels of affordability should the City strive for?

Amenities: What types of interior and exterior spaces should be planned to meet open space requirements and the needs of a senior population?

Sustainability: What opportunities for sustainability can be integrated into the project?

### **Criteria for Evaluation of Proposed Teams**

Staff is also seeking input from Council on the criteria for evaluating development teams that respond to the RFP. Criteria proposed to date include:

Development Team: Composition of the development team: which firms or individuals are the primary participants and their qualifications for this type of project.

Financial Soundness: Whether the development team has the appropriate financial resources, knowledge, and capacity for this development.

Partnership: The development team's experience in working with a municipal or public entity.

### **Disposition of Property**

A long-term lease of this property is recommended for a senior housing development. The City does not need to formally declare it as surplus since this property was not purchased using utility funds. State law allows the City to lease the property at low or no cost as it would be to aid persons of low income. With the City acting as the lessor of real property, there is no requirement for a bidding process nor other explicit process described in statute for disposition of the property. Conditions of the lease, such as length of term, are yet to be determined and would be subject to Council approval. However, it will be necessary for the lease to be long term (e.g., 75 or more years) in order to secure financing to build the housing. Also, staff is proposing that the lease would have no or minimal payment in support of affordable housing on the site.

### **SCHEDULE**

The upcoming schedule for Council discussion and actions during the first half of 2013 includes:

- January 22: Council study session regarding initial elements such as project objectives, criteria for evaluation of development teams and property disposition approach.
- February 19: Council motion of concurrence on project objectives, evaluation criteria, and property disposition approach.
- End of February: Release RFP, briefing meeting with applicants.
- Spring 2013: Committee reviews responses and provides recommendation. Council approval of development team and lease.