


SeaTac Center
Redevelopment

Resolution on
PSA Amendment
and
Development
Agreement

RCM 12/10/19



PRESENTATION OVERVIEW

PURPOSE:

- Provide an overview of the project
- Review amendment to Purchase and Sale Agreement
- Review terms of Development Agreement
- Hold public hearing on development agreement

WHY ARE THESE NECESSARY?

1. Purchase and Sale Agreement requires development agreement
2. Triangle Property no longer needed
3. Developer asking for waivers and departures from some zoning and subdivision codes and offering public benefits in exchange
4. Purchase of property and land use/construction permitting cannot proceed without development agreement



POTENTIAL COUNCIL ACTION

COUNCIL ACTION REQUESTED

- Hold required public hearing on development agreement
- Approve Resolution authorizing City Manager to execute an amendment to the Purchase and Sale Agreement with CAP Acquisitions, LLC (Inland Group) for the Sale of the SeaTac Center
- Approve Resolution authorizing City Manager to execute the Development Agreement with CAP Acquisitions, LLC for the Redevelopment of the SeaTac Center

STAFF RECOMMENDATION Approval, per criteria in SMC 15.115.030(D)

COMMITTEE RECOMMENDATION Approval of development agreement

REVIEWS TO DATE

PED: 11/21/2019

RCM: 12/10/2019



PROJECT HISTORY

RFP RESPONSE (8/2018)

- 280 market rate units
- 385 affordable units at 60% AMI (area median income)
- Approximately 30,000sf commercial space

CURRENT PROPOSAL

- Approximately 220 market rate units
- Approximately 365 affordable units at 60% AMI
- Approximately 30,000sf commercial space

OTHER CHANGES SINCE PSA

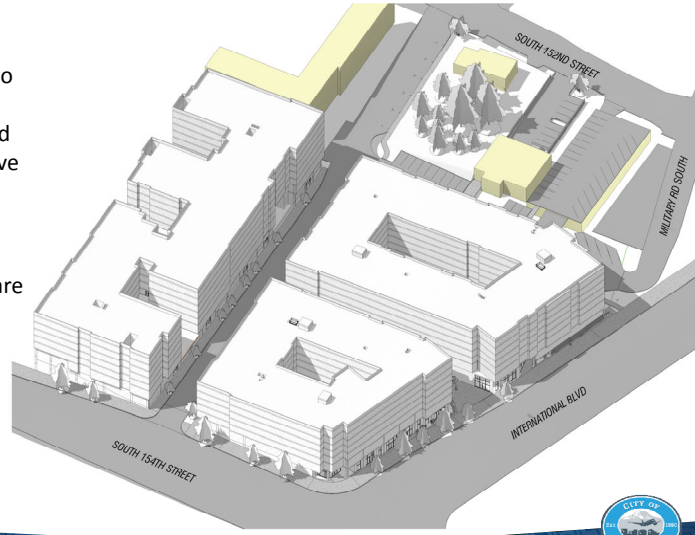
- Triangle parcel no longer included
- Reduction in units and revised final layout due to site constraints
- Determined through 10 months of staff review and applicant revisions



PROJECT DETAILS

SUMMARY:

- Three mixed-use towers built atop two separate garage structures, separated by a new private drive connecting S. 154th Street and S. 152nd Street
- Approx. 30,000 square feet of ground level commercial space
- New east/west pedestrian plaza/walkable boulevard



AFFORDABLE BUILDINGS:

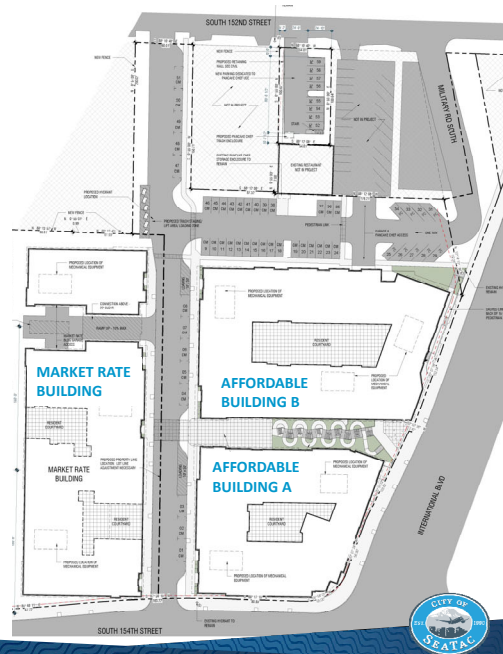
- 365 residences, rent- and income-restricted at 60% King County AMI
- Mix of studio, one-, two-, and three-bedroom apartments
- Approx. 23,500 square feet of ground level commercial

MARKET RATE BUILDING:

220 residences leased at market rate

- 10% residences may be income-restricted at 80% AMI
- 10% residences may be income-restricted at 150% AMI
- Mix of studio, one-, two-, and three-bedroom apartments
- Approx. 6,500 square feet of ground level commercial

Note: Current market rates for rentals in the City are equivalent to 80% AMI



EXAMPLE ARCHITECTURAL TREATMENTS



Proposed to be similar to Inland Group's Thai Binh development in Seattle



INCOME AND RENT LIMITS AND TAX EXEMPTIONS

2019 INCOME AND RENT LIMITS, KING COUNTY:

60% AMI:

- \$66,420 annual income for 4-person household
- \$1,727 monthly rent for three-bedroom unit

80% AMI:

- \$86,900 annual income for 4-person household
- \$2,259 monthly rent for three-bedroom unit

150% AMI:

- ~\$162,938 annual income for 4-person household
- ~\$4,235 monthly rent for three-bedroom unit

MULTIFAMILY TAX EXEMPTIONS

- All buildings qualify for a 12-year property tax exemption since at least 20% of residential unit rents will be below 150% AMI
- Land and commercial improvements not eligible for exemption; property taxes will be collected for these portions of the project



PROJECT BENEFITS

FINANCIAL BENEFITS TO CITY

- Property back on tax roll
- Construction sales tax, permit fees, and impact fees: 2.8 million - \$3.7 million
- \$106 million dollars in construction costs
- 200-400 construction-related jobs
- 1,000 + additional residents with disposable income and recurring additional sales tax revenues to the City
- New projects in the pipeline, prompted by this project



PSA AMENDMENT OVERVIEW

CURRENT PURCHASE AND SALE AGREEMENT:

- December 2018, Council authorized a Purchase and Sale Agreement (PSA) for the SeaTac Center, the former single family residential property, and the Triangle Property
- Total Acreage: 4.5 acres (approx.)
- Purchase Price: \$73.88 square foot (approx. \$14.48 million)



PSA AMENDMENT OVERVIEW

PROPOSED AMENDMENT:

1. Remove the Triangle Property from the PSA because the property is not needed due to the cost of remediation. New acreage is 4.35 acres (approx.)
2. Reduce purchase price due to increased costs to develop the property
 - Pancake Chef Easement must be relocated. Tentative Agreement to relocate parking to area between Affordable Building B and the Pancake Chef Property
 - Results in a loss of over 40 residential units. Over 17,000 square feet dedicated solely to resolving the parking easement relocation
 - Proposed Revised Purchase Price: \$11.0 Million (approx. \$63.72 square foot)
3. Simplify language regarding the contents of the Development Agreement so PSA and the Development Agreement don't conflict



DEVELOPMENT AGREEMENT OVERVIEW

PURPOSE AND AUTHORITY:

- State Statutes and Municipal Code allow the City to negotiate and enter into development agreements to set certain parameters under which a project will be implemented and constructed
- Can include phasing, mitigation, conditions, and set development standards
- In exchange, the City receives public benefits deemed appropriate and commensurate with the benefits provided to the property owner as part of the agreement

CODE WAIVERS AND DEPARTURES:

Waivers and departures from certain subdivision and zoning codes allow project to:

- Meet financing terms
- Maintain terms of existing parking easement
- Maximize the development of the site



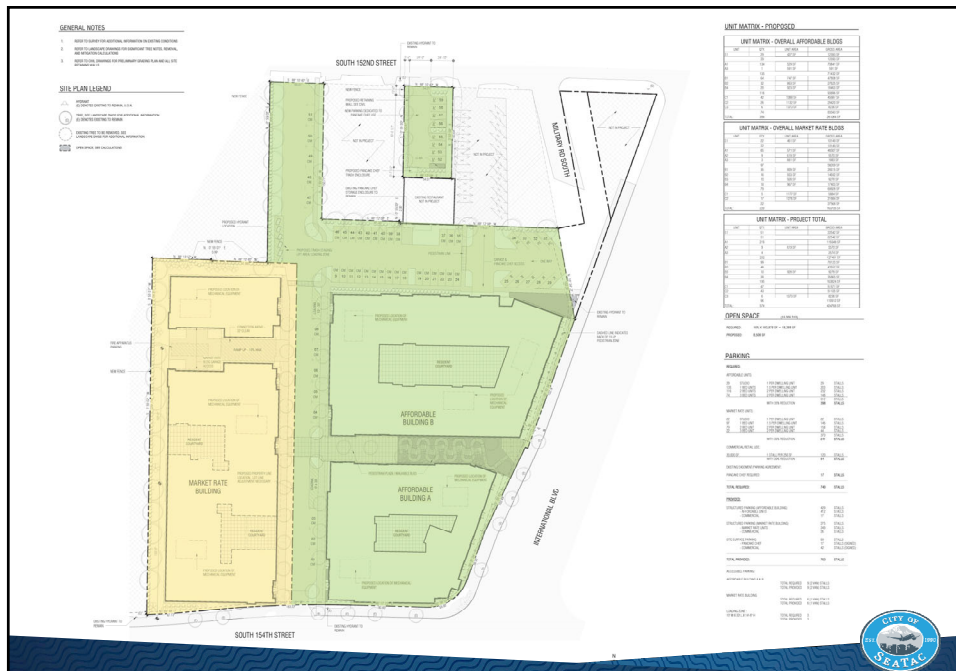
DEVELOPMENT AGREEMENT REQUEST

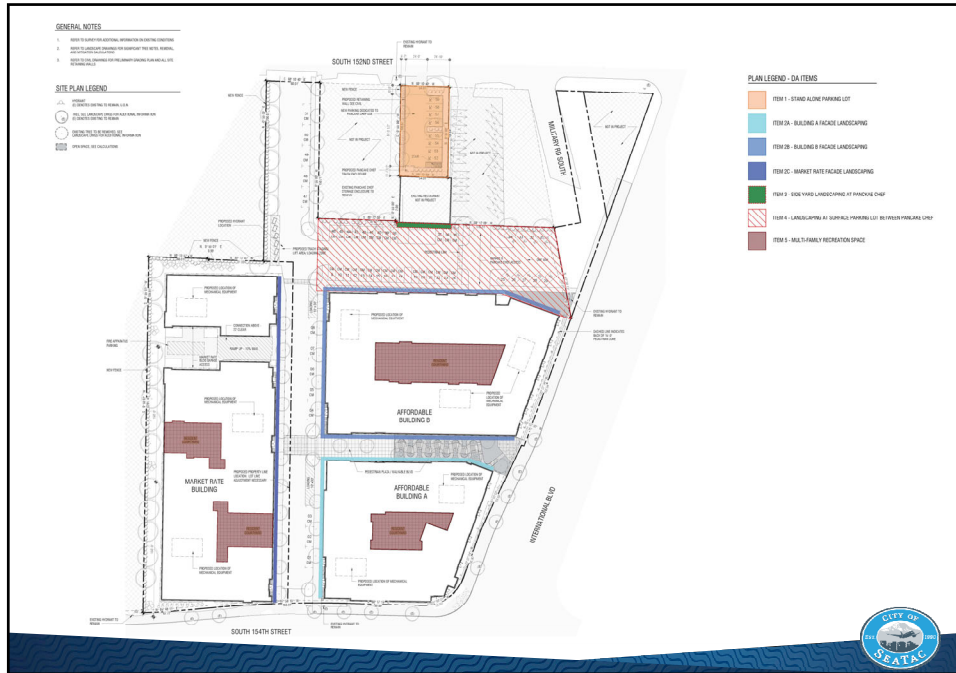
TERMS:

- Agreement proposed for 8 years
- Two phases on two separate lots for financing purposes

SPECIFIC CODE WAIVERS AND DEPARTURES:

- Allow for a stand-alone parking lot
- Reduce building façade landscaping requirements
- Waive side yard landscaping requirements adjacent to Pancake Chef
- Waive surface parking lot landscaping between the Affordable Buildings and Pancake Chef
- Reduce the amount of multifamily recreation space required
- Waive lot line adjustment criteria to allow lot lines within private drive





DEVELOPMENT AGREEMENT REQUEST

PUBLIC BENEFITS OFFERED

- Creation of at least 585 long-term affordable and market rate housing units. Rent limits guaranteed for at least 35 years. Provides permanent housing stock at many pricing levels
- Creation of approximately 30,000 square feet of commercial space
- Creation of a permanent public pedestrian connection between International Boulevard west to the new private drive.
- Creation of a neighborhood police office/substation, if requested by the City, within one of the commercial spaces

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