

DEPARTMENT OF PLANNING AND DEVELOPMENT DIRECTOR'S REPORT

Sand Point Overlay District and Physical Development Management Plan Legislation

Proposal

The proposed amendment is to allow the renovation and use of Building 9 as housing without income restrictions or institutional relationship requirements, in order to preserve and efficiently use this historic building. The Land Use Code amendment would exempt housing in a historic-contributing structure.

The proposal would accomplish the following:

1. Amend the Sand Point Physical Development Management Plan (PDMP), by resolution, to remove language that mandates education-related purposes and/or “workforce housing,” in order to allow Building 9 to be developed as housing without income restriction or relationship to educational institutional purposes, e.g., for market-rate housing.
2. Amend the Sand Point Overlay District (Chapter 23.72 of the Land Use Code), to exempt dwelling units built within a formally-designated contributing structure located in the Naval Station Puget Sound Sand Point Historic District, from counting toward a housing maximum amount that is established for the Sand Point Overlay District by Section 23.72.010.C.

Background

Building 9 is a large, vacant former barracks located near Sand Point Way just south of the main entrance to the Sand Point complex. When the federal government turned over Sand Point to the City, Building 9 was deeded to the University of Washington (UW), and the federal Department of Education mandated its use for educational purposes. Since acquiring the building in 1999, the UW has evaluated various educational uses and concluded none are feasible due to the costs associated with necessary and extensive rehabilitation.

In 2008, the UW and Seattle Office of Housing commissioned a study exploring feasibility of housing that includes recommendations for the following mix of uses to create a feasible project:

- Workforce housing;
- Public storage that would make productive use of a very large basement area; and
- Small commercial use on the first floor.

The Seattle Office of Housing conducted a series of community meetings in 2009 to present results of the feasibility study and seek public input. Community members were supportive of

the proposed reuse of the building. They felt that an active use ensures the future of Building 9 as a contributing building to the historic district.

Changes to the Comprehensive Plan to allow housing and limited commercial use at Building 9 were completed in the 2010 Comprehensive Plan amendments adopted by Council.

A 2010 resolution (#31223) amended the PDMP to allow Building 9 to be developed as workforce housing with some limited commercial use in the basement and mid-section of the first floor. The UW hired Spectrum Development Solutions to oversee a development process to begin with an update of the feasibility analysis and the management of a RFQ process. Spectrum's analysis identified market-rate housing as the most viable development scenario. An RFQ was released in March 2012. An Oregon based developer, Gerding Edlen, submitted the only viable proposal for redevelopment of Building 9 as market-rate housing.

The UW and City staff met with the Magnuson Park Advisory Committee in December 2011. This development scenario was well received because their top concern is the preservation of this historic building. Gerding Edlen is continuing to conduct due diligence on the site and held a community meeting on August 29, 2012.

The terms of the property deed from the federal government require educational use of Building 9, or the UW can apply for "abrogation" which would remove the federal use restrictions. UW initiated the process for abrogation last year, with preliminary approval by the U.S. Department of Education (DoE) and U.S. Navy. The selected developer, Gerding Edlen, is applying for historic tax credits in order to achieve a financially feasible project, and UW is sequencing completion of the abrogation process with the City's legislative process and with the developer's tax credit application process. When abrogation is complete, the UW will enter into a long-term ground lease with Gerding Edlen.

Analysis

Ordinance 123267 (2010) amended the "Sand Point Amendments" to the City's Comprehensive Plan to add a policy LU 6.5 for Sand Point, to allow residential uses in Building 9 and permit limited commercial uses in portions of this existing building that are not suitable for residential use, as a way to more efficiently use the space and to generate revenue that can reduce the cost of the housing provided.

The PDMP, the plan for managing development in the area, was passed by a 1997 resolution and is legally binding by its reference in the 1997 agreement between the City of Seattle and the UW when the federal government turned its land over to the City. The intended uses of Building 9 stated in the plan are for multi-use educational facility purposes that encompass the possibility of housing associated with educational institutions (including "workforce housing"), educational programs and services, and administrative offices for educational institutions. The proposed Resolution would amend the PDMP language to remove the emphasis on housing for educational institutions in the "principal considerations" for the northern and central portion of the Sand

Point district, and remove the preference for educational uses and “workforce” housing in Building 9. It would establish a preference for housing of any kind in Building 9, and would retain a preference for limited commercial uses for that building.

The Sand Point Overlay District (Seattle Municipal Code 23.72) modifies the underlying zoning in the Sand Point vicinity (see Map A). The District’s statement of purpose indicates the area should be integrated into the city as a multi-purpose regional center that provides opportunities for recreation, education, arts/culture and community activities, increased access to shorelines and natural areas, opportunities for affordable housing and community and social services with a special priority to addressing the needs of homeless families, and expanded opportunity for low-impact economic development.

The Sand Point Overlay District covers the area from Sand Point Way eastward by 1-2 blocks, bordering Magnuson Park which lies immediately to the east. A Historic District defines approximately the first block east of Sand Point Way within the Overlay District. The two-story brick-clad Building 9, built circa 1929, lies within the approximate center of this area, between NE 70th and 74th Streets, and is one of the most prominent built features viewed from Sand Point Way.

Building 9 is within a Lowrise 3 zone, which allows for multifamily residential uses. Other portions of the Overlay District are in Single Family zones. The building resides in Subarea C of the Sand Point Overlay District. There is a maximum residential unit cap of 200 units in the Overlay District, per Land Use Code section 23.72.010.C that exempts only residential uses provided by the University of Washington from the cap. This housing maximum was intended to correlate to the practically achievable development potential for housing that would serve the formerly homeless (such housing purposes are described in “Sand Point Amendments” to the Comprehensive Plan, Policies H1 and LU6). The proposal by Gerding Edlen would include a long-term ground lease to renovate and manage the building, so the UW technically would not be the housing provider.

No significant adverse land use incompatibilities are identified nor other conflicts with Land Use Code provisions in the Sand Point Overlay District. The proposed amendments are consistent with the proposed policy intent to be flexible by accommodating a variety of residential uses in the district including market-rate housing. This will allow for renovation of a large historic-contributing structure in the district that otherwise would likely fall into further disrepair and become a greater health, safety and aesthetic detriment to the area. The proposal would also allow for preservation of the historic-contributing features of Building 9 consistent with the rules for historic-contributing structures.

Recommendation

The proposal responds to the deteriorating conditions of Building 9 by including market-rate housing as a component of a future development project. The proposal includes targeted changes to plans and the Land Use Code that would allow for the proposal to renovate Building 9 for housing to proceed to permit review. The proposal is supported by the community. DPD recommends approval of the proposed amendments.

