UNIVERSITY of WASHINGTON
OFFICE OF REGIONAL & COMMUNITY RELATIONS

October 29, 2012

Rick Hooper, Director
City of Seattle Office of Housing
PO Box 94725
Seattle, WA 98124-4725

RE: Change of Use for Building 9

Dear Director Hooper:

As you are aware, the University is working with a developer to renovate Building 9 for apartment housing. This use is different than the educational uses originally proposed in the *1997 Sand Point Physical Development Plan*. As per the *1997 City-University Sand Point Agreement*, the University is required to provide a written report to the City about issues raised by the community in response to a change of use. This letter provides some background on the history of the building, the decision to pursue a different use, community outreach efforts, outlines issues raised by the community and responds to those issues.

Background

Following the closure of the Sand Point Naval Station, the University received several buildings in 1999 through the US Department of Education. This transfer included Buildings 5, 9, 25, 29, and 141/192. The University has renovated Buildings 5, 25 and 29 representing approximately 478,000 square feet and an investment of over $40 million. Uses in these buildings include a pediatric dentistry clinic, offices for public health research, art studios, a construction material testing lab, medical records storage, library storage and medical supplies management. Building 141/192 is functionally obsolete and planned for demolition. It is not a contributing building to the Sand Point Historic District.

As outlined in the *1997 Sand Point Physical Development Plan*, Building 9 was originally proposed to be developed as a multi-use educational facility. Uses were to include classroom space, administrative offices, a culinary arts program, a dining facility and residential accommodations for up to 200 students. While these proposed uses made sense at the time, the cost of renovating this building for those purposes proved to be too expensive and the building sat vacant for the past thirteen years.

Since acquisition, the University has spent more than $3.1 million on infrastructure and maintenance costs for Building 9. Much of this money has gone to repay the City for infrastructure upgrades that were made at Sand Point. Other costs have been incurred for building security, asbestos mitigation, roof repairs, etc. Given the significant budget reductions the University has recently experienced, it was decided in 2009 that we could no longer afford to keep this building.

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Redevelopment

As specified in the *1997 City-University Sand Point Agreement*, the University first offered this building to the City. Although initially interested, the City soon realized that it did not have the financial capacity to take on this project and declined. After further discussions, we agreed to work with the City to explore whether a private developer might be willing to take on the formidable task of renovating the building. Throughout these discussions, the University has been very clear with the City and community that if a developer could not be found, we would return this building to the Federal Government.

A Request for Qualifications and Concepts (RFQ/C) was issued on January 30, 2012 for a private developer to renovate Building 9. Based on a previous study by the Office of Housing and advice from our consultant, senior living, market rate and/or workforce housing were identified as the most viable uses for this building. The RFQ/C sought financially feasible solutions and required respondents to have significant financial capacity and experience. The University received four responses to the RFQ/C and decided to move forward with a proposal from Gerding Edlen for market rate rental housing. This decision was based on their experience with historic renovation projects of a similar size and their strong financial plan for the project.

Community Outreach

Prior to issuing the RFQ/C for this project, the University and City recognized that a proposal to renovate this building as housing would necessitate a change in the *1997 Sand Point Physical Development Plan* to allow housing and the *Sand Point Overlay District* to exceed the 200 housing unit cap for this area. We began discussions with the Magnusson Park Advisory Committee (MPAC) and informally with members of the community about our plans to move forward with a different use for this building. We first presented this idea to MPAC on December 14, 2011 and gave subsequent updates at the February 8, March 14, April 11, June 13 and October 10, 2012 meetings. At the July 11, 2012 meeting, we presented MPAC with the proposed legislative changes and schedule. In addition, an interior tour of Building 9 was offered to the community on February 17, 2012 – nine people participated.

As per the *1997 City-University Sand Point Agreement*, the University hosted a public meeting on August 29, 2012 7-8pm at Magnuson Park Building 30 to discuss the proposed change of use with the community. Gerding Edlen presented information about their past projects and their proposed redevelopment of Building 9. Ten community members attended this meeting.

The following comments and issues have been raised at MPAC, the August 29 Public Meeting and through informal discussions with the community:

1) **Community is generally supportive of this project**: Most people we have spoken with are supportive of renovating Building 9. They recognize that renovating this building will be costly and market rate housing is the most likely use that can support these costs. They also understand that this building is deteriorating and the University can't continue to pay the carrying costs for maintaining it. A vacant building is not good for the park and this proposal represents an opportunity to revitalize the area.

2) **Interest in a restaurant or commercial use**: Some people expressed interest in having a small restaurant or other commercial use located in the building. Gerding Edlen has developed a number of mixed-use buildings with ground-floor commercial uses and normally likes to see these uses included. However, they do not believe there is enough traffic to support a restaurant at this location. They do not want to build space that is not sustainable.

3) **Interest in preserving the Chapel:** There is a small chapel space in the building that some would like to see preserved. This space does not have public access to the outside and is located in an area where a residential unit makes sense. Gerding Edlen has expressed interest in working with the community to try and relocate elements of this chapel elsewhere in the building where they may be available to the public.

4) **Interest in affordable housing**: The Seattle-King County Veterans Consortium has asked that some units in the building be set aside for veterans making less than 50% of Area Median Income (AMI) and some set aside for members of the public making 80% of AMI. Unfortunately, market-rate housing is the only use that can support the tremendous costs of renovating this building – estimated at approximately $50 million. Further, there is no public money currently available to subsidize these units. Given the high cost for renovating Building 9, even if public funds were available, the City has indicated it would invest in other less expensive projects.

   It is also worth noting that Solid Ground is about to start construction of 54 units of housing for formerly homeless families and individuals just south of Building 9. With the completion of this project, they will have met the community's goal of providing 200 units of affordable housing in Magnuson Park as specified in the *1997 Sand Point Physical Development Management Plan*. Veterans will have access to some of this new housing and already have access to housing in Santos Place, which is one of the buildings operated by Solid Ground.

5) **Questions about parking and traffic**: Some neighbors have asked about parking requirements for this building and traffic generation. There is room for approximately 138 parking spaces on the site and we will work with Seattle Parks to accommodate additional parking elsewhere in the area as allowed by the Sand Point Overlay District. Traffic issues will be addressed during permitting, but we don't expect to exceed the traffic generation of uses that are already allowed in the building.

We look forward to continuing our work with the City to renovate this historic Sand Point building. Please let me know if you have any questions.

Sincerely,

Aaron Hoard

Aaron Hoard
Deputy Director
UW Regional & Community Relations