

ATTACHMENT A: Hearing Examiner Recommended Housing Replacement Conditions

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Revisions to MIMP Text

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23. On page 79, the second sentence of the last paragraph in the description of the Chasselton Court Apartments shall be corrected as follows: "The majority of the apartments are studio apartments (55 units) with ~~six~~ seven one-bedroom apartments."*(Hearing Examiner's strike-through)*

24. On page 80, Virginia Mason's housing replacement proposal shall be replaced with the following:

Virginia Mason's housing replacement proposal shall:

- i. Provide a minimum number of units equal to the number of units in the Chasselton Court apartments (62 units);
- ii. Provide no fewer than seven one-bedroom units and no units smaller than the size of the studio units in the Chasselton Court apartments;
- iii. Include a minimum of 31,868 net rentable square feet, equivalent to that in the Chasselton Court apartments;
- iv. Be of a construction quality equal to or greater than that in the Chasselton Court apartment units; and
- v. Be located within the First Hill neighborhood.

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Recommended Conditions – Rezone

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30. Before Virginia Mason may receive a permit to demolish the Chasselton or change the use of the Chasselton to a non-residential major institution use, DPD must find that Virginia Mason has performed either of the following two options:

- a) Virginia Mason has submitted or caused to be submitted a building permit application or applications for the construction of comparable housing to replace the housing in the Chasselton. The building permit application(s) for the replacement housing project(s) may not include projects that were the subject of a MUP application submitted to DPD prior to

Council approval of the MIMP. Minor involvement by Virginia Mason in the housing project, such as merely adding Virginia Mason's name to a permit application for a housing project, does not satisfy Virginia Mason's obligation under this option. All such replacement housing shall be located within the greater First Hill Neighborhood. This is the area outlined in a broken black line on Figure 1 at page four of the MIMP, and is defined as the area between I-5 on the west, Pike Street on the north, 12th Avenue and Boren Avenue on the east, and the south boundary of Yesler Terrace on the south.

b) Virginia Mason elects either 1) within two years of MIMP approval, to pay the City of Seattle \$4,460,000 to help fund the construction of comparable replacement housing; or 2) more than two years after final MIMP approval, to pay the City of Seattle 35% of the estimated cost of constructing the comparable replacement housing. The estimated cost shall be determined by DPD and the Office of Housing based on at least two development pro formas prepared by an individual(s) with demonstrated expertise in real estate financing or development. The determination of the estimated cost by DPD and the Office of Housing is final and not subject to appeal. Payment to the City under this option b shall be used to finance the construction of comparable replacement housing, and shall be subject to the provisions of the City's Consolidated Plan for Housing and Community Development and the City's Housing Levy Administrative and Financial Plan in existence at the time the City assists in financing the replacement housing.

For purposes of performance option a, the replacement housing must:

- Provide a minimum number of units equal to the number of units in the Chasselton Court apartments (62 units);
- Provide no fewer than seven one-bedroom units and no units smaller than the size of the studio units in the Chasselton Court apartments;
- Include a minimum of 31,868 net rentable square feet, equivalent to that in the Chasselton Court apartments;
- Be of a construction quality equal to or greater than that in the Chasselton Court apartment units; and
- Be located within the First Hill neighborhood.

If Virginia Mason chooses performance option a, it is encouraged to: (1) contribute to the housing replacement project in a manner that will assure that at least 10% of the units (i.e., a number equal to 10% of the demolished units, or a total of 7 units) will be rented for at least 10 years at rates affordable to persons earning less than 80% of the median area income; and (2) utilize a design that allows the project to compete effectively for public and private affordable housing grants and loans. This design provision is not intended to discourage creative solutions, such as siting affordable units in high-rise buildings otherwise containing market rate housing. Virginia Mason may not receive credit in fulfillment of the housing replacement requirement for any portion of the housing replacement cost that is financed by City funds. However, any City

funds spent in excess of construction costs to provide affordability in what would otherwise be market-rate replacement units (i.e., to "buy down" rents in the completed building), shall not disqualify units as replacement housing under this condition.

If Virginia Mason chooses performance option b, the Office of Housing shall devote all funds provided by Virginia Mason to a project or projects within the greater First Hill Neighborhood. This is the area outlined in a broken black line on Figure 1 at page four of the MIMP, and is defined as the area between I-5 on the west, Pike Street on the north, 12th Avenue and Boren Avenue on the east and the south boundary of Yesler Terrace on the south. All proposals for replacement housing shall be submitted by the Office of Housing and/or Virginia Mason for review and comment by the SAC. At the discretion of the City, the submittal may exclude financing details and related information.