

4452 (GENERAL)

COMPTROLLER FILE NUMBER 279813

REPORT OF

THE SKID ROAD COMMUNITY COUNCIL RE THE DOWNTOWN HOUSING ASSISTANCE PROJECT.

9/11 - held
6/18 - held
4/1 - hold up 6/4
7/13/77 - FILE
8/4/77 - File

FILED AUGUST 22, 1974

C. G. ERLANDSON
COMPTROLLER AND CITY CLERK

BY *D. F. Fenton* DEPUTY

ACTION OF THE COUNCIL

REFERRED	TO
AUGUST 26, 1974	PLANNING & URBAN DEV. FINANCE
REFERRED	TO
REFERRED	TO
REPORTED	DISPOSITION
AUG 8 1977	On File
RE-REFERRED	TC
REPORTED	DISPOSITION

REPORT OF COMMITTEE

Mr. President:

PLANNING & URBAN DEV

Your

Committee

to which was referred the within **REPORT**

would respectfully report that we have considered the same and respectfully recommend that

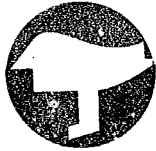
THE SAME BE PLACED ON FILE

Jim Hill

CHAIRMAN

Ray Frank

CHAIRMAN



SEATTLE MODEL CITY PROGRAM

WES UHLMAN, Mayor

CURTIS M. GREEN, JR., Director

November 4, 1974

MEMORANDUM

TO: Honorable John Miller, Seattle City Council

FROM: Curtis M. Green, Jr., Director, SMCP *C.M.G.*

SUBJECT: Downtown Housing Assistance Proposal --- Status Report

The following is to keep you abreast of developments on the above proposal by the Skid Road Community Council.

At your request I have been working with the principals on both possible funding and also program scope. As I reported through your assistant, my initial reading of the proposal and initial contacts with DCD, OMB et al produced negative responses. At that time you suggested holding off on advisory council consideration pending further work on the proposal with city agencies.

Subsequently I met and discussed all issues with Mr. Locke and Mr. Rolfe in response to which they re-drafted the proposal to eliminate the recognized "grantsmanship" language and zero in on the real proposal purpose. I have also forwarded copies of the revised proposal with a memo of Oct. 22 (attached) to relevant parties.

The feedback I have received is summarized as follows:

- 1) Funding of proposal will not provide demonstration housing--but only an attempt to secure financing necessary for development. Is \$36,000 worth such an attempt?
- 2) Deman. Serious questions are raised about level of demand. Units in Morrison Hotel operated by Seattle Housing Authority have vacancy exceeding 10%. Units in Morrison operated by Skid Road Community Council reportedly have non-transient vacancy of about 50%. Neither Frye Hotel nor Down-towner are at maximum occupancy.

The argument that 15,000 units have been closed in the past 14 years is not an indication of current demand.

- 1) The Seattle Housing Authority disputes the implied "success" of the Morrison project (funded by SHA & SMCP) contained in the proposal, citing a) demand problem and b) the fact that they have identified \$3-400,000 in renovations necessary at the Morrison (their figures). For example, Building Department has just condemned and closed the elevator. SHA estimates \$10,000 required for emergency repairs and \$40,000 required for complete "fix" of elevator.

SHA position is, simply, that if any funds are available for housing, they should be earmarked for repairs and renovation to the Morrison Project prior to undertaking other activities.

- 4) Proposal budget indicates a term of one year for planning and study. This is seen as unrealistic.
- 5) The bulk of the funds sought are budgeted to pay salaries of existing director and staff of the applicant(s). As opposed to expenses more directly related to proposal--i.e., estimators, architects, legal assistance, etc.

Based on the foregoing responses, though incomplete, my conclusions are as follows:

- 1) The revised proposal is a much more direct and concise statement of the proposal, however,
- 2) The matter of assessing market demand is such as to mitigate against city funding at this time.
- 3) The fund needs of the Morrison Project--in which the city and the SHA has a substantial investment--might well be assigned a higher priority by the Council.
- 4) The SMCP staff would not secure approval of either the executive branch or the advisory council (both required) in an effort to budget SMCP funds to this proposal.

My recommendation would be that the applicants proceed with the funding (\$50,000 National Endowment Grant) currently available to them in an attempt to develop and finance the first demonstration. (You'll recall that the request to the city was only for funds to expand the original project to include a second demonstration.)

This initial undertaking could be viewed as a Phase I project. Should it prove successful in identifying market demand and securing private financing for actual development, the city would still be in a position to later fund a Phase II component.

Honorable John Miller, Councilman
Page Three
November 4, 1974

I have discussed my conclusions and recommendations with both Mr. Locke and Mr. Rolfe. The problems that have surfaced at the Morrison Hotel were as much a surprise to Mr. Locke as to me. In light of those problems, Mr. Locke-- though naturally disappointed--fully understands and is inclined to agree with my conclusions and recommendations. Mr. Locke indicated that he may, nonetheless, seek to discuss other funding options with you, agreeing, as he does, with the inadvisability of seeking Model City funds at this time.

I have indicated to him that I do not now plan on reprogramming current contingency funds until after year end.

If I can be of any further assistance in this matter, please contact me at your convenience.

CMG:bf

Attachment

CITY OF SEATTLE



WES UHLMAN, Mayor

November 5, 1974

OFFICE OF ECONOMIC DEVELOPMENT

Karen Rahm, Director • 1721 Smith Tower Building, Seattle, Washington 98104 • (206)583-6410
306 Cherry Street

MEMORANDUM

TO: Curtis M. Green
FROM: Karen Rahm *KR*
SUBJECT: Proposed Downtown Housing Assistance Demonstration

Thank you for the opportunity to review SRCC's proposed downtown housing assistance demonstration program. If the program is funded, there are two points which deserve serious consideration.

The first of these is a matter of policy. There are two areas outside of the Pike Place Urban Renewal Area where the City has currently committed resources to foster in-City residential communities: the International District and the Denny Regrade. If at all possible, the SRCC downtown housing demonstration project should be located in one of these districts. Both contain many substandard multiple dwelling structures that house primarily low-income elderly persons. The objectives of SRCC could, thus, be linked to the downtown housing and physical redevelopment objectives of the City administration by the selection of a demonstration project in either of these areas. Barbara Dingfield, project manager in the Denny Regrade, and Mike Hansen, International District project manager, are available to coordinate with SRCC in this regard.

Secondly, the SRCC proposal involves a substantial data-collection component, which, I believe, may be largely duplicative of existing efforts. The Research staff of the Department of Community Development, in cooperation with the Building Department, is in the process of completing a survey of the condition of downtown residential structures as part of the updating of the Seattle Development Program (SDP). This data should be of substantial benefit to SRCC and save them considerable effort. Al Crosetti and Mike Waller are key contacts on this research.

Finally, I would urge that a project such as this will require substantial coordination with City staff outside the Pike Urban Renewal area. The potential for piggy-backing HUD categorical programs, Community Development block grants, and the activities of the Historic Seattle Preservation and Development Authority into a workable rehabilitation package are real, but will require a close working relationship with a substantial number of agencies.

KR:th
cc: Rick Locke ✓ John Miller Ed Wood R.W. Wilkinson
George Rolfe Dale Miller Walter Hundley

A Division of the Department of Community Development

DOWNTOWN HOUSING ASSISTANCE PROJECT

submitted to
City of Seattle

by
Skid Road Community Council

August 12, 1974

I. INTRODUCTION

The Skid Road Community Council is a non-profit corporation created in 1970 as a direct result of the recommendations of the Council of Planning Affiliates Skid Road Services Study Committee.

During the past four years, the Skid Road Community Council has successfully administered a number of direct social service delivery programs, funded both locally and by the federal government. Most recently, we have worked toward the successful establishment of a neighborhood Social Services Center, located at the Morrison Hotel. This facility represents a significant community resource and provides space for the Department of Social and Health Services Pioneer Square Neighborhood office and the Public Inmate Program.

Perhaps the most unique aspect of this project has been the use of income from the Department of Social and Health Services lease to subsidize the low-income housing functions on the upper floors of the hotel.

This financial model, which also features Seattle Housing Authority ownership and low-interest financing, has resulted in an additional 250 low-income living units in our city.

Organizational experience within the Skid Road Community Council has been very much focused upon the housing needs of Seattle's population of single, destitute people. For the past three years, the Skid Road Community Council has served on the National Association of Housing and Redevelopment Office's Task Force on Congregate Housing. It was this group that was responsible for writing the congregate housing provisions of the 1970 Housing Act.

I. INTRODUCTION (con't)

We were also responsible for amendments to both the House and Senate versions of the Housing Act of 1974 which allocates \$10,000,000 specifically for the housing needs of special user groups, such as the single poor (Senate Bill 3066, Sec. 509(a)). All of this work has been closely coordinated with the New York City Housing Development Administration.

Locally, the Skid Road Community Council has worked with representatives of the Department of Community Development to establish an Early Warning System for building closures, thereby benefiting both residents and City relocation officials. In addition, we have worked with City departments to create a system for monitoring the size of the downtown housing stock. Since last September, we have completed the largest study ever undertaken on downtown housing and residents in Seattle.

Skid Road Community Council has developed an organizational base of experience and expertise which is unique in the field of low income housing in Seattle.

It is the intent of this proposal to draw upon the resources of both the National Endowment for the Arts and the City of Seattle and to focus our organizational experience of the past four years upon the housing needs of Seattle's population of single destitute persons.

II. STATEMENT OF PROBLEM

The hotels and apartments of downtown Seattle have profoundly shaped its character. They have made it possible for people of varied incomes to live here. The people of downtown Seattle have in turn supported the barbershops and laundries, the small cafes and the corner groceries which constitute a whole range of middle uses in the downtown. The openness and the variety of downtown Seattle is based to a large extent on its downtown housing stock.

To the single, destitute people of Seattle, downtown housing is essential. Most of the housing in the downtown is old and can offer relatively low rents. Moreover, traditionally, building managers have provided a whole range of social services to their tenants at no extra charge. In addition, downtown living provides the personal contact and companionship to people who are often without friends or family.

Unfortunately, the importance of downtown housing as a land use and social resource has never been widely recognized. Development policies as expressed in tax assessment procedures, zoning, capital improvements, public financed development and code enforcement has encourage the destruction of downtown housing. Since 1960, 50% of Seattle's downtown housing has closed, representing a loss of 15,000 living units. As the housing has closed, the residents have been forced to move

II. STATEMENT OF PROBLEM (con't)

and the retail businesses which they supported have closed down. At least 35% of the downtown population has moved since 1960 and roughly 49% of the downtown retail businesses have closed.

Thus Seattle now finds itself with a downtown area that is increasingly dominated by commuter traffic, high rise office buildings and parking facilities and one which is rapidly losing its housing and people, its groceries and cafes and other small businesses. The people who are still living downtown find their rents going up sharply. At the same time, building managers have lost the incentive to provide special services, because in this tight market, even unclean, poorly run residential buildings are running at full capacity.

In a recent study based on relocation statistics from the Pike Project and the Normandie Apartment, we have learned that even when downtown residents are given rent supplements and moving allowances which make it possible financially for them to live in any part of the city, they invariably choose to stay in downtown Seattle. There is a need for more low and moderate income housing in downtown Seattle and there is certainly the demand to justify it.

III. PROPOSAL

The housing needs of the city's population of single, destitute persons can no longer be ignored. In the last fifteen years, this group of people have been pushed from one area to another because of urban renewal, code enforcement and freeway construction and other government projects. Often they have been crowded into older, substandard hotels in other blighted declining areas of the city, just months ahead of the building inspector.

It is clear that in Seattle there is a dramatic need for a private enterprise/government aid formula which is designed to renovate the existing and abandoned housing stock in the core area of our city.

With this goal in mind, the Skid Road Community Council proposes the development of the Downtown Housing Assistance Project. This effort, once initiated, will focus the attention and professional expertise of architects, lawyers, urban planners and financial experts upon the housing problems faced by inner city residents. This work will take place in full recognition of local building and fire codes and the unique needs of the target population.

This proposal will draw upon the presently committed resources of the National Endowment for the Arts and those requested from the City of Seattle to undertake the following activities:

1. An assessment of existing City department policies in regard to neighborhood planning and development as they relate to permit requirements, code

III. PROPOSAL (con't)

- code enforcement practices and tenant relocation procedures effecting low income housing.
2. Preparation of a detailed housing plan within the Pike Place Market, including the actual development of low income housing units.
 3. A complete inventory of the quality and quantity of the abandoned and sub-standard housing stock in Fire Zone #1.
 4. A comprehensive assessment of the relative merits and financial feasibility of presently available development techniques, including public corporation ownership, below market interest rate financing, use of shared facilities to keep construction costs down and rapid depreciation investment financing.
 5. The development of a Downtown Housing Master Plan which assigns residential goals for targeted neighborhoods throughout the central core. This work will be fully coordinated with the Seattle 2000 Commission.
 6. The information gathered as a result of our work with various City Departments and our research into related financing mechanisms will be tested in demonstration projects in both the Pike Place Market and adjacent neighborhoods.
 7. The Downtown Housing Assistance Project will culminate with a detailed summation of our development experience and a list of schedule recommendations to continue the work, once it has been initiated.

Attention will also be given to the possible role of a Housing Finance Agency on the state level and the cooperative role played by the Washington State Department of Social and Health Services.

As a result of our work on the Morrison Hotel, we are confident that low income housing, if properly designed and packaged, can be made attractive to both potential investors and area residents.

IV. METHODOLOGY

Our work will draw heavily upon the past two years of housing research and organizations.

Initially, we will begin work in concert with the Pike Place Market Preservation and Development Authority toward the development of a residential development scheme, including the physical and financial design for a portion of land use area MCHRR3.

IV. METHODOLOGY (con't)

This specific project within the Pike Place Market will demonstrate how developers might mix commercial uses with residential to enhance financial feasibility and thus attract private investors.

We will also begin a comprehensive assessment of all available residential buildings within Fire Zone #1. Included here will be a survey of the structural conditions of vacant and substandard buildings in relation to existing building codes. This information can be used to attest to the relative feasibility of rehabilitation for either a congregate living facility or an independent living unit.

Incorporated within this data gathering function will be an effort to standardize information regarding the conditions of vacant and substandard buildings through the use of a computer. In this fashion, we can relate the quality of existing and vacant housing stock and the dollar cost of rehabilitation per residential unit. Our data gathering tools are designed to be relatively easily used in the field, to eliminate as much staff tabulation of results as possible and to print out the computerized tabulations in the most usable manner possible, with the aim of keeping costs down. The form of the information itself can be used to gather one set of consistent data for all city agencies with need for various types of housing data.

Once this information is gathered, staff will coordinate both with Seattle Housing Authority and Department of Community Development in promoting the use of available federal subsidy funds. Care will be taken to maximize the number of rehabilitated units.

Additionally, we will seek a development model which is functionally exclusive of direct federal subsidy funds. Patterned after our success with the Morrison Project, we will seek a sophisticated financial model which employs the use of rapid depreciation financing in concert with Public Corporation ownership.

In this fashion, we can demonstrate the feasible application of both our information gathering techniques and the development mechanisms in targeted neighborhoods.

The design of the Downtown Housing Assistance Project, then, is both to inventory information regarding the quality of the abandoned housing stock in the core neighborhood of the city and to test the merits of various private market incentives and public ownership. We are confident we will develop an applicable model for integration into a total strategy for maintaining the residential characteristics throughout the downtown core.

V. PROJECT JUSTIFICATION

The Downtown Housing Assistance Project will increase the number of available low and moderate income housing units in downtown Seattle. It will provide more low cost housing and at the same time, encourage building owners and operators to meet code requirements and stay open.

V. PROJECT JUSTIFICATION (con't)

The low income people of downtown Seattle, many of whom are elderly or without family, will be able to continue living downtown. Many others who have been forced to move from the downtown earlier will be able to return.

Because of the delivery of services to this population has most often been characterized by crisis intervention of the part of police and fire and welfare departments, we can anticipate a significant cost savings respectively as additional standard and mutually supportive housing units are made available.

Because of the ambitious nature of the Project, we will mobilize and coordinate technical resources both within the private investment community and the City of Seattle. This new use of available resources is applied also to the vacant and abandoned housing stock in Fire Zone #1 (59 buildings). It is interesting to note that 4% of the crime in Newark, New Jersey takes place in vacant multi-family structures.

The Downtown Housing Assistance Project can anticipate a secondary impact upon retail trade and other neighborhood related functions as well.

VI. BUDGET

As stated, the National Endowment for the Arts has made available \$50,000 for the Downtown Housing Assistance Project.

Because of our more ambitious work program, and our desire to have an area wide impact on Seattle's housing problems, we are requesting an additional \$30,000 from the City of Seattle.

These two sources of funds will make possible the entire Project, through the close association and cooperation of functions in the Pike Place Market.

Project funds will make possible an additional staff person within the Pike Place Market Preservation and Development Authority for the preparation and completion of the residential use plan for a portion of land use area MCHRR3. The Skid Road Community Council will be capable of undertaking the establishment of a residential development strategy throughout the downtown core.

Both organizations will contract through the Skid Road Community Council for detailed architectural, engineering and development schemes as potential sites become available in the building rehabilitation survey.

The total cost for these activities will be \$80,000.

TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

John R. Miller

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO:

POUD
Finance

Phyllis Lamphere

PRESIDENT'S SIGNATURE