

Ordinance No. 123355

Council Bill No. 116911

AN ORDINANCE relating to transferable development rights ("TDR"); authorizing The City of Seattle to purchase TDR from a lot at 2209 1st Avenue in Seattle; and authorizing related agreements and acceptance of a deed.

CF No. _____

Date Introduced:	<u>July 12, 2010</u>	
Date 1st Referred:	<u>July 12, 2010</u>	To: <u>Housing, Human Services, Health, and Culture</u>
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	<u>7-19-10</u>	Full Council Vote: <u>9-0</u>
Date Presented to Mayor:	<u>7-20-10</u>	Date Approved: <u>July 27, 2010</u>
Date Returned to City Clerk:	<u>July 28, 2010</u>	Date Published: <input checked="" type="checkbox"/> T.O. <input type="checkbox"/> F.T.
Date Vetoed by Mayor:		Date Veto Published:
Date Passed Over Veto:		Veto Sustained:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____
Councilmember

Committee Action:

pass 2-0 NL, SC 7/14/10 CH

7-19-10 Passed 9-0

This file is complete and ready for presentation to Full Council. Committee: _____
(initial/date)

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

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ORDINANCE 123355

AN ORDINANCE relating to transferable development rights ("TDR"); authorizing The City of Seattle to purchase TDR from a lot at 2209 1st Avenue in Seattle; and authorizing related agreements and acceptance of a deed.

WHEREAS, under the City's Land Use Code certain downtown properties, including those preserved for low-income housing, are eligible to transfer unused development rights; and

WHEREAS, the Department of Planning and Development, in consultation with the Office of Housing, has determined that the lot on which the Scargo Hotel is located meets the Housing TDR Site requirements as defined in Chapter 23.84A of the Seattle Municipal Code ("SMC") and, in a letter dated March 10, 2010, certified 3,900 square feet of TDR as eligible for transfer from that lot in accordance with SMC 23.49.014; and

WHEREAS, by SMC 3.20.320, the City has established a "TDR Bank" and authorized the Director of the Office of Housing to negotiate the purchase of TDR from such properties in order to aid in the preservation of low-income housing, subject to approval of each purchase by ordinance and subject to budget authority; and

WHEREAS, Plymouth Housing Group, the owner of Scargo Hotel, a residential building currently being renovated to continue providing permanent housing for 47 previously homeless individuals, proposes to sell TDR to the City in accordance with the City's Land Use Code; and

WHEREAS, funds are available in the TDR/Mitigation Subfund and the Office of Housing has existing expenditure authority for the purchase of Housing TDR; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Housing or his or her designee ("OH Director") is authorized, for and on behalf of The City of Seattle, to execute, deliver perform, administer and enforce an agreement for the purchase of up to 3,900 square feet of Housing TDR (as defined in Chapter 23.84A of the Seattle Municipal Code) for a total price not to exceed \$58,500, based on the terms



1 set forth in Attachment A to this ordinance, with such additional terms and conditions and such
2 modifications, other than increase in price, as the OH Director shall find to be appropriate to
3 effect the intent of this ordinance ("Agreement"). The Housing TDR to be purchased derive from
4 the property known as Scargo Hotel located at 2209 1st Avenue in Seattle ("the Project"), legally
5 described as follows:

6 Lot 10 in Block 40, Addition to the Town of Seattle as laid out by A.A. Denny
7
8 (commonly known as A.A. Denny's 6th Addition to the City of Seattle), according to the
9 plat thereof recorded in Volume 1 of Plats, page 99, records of King County,
10 Washington;

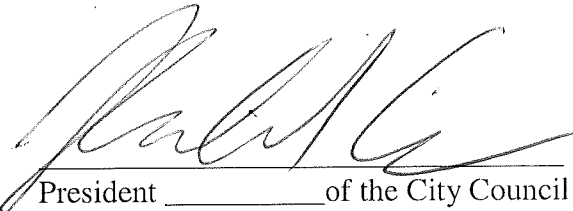
11 Except the easterly 9 feet thereof condemned in District Court cause 7092 for the
12 widening of 1st Avenue.
13

14 Section 2. Purchase of any amount of TDR derived from the Project is conditioned upon
15 a TDR Agreement being recorded that includes a commitment approved by the OH Director to
16 provide low-income housing for a minimum of 50 years, consistent with the City's Land Use
17 Code.
18

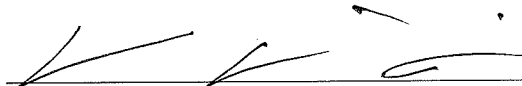
19 Section 3. The OH Director is further authorized, for and on behalf of the City, to accept
20 and record a statutory warranty deed, substantially in the form of Attachment B to this ordinance,
21 to the TDR to be purchased and to execute, deliver, modify, administer and enforce such other
22 agreements and documents as may be reasonably necessary to carry out the intent of this
23 ordinance.
24
25
26

Section 4. This ordinance shall take effect and be in force 30 days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

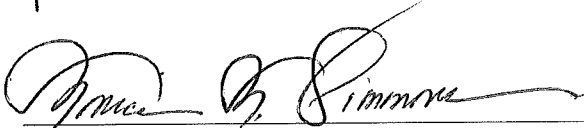
Passed by the City Council the 19th day of July, 2010, and signed by me in open session in authentication of its passage this 19th day of July, 2010.


President _____ of the City Council

Approved by me this 27th day of July, 2010.


Michael McGinn, Mayor

Filed by me this 28th day of July, 2010.


City Clerk

(Seal)

Attachment A: TERM SHEET -- SALE OF TDR BY PLYMOUTH HOUSING GROUP
("Seller") TO THE CITY OF SEATTLE ("Buyer")

Attachment B: STATUTORY WARRANTY DEED—DEVELOPMENT RIGHTS

TERM SHEET

SALE OF TDR BY PLYMOUTH HOUSING GROUP (“Seller”) TO THE CITY OF SEATTLE (“Buyer”)

This term sheet describes the basic terms of the proposed purchase and sale of TDR between Buyer and Seller. Any binding commitment by the Buyer to buy TDR will be made only after City Council approval by ordinance and upon signing of a definitive purchase and sale agreement (the “Agreement”). The Agreement is intended to include the following terms:

1. **Sending Lot.** Seller is the owner of Scargo Hotel, a 3 story residential building located at 2209 1st Avenue in Downtown Seattle’s Belltown neighborhood, and also owns the lot on which Scargo Hotel is located (“Sending Lot”).
2. **Renovation; TDR Agreement.** Seller shall complete the substantial renovation of Scargo Hotel, currently underway, which shall preserve 47 extremely low-income housing units and create secured entry, community and social service spaces for the benefit of residents. Seller will also enter into a TDR Agreement with The City of Seattle consistent with SMC 23.49.014.
3. **TDR Available.** Seller represents that the Sending Lot has 3,900 square feet of transferable development rights (“TDR”) in accordance with the City’s Land Use Code.
4. **Purchase and Sale of TDR.** Seller shall sell and Buyer shall buy up to 3,900 square feet of Housing TDR, as defined in SMC Chapter 23.84A, from the Sending Lot.
5. **Seller Warranties.** Seller will represent and warrant to Buyer that, as of the date of execution of the Agreement and as of the closing of the sale:

Seller is the owner of the Sending Lot, subject to no liens or encumbrances except as set forth on the policy of title insurance issued to Buyer in connection with Buyer’s 2009 loan to Seller secured by the Sending Lot, and any others approved in writing by Buyer.

The sale of the TDR has been duly authorized by all necessary corporate action of Seller.

6. **Purchase Price.** Buyer agrees to pay a purchase price of \$15.00 per square foot for Housing TDR.

7. **Transfer of Title/Closing.**

7.1 The closing date shall be the date that title is transferred from Seller to Buyer (the “Closing Date”). There shall be a single Closing Date, which shall be specified by Buyer



at least ten (10) days prior to the Closing Date. If so required by Buyer, the sale shall be closed by a licensed escrow agent. Seller shall demonstrate to the satisfaction of Buyer that it has satisfied all conditions to transfer of Housing TDR, and the amount of TDR available for transfer, not later than September 30, 2010.

7.2 Buyer shall pay all cash at closing in the amount of the purchase price applicable to the transaction.

7.3 On the Closing Date, Seller shall execute and cause to be recorded, and instruct the County recording officer to deliver to Buyer, a statutory warranty deed for the Housing TDR.

7.4 Costs of recording, real estate excise taxes and escrow fees, if applicable, shall be paid by Seller from proceeds of the TDR sale.

8. Title and Title Insurance.

8.1 Seller shall demonstrate to the satisfaction of the Buyer that the TDR sold are not subject to any liens, encumbrances, options or rights of first refusal, or defects in title, but Seller shall not be required to provide or pay for title insurance.

8.2 Buyer may obtain title insurance or title reports at Buyer's own expense. Buyer shall provide a copy of any title report of commitment to Seller, promptly upon receipt. Buyer understands that title insurance for TDR may not be available or may contain non-standard exceptions and exclusions.

9. Use of TDR Proceeds.

9.1 Buyer shall use proceeds of Housing TDR sale for rehabilitation costs consistent with the Scargo Hotel Development Budget, to be included as an attachment to the TDR Agreement with The City of Seattle.

Laura Hewitt Walker/LHW
OH Scargo Hotel TDR ORD – Attachment B
June 3, 2010
Version #1
After recording, return to:

Laura Hewitt Walker
City of Seattle, Office of Housing
700 5th Avenue, #5700
PO Box 94725
Seattle, WA 98124-4725

STATUTORY WARRANTY DEED—DEVELOPMENT RIGHTS

Reference numbers of related documents: Not applicable.

Grantor: Plymouth Housing Group, a Washington nonprofit corporation

Grantee: The City of Seattle, a Washington municipal corporation

Legal Descriptions:

1. Abbreviated form

TDR Sending Lot: Lot 10, Block 40, Volume 1 of Plats, page(s) 99, in King County, Washington.

2. Additional legal description is on pages 1-2 below.

Assessor's Property Tax Parcel Account Number(s):

TDR Sending Lot: 197720-0610-05

The Grantor, PLYMOUTH HOUSING GROUP, a Washington nonprofit corporation, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, conveys and warrants to Grantee, THE CITY OF SEATTLE, a Washington municipal corporation, 3,900 square feet of Transferable Development Rights ("TDR"), pursuant to Seattle Municipal Code ("SMC") Chapter 23.49 from the real property in Seattle, King County, Washington, on which there is located a housing structure known as "Scargo Hotel", legally described as follows:



Laura Hewitt Walker/LHW
OH Scargo Hotel TDR ORD – Attachment B
June 3, 2010
Version #1

LOT 10 IN BLOCK 40, ADDITION TO THE TOWN OF SEATTLE AS LAID OUT BY A.A. DENNY (COMMONLY KNOWN AS A.A. DENNY'S 6TH ADDITION TO THE CITY OF SEATTLE), ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 99, RECORDS OF KING COUNTY, WASHINGTON;

EXCEPT THE EASTERLY 9 FEET THEREOF CONDEMNED IN DISTRICT COURT CAUSE 7092 FOR THE WIDENING OF 1ST AVENUE, AS PROVIDED BY ORDINANCE NUMBER(S) 9311 AND 1107 OF THE CITY OF SEATTLE.

This conveyance is made in accordance with the terms of that certain TDR Purchase and Sale Agreement between Grantor and Grantee, dated _____, 2010, the terms of which are not merged into this Deed and survive the delivery of this Deed to Grantee to the extent provided in such Agreement. The rights of Grantor and its successors and assigns to develop and use floor area on the above property are restricted in perpetuity as a result of this conveyance, pursuant to the TDR Agreement recorded under King County recording no. _____ and SMC Chapter 23.49.

Dated this _____ day of _____, 2010.

GRANTOR

Plymouth Housing Group

By _____

Print Name: Paul Lambros

Title: Executive Director

[acknowledgments follow]



ACKNOWLEDGMENT



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Housing	Laura Hewitt Walker 4-0429	Amanda Allen 4-8894

Legislation Title:

AN ORDINANCE relating to transferable development rights ("TDR"); authorizing The City of Seattle to purchase TDR from a lot at 2209 1st Avenue in Seattle; and authorizing related agreements and acceptance of a deed.

• **Summary of the Legislation:**

This legislation authorizes the City to purchase 3,900 square feet of Housing TDR certified for the Scargo Hotel lot located at 2209 1st Avenue in Belltown. Sales proceeds (negotiated by OH: \$15.00 per s.f. of TDR x 3,900 s.f. = \$58,500) will be used by the owner of the Scargo Hotel, Plymouth Housing Group, toward the estimated \$486,620, of the \$4,076,729 million total budget that the agency is fundraising for the substantial rehabilitation project. Renovation and re-design of the Scargo Hotel will preserve 47 units of housing that will remain affordable for another 50 years for people with incomes less than 30% of the area median income.

• **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The Office of Housing has existing and continuing appropriation authority in Subfund 16430 to expend TDR funds as approved by this ordinance. The Council appropriated \$40,227,072, in the 2010 Adopted Budget for the Low Income Housing Fund, of which \$4 million was for contingent Bonus/TDR authority in Subfund 16430.

• *Please check one of the following:*

☐ **This legislation does not have any financial implications.** *(Stop here and delete the remainder of this document prior to saving and printing.)*

☒ **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

• **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)*

There is no financial cost to the City of not implementing the legislation. Plymouth Housing Group plans to fund a portion of the Scargo Hotel renovation with TDR sale proceeds. If City Council does not authorize the City to purchase TDR certified for this building, then Plymouth will need to (1) try to sell the TDR to a private commercial developer (if timing does not work they might need a bridge loan from the City or bank); or (2) increase their Building Hope Capital

Campaign contribution.

- **Does this legislation affect any departments besides the originating department?** *If so, please list the affected department(s), the nature of the impact (financial, operational, etc.), and indicate which staff members in the other department(s) are aware of this Bill.*

No.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*

See above.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*

No.

- **Other Issues** *(including long-term implications of the legislation):* N/A

- **List attachments to the fiscal note below:** *(Please include headers with version numbers on all attachments, as well footers with the document's name (e.g., DOF Property Tax Fisc Att A)*

N/A



City of Seattle
Office of the Mayor

June 22, 2010

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor


Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that would authorize the City to purchase 3,900 square feet of Housing transferable development rights (TDR) from Plymouth Housing Group. The courts recognize development rights as real property and, as such, terms of proposed purchases by the City of Seattle require City Council approval.

The attached legislation reflects City purchase of the TDR at \$15.00 per square foot. The City's TDR Bank will hold the TDR for future re-sale under the Downtown TDR Program. Plymouth Housing Group will combine proceeds of the TDR sale with other public and private funds to complete a \$4 million substantial rehabilitation of the Scargo Hotel. Renovation and re-design of the Scargo Hotel will preserve 47 units of housing that will remain affordable for another 50 years for people with incomes less than 30% of the area median income.

Thank you for your consideration of this legislation. This is an excellent opportunity for a building owner to use the City's TDR Bank program, given the site's relatively small amount of certified TDR and the weak commercial development market. Should you have questions, please contact Rick Hooper at 684-0338 or Laura Hewitt Walker at 684-0429.

Sincerely,



Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

