

Ordinance No. 122317

Council Bill No. 115797

AN ORDINANCE relating to transferable development rights; authorizing the sale by the City of transferable development rights acquired from low-income housing sites to a developer of a project at 2001 8th Avenue; and authorizing related agreements and a deed.

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Steinbrueck

Councilmember

Passed 2-0
PS, SC

Committee Action:

FC 12/11/06 PASSED 9-0

CF No. _____

Date Introduced:	12-4-06	
Date 1st Referred:	To: (committee)	Urban Development + Planning
Date Re - Referred:	12-4-06	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	9/12/11/06	
Date Presented to Mayor:	Date Approved:	12-21-06
Date Returned to City Clerk:	Date Published:	3
Date Vetted by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

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

Law Department

Law Dept. Review OMP Review City Clerk Review Electronic Copy Loaded Indexed 12-21-06 EC

ORDINANCE 122317

AN ORDINANCE relating to transferable development rights; authorizing the sale by the City of transferable development rights acquired from low-income housing sites to a developer of a project at 2001 8th Avenue; and authorizing related agreements and 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, by Ordinance 114029, as amended, the City has established a "TDR Bank" and authorized the Director of the Office of Housing ("Housing Director"), as the successor to the housing functions of the former Department of Housing and Human Services, to negotiate the sale of transferable development rights ("TDR") obtained by the City from such low-income housing sites ("Housing TDR"); and

WHEREAS, pursuant to Ordinance 122001, the City acquired 26,704 square feet of Housing TDR from a low-income housing site known as Haddon Hall and 26,704 square feet of such TDR has not been sold to date; and

WHEREAS, pursuant to Ordinance 120389, the City acquired 32,155 square feet of Housing TDR from a low-income housing site known as International District Village Square I and 32,155 square feet of such TDR has not been sold to date; and

WHEREAS, the developer of a hotel expansion project has offered to purchase up to 58,859 square feet of Housing TDR for use in accordance with the City's Land Use Code; the Housing Director has negotiated the terms of sale; and the Mayor has recommended that the negotiated terms be accepted; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Housing Director is authorized, for and on behalf of The City of Seattle, to execute, deliver, perform, administer, and enforce an agreement for the sale of up to Fifty-Eight Thousand Eight Hundred and Fifty-Nine (58,859) square feet of Housing TDR based on the terms set forth in Exhibit A to this Ordinance, with such additional terms and conditions and such modifications, other than reduction in price, as the Housing Director shall find to be



1 appropriate to effect the intent of this ordinance (“Agreement”). The Housing TDR to be sold
2 derive from the properties described on Exhibit B to this Ordinance. Upon performance by the
3 buyer in accordance with the terms of the Agreement, the Housing Director is further authorized
4 to execute and deliver a deed to the TDR sold, substantially in the form of Exhibit B to this
5 Ordinance; provided, that if consistent with the Agreement the Buyer elects to acquire less than
6 the full amount of TDR authorized, then the Housing Director is authorized to deliver a deed for
7 the lesser amount. The proceeds of sale of the Housing TDR shall be deposited in the
8 TDR/Mitigation Subfund (16430).
9

10 Section 2. The Housing Director or her designee is hereby authorized, for and on behalf
11 of the City, to negotiate, execute, deliver, record, accept, modify, perform, and administer, as
12 appropriate, any additional documents that may be contemplated by the Agreement or that may
13 be necessary or appropriate to implement the intent of the Agreement or this Ordinance.
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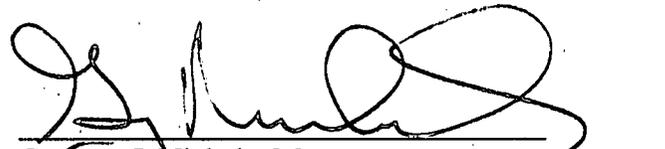
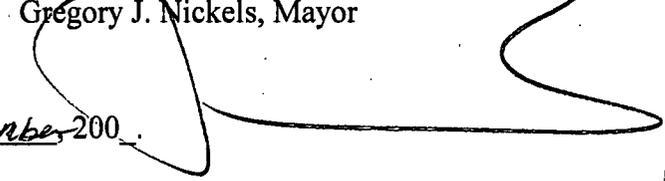


1 Section 3. This ordinance shall take effect and be in force thirty (30) days from and after
2 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
3 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

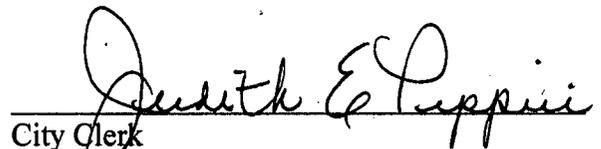
4 Passed by the City Council the 11th day of December, 2006 and signed by me in open
5 session in authentication of its passage this 11th day of December, 2006.

7
8 
9 President _____ of the City Council

10 Approved by me this 21st day of December, 2006

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12 
13 Gregory J. Nickels, Mayor
14
15 

16 Filed by me this 21st day of December, 2006.

17
18 
19 City Clerk

20 (Seal)

21 Exhibits:

- 22 A. Term Sheet
23
24 B. Form of Special Warranty Deed – Development Rights
25
26
27





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

November 21, 2006

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

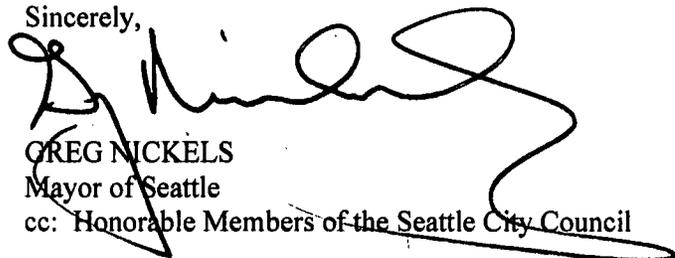
Dear Council President Licata:

I am pleased to transmit the attached proposed Council Bill that authorizes the sale of up to 58,859 square feet of Housing Transferable Development Rights (TDR) to Touchstone West 8th Building LLC. This sale is expected to generate up to \$1,177,180 for future preservation of low-income housing in downtown Seattle.

Touchstone West 8th Building LLC is the developer of a 27-story office tower at the corner of 8th Avenue and Virginia Street. The new development will include approximately 497,000 square feet of administrative office, 32,000 square feet of ground floor retail, and 452 stalls of below grade parking, including some short term parking. Touchstone has submitted a proposal to the City for Housing TDR to qualify for permits to build approximately 307,000 square feet of floor area above the base amount permitted by the Land Use Code. The purchase of TDR from the City's TDR Bank, which is one part of that proposal, is described in more detail in the fiscal note accompanying this legislation. Touchstone must fulfill TDR and other related conditions prior to the City's issuance of the structural building permit.

It is critical that we balance additional commercial growth in downtown Seattle with the preservation of low-income housing, landmark buildings, and open space. The TDR Program is an important feature of Seattle's Land Use Code that helps to provide such a balance, while offering long-term benefits for Seattle's residents. Thank you for your consideration of this legislation. Should you have questions, please contact Laura Hewitt Walker at the Office of Housing at 684-0429.

Sincerely,



GREG NICKELS
Mayor of Seattle
cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E:mail: mayors.office@seattle.gov

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



TERM SHEET

SALE OF TDR BY THE CITY OF SEATTLE (hereafter "Seller")
TO _____ (hereafter "Buyer")

RECITALS

WHEREAS, Buyer intends to construct a 27 story office tower containing approximately 497,000 gross square feet of floor area including parking at 2001 8th Avenue (the "Project"); and

WHEREAS, the Project would involve floor area exceeding the base floor area ratio ("FAR") allowed in the Downtown Office Core 2 ("DOC-2") zone; and

WHEREAS, the City of Seattle Land Use Code allows developers to obtain floor area above the base FAR by use of various bonuses and by transferring development rights from other sites under certain conditions; and

WHEREAS, Seller currently owns at least 58,859 square feet of transferable development rights ("TDR") from a low-income housing site or sites ("Housing TDR");

NOW THEREFORE, this term sheet describes the basic terms of the proposed purchase and sale of TDR between Buyer and Seller. Any binding commitment by the City to sell 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. **Purchase and Sale of TDR.** Seller shall sell and Buyer shall buy up to 58,859 square feet of Housing TDR.
2. **TDR Warranties.** Seller represents and warrants to Buyer that, as of the date of execution of the Agreement:

Seller is the owner of the TDR described in Section 1 above; and

Subject to compliance by the Buyer with all applicable conditions to the use of TDR under the Land Use Code, and subject to all other applicable laws, regulations, ordinances and permits that affect the Project, the TDR are usable for the Project under the City of Seattle Land Use Code, as in effect on the date of the Agreement, to achieve floor area exceeding the base FAR in the DOC-2 zone. Buyer understands that applicable conditions include, without limitation, maximum limits on chargeable FAR and limits on the percentage of additional FAR that may be achieved through Housing TDR, alone or in combination with certain bonuses.

3. **Purchase Price.** Buyer agrees to pay a purchase price of \$20.00 per square foot for Housing TDR.



4. Transfer of Title/Closing.

4.1 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. Buyer shall specify at least ten (10) days and no more than fifteen (15) days prior to the Closing Date the amount of Housing TDR to be purchased and the desired Closing Date, which shall be in any event no later than June 30, 2007, unless such date shall be extended in the discretion of the Housing Director subject to such terms as the Housing Director may require. Upon giving such notice, Buyer shall then be obligated to buy the amount specified on the specified date. Buyer shall have no right or obligation to buy any Housing TDR above such amount. The foregoing notwithstanding, at any time after March 31, 2007, if Buyer shall not have given notice to set a Closing Date, the Seller may give written notice of intent to terminate this Agreement, which notice shall take effect in fifteen (15) days unless Buyer shall have given written notice of the amount of TDR to be purchased and the Closing Date as specified above.

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

4.3 On the Closing Date, upon receipt of full payment in immediately available funds, Seller shall execute and cause to be recorded, and instruct the County recording officer to deliver to Buyer, one or more special warranty deed(s) for the Housing TDR referenced in Section 1 above.

4.4 Buyer shall pay all costs of recording and, if Buyer requires an escrow, all fees and costs of the escrow agent.

5. Title Insurance.

5.1 Seller shall not be required to provide or pay for title insurance.

5.2 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.



After recording, return to:

G. Richard Hill
McCullough Hill, PS
701 5th Avenue, Suite 7220
Seattle, WA 98104

**FORM OF
SPECIAL WARRANTY DEED—DEVELOPMENT RIGHTS**

Reference numbers of related documents: Not applicable.

Grantor: The City of Seattle, a Washington municipal corporation

Grantee: _____, a Washington _____

Legal Descriptions:

1. Abbreviated forms

TDR Sending Lot

(a) TDR from LOTS 1-8, BLK 3; TERRY'S 5TH ADD, VOL 2, PG 55.

(b) TDR from LOT 6, BLK 46, DENNY'S 6TH ADD, VOL 1, PG 99.

[Receiving site information to be included if applicable]

TDR Receiving Lot

(c) LOTS 7-12, BLK 13, HEIRS OF SARAH A. BELL'S ADD., VOL. 1, P. 103.

2. Additional legal descriptions are on pages 2-3 below.

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

TDR Sending Lots

a) Not applicable, development rights only, previously severed.

b) Not applicable, development rights only, previously severed.

TDR Receiving Lot

(c) 0659000750, 0659000755, 0659000770



The Grantor, THE CITY OF SEATTLE, a Washington municipal corporation, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, bargains, sells and conveys to Grantee, _____, a Washington _____, the following amounts of Transferable Development Rights ("TDR") pursuant to Seattle Municipal Code Chapter 23.49:

[The final deed may include TDR from any or all of the properties in (a) through (b) below, and may include different amounts up to the respective figures in (a) through (b).]

(a) Thirty-Two Thousand One Hundred Fifty-Five (32,155) square feet of TDR previously conveyed to Grantor under deed recorded under King County Recording No. 20010830000899, from the real property on which there is located a housing structure known as the "International District Village Square I," legally described as follows:

LOTS 1 TO 8, INCLUSIVE, BLOCK 3, TERRY'S 5TH ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGE 55, IN KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 12 FEET OF SAID LOTS 6, 7, AND 8, CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 52652 FOR WIDENING OF DEARBORN STREET AS PROVIDED BY ORDINANCE NUMBER 13320 OF THE CITY OF SEATTLE;

AND EXCEPT THE EAST 112 FEET THEREOF CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 600725 FOR PRIMARY STATE HIGHWAY 1.

and

(b) Twenty-six Thousand Seven Hundred Four (26,704) square feet of TDR previously conveyed to Grantor under deed recorded under King County Recording No. 20060411002328, from the real property on which there is located a housing structure known as the "Haddon Hall," legally described as follows:

LOT 6, BLOCK 46, ADDITION TO THE CITY OF SEATTLE AS LAID OFF 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, IN KING COUNTY, WASHINGTON;

EXCEPT THE NORTHEASTERLY 12 FEET THEREOF CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NUMBER 52230 FOR WIDENING THIRD AVENUE, AS PROVIDED BY ORDINANCE NUMBER 13776 OF THE CITY OF SEATTLE.



This conveyance is made in accordance with the terms of that certain Agreement for Purchase and Sale of Transferable Development Rights between Grantor and Grantee, dated _____, 200_, 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 Grantor covenants that it will forever warrant and defend title to the TDR conveyed hereunder against all persons lawfully claiming or to claim the same TDR by, through or under Grantor. Grantor hereby expressly limits the covenants and warranties of this deed to those herein expressed, and does hereby exclude all covenants and warranties arising or to arise by statutory or other implication.

[The final deed may include the language below.]

The undersigned Grantee hereby designates the following described property, located at 2001 8th Avenue, Seattle, Washington, as the receiving lot for all of the above TDR, for purposes of Seattle Municipal Code Ch. 23.49:

PARCEL A: LOTS 7 AND 8 IN BLOCK 13 OF HEIRS OF SARAH A BELL'S ADDITION TO THE CITY OF SEATTLE, ACCORDING TO PLAT RECORDED IN VOLUME 1 OF PLATS AT PAGE 103, IN KING COUNTY, WASHINGTON. SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL B: LOTS 9 AND 10 IN BLOCK 13 OF HEIRS OF SARAH A. BELL'S ADDITION TO THE CITY OF SEATTLE, ACCORDING TO PLAT RECORDED IN VOLUME 1 OF PLATS AT PAGE 103, IN KING COUNTY, WASHINGTON. SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL C: LOTS 11 AND 12 IN BLOCK 13 OF ADDITION TO THE TOWN OF SEATTLE AS LAID OFF BY THE HEIRS OF SARAH A. BELL, DECEASED (COMMONLY KNOWN AS HEIRS OF SARAH A. BELL'S ADDITION TO THE CITY OF SEATTLE), ACCORDING TO PLAT RECORDED IN VOLUME 1 OF PLATS AT PAGE 103, IN KING COUNTY, WASHINGTON. SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

Pursuant to SMC Section 23.49.014D2, notice is hereby given by Grantee that (intentionally left blank) square feet of the above TDR are intended to be used for a project on the above receiving lot that received a Master Use Permit issued by the Seattle Department of Planning and Development under Project No. 3003439 and, therefore, are not available for retransfer unless such project shall be abandoned, except to the extent that such project may be modified to require fewer than all the TDR conveyed hereunder, as determined by such Department.

Dated this _____ day of _____, 200_.



GRANTOR: THE CITY OF SEATTLE

By _____
Adrienne Quinn
Director, Office of Housing

GRANTEE: _____, a Washington _____;

By _____

[acknowledgments follow]



ACKNOWLEDGMENT

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On this _____ day of _____, 200_ before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me personally known (or proven on the basis of satisfactory evidence) to be the authorized representative of _____, a Washington _____, the party that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said general partnership for the uses and purposes therein mentioned, and on oath stated that (s)he was authorized to execute the said instrument.

WITNESS my hand and seal hereto affixed the day and year in this certificate above written.

Print Name _____
NOTARY PUBLIC in and for the State
of Washington, residing at _____
My commission expires _____

(seal or stamp)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Housing	Laura Hewitt Walker 4-0429	Kristi Beattie 4-5266

Legislation Title:

AN ORDINANCE relating to transferable development rights; authorizing the sale by the City of transferable development rights acquired from low-income housing sites to a developer of a project at 2001 8th Avenue; and authorizing related agreements and a deed.

• **Summary of the Legislation:**

This legislation authorizes the City to sell up to 58,859 square feet of Housing TDR to the developer (TouchstoneWest 8th Building LLC) of a 27-story office building at 2001 8th Avenue (8th & Virginia).

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

Ordinance 114029 (adopted in 1988), as amended, created the City of Seattle TDR Bank and authorized the purchase and sale of TDR from certain housing sites to finance the preservation of low-income housing in Downtown. The TDR Bank currently holds 58,859 square feet of Housing TDR.

This Council Bill authorizes the sale of up to 58,859 square feet of Housing TDR. The buyer is the developer of an office tower in the Denny Triangle neighborhood. The office tower will include nearly 500,000 square feet of administrative office, 32,000 of ground floor retail, and approximately 450 long- and short-term parking spaces. The site is zoned Downtown Office Core 2 (DOC-2/500'). The developer needs roughly 307,000 square feet of additional floor area (beyond what is allowed outright in the code) and, in accordance with the Land Use Code, has proposed to achieve this in part by purchasing approximately 58,859 square feet. Housing TDR from the City of Seattle.

This Council Bill relates to the Housing TDR that the developer plans to purchase from the City, which is estimated to be 58,859 square feet at a price of \$20.00 per square foot resulting in projected revenues of up to \$1,177,180. The OH Director has deemed this to be a fair price.



- *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.)*

No appropriation or expenditure authority is requested in this Ordinance. The financial implications of projected revenues of up to \$1,177,180 and corresponding appropriation authority will be addressed as part of future supplemental budget legislation.

State of Washington, King County

City of Seattle

ORDINANCE 122317

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WHEREAS, by Ordinance 114029, as amended, the City has established a "TDR Bank" and authorized the Director of the Office of Housing ("Housing Director"), as the successor to the housing functions of the former Department of Housing and Human Services, to negotiate the sale of transferable development rights ("TDR") obtained by the City from such low-income housing sites ("Housing TDR"); and

WHEREAS, pursuant to Ordinance 122001, the City acquired 26,704 square feet of Housing TDR from a low-income housing site known as Haddon Hall and 26,704 square feet of such TDR has not been sold to date; and

WHEREAS, pursuant to Ordinance 120389, the City acquired 32,155 square feet of Housing TDR from a low-income housing site known as International District Village Square I and 32,155 square feet of such TDR has not been sold to date; and

WHEREAS, the developer of a hotel expansion project has offered to purchase up to 58,859 square feet of Housing TDR for use in accordance with the City's Land Use Code; the Housing Director has negotiated the terms of sale; and the Mayor has recommended that the negotiated terms be accepted; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Housing Director is authorized, for and on behalf of The City of Seattle, to execute, deliver, perform, administer, and enforce an agreement for the sale of up to Fifty-Eight Thousand Eight Hundred and Fifty-Nine (58,859) square feet of Housing TDR based on the terms set forth in Exhibit A to this Ordinance, with such additional terms and conditions and such modifications, other than reduction in price, as the Housing Director shall find to be appropriate to effect the intent of this ordinance ("Agreement"). The Housing TDR to be sold derive from the properties described on Exhibit B to this Ordinance. Upon performance by the buyer in accordance with the terms of the Agreement, the Housing Director is further authorized to execute and deliver a deed to the TDR sold, substantially in the form of Exhibit B to this Ordinance; provided, that if consistent with the Agreement the Buyer elects to acquire less than the full amount of TDR authorized, then the Housing Director is authorized to deliver a deed for the lesser amount. The proceeds of sale of the Housing TDR shall be deposited in the TDR/Mitigation Subfund (16430).

Section 2. The Housing Director or her designee is hereby authorized, for and on behalf of the City, to negotiate, execute, deliver, record, accept, modify, perform, and administer, as appropriate, any additional documents that may be contemplated by the Agreement or that may be necessary or appropriate to implement the intent of the Agreement or this Ordinance.

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 11th day of December, 2006, and signed by me in open session in authentication of its passage this 11th day of December, 2006.

NICK LICATA,

President of the City Council.

Approved by me this 21st day of December, 2006.

GREGORY J. NICKELS,

Mayor.

Filed by me this 21st day of December, 2006.

(Seal) JUDITH E. PIPPIN,

City Clerk.

Exhibits:

A. Term Sheet

B. Form of Special Warranty Deed - Development Rights

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, December 28, 2006.

12/28/200611

1. Eating and drinking establishments meeting the criteria of subsection (E) E2 Section 23.60.600,
2. Marine ~~(retail)~~ sales and services,
3. ~~General ((Personal and household retail))~~ sales and service uses,
4. Entertainment uses, and
5. Custom and craft work;
C. Non-water-dependent commercial use on historic ships:
1. The following uses may be permitted on an historic ship when meeting the criteria in subsection C2 below:
a. Sale and rental of small boats, boat parts ~~((or))~~ and accessories,
b. ~~((Personal and household retail))~~ General sales and services,
c. Major durables retail sales, and
~~((e))~~ d. Eating and drinking establishments ~~((s))~~,
2. a. The ship is designated as historic by the Landmarks Preservation Board or listed on the National Register of Historic Places.