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CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL 117605

AN ORDINANCE relating to the Sand Point Overlay District, amending Seattle Municipal Code Section 23.72.010 to exempt dwelling units established in the Lowrise 3 zone within a contributing building in the Naval Station Puget Sound Sand Point Historic District from the 200 dwelling unit maximum for the Sand Point Overlay District.

WHEREAS, in 1997 the City Council passed Ordinance 118624 to implement the Sand Point Amendments to the City's Comprehensive Plan and create the Sand Point Overlay District; and

WHEREAS, in 1997 the City Council passed Ordinance 118794 creating subarea boundaries and designating certain allowable land uses within the Sand Point Overlay District; and

WHEREAS, in 2003 the City Council passed Ordinance 121145 amending the allowable land uses in Sand Point Overlay District Subarea B; and

WHEREAS, in 2008 the City Council passed Ordinance 122829 modifying the subarea boundaries and permitted uses within the Sand Point Overlay District; and

WHEREAS, by Ordinance 123267 in 2010 the City amended the "Sand Point Amendments" to the City's Comprehensive Plan to add a policy LU 6.5, to allow residential uses in Building 9 and permit limited commercial uses in portions of this existing building that are not suitable for residential use, as a way to use the space efficiently and to generate revenue that can reduce the cost of the housing provided; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection C of Section 23.72.010 of the Seattle Municipal Code is amended as follows:

23.72.010 Development standards((=))

* * *

C. Density. A maximum of ~~((two hundred ()))~~200~~((=))~~ dwelling units may be established within the boundaries of the Sand Point Overlay District. Residential uses provided by the University of Washington, and dwelling units established by Master Use Permit after December

1 1, 2012 in the LR3 zone, located within Subarea C of Map A of Section 23.72.004 and within a
2 structure identified on Map B for 23.72.004 as a contributing building in the Naval Station Puget
3 Sound Sand Point Historic District, do ((shall)) not count toward the maximum site density
4 established in this subsection 23.72.010.C.

5 * * *

6 Section 2. This ordinance shall take effect and be in force 30 days after its approval by
7 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
8 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

9 Passed by the City Council the ____ day of _____, 2012, and
10 signed by me in open session in authentication of its passage this
11 ____ day of _____, 2012.

12 _____
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14 President _____ of the City Council

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16 Approved by me this ____ day of _____, 2012.

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19 Michael McGinn, Mayor

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21 Filed by me this ____ day of _____, 2012.

22 _____
23
24 Monica Martinez Simmons, City Clerk

25 (Seal)

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Housing/ Planning & Development	Ryan Curren/4-0362	Jeanette Blankenship/5-0087

Legislation Title:

AN ORDINANCE relating to the Sand Point Overlay District, amending Seattle Municipal Code Section 23.72.010 to exempt dwelling units established in the Lowrise 3 zone within a contributing building in the Naval Station Puget Sound Sand Point Historic District from the 200 dwelling unit maximum for the Sand Point Overlay District.

• **Summary of the Legislation:**

The Seattle Office of Housing is proposing to exempt Building 9 from the 200 dwelling unit maximum established for the Sand Point Overlay District (the boundaries of the overlay are shown on the attached map) as enacted by Ordinance 122829.

• **Background:**

The Seattle Office of Housing and the Department of Planning and Development (DPD) are proposing amendments to the Land Use Code to assist the continued redevelopment of the former naval base at Sand Point. Development within the western portion of the former naval station is regulated by the provisions of the Sand Point Overlay District, created in 1997, and by the underlying Single Family and Lowrise zoning to the extent not superseded by Overlay District provisions. This amendment is related to Subarea C of the Sand Point Overlay District which has an underlying Lowrise 3 zoning designation.

The current dwelling unit maximum in the Overlay District does not allow for the financially feasible redevelopment of Building 9 in Subarea C. Housing will allow more revenue to be generated from the redevelopment of Building 9.

X This legislation does not have any financial implications.

Other Implications:

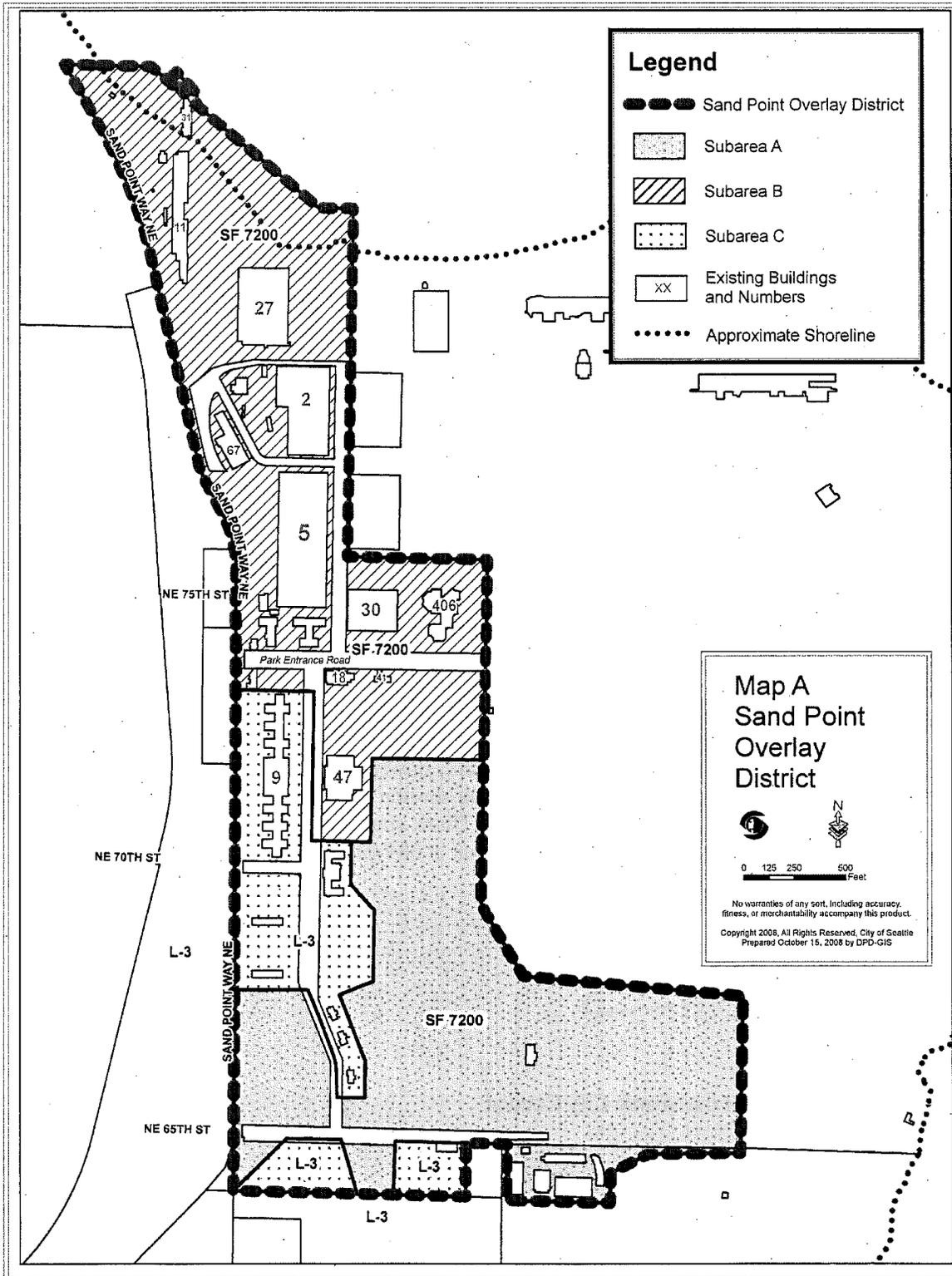
- a) **Does the legislation have indirect financial implications, or long-term implications?**
The legislation is likely to enhance the feasibility and cost-effectiveness of renovating Building 9, an important defining structure of the Naval Station Puget Sound Sand Point Historic District. Renovation and activation of this building will require construction with related job growth and economic benefits. Other probable effects would include added value in terms of additional housing opportunities, and reinforcement of economic vitality in the city.

- b) What is the financial cost of not implementing the legislation?**
None
- c) Does this legislation affect any departments besides the originating department?**
No. DPD consulted with staff from the Seattle Parks Department. No effects upon Parks are anticipated.
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
No alternatives to proposed Code amendment are identified.
- e) Is a public hearing required for this legislation?**
Yes. At least one public hearing will be held during the City Council's deliberative process.
- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
Notice of the public hearing will be published in the Daily Journal of Commerce.
- g) Does this legislation affect a piece of property?**
Yes, see the attached map.
- h) Other Issues:**
None identified.

List attachments to the fiscal note below:

Attachment A: Map A, Sand Point Overlay District

Map A of Section 23.72.004
 as enacted by Ordinance 122829





City of Seattle
Office of the Mayor

September 25, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that is intended to help achieve our goals for a vibrant reuse of the former naval station at Sand Point. Department staff have been working with the University of Washington and the community to revise the uses that would occupy Building 9, the prominent brick barracks off of Sand Point Way NE. The Bill would exempt Building 9 from the 200 dwelling unit maximum in the Sand Point Overlay District. This exemption will allow Building 9 to be renovated and put back into use as housing.

Building 9, built in 1929 as barracks and administration offices for the Naval Station Puget Sound, was deeded to the University of Washington (UW) in 1999 as part of the Base Realignment and Closure Act to be developed for education and community services with a wide range of potential uses. The UW explored the feasibility of a number of alternative educational uses, concluding that none worked. Instead, it was determined that housing should be explored. Consultants hired to consider housing determined that housing uses are feasible. The UW is asking the City to make changes to the Sand Point Overlay District necessary for Building 9 to be renovated for housing use.

For over a decade this historic building has stood vacant, slowly deteriorating and becoming a target for criminal activities. Putting Building 9 back into use as housing will preserve this historic building and contribute positively to the surrounding community. Thank you for your consideration of this legislation. Should you have questions, please contact Ryan Curren at 684-0362.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

DEPARTMENT OF PLANNING AND DEVELOPMENT

DIRECTOR'S REPORT

Sand Point Overlay District and Physical Development Management Plan Legislation

Proposal

The proposed amendment is to allow the renovation and use of Building 9 as housing without income restrictions or institutional relationship requirements, in order to preserve and efficiently use this historic building. The Land Use Code amendment would exempt housing in a historic-contributing structure.

The proposal would accomplish the following:

1. Amend the Sand Point Physical Development Management Plan (PDMP), by resolution, to remove language that mandates education-related purposes and/or “workforce housing,” in order to allow Building 9 to be developed as housing without income restriction or relationship to educational institutional purposes, e.g., for market-rate housing.
2. Amend the Sand Point Overlay District (Chapter 23.72 of the Land Use Code), to exempt dwelling units built within a formally-designated contributing structure located in the Naval Station Puget Sound Sand Point Historic District, from counting toward a housing maximum amount that is established for the Sand Point Overlay District by Section 23.72.010.C.

Background

Building 9 is a large, vacant former barracks located near Sand Point Way just south of the main entrance to the Sand Point complex. When the federal government turned over Sand Point to the City, Building 9 was deeded to the University of Washington (UW), and the federal Department of Education mandated its use for educational purposes. Since acquiring the building in 1999, the UW has evaluated various educational uses and concluded none are feasible due to the costs associated with necessary and extensive rehabilitation.

In 2008, the UW and Seattle Office of Housing commissioned a study exploring feasibility of housing that includes recommendations for the following mix of uses to create a feasible project:

- Workforce housing;
- Public storage that would make productive use of a very large basement area; and
- Small commercial use on the first floor.

The Seattle Office of Housing conducted a series of community meetings in 2009 to present results of the feasibility study and seek public input. Community members were supportive of

the proposed reuse of the building. They felt that an active use ensures the future of Building 9 as a contributing building to the historic district.

Changes to the Comprehensive Plan to allow housing and limited commercial use at Building 9 were completed in the 2010 Comprehensive Plan amendments adopted by Council.

A 2010 resolution (#31223) amended the PDMP to allow Building 9 to be developed as workforce housing with some limited commercial use in the basement and mid-section of the first floor. The UW hired Spectrum Development Solutions to oversee a development process to begin with an update of the feasibility analysis and the management of a RFQ process. Spectrum's analysis identified market-rate housing as the most viable development scenario. An RFQ was released in March 2012. An Oregon based developer, Gerding Edlen, submitted the only viable proposal for redevelopment of Building 9 as market-rate housing.

The UW and City staff met with the Magnuson Park Advisory Committee in December 2011. This development scenario was well received because their top concern is the preservation of this historic building. Gerding Edlen is continuing to conduct due diligence on the site and held a community meeting on August 29, 2012.

The terms of the property deed from the federal government require educational use of Building 9, or the UW can apply for "abrogation" which would remove the federal use restrictions. UW initiated the process for abrogation last year, with preliminary approval by the U.S. Department of Education (DoE) and U.S. Navy. The selected developer, Gerding Edlen, is applying for historic tax credits in order to achieve a financially feasible project, and UW is sequencing completion of the abrogation process with the City's legislative process and with the developer's tax credit application process. When abrogation is complete, the UW will enter into a long-term ground lease with Gerding Edlen.

Analysis

Ordinance 123267 (2010) amended the "Sand Point Amendments" to the City's Comprehensive Plan to add a policy LU 6.5 for Sand Point, to allow residential uses in Building 9 and permit limited commercial uses in portions of this existing building that are not suitable for residential use, as a way to more efficiently use the space and to generate revenue that can reduce the cost of the housing provided.

The PDMP, the plan for managing development in the area, was passed by a 1997 resolution and is legally binding by its reference in the 1997 agreement between the City of Seattle and the UW when the federal government turned its land over to the City. The intended uses of Building 9 stated in the plan are for multi-use educational facility purposes that encompass the possibility of housing associated with educational institutions (including "workforce housing"), educational programs and services, and administrative offices for educational institutions. The proposed Resolution would amend the PDMP language to remove the emphasis on housing for educational institutions in the "principal considerations" for the northern and central portion of the Sand

Point district, and remove the preference for educational uses and “workforce” housing in Building 9. It would establish a preference for housing of any kind in Building 9, and would retain a preference for limited commercial uses for that building.

The Sand Point Overlay District (Seattle Municipal Code 23.72) modifies the underlying zoning in the Sand Point vicinity (see Map A). The District’s statement of purpose indicates the area should be integrated into the city as a multi-purpose regional center that provides opportunities for recreation, education, arts/culture and community activities, increased access to shorelines and natural areas, opportunities for affordable housing and community and social services with a special priority to addressing the needs of homeless families, and expanded opportunity for low-impact economic development.

The Sand Point Overlay District covers the area from Sand Point Way eastward by 1-2 blocks, bordering Magnuson Park which lies immediately to the east. A Historic District defines approximately the first block east of Sand Point Way within the Overlay District. The two-story brick-clad Building 9, built circa 1929, lies within the approximate center of this area, between NE 70th and 74th Streets, and is one of the most prominent built features viewed from Sand Point Way.

Building 9 is within a Lowrise 3 zone, which allows for multifamily residential uses. Other portions of the Overlay District are in Single Family zones. The building resides in Subarea C of the Sand Point Overlay District. There is a maximum residential unit cap of 200 units in the Overlay District, per Land Use Code section 23.72.010.C that exempts only residential uses provided by the University of Washington from the cap. This housing maximum was intended to correlate to the practically achievable development potential for housing that would serve the formerly homeless (such housing purposes are described in “Sand Point Amendments” to the Comprehensive Plan, Policies H1 and LU6). The proposal by Gerding Edlen would include a long-term ground lease to renovate and manage the building, so the UW technically would not be the housing provider.

No significant adverse land use incompatibilities are identified nor other conflicts with Land Use Code provisions in the Sand Point Overlay District. The proposed amendments are consistent with the proposed policy intent to be flexible by accommodating a variety of residential uses in the district including market-rate housing. This will allow for renovation of a large historic-contributing structure in the district that otherwise would likely fall into further disrepair and become a greater health, safety and aesthetic detriment to the area. The proposal would also allow for preservation of the historic-contributing features of Building 9 consistent with the rules for historic-contributing structures.

Recommendation

The proposal responds to the deteriorating conditions of Building 9 by including market-rate housing as a component of a future development project. The proposal includes targeted changes to plans and the Land Use Code that would allow for the proposal to renovate Building 9 for housing to proceed to permit review. The proposal is supported by the community. DPD recommends approval of the proposed amendments.

