



City of Seattle

Office of Housing

June 20, 2012

To: Councilmember Nick Licata
Chair of the Housing, Human Services, Health and Culture committee

From: Rick Hooper, Director of the Office of Housing

Subject: Redevelopment of Fire Station #39

As part of the 2012-2013 Budget process, Seattle City Council issued the Redevelopment of Fire Station 39 Statement of Legislative Intent (SLI 35-1-A-2). This SLI requested that the Executive, with the Department of Finance and Administrative Services (FAS) and the Office of Housing (OH), develop a proposal for the future redevelopment at the site of the old Fire Station (FS) 39 in Lake City to include, at a minimum, long-term housing for low-income or formerly homeless individuals and/or families. The Executive was requested to involve community stakeholders in the development of the proposal for the site. Council stated the proposal may include the provision of services for homeless and/or low income individuals or families. The SLI also stated that the result of this work will be either a Request for Proposal (RFP) or Request for Qualifications (RFQ) for the development of the site, as well as legislation that would authorize the sale or transfer of the property for such development. Lastly, the SLI requested that a strategy for addressing the need to replenish the 2003 Fire Facilities and Emergency Response Levy program, which by current City policy is to receive the proceeds from the sale of FS39, be identified in the plan for sale or transfer of the property.

In response to the SLI, this report provides: (1) background information for the redevelopment of FS39, including the role of different departments; (2) findings from the Needs Assessment conducted by the Office of Housing, Human Services Department (HSD) and Mayor's Office; (3) proposal for a rental housing project for homeless families and families earning less than 30% of median income (\$26,400 for a family of four) and additional onsite programs that can serve the broader neighborhood ; (4) proposed schedule for the site's redevelopment; (5) proposal for disposition of the property through the Office of Housing's Notice of Funding Availability (NOFA) process, and (6) potential budget impacts.

(1) Background for the Redevelopment of FS39 Site

About the Property. The former fire station property is located at 12705 30th Ave. N.E. at the northwest corner of 30th Avenue Northeast and Northeast 127th Street. The property is immediately east of the new Fire Station 39, located at 2806 N.E. 127th St. The parcel is composed of two adjacent platted, rectangular lots totaling 16,835 square feet. The site is relatively flat, with a slight increase in elevation, less than 15 feet, from the southerly third to the northerly portion of the property. The 8,756 square foot building was once a City Hall and library before the City of Seattle annexed the Lake City neighborhood in the 1950s. The building was built in 1949 of wood frame construction with wood, brick and cinder block exterior. The building was vacated in 2010 when the new Fire Station 39 was commissioned. During the winter of 2010-2011, it was used as a temporary cold weather shelter under

lease to the Union Gospel Mission (UGM). UGM closed the cold weather shelter in April 2012; some UGM equipment remains stored at the building under a revocable permit with the City. The site is excess to the needs of the Seattle Fire Department and the FAS now that the new Fire Station 39 is operational.

City Departments involved in redevelopment planning. The following departments are involved in the planning for redeveloping the site as long-term housing, and are responsible for the following activities related to that planning:

- FAS is the City's lead agency in surplus property disposition. FAS adheres to City Council Resolution 30862, adopted Procedures for the Evaluation of the Reuse and Disposal of the City's Real Property. For the former FS39 site, FAS has published a Preliminary Report and Recommendation that recommends the City sell the former FS39 for the development of affordable housing for homeless families and families earning less than 30% of median income and additional onsite programs that can serve the broader neighborhood. The Preliminary Report and Recommendation, which includes a Public Involvement Plan, is included in this response as Attachment A.
- OH assembled data for the Needs Assessment and will be the lead City agency in drafting a RFQ for selecting a project developer. Through OH's administration of the 2009 Housing Levy, OH is anticipated to provide the financing for the housing portion of the site's redevelopment.
- HSD contributed to the Needs Assessment phase and will provide support to OH, as needed, in the selection of the project developer and proposal for use of the ground floor space.
- CBO, with the Mayor's Office, is overseeing the budget aspects related to Fire Station 39. This includes budgeting for the Mayor's commitment of a maximum of \$950,000 in funds for one-time capital costs, and identifying appropriate funds to replenish the Fire Facilities and Emergency Response Levy.

(2) Needs Assessment

At the direction of the Mayor's Office, OH and HSD staff conducted an Needs Assessment intended to gauge the level of need for housing and human services of homeless individuals and families in the Lake City neighborhood. This assessment included:

1. Demographic data from Census and American Community Survey (ACS)
2. Data on homelessness in Seattle
3. Housing Unit Goals under the Seattle King County Ten Year Plan to End Homelessness
4. Total capital investment from City in chronic homeless projects
5. Existing affordable housing projects in Lake City and population types
6. Survey of clients at North Helpline Food Bank
7. Key informant interviews
8. Comments received through FAS's Community Notification on site disposition

The Needs Assessment is attached to this report as Attachment B.

Key Findings. The Needs Assessment takes into account the general need for housing in Seattle and specifically the Lake City neighborhood, the current level of City investment in housing and the constraints in available operating and services funding, information on existing affordable housing projects in the Lake City community, and needs of the neighborhood expressed through survey, interviews, and comments received directly by the City.

Need for Housing in Seattle:

- According to the 2006-2008 American Community Survey reports, 22% of all renter households in Seattle are severely cost burdened, paying more than half of their income for housing. A significant number – 61% – of these households have extremely low-incomes, at or below 30% of median income.¹
- An average rent for a 2 bedroom, 1 bathroom apartment in North Seattle is \$1,030.²
- During the 12-month period from October 1, 2010 through September 31, 2011, there were 463 adults and 678 children (1,141 total) unduplicated individuals who were assisted by emergency shelters for families in Seattle. In the same period of time, 487 adults and 695 children (1,182 total) unduplicated individuals were assisted in transitional housing for families in Seattle.³
- Seattle Public Schools reported 1,139 homeless students in 2009-2010.⁴

Current level of City investment in Housing:

- The City of Seattle is one of the founding partners of the Committee to End Homelessness and a major investor in the Ten-Year Plan to End Homelessness, which includes the King County Initiative to End Family Homelessness.
- As of December 31, 2011, 56% of the goal for providing Family units under the Ten Year Plan in Seattle/King County has been reached: 489 units built or leased out of a goal of 875.
- The Office of Housing Multifamily Rental Program has over 11,000 units across the City of Seattle in its loan portfolio. Over 4,000 units are set-aside for special needs populations. Over 55% of households served are people of color.
- Directly related to Lake City, the Office of Housing has invested in permanent supportive housing projects including: McDermott Place, a 75-unit single adult permanent supportive housing project for chronic homeless adults, opened in 2010; Valor Apartments, a 21-unit single adult permanent supportive housing project for homeless veterans, will open in late 2013.

Affordable Housing specific to the Lake City neighborhood:

- SHA recently completed Lake City Court (not OH funded), a 86-unit building of mostly 2-bedroom apartments without set-asides for homeless families; the building has a site-specific wait list of 777 families as of January 2012
- Of known subsidized housing developments that are larger than 10 units with an identified population, there are 15 units set-aside for homeless families.

Qualitative Data on Perceived Needs in Lake City:

- At the direction of the Mayor's Office, HSD staff conducted a survey of clients of Lake City's North Helpline food bank. The survey was designed to assist the City to learn more about the housing and service needs in Lake City and to inform future uses of the former FS39 site. The survey includes responses from 177 food bank clients. A summary of data findings is listed below:

¹ 2006-2008 American Community Survey Public Use Microdata Sample (PUMS)

² 2012 Dupre + Scott Apartment Advisors, Inc

³

2011 Annual Homeless Assessment Report (AHAR) to the U.S. Department of Housing and Urban Development from Safe Harbors, Homelessness Management Information System.

⁴ <http://schoolhousewa.org/resources/HomelessStudentsKing2-10-11.pdf>

- When asked about perceived needs in Lake City:
 - Majority stated a need for more affordable housing for families (77%) and for single individuals (71%);
 - Many comments supported the need for affordable housing in all neighborhoods; and
 - Two-thirds of participants (67%) stated a need for more shelter in Lake City.
- When asked about the best future use of Old Fire Station #39, 42% of those surveyed chose “Some affordable housing, with space for a shelter.”
- Survey participants were asked to choose between developing more shelter or developing more affordable housing in Lake City. 101 individuals (57%) chose to develop more affordable housing in Lake City, compared to 53 individuals (30%) who believe that funds should be spent on increasing shelter in the neighborhood.
- When asked about current living situation:
 - 115 (65%) reported currently renting. Participants were not asked any specific rental questions; however, of the 115 individuals who self-reported as renters, some shared that they are currently living in Section 8 or other publically subsidized housing, and some shared that they were doubled up with friends or family.
 - 26 (15%) reported their current situation as “Other”; 16 (9%) shared being currently homeless.
- 102 individuals (58%) reported a need for more services in Lake City, the most common being: dental; medical; housing/utility assistance; food assistance; and senior services/services for those with a disability.
- In March, 2012, FAS sent approximately 1,550 neighborhood notices soliciting comments on this excess property via email and U.S. mail to residents and property owners within a 1,000 foot radius of the FS39 property, to community groups in Lake City, and to interested individuals, some of whom attended community meetings in 2011. As of April 4, 2012, FAS received comments from 219 separate individuals.
 - 146 comments support enhanced programming and civic amenities, noting a “critical need for positive, constructive activities” for youth and seniors among diverse populations.
 - A subset of comments (29) were opposed to housing specific to homeless persons

Analysis. The data gathered through the Needs Assessment demonstrates that:

- The need for affordable housing in Seattle is significant;
- In recent years, OH has invested in affordable housing in Lake City for chronic homeless single adults;
- The investment in affordable housing appropriate for families has been less emphasized, although the wait list for the SHA Lake City Court project would indicate that demand for affordable housing for families is robust; the level of demand is corroborated by the qualitative data generated from the HSD Survey of food bank clients;
- Given the constraints in operating and services funding, OH is unlikely to fund more than one permanent supportive housing high-needs project through the 2014 NOFA; and
- A vast majority of the comments received directly by the City from concerned community members requests that the City to consider activating the Fire Station 39 property for civic amenities, especially for youth and seniors.

(3) Proposal for rental housing project affordable at the former FS39 site

The availability of the former Fire Station 39 site presents a unique opportunity for the City to further implement the housing priorities under the City’s Consolidated Plan and Ten Year Plan to End Homelessness. The Needs Assessment data indicate that affordable rental housing for homeless families or families earning 30% of median income or less would help fill a need in the Lake City community that is not served by the market and planned affordable housing projects. Responsive to the views expressed by the community, and due to the zoning of the site, required ground level commercial space is a good opportunity to provide space for a purpose that can serve not only the building residents, but the wider community as a whole.

Current zoning of the site would allow a new construction, 6-story building. Using typical square footage estimates of apartments appropriate for families, the site has the potential to provide up to 60 units.

The proposal intentionally does not define the program for the first floor commercial space or housing model for the proposed residents. The City has one time funding of up to \$950,000 to support development of ground floor services space. However, the City does not have ongoing operational funding to support services provided in this space. As such, the City will, in collaboration with the non-profit housing developer selected to construct the project, work to identify appropriate ground floor services that are compatible with and meet the needs of the households served at the project, while also meeting a broader community need. The proposal does not include a recommendation for a homeless shelter on the first floor. The selected nonprofit developer will be expected to remain connected to the Family Homeless Initiative and attuned to the data and best practices coming from this initiative.

(4) Proposed Schedule for the Site’s Redevelopment:

Date	Task	Departments (Lead in Bold)
July 11, 2012	SLI Briefing to Council Housing Committee	OH , Mayor’s Office, and FAS
July 18, 2012	FAS Briefing to Council Government Performance Committee on Public Involvement Plan	FAS
September 2012	Two Public Meetings scheduled in accordance with the Public Involvement Plan	Mayor’s Office , FAS, OH
Fall 2012	The Executive allocates \$950,000 in the 2014 Endorsed Budget for Finance General for one-time capital costs	CBO , Mayor’s Office
October 2012	Issue RFP to select project developer	OH , HSD, Mayor’s Office, FAS
December 2012	Council Briefing on Final Report on Disposition	FAS
December 2012	Select project developer; OH starts SEPA review process	OH , HSD, Mayor’s Office
January 2013	Legislation introduced to City Council	FAS , OH
February 2013	Legislation heard by Council Committee	FAS
March 2013	Legislation passed by Council	FAS
April 2013	Ordinance becomes law	FAS
April 2013	Project developer receives site control and begins due diligence and pre-development work	OH
June 2013	OH announces availability of FS39 site through	OH

	the 2013 NOFA; applications due in fall 2013	
Fall 2013	Mayor's Office authorizes \$950,000 in 2014 Budget for ground floor non-housing space based on project developer's final proposal	Mayor's Office
Fall 2013	Project developer finalizes proposal, including use of ground floor commercial space	OH
December 2013	OH finalizes funding award; project developer assembles rest of financing	OH
June 2014	Estimated start of 14-month construction period. City funding for housing and commercial space allocated.	
Fall 2015	Building opens	

(5) Proposal for disposition of the property through the Office of Housing's Notice of Funding Availability process

After selection of a project developer through the RFQ Process, the project developer will undertake predevelopment work, including gathering further input from the community. A complete funding application will be submitted by the developer to OH, and be reviewed by OH in mid-2013. Capital, service, and operating support needs will be evaluated, with project feasibility assessed. That process is expected to result in a funding award by OH as part of the Fall, 2013 NOFA process at the end of 2013.

(6) Potential Budget Impacts

The Fire Levy program financial plan includes an estimated revenue of \$800,000 from the sale. The Executive is considering the potential use of City and other public housing funds to pay all or a portion of the land acquisition costs that would be used for the 2003 Fire Facilities and Emergency Response Levy Program as assumed by FAS. Land acquisition costs are an eligible expense that can be funded with City and other public housing fund sources. The Mayor is supporting the allocation of \$950,000 in the budget for 2014, intended for one-time capital costs associated with the development of the ground floor space. Given the timeline of the project, these funds will most likely not be needed until mid-2014, and so are recommended for inclusion in the 2014 Endorsed Budget. However, the City does not have ongoing operational funding to support the services provided in this space.

The capital costs of the housing portion of the project are eligible for funding by the Housing Levy. The use of Housing Levy funds is governed by the 2009 Housing Levy Administrative and Financial Plan. With the selection of the project developer through the RFP process slated to be completed by end of 2012, the selected developer is anticipated to submit an application during the 2013 OH NOFA process.

The need for project operating costs will be assessed during the review of the complete funding application. Funding from sources typically used for homeless projects, such as the City of Seattle and King County combined funding application for operations, rental assistance and services will be needed for this project.