



City of Seattle
Office of Housing

TO: Councilmember Nick Licata, Chair, Housing, Human Service, Health, & Culture Committee
Councilmember Sally Bagshaw
Councilmember Bruce Harrell
Councilmember Tom Rasmussen

FROM: Rick Hooper, Director

DATE: May 17, 2013

SUBJECT: Leschi House Legislation

At the May 22 Committee meeting you will be getting a briefing on upcoming legislation relating to the Leschi House project currently owned by Seattle Housing Authority (SHA). An ordinance is coming that allows a change in the ownership structure of the project that facilitates the financing of needed improvements to, and an addition to, the existing 35 unit project.

Leschi House was originally funded under the Seattle Senior Housing Program (SSHP); 35 units were constructed at 1011 S Weller St. in the Seattle Chinatown-ID neighborhood in 1988. The building is in need of renovation, and SHA is planning to both renovate the existing units, and construct 35 additional units on an adjacent parking lot. Properties in the SSHP portfolio were originally developed under a City of Seattle's housing bond issue in 1981 for low-income persons who are elderly or have disabilities.

The Leschi House has severe water infiltration problems – 2 units are currently offline. SHA has secured tax credit financing, OH Levy funds, and State Housing Trust funds to accomplish the renovation and new construction work. The new units would be included in the SSHP program and would serve households up to 60% of median income for 50 years. Under current zoning, the property has additional development capacity which allowed SHA to consider adding additional units to the rehabilitation project.

As required by tax credit funding, SHA intends to form a limited partnership to re-develop the Leschi House project. SHA will be the general partner. One of the requirements of the Cooperation Agreement (Between the City and SHA) that governs the SSHP allows for a SSHP property to be transferred by SHA under certain conditions, subject to approval of the City by Ordinance.

Proposed Legislation would allow SHA to lease the property to an SHA controlled partnership that will own and operate the property during the tax credit required time frame. This would enable the financing with federal tax credits and the rehabilitation of existing housing and the construction of additional housing. Council approved a similar approach used by SHA to rehabilitate another building in the SSHP portfolio in 1999 - the Ravenna School (Ordinance # 119424).

The Leschi House shares parking with the Seattle Indian Services Commission buildings located next door. SHA has been in contact with the Commission to work out changes to the parking agreements that are necessary during construction of the new units. The new units are planned to be built over



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parking stalls included in the agreement with the Commission. SHA has not finalized these negotiations yet.

Legislation is being finalized now and will be submitted to Council in the coming weeks for adoption in the middle of June. The State Department of Commerce requires the Housing Trust funds awarded to this project to be committed by the end of June. Therefore, adoption by the Council before the end of June is required in order to meet this deadline.