

## Section 7 Challenge Site RFP

### The Challenge

The West Seattle neighborhood known as the Triangle Area ("Triangle") was poised for a major transformation, then, the economy collapsed. Some long-standing business have left, some development projects are stalled and the City of Seattle is investigating a number of options for improving the public realm as well as potential changes to zoning and in addition to the plans for a new Bus Rapid Transit (BRT) station.

As a developer with property holdings in the Triangle, your company is in need of an asset management strategy to guide near, mid and long term decisions. In March your team will have to go in front of the Board of Directors to present an asset management plan for your landholdings in the Triangle. The asset management plan needs to address the following major components.

### ***Exiting Assets and Assemblage Opportunities***

While the LINK project is already funded and under construction, it represents a major equity investment in this neighborhood and the asset management plan for the East and West assemblages needs to account for any positive or negative impacts on the project.

#### 1) Link: Under Construction

- a) 200 Unit Apartment Project with 14,000 GSF of commercial and 130 underground parking stalls.
- b) Cost data: 7M Land; 22 M Construction; 13 M Soft Cost; (Hard Cost of the building are \$100.00 per GBSF)
- c) Completion in Spring 2011

#### 2) East Assemblage

- a) Owned Parcels: 0952008165 & 0952008170
  - (1) Size: Each 5,750 GSF
  - (2) Existing Income: \$2,200/Mo.
  - (3) Purchase Year: 2009
  - (4) Purchase Price: \$810K Each lot
- b) Optioned Parcel: 0952008175
  - (1) Size: 22,500 GSF
  - (2) Total Existing Income: N/A Currently an option
  - (3) Option Price: \$3,650,000
  - (4) Expiration Date: (2) 1-Year options @ \$50,000/YR

#### 3) West Assemblage

- a) Owned Parcel: 0952007825
  - (1) Size: 5,600 GSF
  - (2) Existing Income: Interim income \$600/Mo.
  - (3) Purchase Year: 2008
  - (4) Purchase Price: \$475,000
- b) Optioned Parcels: 0952007785, 095200795, 095200796, 0952007815/0952007820 (Last two are combined)
  - (1) Size: 23,125 GSF
  - (2) Total Existing Income: Above 4 parcels \$1000/Mo. each
  - (3) Option Price: \$130SF/Land Value. You can close one or all of the lots, must close within 6 months.
  - (4) Expiration Date: July 1, 2010

For reference, your firm also developed and owns The Mural, a 136 Unit Apartment Project with 14,000 GSF of retail and 130 underground parking stalls. This project was completed in May 2010 and with an average rent (per SF/Mo.) of \$2.08. The project has generally met the board's expectation, for a lease-up given the current economic cycle. In order to achieve a rapid stabilization, there was a 2 month rent concession for the initial residential lease up, and are currently offering 1 month. Operating costs are \$5,000 unit/yr. Retail rent is \$21.00 SF/Mo., \$4.00 SF/CAMS, \$50.00 SF/TI Allowance.

### ***Capital***

The Board has set aside \$7M to invest in new development projects and an additional \$3M could be made available if a compelling case could be made for increasing the allocation. The asset management plan needs to make a clear financial case for the use of these funds as well any outside equity that may be needed over the long-term. The Board will be particularly focused on your team's interpretation of:

- 1) Market fundamentals;
- 2) Financing options; and
- 3) Risk mitigation strategies.

### ***Public Investment***

The City's Department of Planning and Development (DPD) is in the process of studying options for improving the public realm within the neighborhood. The asset management plan needs to include a strategy for helping DPD prioritize these potential improvements to support both private development as well as neighborhood residents and the environment while creatively addressing the City's significant budget constraints. Specific components currently being discussed include:

- 1) Street sections
- 2) Open space
- 3) Alley
- 4) Unified urban design strategy
- 5) BRT
- 6) Bio-swales in ROW
- 7) Neighborhood parking strategy
- 8) Street efficiencies

### ***Zoning***

In addition to certain investments in infrastructure, DPD is may consider rezoning the Triangle which would increase the allowed height by 20-feet to a maximum of 85-feet. The asset strategy needs to identify rationale for pursuing (or not) a rezone.

### **Site Information Resources**

The following documents/files are available for the teams to review, [www.naiopwa.org](http://www.naiopwa.org)

- Site Map
- Site surveys
- Geotechnical reports
- Zoning Data
- Soils Report