

From: [Julie Underwood](#)
To: [Carolyn Wurdeman](#); [Chris Eggen](#); [Chris Roberts](#); [Debbie Tarry](#); [Doris McConnell](#); [Heidi Costello](#); [Jesse Salomon](#); [Julie Underwood](#); [Keith McGlashan](#); [Shari Winstead](#); [Will Hall](#)
Subject: FW: PTE Questions
Date: Monday, March 04, 2013 4:51:37 PM
Attachments: [NorthCity_NB.pdf](#)

Council-Here are some of the PTE concerns that we've received. Below are Dan's responses, which he'll be prepared to provide tonight.

Thanks,
Julie

Julie T. Underwood
City Manager
City of Shoreline
www.shorelinewa.gov
(206) 801-2213

From: Dan Eernisse
Sent: Monday, March 04, 2013 4:44 PM
To: Julie Underwood
Cc: Debbie Tarry; Ian Sievers; Keith McGlashan; Chris Eggen
Subject: RE: PTE Questions

Julie,

I believe that Debbie Kellogg was in City Hall today making similar issues known, but I'm not sure if she is the one who is responsible for contacting Councilmember Roberts. Here are my proposed answers:

- 1) **Likelihood of development:** I believe that the likelihood of Arabella 2 getting built is very strong once the owner obtains HUD financing. The HUD program not only provides interest-only construction financing, but it also rolls into permanent financing amortized over 40 years – a very attractive program. That said, qualifying for HUD financing is notoriously labor-intensive and can take up to a year; our permit department confirms that the applicant appears to be moving through the lending process, as evidenced by calls from the potential lender. The owner indicated to me that he didn't expect financing until mid-fall, and construction would begin immediately thereafter.
- 2) **Zoning:** Yes, the zoning of NB (see attached) is correct, and is reflected in the land use and building permits we've reviewed. Furthermore, the applicant has paid all review fees owed to date; further fees will be required prior to issuance of the building permit.
- 3) **Ownership:** Ownership commonly is consolidated only after construction financing is secured, so it is not surprising that King County iMap shows the ownership of the three parcels proposed to be developed as three distinct entities, namely (1) Shoreline 88, LLC, (2) Arabella Apts, LLC, and (3) Robert Sutter. Ownership at this time, therefore, is irrelevant; our PTE application process insures that the applicant is the designated

development spokesperson of all parcels involved.

- 4) **Cap on units developed:** This application does not exhaust the 500 units allowed; it brings the total of units under the PTE program to a total of 362, leaving 138 units available. The 500-unit cap is evidence of the first cautious efforts of the Council to institute the new PTE program in Shoreline. Sometime in the next year Staff intends to propose to Council that both the North City and Ridgecrest capped programs be eliminated and that they be replaced with the uncapped 5-year market rate program adopted elsewhere in Shoreline. In addition, Staff will at that time provide options for up to 12-year PTE incentive periods for projects that provide significant affordable housing.
- 5) **“Sitting on the property”:** The applicant has not been inactive in the past three years, but has consistently kept its applications active and kept in communication with City Staff. In our opinion, the applicant simply has been the victim of the Great Recession, which created a very difficult lending environment for the project. We are very happy that the applicant continues to pursue this investment in North City.

I will be prepared as necessary tonight.

Dan Eernisse

Economic Development Manager, City of Shoreline

From: Julie Underwood
Sent: Monday, March 04, 2013 2:09 PM
To: Dan Eernisse
Cc: Debbie Tarry; Ian Sievers; Keith McGlashan; Chris Eggen
Subject: PTE Questions

Councilmember Roberts just called with a heads up about some potential questions of the PTE contract. I don't know who exactly is raising these questions...from the questions that he asked it sounds like the person may not have read the staff report. Anyway, if there are public comments about this consent item, I'm going to ask the Mayor to pull it and make it item 7(a) and ask you to answer. Here are the questions:

1. What's the likelihood of this being built? Last week I asked Debbie what we knew about the application, and here's what she shared: Arabella II permits have been ready for a couple of years – they just haven't paid for them. They are getting financing through HUD and the PTE should help with that process. The owner is hoping to get the financing by May to come in and get the permits and then a 18 month to two year construction.
2. Is the zoning right for this site? Dan, I would probably just pull up the NCBD map that's in our code and point out where the project is located:
<http://www.codepublishing.com/wa/shoreline/?Shoreline20/Shoreline2090.html>
3. Who owns the parcel? As the staff report states, this is the same owner as the last PTE for this site. Anyway, please clarify.

To me, the real policy question is since there is a cap on the number of PTE units available in the NCBD, should the owner be able to sit on this PTE for another couple of years without developing? Dan, does the 109 unit project use up the remaining 500 unit cap? What are some possible solutions to this? Raise the cap? Change the deadline for holding onto the PTE from two years to one? I don't think we want to have this item discussed with Council and not

approved so it may be good to have some ideas ready...maybe go ahead and reapprove (actually we could look at this like an “extension” of the current contract) and then return to Council to discuss modifying PTE for the NCBD.

Thanks,
Julie

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