



Council Meeting
September 22, 2008

Tonight's Agenda

1. Staff presentation
2. Developer presentations
3. Council discussion
4. Public comment
5. Special meeting



Tonight's Purpose

Recommendation

Authorize the Mayor to enter into exclusive negotiations with a developer for the Tukwila Village project.



TUKWILA VILLAGE

Consultant Report

1. Both developers are qualified
2. Neither proposal is a financial “sure thing”
3. Legacy provides more detail, fewer unknowns
4. Tarragon’s proposal highly dependent on 15,000 square foot anchor tenant on corner (drug store?)
5. Significant risk: retailer demand
6. Significant risk: apartment rents
7. Tarragon’s parking needs for phase 1 too low?



Advantages

Legacy

- More feasible
 - Less risk of market demand
 - Fewer unknowns
 - 80% of development in phase 1
- Indoor commons area
- Estimated land value of \$1 million to \$3 million more
- 50 senior apartments (low income)
- 25 for sale townhouses (first-time homebuyers, moderate income)

Tarragon

- More retail space
 - More welcoming atmosphere
 - Better ability to “grow” with Tukwila
 - \$100,000 additional in sales tax and \$25,000 in property tax annually
- Many citizens prefer the extra retail, larger plaza, and aesthetic appearance
- 60 apartments for moderate income



Challenges

Legacy

- Architecture, plaza, and landscaping needs to be “warmer” and more welcoming.
- Would need to structure a partnership between property owner and City to manage indoor commons

Tarragon

- Locating a 15,000 square foot store at the corner of TIB and 144th separates the plaza from the rest of the community and is challenging to make attractive along TIB.



Risks

Legacy

- May be challenging to find apartment tenants willing to pay rent of \$1.45 to \$1.80 per square foot per month.

Tarragon

- May not be financially feasible to build project for estimated rents of \$1.35 per square foot.
- City may not want the proposed heights or density on phase 2.
- A large portion of retail space may be services.



Phasing

	Legacy	Tarragon
Phase 1	\$4.2	\$1.6
Phase 2	\$1.2	\$0.8
Total	\$5.4	\$2.4
North Side	\$3.6	\$1.6
South Side	\$1.8	\$0.8
Total	\$5.4	\$2.4

Estimated land values, not actual offers



TUKWILA VILLAGE

Affordability

	Legacy			Tarragon		
	PH 1	PH 2	Total	PH 1	PH 2	Total
<u>Market Rate</u>						
• Apartments	200	68	268	115	123	238
• Townhouses					4	4
<u>Affordable (Income Restricted)</u>						
• Apartments (max 80% AMI)				29	31	60
• Senior Apartments (max 50% AMI)	50		50			
• Townhouses (max 80% AMI)	25		25			
Total Units	275	68	343	144	158	302

Note: The affordable townhouses would be for sale to first time homebuyers



TUKWILA VILLAGE

Multi-family Property Tax Exemption

Multi-family Property Tax Exemption					
Example: 100 apartments					
DRAFT 9/21/08					
Property Tax					
	Levy Rates	% of Total	Potential	Reduction for Exemption	Actual Tax
City	\$ 2.56911	21.8%	\$ 48,171	\$ 45,281	\$ 2,890
Tukwila School District	\$ 4.73164	40.2%	\$ 88,718	\$ 83,395	\$ 5,323
State School Fund	\$ 2.13233	18.1%	\$ 39,981	\$ 37,582	\$ 2,399
County	\$ 1.20770	10.3%	\$ 22,644	\$ 21,286	\$ 1,359
Library	\$ 0.45336	3.9%	\$ 8,501	\$ 7,990	\$ 510
EMS	\$ 0.30000	2.5%	\$ 5,625	\$ 5,288	\$ 338
Port	\$ 0.22359	1.9%	\$ 4,192	\$ 3,941	\$ 252
Flood	\$ 0.10000	0.8%	\$ 1,875	\$ 1,763	\$ 113
Ferry	\$ 0.05500	0.5%	\$ 1,031	\$ 969	\$ 62
Total	\$11.77273	100%	\$ 220,739	\$ 207,494	\$ 13,244
Total for future 8 years			\$ 1,828,968	\$ 1,719,230	\$ 109,738
Total for future 12 years			\$ 2,799,519	\$ 2,631,548	\$ 167,971
Today's value of 8 year total			\$1,415,387	\$1,330,463	\$84,923
Today's value of 12 year total			\$1,942,511	\$1,825,961	\$116,551

For assumptions, see City memo dated 9/21/08

Legacy Site Perspective



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Tarragon Site Perspective



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Approximately 8,000 sf

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Approximately 8,000 sf

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Approximately 8,000 sf

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Approximately 8,000 sf

TUKWILA VILLAGE



Approximately 8,000 sf

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Approximately 8,000 sf

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Approximately 20,000 sf

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20,000 sf example



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20,000 sf example

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Council Discussion



Legacy



Tarragon

1. Developer financial capacity
2. Developer experience
3. Responsiveness to City's vision
4. Financial package

**Policy
changes**



TUKWILA VILLAGE

Next Steps

1. Council selects developer
2. Council approves Exclusive Right to Negotiate (ERN) agreement
3. Council input during negotiations
4. Council approves development agreements

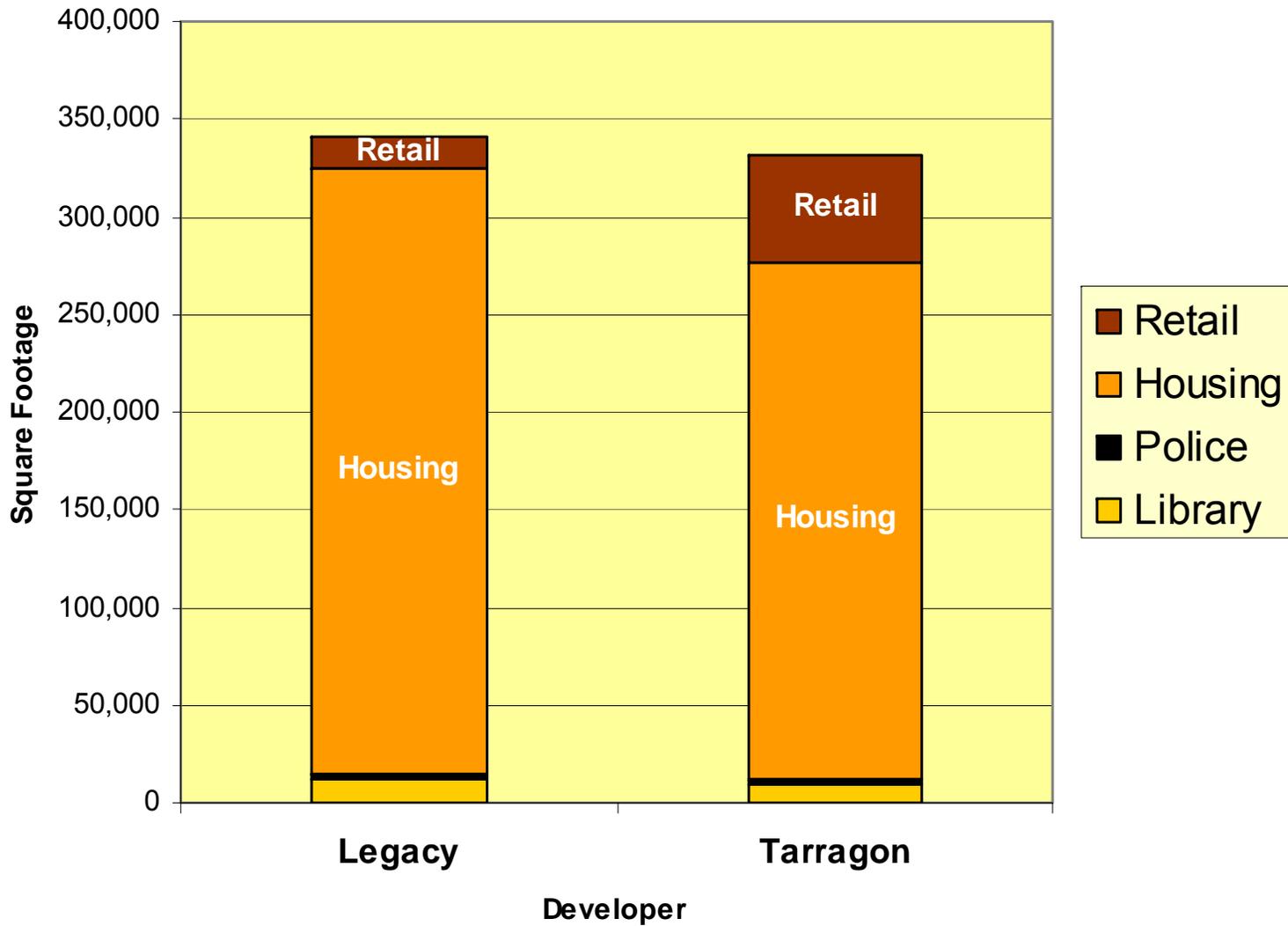


Extra slides

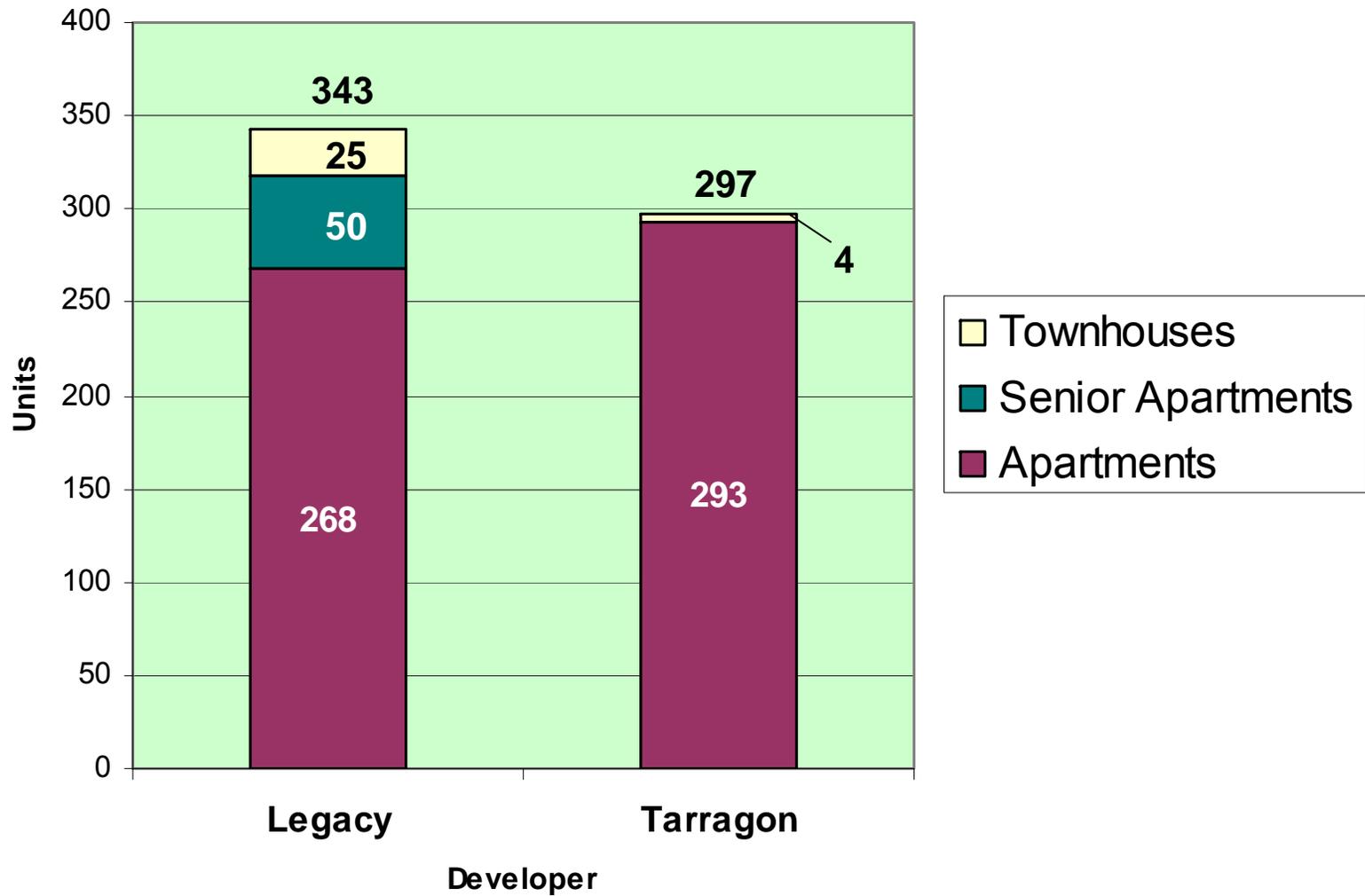


TUKWILA VILLAGE

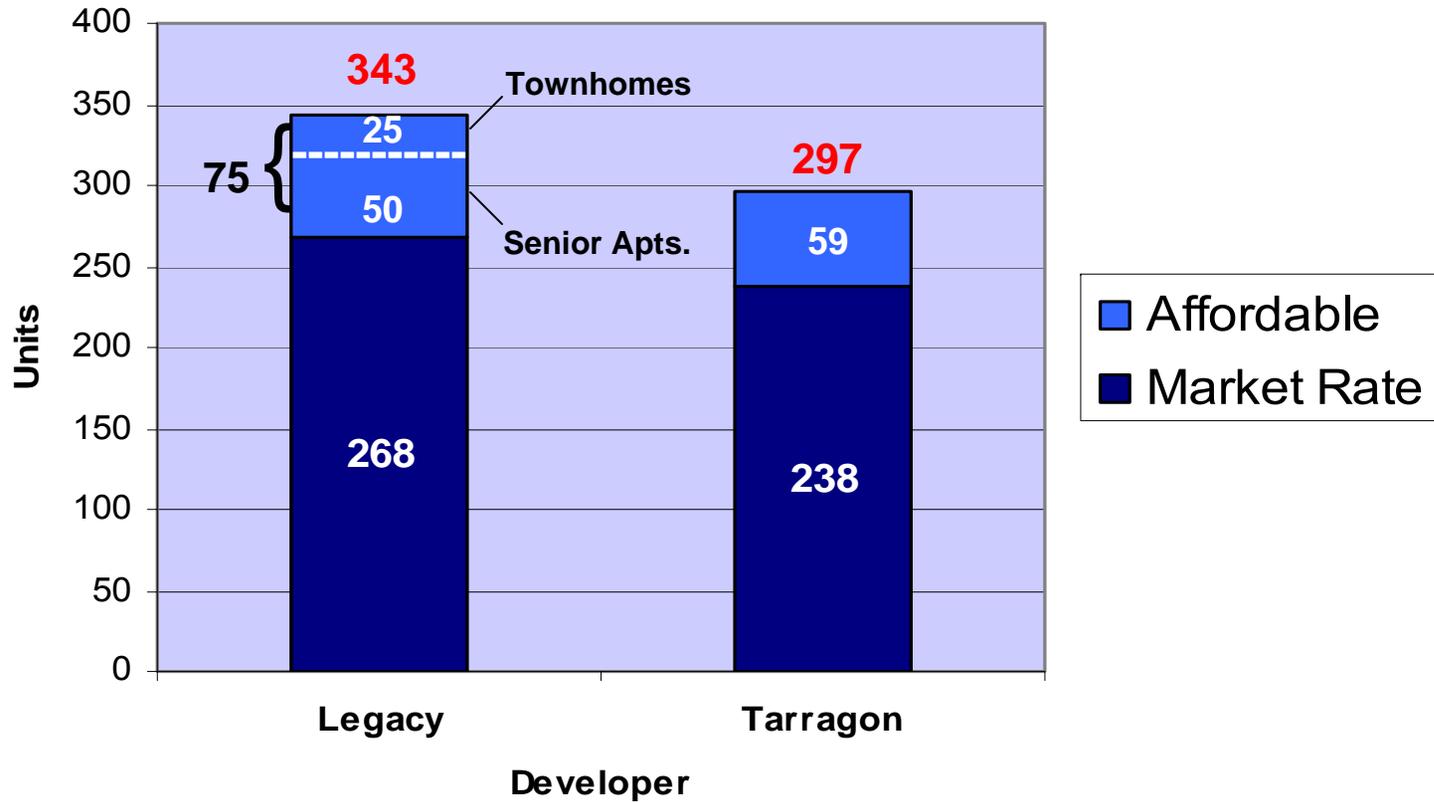
Tukwila Village Development Type



Tukwila Village Housing Types

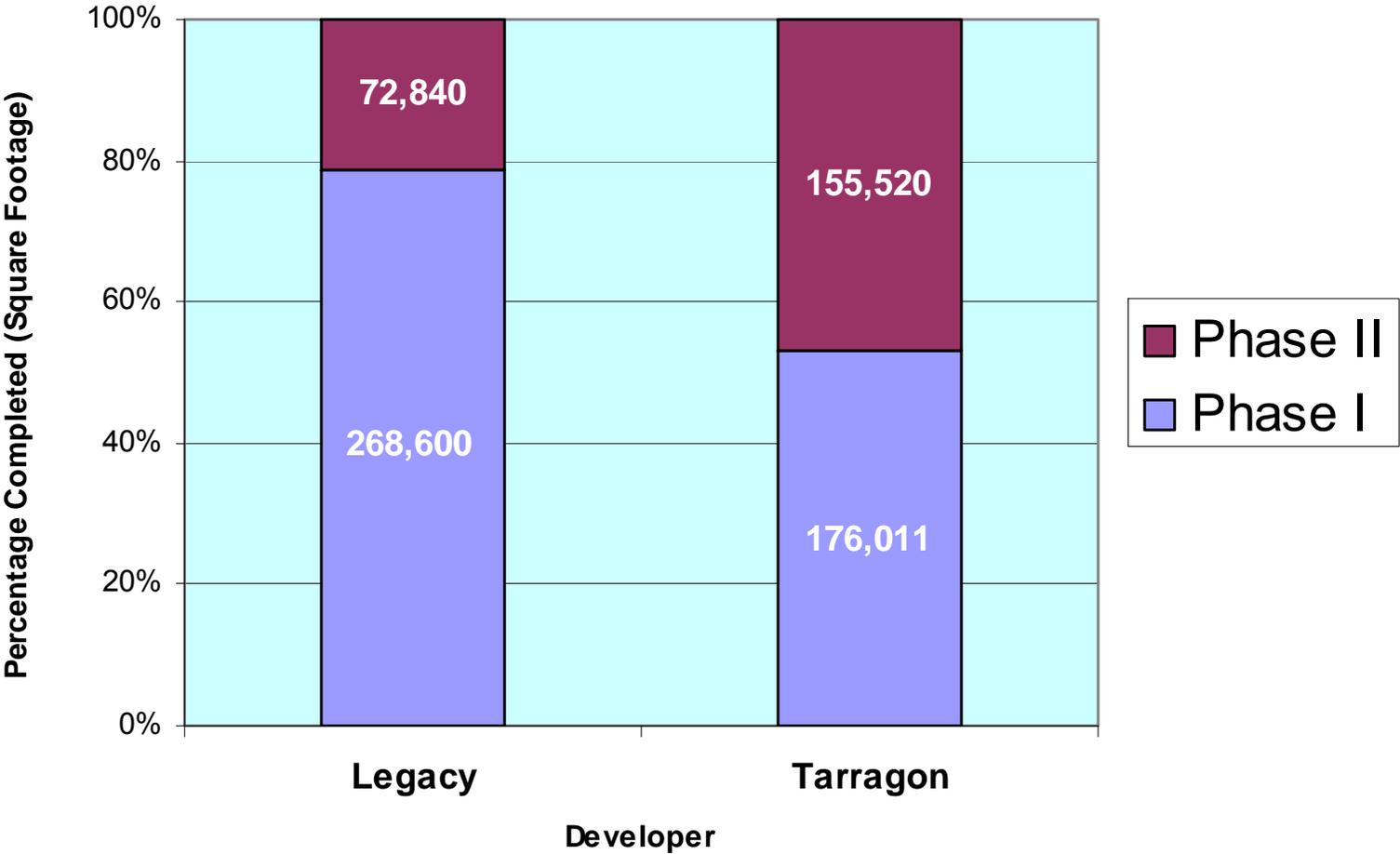


Tukwila Village Housing Affordability

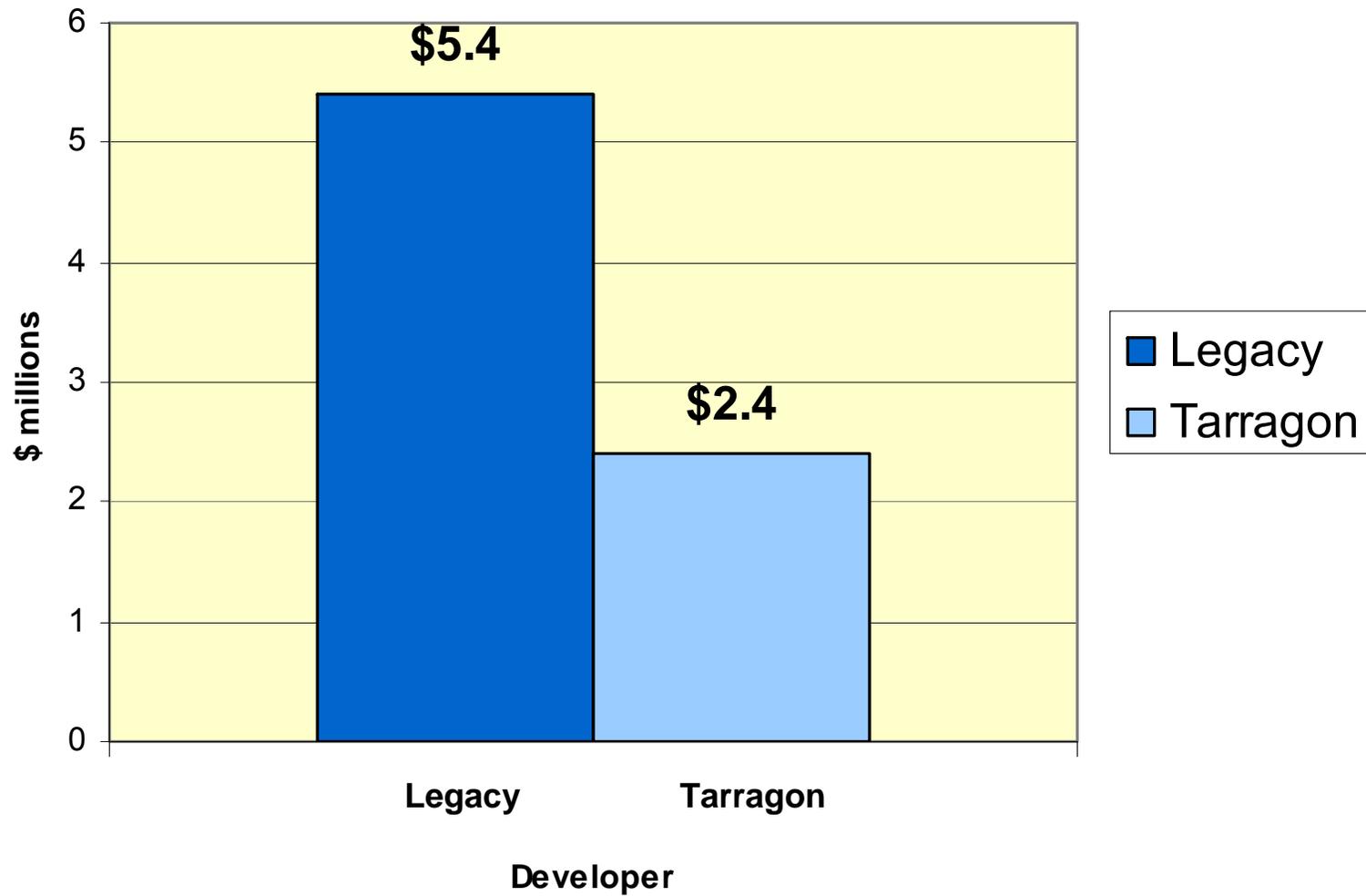


Legacy senior apts. available to $\leq 50\%$ of area median income (including 10 apts. for homeless)
 Legacy townhomes available to own to $\leq 80\%$ of area median income
 Tarragon apts. available to $\leq 80\%$ of area median income

Tukwila Village Phase Completion Comparison



Developer Estimated Land Value

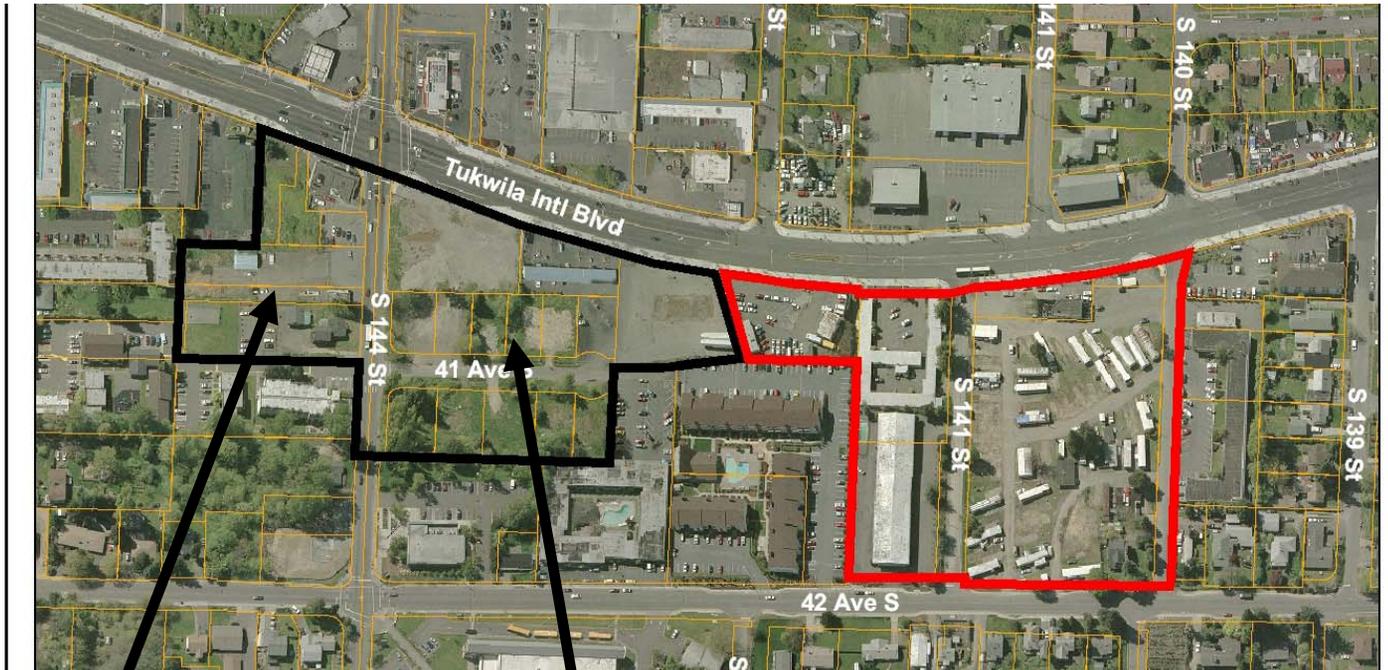


Requested Policy Changes

1. Height limit increased to 65'
2. Multi-family property tax exemption
3. Increase in housing units per acre
4. Reduction in parking spaces per unit
5. Advancing funding for 144th in CIP
6. On-street parking (Tarragon)
7. Townhouses allowed (Legacy)



Tukwila Village Location



South
parcels

North
parcels



TUKWILA VILLAGE

Tukwila Village Vision

Tukwila Village will be a welcoming place where all residents can gather and connect with each other. This mixed-use development will draw upon Tukwila's strengths and include a library, a neighborhood police resource center, retail, restaurants, public meeting space, and an outdoor plaza. The Village may also include office, live/work, and residential space. This active, vibrant place will set high standards for quality and foster additional neighborhood revitalization and civic pride.



TUKWILA VILLAGE



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TUKWILA VILLAGE

Legacy Ground Floor

- Residential
- Senior Housing
- Townhouses
- Retail
- Community Commons
- Community Policing Station
- Library



TUKWILA VILLAGE

Tarragon Ground Floor

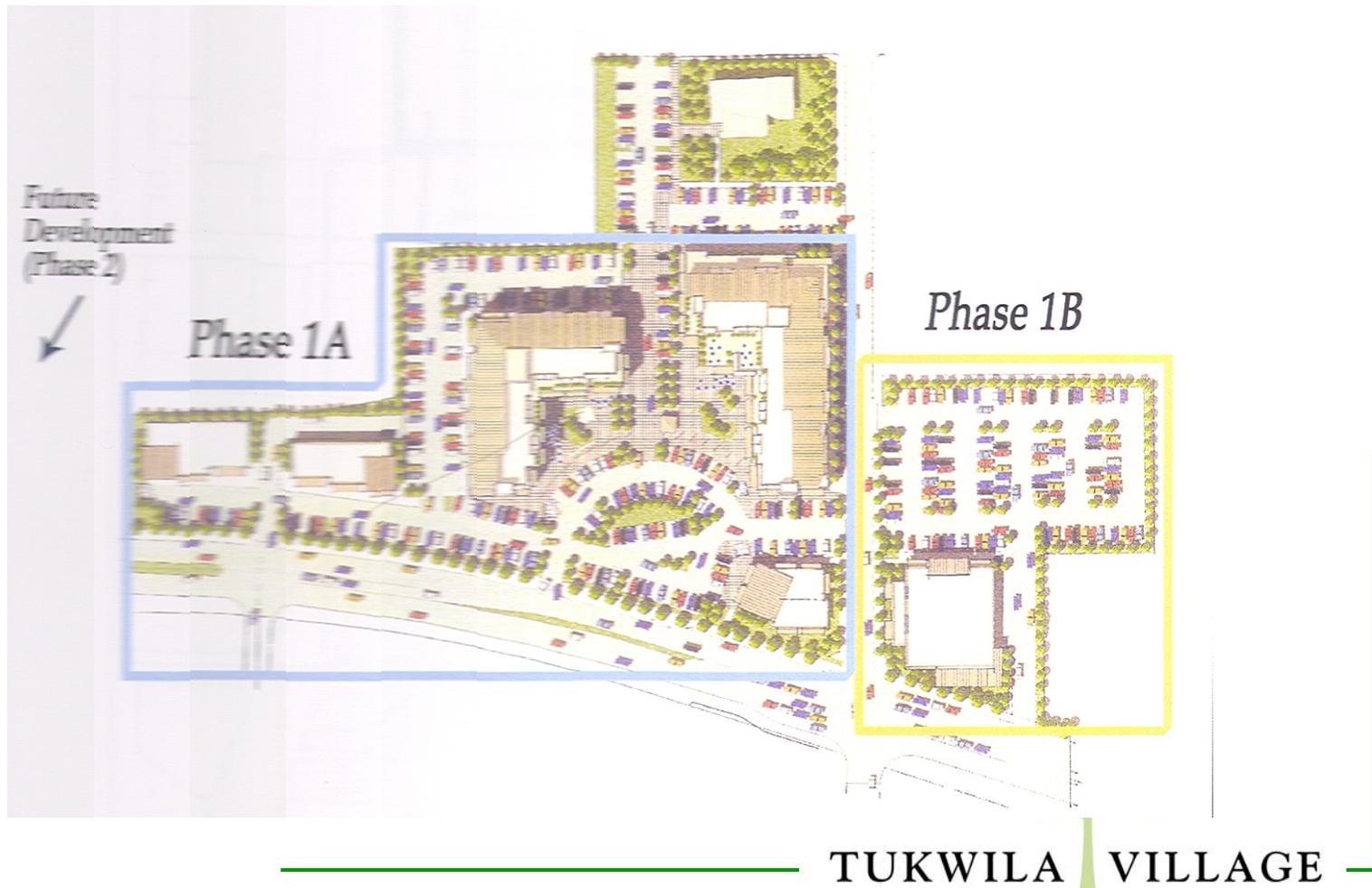


Sabey's Concept (2002)



TUKWILA VILLAGE

Sabey's Concept (2002)

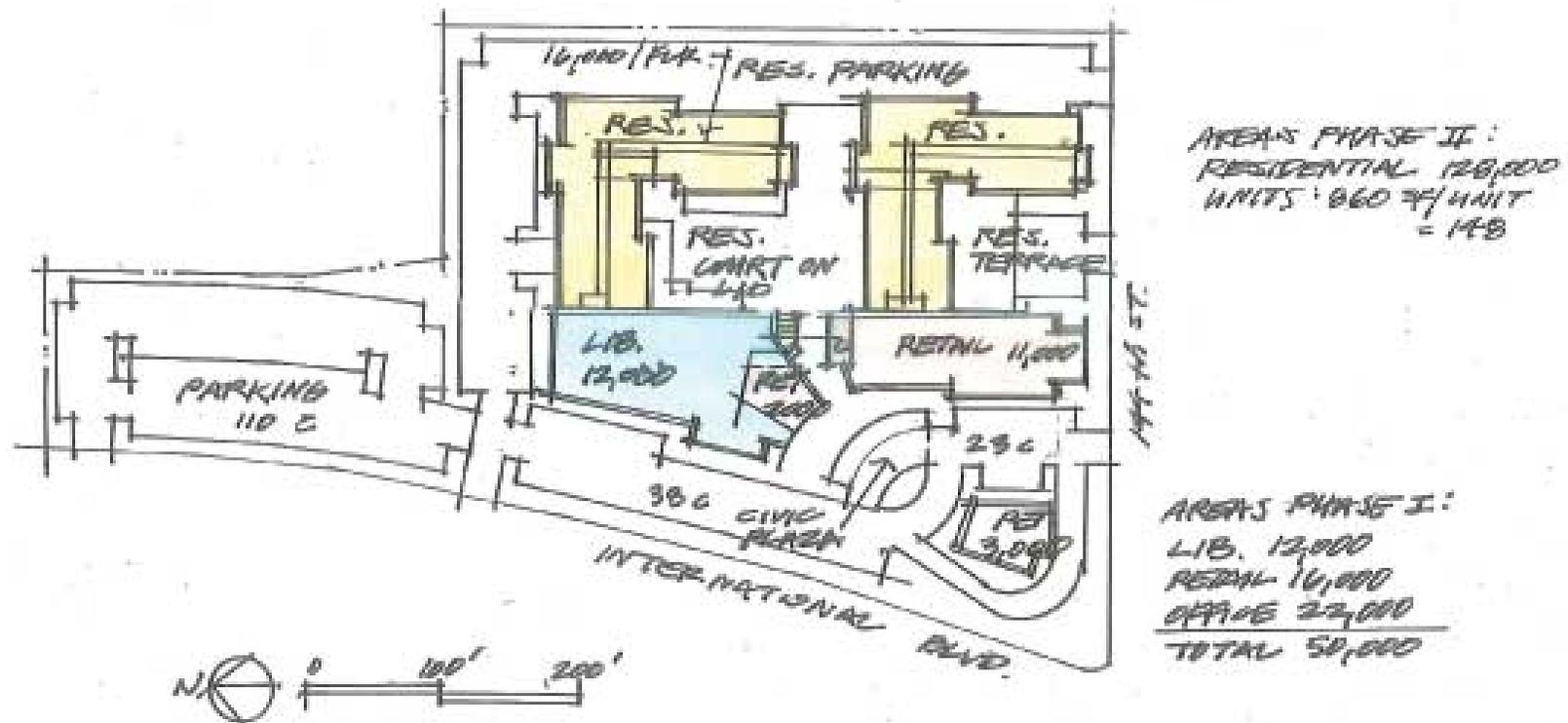


Metrovation's Concept (2007)



TUKWILA VILLAGE

Metrovation's Concept (2007)



AREAS PHASE II:
 RESIDENTIAL 128,000
 UNITS: 860 sq/UNIT
 = 148

AREAS PHASE I:
 LIB. 12,000
 RETAIL 11,000
 OFFICE 23,000
 TOTAL 50,000

1-19-07
 FULLER SPARKS
 STREET LEVEL SITE DIAGRAM PHASE I & II
 TUKWILA VILLAGE METROVATION