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Developer finds community in mixed-use project

• *Squire Park Plaza in Seattle's Central Area was designed to be part of the neighborhood, with "mom-and-pop" commercial spaces and 59 units of work-force housing.*

By **TIM ABELL**

Pacific Housing NW

By tapping into the energy and creativity of Seattle's diverse Central Area, developers of Squire Park Plaza were able to create 59 units of work-force housing from a city block that stood neglected for 40 years. The result was affordable housing for those earning as little as 70 percent of area median income and a new development neighbors feel connected to.



Photos courtesy of Pacific Housing NW

Squire Park Plaza has small spaces fronting Jackson Street that were designed as business incubators.

Community inspired

In order to build Squire Park Plaza, several tools and techniques were employed; no one technique alone could have accomplished the goal. The most important factor, however, was the owner's goal of community stabilization and commitment to strengthening the neighborhood. As a long-term stakeholder in the neighborhood, owner Central Area Development Association, along with market-rate developer Pacific Housing NW, involved the community by holding a series of neighborhood meetings to solicit input for the project.

The minutes of those meetings were transferred into a vision statement, which was translated into the programming document. Many of the building's best features and cost-saving ideas were the fruition of this process.

"Make sure the building participates in the community!" were the instructions we heard from the community meetings.

So participate we did.

The project was designed to provide small commercial and office spaces to incubate neighborhood businesses. The retail spaces range from 700 square feet to 2,200 square feet and front on the commercial Jackson Street. The intent was for these spaces to be affordable enough for neighborhood "mom-and-pop" commercial ventures to flourish.

“Reward the pedestrian” was another refrain we heard, so the design team paid special attention to the pedestrian zone.

Based on community input, the design revolved around an entry courtyard with benches so that the elderly walkers that live in nearby senior housing could have a place to rest. Street trees, benches and sconces add to the rhythm of the street.

The live-work loft spaces front 17th Street, allowing the building to blend into the residential neighborhood while still activating the sidewalk. Above the sidewalk are awnings to protect pedestrians from Seattle’s infamous rain.

The project also constructed curb bulbs at the two major intersections as traffic-calming measures and to knit the building into the neighborhood.

Relating to the neighboring townhomes, architect Sam Cameron designed the alley in a pedestrian scale, with scaled-down lighting, entries off the alley, planters and patios bordering the property, and multiple bays and projections above the alley.

By involving the neighbors, we learned to think of the building as a part of a larger community, not as a stand-alone project. For instance, we discovered the community preferred that we do not build features such as gyms or internal libraries, rather encourage the residents to participate in the neighborhood’s gyms and bookstores. The community room was located with a sidewalk exposure for the benefit of the entire neighborhood, not just the residents inside the building.

In keeping with this mind set, we were able to convince a Seattle design review board to grant a waiver to provide much less open space than required because the project would direct pedestrian patterns towards the existing city park, half a block away. The open space that was provided on site would be accessible to the public. The reduction of the open space and elimination of unnecessary community space resulted in significant cost savings.

Keeping cost in mind

The basic design minimized the cost while maximizing land use and density. The building has four stories of wood-frame construction over two post-tensioned concrete floors, which is highly economical compared to an all-concrete structure or metal-stud construction. The building also has numerous engineered-wood components, including all floor and roof trusses.

Techniques were employed to minimize the floor joist size so that the maximum number of floors could be constructed. Parking was terraced into the hillside to minimize costly shoring. Unit sizes were designed to be small to minimize rent, while window sizes were significantly larger than the norm to visually make the rooms feel expansive and light.

Innovative financing

Although low-income housing has several well-established financing formulas, work-force housing must be more innovative. The development team used several unique financing tools for the project, most notably New Market Tax Credits.

The site is located in a lower-income census tract, a virtual prerequisite for NMTC.

A regional bank provided the leveraged loan for the project, and the lender's investment wing bought the tax credits.

In order to use the NMTC program, projects must limit the income generated from the residential portion to no more than 75 percent. This would be a difficult hurdle for the typical ground-floor-retail-with-housing-above version of mixed-use. Sufficient commercial space was always part of the program at Squire Park Plaza, and the zoning limited the height to 40 feet, thereby generating a ratio of commercial income to residential income that was allowable. In this case, NMTC was the perfect financing tool.

The next tranche of financing was sponsored by the city of Seattle in the form of a Housing and Urban Development 108 loan.

The project's loan was at a favorable rate and a favorable debt coverage ratio of 1.1. HUD 108 loans allow municipalities to participate in essentially a credit-enhancement role in projects that foster community development.

Land-use reforms

The project was used as a prototype for two significant land-use reforms.

Pacific Housing NW, in concert with other developers, worked with the city to demonstrate that significant cost savings could be obtained by reducing the required parking for multifamily projects located in neighborhoods close to the urban core that are well served by mass transit. Squire Park Plaza is the first project to take advantage of reduced parking requirements enacted by the city council.

Also, Pacific Housing NW participated in the city's Multifamily Tax Exemption Program, which resulted in operating savings. The city recently revised the program to extend the benefit for 12 years, allowed it to be used more extensively throughout the city, and revised the menu regarding the percentage of the units required to be rent-restricted.

In the case of Squire Park Plaza, a portion of the units are restricted to those that earn 80 percent of the area median income.

These techniques can all be duplicated in other projects, however the key to building successful work-force housing in our case was the attitude of community building and having partners with their goals aligned. With interests aligned and a can-do attitude, project problems were addressed and successfully resolved.

Tim Abell is a principal at Pacific Housing NW, which specializes in student and work-force housing in the Pacific Northwest.