



August 5, 2022

Jemine A. Bryon  
Deputy Assistant Secretary, Office of Special Needs  
United States Office of Housing and Urban Development

*Re: Response to HUD letter regarding LBA application for Fort Lawton Army Reserve*

Dear Deputy Assistant Secretary Bryon:

Thank you for the June 7 letter regarding the Legally Binding Agreement on the Fort Lawton Army Reserve.

First, I would like to acknowledge the patience HUD has shown with the City of Seattle over the many years of deliberations and planning at this site. Since 2008, multiple administrations have worked on this project without it coming to fruition. Recognizing the importance of this project and the need for urgent action, in my first few months as mayor, I directed our staff to produce the attached timeline with clear deadlines and deliverables, along with requesting the up-to-date and accurate cost estimates necessary to move this effort forward. This work is a priority for our administration, with more than 45 City staff and seven of our departments, including our Office of Housing, City Budget Office, and Office of Intergovernmental Relations, working together to comprehensively assemble these items.

Additionally, I'm pleased that you and our staff, including Deputy Mayor Washington, were able to meet on July 25 to discuss this project. It is my understanding that HUD leadership in attendance, including HUD Regional Administrator Margaret Salazar, Gary Gant, Alexis Pelosi, Karen Deblasio, Lynn Morgan, Nicole Lindler, and Dori Kojima, heard loudly and clearly that the City acknowledges the unique opportunity presented at Ft. Lawton and that we hope to execute on this shared vision. I know they also heard our serious concerns about the fiscal realities and risks of implementing this project in our current financial situation.

Simply put, we need more time to explore the feasibility of these costs. Our next steps are dependent upon the current budget negotiations and legislative branch decisions. The City Council is required by law to adopt a balanced budget before the end of the year, and this process is also a requirement for City investments in this effort to move forward. Further, we will have identified necessary State funding sources for design and infrastructure implementation by June 30, 2023.

**Cost Estimates and Financial Obligations:** The City currently estimates the total project costs to be \$145M, leaving \$106M in unfunded infrastructure costs. The land will be transferred at a steep discount, but it comes with unforeseen and increased costs from the City Council's approved Resolution in 2019. The City Council's Summary & Fiscal Note accompanying the Redevelopment Plan listed development costs for a portion of infrastructure (i.e., roads, water and sewer lines, water retention systems, electrical access) to the housing developments. However, these initial costs did not include the infrastructure development costs for the entire 34-acre site that are necessitated by the limited existing conditions – requiring a significant investment to meet even basic infrastructure standards. We must examine these broad estimates in more detail, and, as a new administration, I have directed my staff to work with field experts to refine cost estimates by December 15, 2022, along with assembling a viable and robust funding plan.

We will perform this analysis of potential funding sources which will be completed by February 1, 2023. The City issues a variety of bonds for large capital projects; however, we need to explore the feasibility of bonding for this specific project given our revenue projections. We will also pursue other opportunities to engage the congressional delegation and state agencies for funding. As stated above, by June 30, 2023, we will have identified City and State funding sources for design and infrastructure implementation.

**Concurrent Pre-Development and Infrastructure Work:** HUD requested information to meet the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 requirements and its implementing regulations (24 CFR Part 586). The concern from HUD was the requirement that the buildings, property, funding, and/or services will be made available to the representatives of the homeless in a “timely fashion.” We address these concerns by including a more detailed breakdown in the attached timeline of the pre-development work for the homeless housing as well as advancing pre-development during infrastructure implementation which would accelerate the housing schedule.

**Next steps:** The large change in infrastructure cost estimates, along with other economic realities, necessitate careful consideration of the financial obligations. During this upcoming budget process, my office will propose a balanced budget on September 27, and after deliberations, the City Council will adopt a budget on December 5, 2022. In the interim, I will ask for an interdepartmental team to be established no later than October 1. Please see Appendix 1 for the associated dates and deadlines we’ve determined are necessary in order for us to move forward on this project.

Our administration understands the extraordinary prospect in front of us to build housing at the former Fort Lawton site that meets our values and enhances one of Seattle’s most historic neighborhoods. Seattle has a long and successful track record of providing and producing affordable housing, and I’m proud and committed to our Office of Housing’s funding policies dedicated to affirmatively advancing fair housing by addressing housing choice, segregation, and displacement.

Thank you for your partnership to achieve our shared vision for the site.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Q. Hanell".

City of Seattle Mayor

cc: Margaret Salazar, Regional Administrator, Department of Housing and Urban Development  
Deputy Mayor Tiffany Washington, City of Seattle  
Director Office of Housing Maiko Winkler-Chin, City of Seattle



**Appendix 1: Fort Lawton LBA Timeline**  
**August 5, 2022**

Important Milestones

Pre-development Start

Category	Tasks	Expected Date of Completion	Notes
Infrastructure	Mayor submits a proposed balanced budget to the City Council	9/27/2022	Required by law no less than 90 days before the start of the fiscal year (Jan 1, 2023)
Infrastructure	City establishes Interdepartmental Team (IDT) on infrastructure	10/1/2022	
Infrastructure	City Budget Office begins to refine infrastructure needs and costs and identify City contribution	11/1/2022	Current estimate is a Class 5 estimate. To refine these costs the City will need to contract with an engineering firm to develop a refined cost estimate and scope of work.
Infrastructure	IDT begins to identify potential philanthropic resources for infrastructure	11/1/2022	
Infrastructure	City Council adopts a final budget before fiscal year begins	12/5/2022	
Infrastructure	IDT receives refined infrastructure costs by field experts	12/15/2022	
Infrastructure	City funding sources identified for implementing infrastructure improvements and requests to funders begin to be made	2/1/2023	
Infrastructure	IDT sets timeline for infrastructure RFP to be issued	3/1/2023	
Infrastructure	Federal funding request made	4/1/2023	Federal allocation will be unclear until the end of the calendar year
Infrastructure	WA State funding request made	4/1/2023	

Infrastructure	WA State funding allocation made	6/30/2023	Date reflects City and State funding sources already identified
Infrastructure	IDT presents City and State funding sources for design and infrastructure implementation	7/1/2023	
Infrastructure	IDT briefs Mayor and City Council on scope and estimated cost of road, water, sewer, electric, and other infrastructure improvements for developing the Fort Lawton Redevelopment Area, including the Premises	7/1/2023	
Administrative	Estimated date of HUD approval of the Reuse Plan for Fort Lawton	7/1/2023	This projected date of approval would be triggered after the City has secured funding sources for the infrastructure
Administrative	HUD notifies Army of approval	7/1/2023	
Administrative	Army begins the Supplemental NEPA process	7/1/2023	Approximately 4-6 months
Administrative	City contracts to update land survey preparing for conveyance	8/1/2023	
Infrastructure	City issues RFP for infrastructure development	8/1/2023	
Administrative	The Seattle Office of Housing submits legislation for City Council adoption with policies identifying the Fort Lawton Redevelopment Area as a priority location for Homeless Housing, as defined in Section 2.02, until the Homeless Housing is completed.	9/1/2023	As per HUD's request
Infrastructure	IDT awards the RFP to a civil design team to conduct analysis of infrastructure required to support the Fort Lawton Redevelopment Area, including the Premises	10/1/2023	
Infrastructure	Federal funding allocation made	12/1/2023	
Administrative	Supplemental NEPA is completed - Army begins their transfer documents	1/1/2024	
Infrastructure	Civil design team completes infrastructure analysis of the Fort Lawton Redevelopment Area, including the Premises	2/1/2024	
Infrastructure	Timeline for infrastructure is established	2/1/2024	
Administrative	Army designates federal agencies responsible for review of conveyance packages for the specific site conveyance	2/1/2024	Housing, parks and education
Administrative	Dept of Defense begins process for conveyance of homeless housing	2/1/2024	

Administrative	Homeless housing site is conveyed to OH	3/1/2024	
Pre-development	AHA/UIAT identifies development team and begins to work on development timeline and identifies potential funding sources	3/1/2024	Previous timeline - May 2026
Infrastructure	Infrastructure improvements begin for water, electric and roads	4/1/2024	Previous timeline - January 2025
Pre-development	AHA has a pre-application meeting with OH	4/1/2024	
Financing	Appraisal done by AHA	4/1/2024	
Pre-development	Phase 1 environmental	4/1/2024	
Pre-development	Phase 2 environmental	N/A	Not necessary
Construction	AHA selects general contractor for the project	7/1/2024	
Construction	Construction cost estimate	8/1/2024	
Financing	AHA submits funding application to OH for NOFA round	9/1/2024	Previous timeline - July 2026
Financing	AHA submits combined funders application to WA state 9% LIHTC and King County	9/1/2024	WA state combined funding application allows for a streamlined process. King County has a 30% geographic set aside in which public funders work cooperatively to prioritize that set aside to determine outcomes.
Financing	AHA submits application for service funding	9/1/2024	
Design/Permitting	Preliminary drawings for homeless housing are completed	10/1/2024	
Design/Permitting	Zoning approval	Completed	Completed in 2019 with council approval
Design/Permitting	Schematic design completed	12/1/2024	
Financing	Private lender selection is completed	12/1/2024	
Financing	Investor selection is completed	12/1/2024	
Financing	Award date for OH Funding	12/1/2024	
Financing	Award date for 9% LIHTC and county funding application	12/1/2024	
Financing	Award date for service funding	12/1/2024	

Financing	Financial underwriting begins	12/1/2024	
Design/Permitting	AHA submits permit application to Seattle Department of Construction and Inspections for Homeless Housing	1/1/2025	Permit approval takes 8-12 months
Design/Permitting	Seattle Department of Construction and Inspections (SDCI) approves building permit for the Homeless Housing	9/1/2025	
Occupancy	Seattle Office of Housing, on behalf of City, execute the Ground Lease with AHA as defined in Section 1.03	10/1/2025	
Infrastructure	Infrastructure for homeless housing parcel is completed	10/1/2025	The City anticipates that the infrastructure for the homeless housing will be completed first before the entire 34 acres is complete. This is projecting a phased approach throughout the contract. For examples, all the roads may not be completed before the homeless housing is placed in-service.
Financing	AHA homeless housing construction closing transaction	10/1/2025	
Construction	Construction of Homeless Housing begins	11/1/2025	Construction takes 18-24 months for completion
Occupancy	AHA executes Memorandum of Agreement with United Indians of All Tribes Foundation for supportive housing services for Homeless Persons who will reside in the Homeless Housing	5/1/2026	
Occupancy	Selection of management company	10/1/2026	
Construction	Construction completion	4/1/2027	
Construction	SDCI issues certificate of occupancy for the Homeless Housing	4/1/2027	Previous timeline - December 2027
Occupancy	Homeless housing placed in service - lease up begins	6/1/2027	Previous timeline - January 2028
Financing	Permanent financing conversion	5/1/2028	
Financing	Final Equity Pay-In	5/1/2028	