

# Waterfront Gateway

## Disposition & Development Agreement (DDA)

September 21, 2023

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# Agenda

- Objectives
- Project History
- Community Visioning Process
- Site Plan and Program
- Public Benefits
- Proposed Agreement Structure
- Project Costs and Cost Sharing
- Next Steps
- Discussion & Questions



# Objectives

- Review terms of Disposition and Development Agreement between City of Vancouver and LPC West (DDA)
- Make recommendation to Council to approve DDA
- Extend ENA period to October 31, 2023

# Project History

- Jan 2019: Draft framework for RFQ
- July - November 2019: Community visioning
- November 2019: Memorandum of Understanding between CCRA & City of Vancouver
- November 2019 – September 2020: Visioning and RFQ refinement
- March 2021: RFQ issued
- November 2021: LPC West selected developer, entered into ENA



## Visioning Outreach

- July 2019 CCRA Board Workshop
- September 2019 Open House
- November 2019 Wrap-Up

# Vision Statement

Included in Request for  
Qualifications (RFQ)



The district should:

- be active, urban, inviting and mixed-use with strong cross-site pedestrian connectivity;
- include any combination of residential, retail, office, visitor, cultural, signature attraction, and structured parking uses;
- capitalize on the site's strategic location;
- provide public benefits including public connectivity and amenities;
- Be accessible to all abilities, ages and income levels; and
- create an environment that will attract from the community and around the region.

# Developer Selection

## Rationale for selecting LPC West

- Most qualified to accomplish City's outcomes
- Financial capacity and access to capital
- Team capacity and experience
- Best positioned to bring major employers to downtown Vancouver
- Commitment to DEI, prioritizing BIPOC contractors

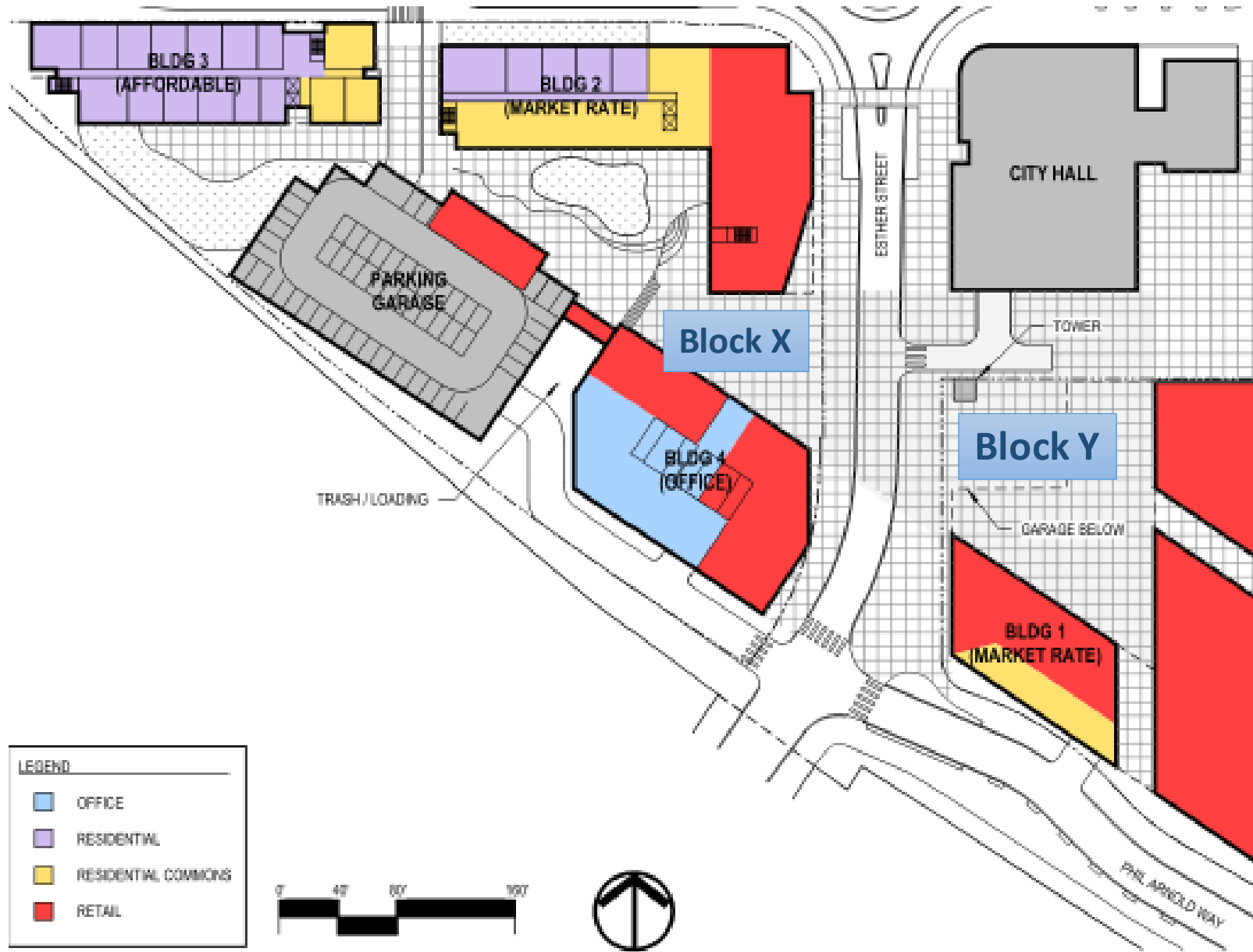
# Proposed Program

| Site Plan Program |               |
|-------------------|---------------|
| Market Rate Units | ~340 units*   |
| Affordable Units  | 95 units      |
| Retail Space      | ~35k sq ft    |
| Office Space      | ~100k sq ft** |
| Parking Spaces    | ~510          |
| Open Space        | 2 acres       |

\*Dependent on height increase to allow for up to two additional floors

\*\*Office Building to be constructed in Phase II under new plan





# Affordable Housing

- 95 units
- 100% of units @ 50%-60% AMI
- Long term affordability covenant recorded on parcel



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# Workforce Development

## Employment Opportunities for BIPOC and Women

- 20% of labor hours to be awarded to Black, Indigenous, People of Color (BIPOC) & women journey level participation

## Contracting Opportunities for BMWESB\*

- 100% BIPOC owned general contractor
- 40% Black, Minority, Woman-owned or emerging small business (BMWESB) Participation, 20% minimum
- 30% SW Washington Subcontractors, 20% minimum

## Employment Opportunities for Apprentices

- 20% of labor hours awarded to apprentices for contracts \$750,000 or more

## Community Bidding Process

# Open Space



- Approx. 2 acres
- Public plaza on Block Y and City Hall property for year-round events
- TREECAP Silver Leaf Certification
- Design subject to City's public design process
- Operations & Maintenance Agreement

# Green Building Elements

## Energy Efficiency

- All buildings to comply with WA Clean Buildings Performance Standards
- All buildings will be fully electric
- EnergyStar appliances
- Low flow plumbing fixtures
- High efficiency LED light fixtures

## Transportation

- 100% of parking stalls EV charging ready
- 10% of stalls installed & operational EV charging stations
- Dedicated bicycle storage & repair facilities

## Lighting

- Dark sky lighting to minimize light pollution

# Green Building Elements

## Heat Island Mitigation

- ~ 140ksf of asphalt parking lot removed
- Silver Leaf designation in COV TreeCAP Program (15% tree coverage)
- Drought resistant vegetation and light-colored paving surfaces in open spaces

## Rainwater Management

- Bioswales in landscaped areas to harvest rainwater

## Material Sourcing

- Materials from local suppliers (e.g. lumber, steel, concrete, landscaping, finishes)
- Use of recycled and renewable materials (e.g. asphalt, flooring)

# Tree Canopy

## CONCEPTUAL TREE LOCATIONS

During the previous design and community engagement phases goals such as flexible plaza space, public event space, accessible pedestrian circulation, weather protection, public art, decorative lighting, safety, and retail activation were highlighted.

The current design seeks to balance all goals. Block Y is primarily envisioned as an important civic plaza, highly visible from Esther Street, and activated by retail frontages.

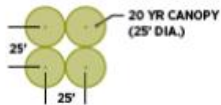
TreeCAP Silver Leaf certification requires 15% canopy coverage on commercial lots.

**Block X:**  
 146,038sf x 15% = 21,905.7sf of tree canopy required  
 45 trees required for Silver Leaf  
 53 trees shown (+32 street trees)

**Block Y:**  
 66,846 sf x 15% = 10,027sf of tree canopy required  
 20 trees required for Silver Leaf  
 13 trees shown (+20 street trees)

**Total (Block X + Block Y):**  
 65 trees required for Silver Leaf  
 66 trees shown (+52 street trees)

1. FLEXIBLE PUBLIC PLAZA FOR EVENTS, MARKETS + PERFORMANCES
2. FLEXIBLE SPACE FOR SMALL EVENTS + MARKETS
3. RETAIL VISIBILITY + SPILL OUT
4. RESIDENTIAL AMENITY BBQ + FLEX SPACE
5. SAFETY SURFACE PLAY AREA
6. RESIDENTIAL PATIOS
7. CIRCULATION
8. ADA ACCESS
9. FIRE ACCESS
10. SERVICE ACCESS + FOOD TRUCK EVENT PARKING
11. PARKING GARAGE ACCESS
12. GARAGE BELOW



Oregon White Oak (*Quercus garryana*) was used as a basis of design for these diagrams. The final design will include a variety of native and native adaptive trees, shrubs and groundcovers. Where space allows, large trees will be used to create natural shade and limit the heat island effect. In small spaces, such as around residential patios, multiple small or medium trees may be used in place of a large tree.



### Highlights:

- 65 Trees required for TreeCAP Silver Leaf Certification
- 66 Planned Trees

# Small Business Opportunities



## Key Features

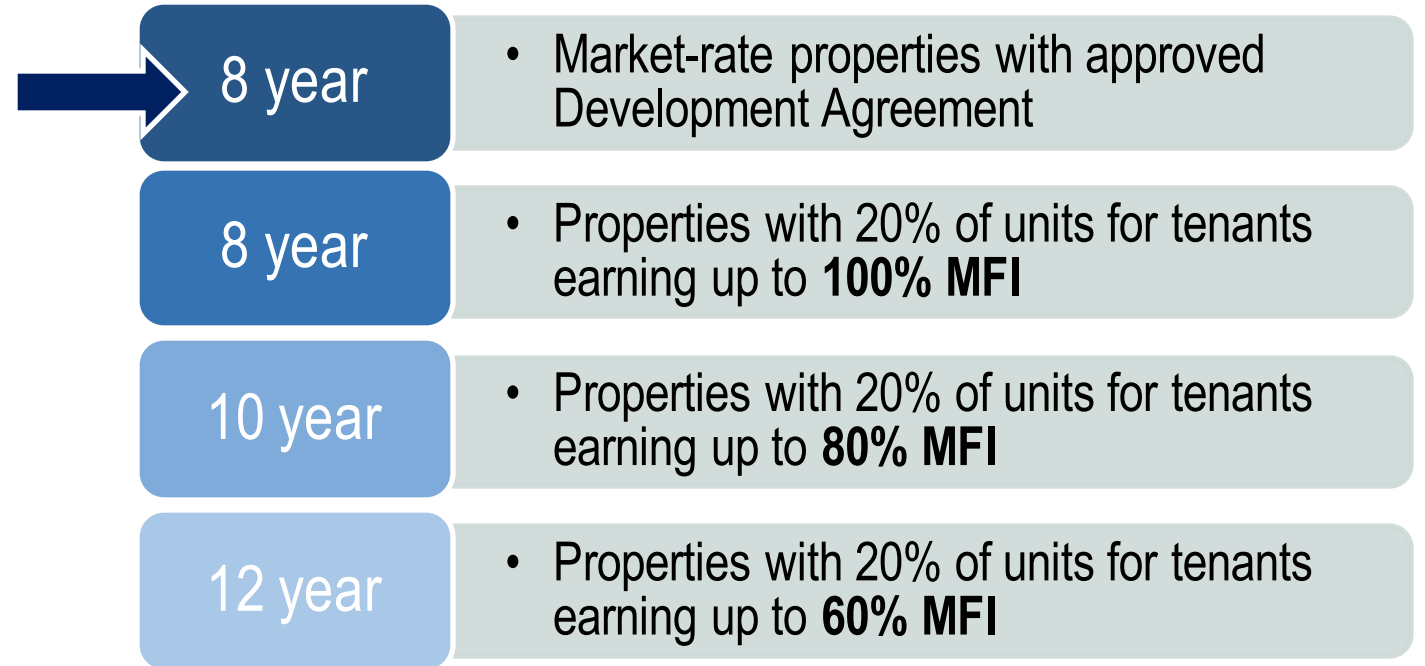
- Dedicated space in Building 1 for local, small businesses
- Smaller than standard commercial spaces with shared facilities
- Exclusive marketing and outreach to local, small businesses
- Right of first refusal to lease the space



# MFTE Market Rate Option

Market Rate Projects require:

- Development Agreement
- Public Benefit Contribution
- Green Building Measures
- Annual monitoring



# MFTE Property Tax Summary

Market Rate  
Residential Only

|   | All taxing districts | City of Vancouver |
|---|----------------------|-------------------|
| Net Present value of future tax revenue over 20 years | \$19,998,000         | \$5,354,000       |
| Public Benefit Contribution                           | -                    | \$1,179,250       |
| <b>Subtotal</b>                                       | \$19,998,000         | \$6,533,250       |
| Net present value of “foregone” tax revenue (8 years) | (\$4,717,000)        | (\$1,712,000)     |
| <b>NET PRESENT 20 YEAR TAX BENEFIT</b>                | \$15,281,000         | \$4,821,250       |

# Proposed Agreement Structure

## Disposition and Development Agreement (DDA)

- Program requirements
- Schedule of performance
- Public benefit commitments
- Design Standards
- Workforce Development Plan
- Open Space Maintenance and Operations Agreement (to be later negotiated when design finalized)
- CC&Rs

## Ground Leases (Parcel Y and Market Rate Residential Parcels on Block X)

- 36 months to close and start construction
- All parcels except office close simultaneously
- 36 months to exercise option on office parcel

## Purchase and Sale Agreement for Affordable Housing on Block X

- Affordable housing project will require ownership transfer to developer
- Value of land as contribution to affordable housing project

# DDA Terms & Conditions

## Timing

- 10 year term + ongoing obligations
- Single phase for all parcels except office parcel
- 36 months to close and start construction on all parcels except office parcel
- 36 month option for office parcel

## Performance

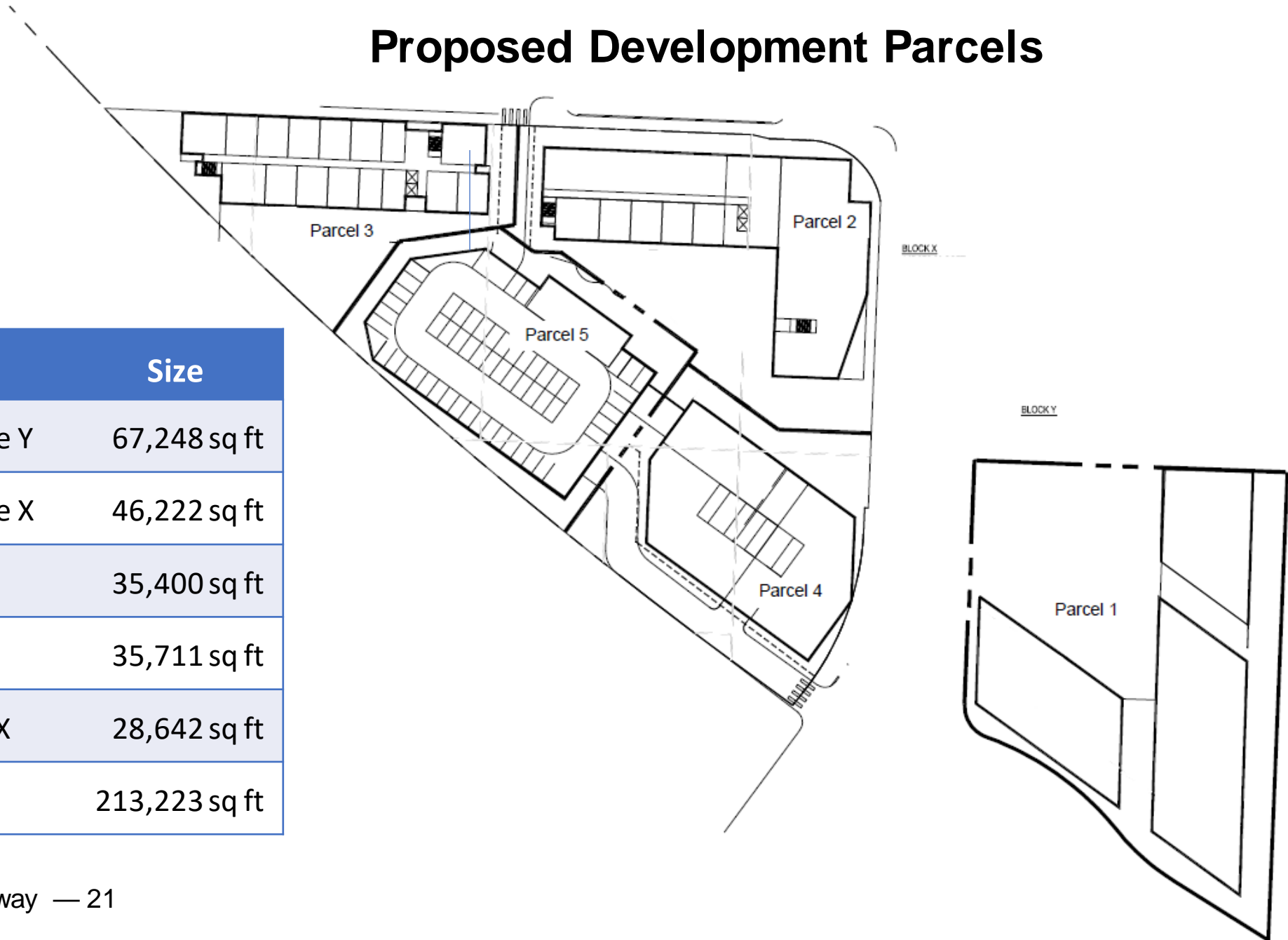
- Performance guaranties
- Standard default and termination provisions
- Right of reversion for failure to deliver affordable housing project

## Program

- Minimum program requirements for units, retail, office, open space, parking, etc.

# Proposed Development Parcels

| Parcel        | Size          |
|---------------|---------------|
| Market Rate Y | 67,248 sq ft  |
| Market Rate X | 46,222 sq ft  |
| Office        | 35,400 sq ft  |
| Parking       | 35,711 sq ft  |
| Affordable X  | 28,642 sq ft  |
|               | 213,223 sq ft |

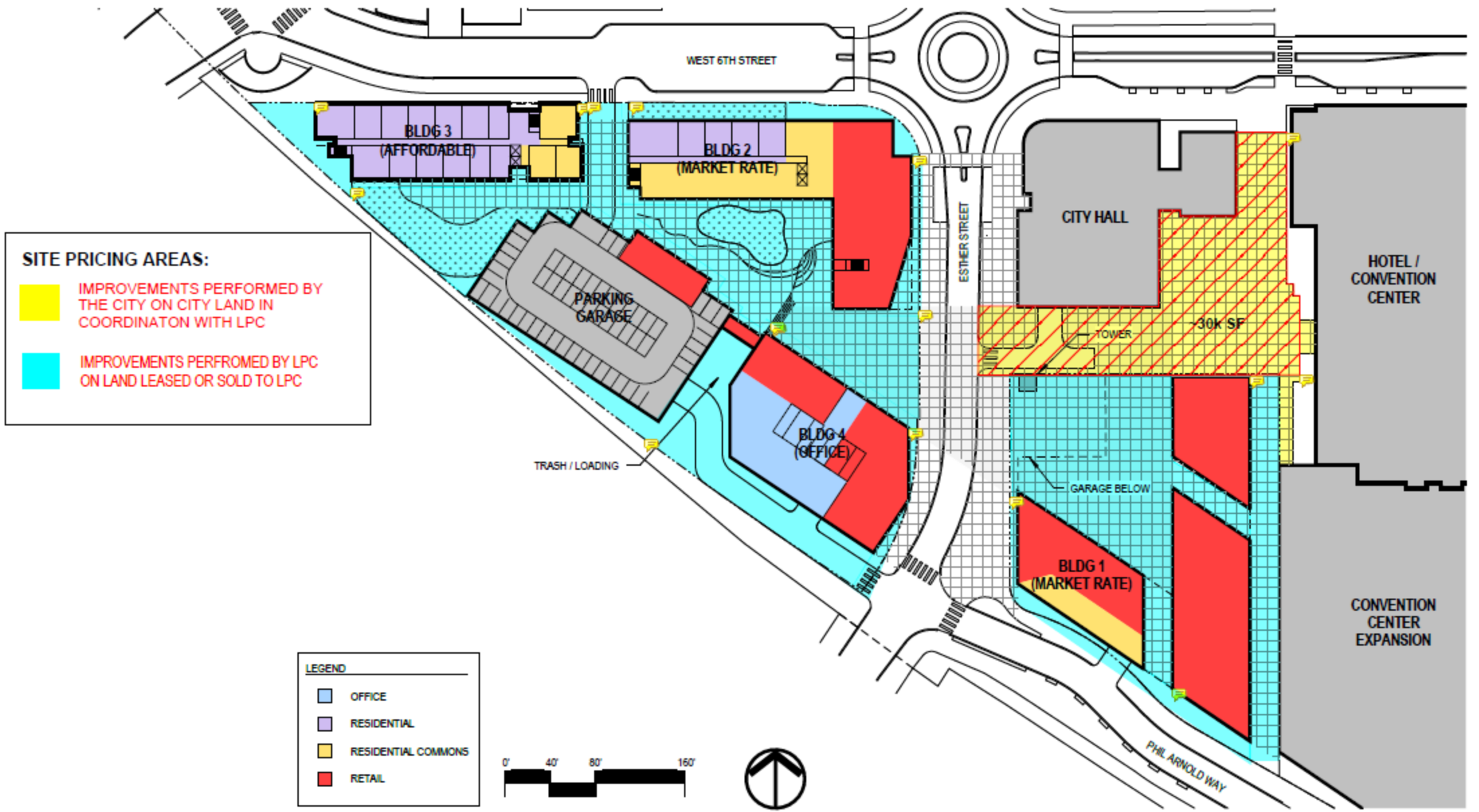


# Ground Lease Terms and Structure

- 50 year lease term with two 15 year options (up to 80 years)
- Lease payments based on appraised value of parcels multiplied by 6% rate of return
- Payments adjusted annually according to Seattle/Tacoma/Bellevue CPI, capped at 5.5% with 2.5% floor
- Rent abated for 2 years
- Discounted lease payments for Years 3-7 to assist project cash flow
- Rent reset every 20 years, not to exceed 10% of preceding year
- Buildings and improvements revert to City ownership after 80 years

# Public Benefit Cost Sharing

|                    | LPC                            | COV                                     |
|--------------------|--------------------------------|---|
| Open Space         | Block X & Y                    | City Hall Plaza + MFTE benefit to LPC   |
| Parking            | 100%                           |   |
| ROW Improvements   | Block X & Y frontages          | City Hall frontages                     |
| Affordable Housing |                                | 100% of subsidy                         |
| Soil Removal       | 90%/10% standard removal costs | 90%/10% contaminated soil removal costs |
| City Hall Upgrades |                                | 100%                                    |





# Schedule of Performance

| Milestone   | Target Date   |
|---|---|
| Council approval of ground lease                  | 90 days after DDA execution   |
| Council approval of affordable housing conveyance | 90 days after DDA execution   |
| City removal of Generator and Well                | January 31, 2025. If not completed by April 30, 2025 then it will be an event of default on the part of City. |
| Recording of legal lots                           | July 1, 2025 or within 60 days of land use approval, whichever is the earlier.                                |
| Recording of CC&Rs                                | 90 days following creation of the Legal Lots  |
| Approval of permits to start construction         | April 1, 2026   |
| Phase 1 Outside Closing Date                      | April 1, 2026   |
| Required Commencement of construction Phase 1     | July 1, 2026  |
| Required Completion of construction Phase 1       | July 1, 2029 or within 3 years of construction commencement, whichever is earlier                             |



# Next Steps

- City Council public hearing October 9<sup>th</sup> to vote on DDA
- Ground lease and PSA review and approval early 2024
- Community outreach for plaza design to commence Fall 2023
- LPC West advance planning and design of project over the next 18 months
- Construction projected to commence Spring 2025 and complete Summer 2027

# Questions and Discussion



# Thank You

To learn more, visit:

[beheardvancouver.org/waterfrontgateway](http://beheardvancouver.org/waterfrontgateway)



# Potential Affordable Housing Investments

| Tool/Incentive                   | Estimated Amounts |
|----------------------------------|-------------------|
| Land                             | \$2.6M            |
| Affordable Housing Fund          | \$2M              |
| Construction Sales Tax Exemption | \$2M              |
| SDC and Impact Fee Reductions    | \$.5-1M           |
| <b>TOTAL</b>                     | <b>\$7.1-7.6M</b> |

# Estimated City Project Costs

| Parcel                                       | Projected Cost | Notes   |
|--|----------------|---|
| Contaminated Soil Removal                    | \$3.0M         |   |
| Open Space Improvements –<br>City Hall Plaza | \$5.1M         | 30k sq ft @ \$170/sq ft                             |
| Affordable Housing                           | \$7.125M       | 95 units @ \$75k/unit                               |
| City Hall Upgrades                           | \$5.2M         |   |
| Esther St Improvements                       | \$X            | Frontage improvements<br>adjacent to City Hall only |
| Total  | \$20.4M        |   |