

# City of SeaTac Council Workshop Minutes Synopsis

May 13, 2008  
5:00 PM

City Hall  
Council Chambers

**CALL TO ORDER:** The SeaTac City Council Special Meeting was called to order by Deputy Mayor Fisher at 5:04 p.m.

**COUNCIL PRESENT:** Deputy Mayor (DM) Gene Fisher, Councilmembers (CMs) Chris Wythe, Terry Anderson, Anthony (Tony) Anderson and Mia Gregerson. Excused Absence: Mayor Ralph Shape and CM Joe Brennan.

## **PRESENTATION:**

### **•Multi-family Residential Market Study for Light Rail Station Areas**

Economic Development (ED) Manager Todd Cutts stated the purpose of this presentation was to give Council a summary of the Multi-family Residential Market Study that staff has been working on with the consultant, Gardner Johnson. Gardner Johnson is focusing on the two station areas. As a result, staff hopes to get a better understanding internally of what the City's options are and use the study as a tool when talking with developers to help them become more interested in SeaTac's market.

Senior Principal Mathew Gardner introduced Senior Analyst Sterling Hamilton.

Mr. Hamilton summarized the regional economy. The Seattle Metropolitan Area Employment Growth has increased through 2007 and is projected to continue to increase, but at a slower pace. There is nothing to warrant recessionary fears. Unemployment in this region is 3.8% compared to the United States rate of 5.1%.

The light rail is the underlining principal for supply and demand for the entire study.

He noted that the population has not increased within the City, as it has in the rest of the region; however, per capita income has followed regional trends.

He summarized the single-family home prices for SeaTac, detailing the sales of single family homes from 2000 through 2007. The median price in SeaTac is \$300,000. This is an incredible value compared to the region as a whole. The median price is one of the key indicators for future potential of the light rail station areas.

He detailed the SeaTac median condo prices from 2000 – 2007, including conversions. Currently the median price is \$150,000. This is very comparable to surrounding areas.

He reviewed the five-year rental rate averages for South King County (SKC). SeaTac is currently number 13 at \$681. That is affordable rent for this area. He explained that there may be a demand for higher rental rates, but the apartment stock is quite dated. He detailed the SeaTac rental percentage of stock by decade built.

He reviewed the spatial analysis market areas for three station areas: (1) Mt. Baker; (2) Othello; and (3) SeaTac. He included the apartment usage, median single-family housing values, and existing rental housing stock.

Mr. Hamilton stated the following are key conclusions from the study:

- SeaTac is value oriented (a place where rent is not going to crush your budget and single-family homes are still affordable).
- Current housing prices and existing stock limit development potential for urban condominiums.
- SeaTac's rental market is underserved.
- A sense of place is important for creating urban fabric and increasing development potential through planning and policy, including multi-family tax exemptions among other measures.

The key is to make SeaTac the most inviting place for the highest quality development. The way to do that is through policy measures. Gardner Johnson is recommending the following for apartment dwelling: implement the multi-family tax credit, and allow developers to come in knowing that because of the light rail, they will achieve a higher rental rate than they could have before. Through that policy and the ability for developers to capitalize on a market that has not had new construction for awhile, SeaTac will be an attractive place for rental development.

Discussion ensued regarding the following: (1) How does the City get the infrastructure, schools, and other services to go along with the additional 300 – 400 units; (2) SeaTac's vacancy rate. Mr. Hamilton stated SeaTac's rate is 3.8% (medium ground). Nearly 50% of planned developments are failing so there will be more demand for new apartments and will be more desirable to those wanting transportation and value. Mr. Gardener stated 5%

**PRESENTATION (Continued):**

**Multi-family Residential Market Study for Light Rail Station Areas (Continued):** vacancy is considered stabilized; and (3) desirability and need for rental units versus owned housing. Mr. Gardner stated the ability to mix rental and ownership is usually frowned upon by owners because they feel renters don't care about their property. It could occur if a separate building is built; however, the development community will make that decision themselves.

Mr. Gardner stated SeaTac has an opportunity to be a destination for development. From the development standpoint, one thing alone is important – the ability to mitigate risk as much as possible. Building anything is risky and expensive. The more you can mitigate the risk, the better.

ED Manager Cutts stated the City needs to actively court developers and explain incentives.

**ADJOURNMENT:**

Deputy Mayor Fisher adjourned the Council Workshop at 5:56 p.m.