



**SPECIAL  
MEETING OF THE  
BOARD OF COMMISSIONERS**

**October 31, 2017 at 10:30 a.m.**

King County Housing Authority  
Commissioners via Phone  
Snoqualmie Conference Room  
700 Andover Park W  
Tukwila, WA 98188

**A G E N D A**

- I. Call to Order**
- II. Roll Call**
- III. Public Comment**
- IV. Resolutions for Discussion & Possible Action**
  - A. Resolution No. 5573:** A Resolution authorizing the Acquisition of Ballinger Commons
- V. Commissioner Comments**
- VI. Adjournment**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator, Jessica Olives, in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1194 prior to the meeting date.



**TO:** Board of Commissioners

**FROM:** Tim Walter

**DATE:** October 30, 2017

**RE:** **Resolution No. 5573** Authorizing the acquisition of the Ballinger Commons Apartments

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The Ballinger Commons Apartments is a 485 unit apartment complex located in Shoreline at 2405 N 202<sup>nd</sup> Pl. The property was built in 1989 and consists of 185 one bedroom, 252 two bedroom and 48 three bedroom apartment homes. All of the units have full size kitchens, separate living and dining rooms and washers and dryers. The units range in size from 669 square feet (one bedroom), 884 – 908 square feet (two bedroom) and 1,208 square feet (3 bedroom). Each unit comes with a covered carport parking space and there is ample parking throughout the site for an extra vehicle and/or visitors (510 covered and 481 uncovered spaces).

Images, maps and more detailed property information are included with this Board packet.

The parcel is nearly 80 acres and has mature landscaping and numerous amenities for the residents including two community buildings, fitness center, playground, walking and jogging paths throughout the site and an outdoor picnic area. It is also centrally located within walking distance to grocery and numerous retail and other services. The Aurora Village Transit Center is approximately one quarter mile west of the property and the site is proximate to the new light rail stop planned for 185<sup>th</sup> street. The location is in a very high opportunity neighborhood with excellent schools. This is a sub-market with rapidly escalating rents. Overall rental costs in the area have increased by 24% over the last three years, and two bedroom rents specifically by 28%. The Shoreline apartment market vacancy rate is currently 2.6%.

The sales prospectus highlights “value add” opportunities. These are improvements, mostly cosmetic, that could enable a new owner to raise rents. The prospectus states that “These additions could create monthly rental premiums in the range of \$150 - \$250 and, in some cases, up to \$300 over in-place rents”. Rents at the property are also currently 10% - 15% lower than comparable apartments in the area.

KCHA is very concerned regarding the large scale loss of affordability, and the possibility of significant current household dislocation, in an area of the county where modest wage working families are increasingly being priced out of the market. Completion of light rail along this corridor will only exacerbate this trend.

Market interest in this property is very strong. KCHA is in conversation with the property owners and their brokers and is making good progress; however, due to the market demand, growing loss of affordable housing in the area and seller's desire to dispose of their interest in the property at this time, it is necessary for us to take all efforts necessary to see that this workforce housing can be preserved.

Resolution 5573 authorizes the acquisition of the Ballinger Commons Apartments and - given the critical role that a property of this size plays in affordable housing availability in the Shoreline submarket - in the event that KCHA is unable to negotiate a purchase with the seller, directs the executive director to use KCHA's statutory authority, including the exercise of the power of eminent domain, if necessary, to acquire the property.

Prior to consummation of the transaction KCHA will bring this project back to Board with detailed information regarding the financing structure, results of KCHA's due diligence and a complete risk assessment for final Board review and approval.

Staff recommends approval of Resolution 5573.

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# Ballinger Commons



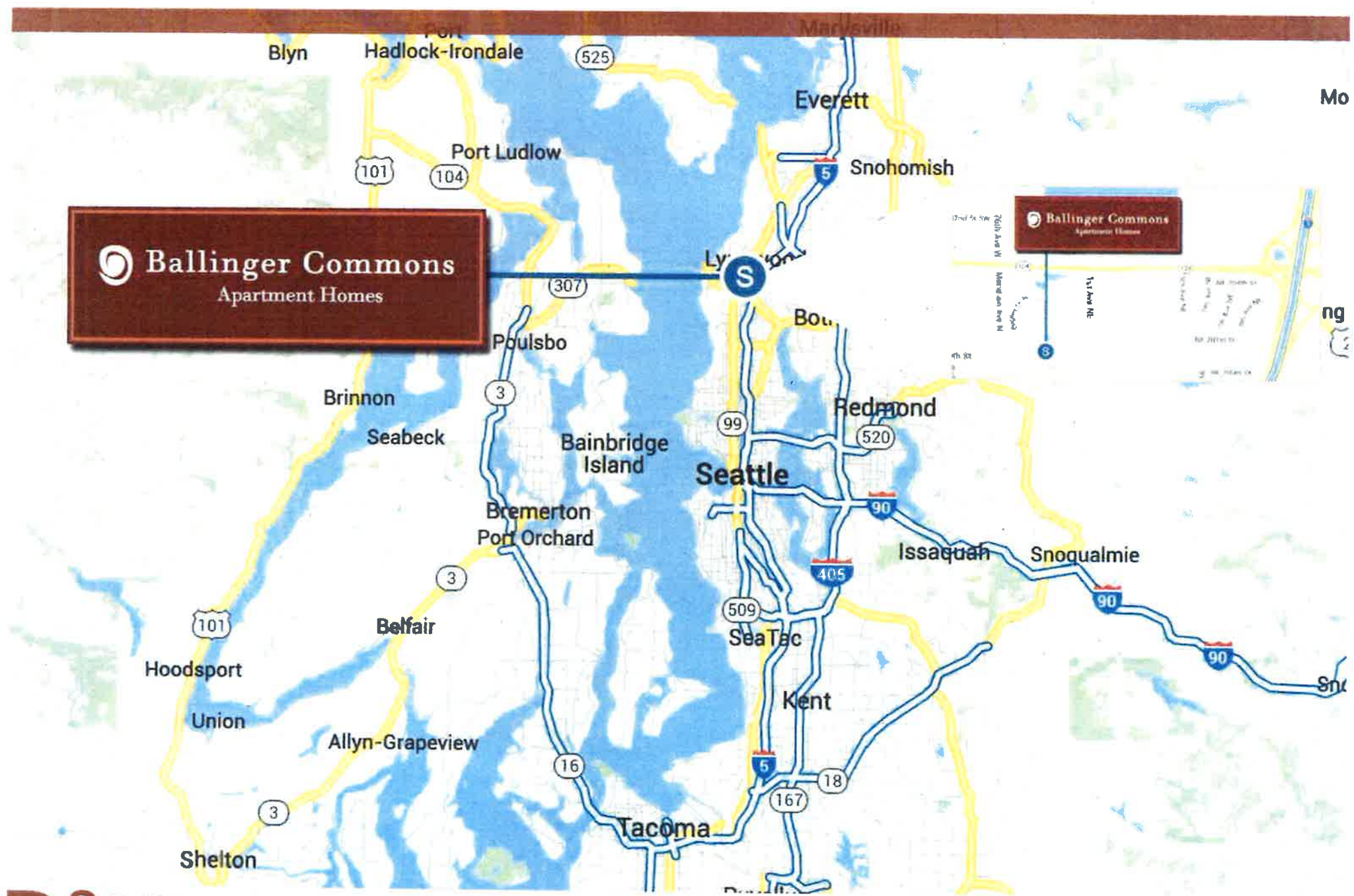
2405 NORTH 202ND PLACE  
SHORELINE, WA 98133  
[BALLINGERCOMMONS.BERKADIAAREA.COM](http://BALLINGERCOMMONS.BERKADIAAREA.COM)

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 **Ballinger Commons**  
Apartment Homes

 **Ballinger Commons**  
Apartment Homes





# Property Description

Ballinger Commons is a 485-unit, garden-style apartment community located in the north Seattle submarket of Shoreline, less than 15 miles from the downtown core. The sprawling setting covers nearly 80 acres of land with a balanced unit mix featuring 185 one-bedroom / one-bathroom units, 138 two-bedroom / one-bathroom units, 114 two-bedroom / two-bathroom units, and 48 three-bedroom / two-bathroom units, for an average total square footage of 840 square feet. The property is a true value-add opportunity: nearly every unit interior displays classics finishes.

The apartment community features a plethora of amenities including a fully renovated leasing center, clubhouse, and fitness center. Two swimming pools, playground, sport courts, indoor racquetball, over 1,000 parking spaces, its own walking and jogging trails, in addition to direct access to the Shoreline Interurban Trail.

The wide range of community amenities and access to shopping, entertainment, and employment drivers coupled with the compelling value-add story make Ballinger Commons an ideal opportunity for residents and investors alike.





# Property Description

<b>NAME:</b>	Ballinger Commons
<b>ADDRESS:</b>	2405 North 202nd Place Shoreline, WA 98133
<b>PARCEL NUMBER:</b>	0526049003
<b>YEAR COMPLETED:</b>	1989
<b>2017 TAXABLE VALUE:</b>	\$82,067,000
<b>NUMBER OF BUILDINGS:</b>	29 including Two Clubhouses
<b>SITE ACREAGE:</b>	3,384,176 SF (77.69 Acres)
<b>NUMBER OF APARTMENT HOMES:</b>	485
<b>AVERAGE UNIT SIZE:</b>	840 SF
<b>TOTAL RENTABLE SF:</b>	407,253
<b>AVERAGE MARKET RENT:</b>	\$1,602
<b>AVERAGE MARKET RENT PER SF:</b>	\$1.91
<b>FLOOR PLANS/UNIT MIX:</b>	1/1, 2/1, 2/2, 3/2
<b>PARKING SPACES:</b>	
■ GARAGE:	None
■ CARPORT:	485 (+25 Smaller Spaces)
■ OPEN SPACES:	471 (+10 Handicapped)
<b>TOTAL:</b>	989
<b>PARKING CHARGE:</b>	\$50 for Additional Covered Parking
<b>HALLWAYS:</b>	None
<b>BALCONIES:</b>	Yes
<b>DECKS:</b>	Yes
<b>WALK SCORE:</b>	"33"
<b>FLOORING:</b>	Carpet & Vinyl
<b>CABINETRY:</b>	Classic, Wood Boxes
<b>COUNTERTOPS:</b>	Vinyl
<b>APPLIANCES:</b>	White Whirlpool
<b>RANGE:</b>	Whirlpool Electric Coil Cooktop

<b>BACKSPLASH:</b>	No
<b>DISPOSAL:</b>	Yes
<b>ARCHITECT:</b>	Milbrandt Architects
<b>STORAGE UNITS:</b>	120 at \$40 per month
<b>BIKE STALLS:</b>	None
<b>NUMBER OF FLOORS:</b>	Two- and Three-Story Walk-Up
<b>CONSTRUCTION TYPE:</b>	Wood-Frame
<b>FOUNDATION:</b>	SOG/Crawlspaces
<b>ROOF CONSTRUCTION:</b>	Pitched, Composition Shingle
<b>CEILING HEIGHT:</b>	8 ft. Vaulted Top Floor Ceiling
<b>SIDING:</b>	Cedar Siding and Trim
<b>WINDOWS:</b>	Double-Paneled Vinyl
<b>PLUMBING:</b>	Copper
<b>ELECTRICAL:</b>	Copper (Individually Metered)
<b>AIR CONDITIONING:</b>	No
<b>HEATING:</b>	Forced Air and Baseboard
<b>WATER HEATER:</b>	50-Gallon Individual Water Heaters
<b>PLUMBING SUPPLY:</b>	Copper
<b>WATER METER:</b>	Individually Metered
<b>FIRE PROTECTION:</b>	Mini Horns
<b>FIRE EXTINGUISHERS:</b>	Exterior Common Hallways
<b>UTILITY PROVIDERS:</b>	
■ ELECTRIC:	Seattle City Light
■ WATER/SEWER:	Seattle Public Utilities
■ CABLE / INTERNET/ TELEPHONE:	Comcast / Century Link
■ TRASH:	Wastexperts











## Value-Add Opportunity

Built in 1989, Ballinger Commons will provide investors the opportunity to own a well-positioned, value-add asset primed for upgrades focused on the interior of the apartment homes. The layouts of the units are well-designed and provide a pleasant alternative to new product that is being built surrounding the core Seattle markets.

The interior of the units will benefit from a full renovation package including new appliances, faux-wood flooring product, and the addition of hard surfaces in the kitchens and bathrooms. Complements to this renovation program could also include USB outlets, 4" baseboard, new hardware and plumbing fixtures, LED lighting packages, and accent walls. These additions could create monthly rental premiums in the range of \$150-\$250 and, in some cases, up to \$300 over in-place rents. These thoughtful renovations will provide residents with the same high-end feel as newer assets and will also create a competitive advantage for ownership, while drafting behind newer product and still generating premiums. While new to Ballinger Commons, similar renovations have been proven out at comparable properties throughout King County and have been very well received.

Ballinger Commons also provides investors the opportunity to improve the common areas of the property with potential renovations to the second clubhouse and pool area, and the additions of amenities such as a dog park, outdoor BBQ areas, larger playground, and the potential to add garages.





**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5573**

**A RESOLUTION AUTHORIZING ACQUISITION OF  
BALLINGER COMMONS**

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**WHEREAS**, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority (“Housing Authority”) is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

**WHEREAS**, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities in areas with significantly appreciating housing costs; and

**WHEREAS**, Ballinger Commons (the “Property”) comprises the 485-unit apartment complex located at 2405 N 202nd Place, Shoreline, Washington, in an area of King County where rents are increasingly unaffordable to low-income households; and

**WHEREAS**, the Property currently provides rental housing at rents affordable to low income households with incomes at or below 80% of area median income; and,

**WHEREAS**, rents have increased by 37.5% over the last 5 years in Shoreline, resulting in a growing loss of affordable housing; and

**WHEREAS**, rents at the Property and in the Shoreline rental market are expected to continue to escalate making the Property and Shoreline increasingly less affordable to low income households; and

**WHEREAS**, the Property is located in a very high opportunity area according to the mapping established by the Housing Authority and the Puget Sound Regional Council; and

**WHEREAS**, the Board of Commissioners of the Housing Authority of the County of King, by Resolution No. 5382, directed staff “to give strong consideration to Opportunity Neighborhood indicators such as education, employment, access to food, parks and transportation, when acquiring new properties”; and

**WHEREAS**, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations, and RCW 35.82.070(5) authorizes a housing authority to acquire real property by exercise of the power of eminent domain or by purchase in lieu of exercise of the power of eminent domain; and

**WHEREAS**, acquisition of the Property by the Housing Authority will serve the mission of the Housing Authority and the housing goals of the region through an approach that is considerably less expensive than constructing the same number of new housing units and prevent the potential dislocation of existing residents; and

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:**

**Section I:** Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations, and in areas of rising rents and high housing market costs in particular.



**Section 2:** The Board of Commissioners hereby authorizes the Executive Director to acquire the Property by condemnation through exercise of the Housing Authority's power of eminent domain, if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation with and purchase from the owner in lieu of condemnation for a price anticipated to be approximately One Hundred Thirty-Three Million, Three Hundred Fifty Thousand Dollars (\$133,350,000) (\$274,948.45 per unit) but which shall not exceed 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser. The Executive Director is hereby further vested with the authority, and with discretion in the exercise thereof, to give notice to the current owner of the Property of the Housing Authority's intention to acquire the Property by eminent domain if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation and purchase in lieu of condemnation.

**Section 3:** The Executive Director is hereby vested with the authority, and with discretion in the exercise thereof, to attempt to negotiate purchase of the Property from the owner in lieu of condemnation. If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then the Executive Director is hereby authorized (a) to sign a Purchase and Sale Agreement providing for the acquisition of the Property containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the Purchase and Sale Agreement under terms that would permit the earnest

money, after waiver of contingencies, to be forfeited to the owner as liquidated damages if the sale fails to close through no fault of the owner.

**Section 4:** The Executive Director is further directed to review the results of the due diligence investigation of the Property, develop a financing strategy and risk assessment and provide a recommendation to the Board as to whether to proceed with the purchase of the Property through either condemnation or negotiated purchase.

**Section 5:** The Board of Commissioners hereby elects pursuant to RCW 8.26.010(2) not to comply with the provisions of RCW 8.26.035 through RCW 8.26.115 in connection with the acquisition of the Property because no existing occupants of the Property will be displaced by reason of the acquisition.

**Section 6:** The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution and final Board approval.

**Section 7:** The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Deputy Executive Director Constance C. Davis, to execute on behalf of the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the Housing Authority's acquisition of the Property pursuant to this Resolution and final Board approval.



**Section 8:** The Board of Commissioners further authorizes the Executive Director, Stephen J. Norman to take any and all actions necessary to consummate acquisition of the Property pursuant to this Resolution and final Board approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING THIS 31ST DAY OF OCTOBER,  
2017.**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

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**DOUGLAS J. BARNES, Chair**

Attest:

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**STEPHEN J. NORMAN, Secretary**