



# 4<sup>th</sup> and Railroad Parking Lot Bespoke Project Term Sheet

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# Background

- January 2021- the City declared the Talbots parking lot surplus land and issued RFP for development of affordable housing on the site
- 3 responsive proposals were received
- July 2021 - City Council selected 3-party development team of Prometheus, Harvest Properties and Alta Housing for exclusive negotiations
- Primary selection criteria was ability to assemble the entire block and to provide the most parking spaces for the affordable units



# Exclusive Negotiating Agreement

- Approved in October 2021
- Covers a 3-year period to allow development team to assemble property and to obtain project entitlements
- To date development team has met all milestones
- Project planning application is currently under review
- Commencing negotiations on the Disposition and Development Agreement



# Current Bespoke Project

- Redevelopment of entire block
- 60 units of affordable housing
  - Rents from 30% to 70% AMI
  - 50% of units are 2 and 3 bedrooms
- 4,500 sqft ground floor space for Self Help for the Elderly
- Roughly 150,000 sqft of office space
- Roughly 12,000 sqft of retail space along B Street corridor
- 118 underground parking stalls of which 38 are dedicated to the housing units



# Project Evolution

- Entire block assembled
- Affordable units increased from 52 to 60 resulting in increase of City affordable funds from \$2.0M to \$2.75M
- Office space increased from 118,000 to 150,000 sf due to acquisition of additional parcels
- Determination that lot tie agreement is needed to allow for shared subterranean garage

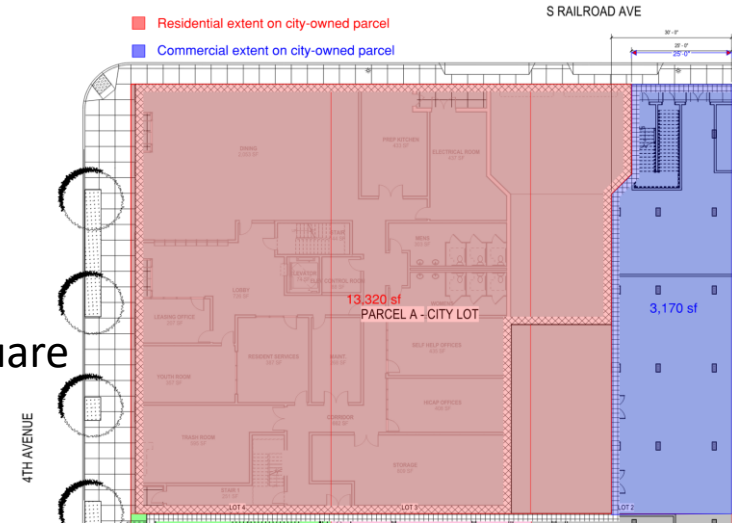


# Key Financial Deal Terms

- City to contribute land as a 99-year ground lease at \$1 per year
- The City will contribute \$2.75 million to the affordable housing
- The development team will contribute \$2.9 million to the affordable housing.
- The development team will finance and construct the shared underground parking garage (valued between \$5 and \$6 million)
- Self-Help for the Elderly to receive ground floor space at subsidized rent
- Lot tie agreement to be used to allow for development across parcel lines

# Other key considerations

- Project Phasing:
  - Parking must be constructed first to create development site for housing
  - Commercial is solely financing the parking
  - As a result, commercial will start construction first
  - Occupancy has to be independent
- Lot split
  - Development team proposes to use portion of City parcel for commercial development
  - Staff and developer are exploring options to expand housing footprint while maintaining commercial square footage needed for financial feasibility
  - Additional City contribution to housing would be required



# Next Steps

- Further evaluate opportunities to increase the number of affordable units included in the project
- Project to complete planning entitlement process and environmental review
- City Council will approve final entitlements and the Disposition and Development Agreement for the land and financial contribution in late 2023/early 2024

# City Council Actions Required

- Confirm current financial terms
- Do you support exploring for opportunity for more affordable units on site?