

The Seattle Times

Winner of Eight Pulitzer Prizes

Business / Technology

Originally published Tuesday, December 20, 2011 at 8:03 PM

UW, Seattle Children's hospital plan to build employee housing

Two big Seattle employers, Seattle Children's hospital and the University of Washington, are partnering to build something this region probably hasn't seen since the days of the "company town" a century or more ago: housing for their workers.

By Eric Pryne

Seattle Times business reporter

Two big Seattle employers are partnering with a developer to build something this region probably hasn't seen since the days of the "company town" a century or more ago: housing for their workers.

Seattle Children's hospital and the University of Washington have proposed a 184-unit apartment complex in the University District at which their employees would have priority.

The university is providing the land, the hospital some of the financing. Seattle-based Security Properties would build, own and operate the complex, on 11th Avenue Northeast between Northeast 45th and 47th streets.

Children's and UW officials say it would offer relatively affordable homes close to work for employees ranging from cooks to lab technicians to junior faculty.

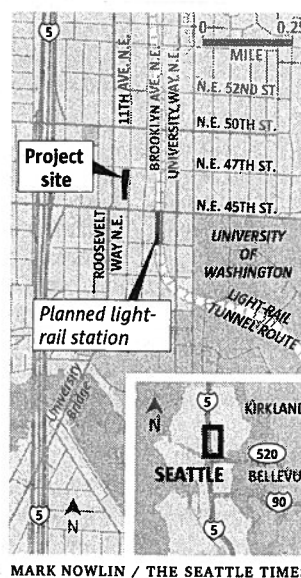
First-year medical residents are another target, said Todd Johnson, Children's vice president for facilities: "They're not that well-paid. But they need to be nearby, and sometimes finding housing can be a real problem for them."

The complex also could help both institutions recruit staff from across the country in the face of Seattle's still relatively expensive housing, said Aaron Hoard, the UW's deputy director of regional relations.

Entry-level employees at Children's commute from as far away as Marysville and Federal Way, Johnson says, because that's where they can afford to live.

Employer-provided housing is a big part of the Northwest's history. Pope & Talbot built Port Gamble for workers at its sawmill there. Newcastle began as a coal-mine company town. Asarco's corporate ancestors developed the town of Ruston around their Tacoma smelter.

But those communities all date to the early 1900s, or earlier. It's apparently been many decades since any local employer played a role in supplying housing for workers, historians at Historylink.org say.



MARK NOWLIN / THE SEATTLE TIMES

Some institutional employers in other high-priced parts of the country — Stanford University in Palo Alto, Calif., is one — already provide staff housing. For Seattle, however, "we think we're the first," Children's Johnson said.

Curve, as the project is called, is a response to both a perceived need and a contractual obligation.

When the Seattle City Council approved Children's plan to expand its Laurelhurst campus in early 2010 after a drawn-out fight with unhappy neighbors, the hospital was required to replace the housing that would be torn down — a 136-unit, postwar condo complex called Laurelon Terrace, on Sand Point Way Northeast.

The council gave Children's a choice: It could pay \$10.9 million into a city housing fund, or build replacement housing somewhere in Northeast Seattle.

"We thought that [option] offered a lot more opportunity," Johnson said.

Even before the condition was imposed, he said, Children's and UW executives had been discussing their common need for more-affordable housing near their campuses.

The university happened to have a promising development site: a parking lot covering nearly an acre, acquired in 2006 as part of its purchase of Safeco's U District holdings.

The two institutions solicited proposals from developers this year. Security Properties, which has acquired or developed 440 complexes across the country during its 40-year history, was selected in August.

The company has leased the property from the university for 50 years. Children's is jump-starting the \$40 million project's financing with a \$6 million, low-interest loan.

That favorable financing is helping Security to set aside 34 of Curve's 184 units for tenants earning no more than 75 percent of the area's median income, or about \$51,000 for a two-person household, said John Marasco, the company's chief development officer.

The loan also allows Security to build more large apartments — two- and three-bedroom units — than most developers are building today, he added: "They [Children's and UW] wanted larger units to attract staff with young families."

There's another reason: Laurelon Terrace had 66 two- and three-bedroom units. Children's deal with the city requires that the replacement project contain at least that many.

Preliminary plans call for three buildings of four, six and eight stories, separated by plazas. The building at the corner of 11th and 47th would have ground-floor space for shops or cafes.

Security filed permit applications late last month. Marasco hopes to start construction in early 2013 and finish the complex in late 2014.

It could face plenty of competition. Developers plan to build an additional 640 apartments in the University District by 2015, according to research firm Dupre + Scott Apartment Advisors.

The largest, 284 units, would be across 11th from Curve. Both are near Sound Transit's planned U District light-rail station.

Children's and the university both expect Curve will help get more workers out of their cars. While the complex would be within walking distance of the university, it's nearly two miles from the hospital's main campus.

But there's a good alternative to driving, Johnson said: The hospital already runs a shuttle to Laurelhurst from offices it leases in a U District building a couple blocks away.

Apartments at Curve would be offered to UW and Children's workers before they are marketed to the public. Marasco said he expects employees of the two institutions will make up a good share of the

residents: Worker surveys by the two employers found much interest in living closer to work, and that influenced Curve's design.

What's more, Marasco said, Security's Epicenter complex in Fremont, two miles farther from the UW campus, already attracts university employees and students.

"So we know they're out there," he said.

Eric Pryne: 206-464-2231

or epryne@seattletimes.com