

# Block 10 Redevelopment Update

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WASHINGTON

City Council Workshop  
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# Presentation Overview

- May 13 Council direction re. Holland Partner Group
- Status of Negotiations
- Revisions to Proposed Project
- Factors Affecting Project Scope
- Conceptual Images
- Benefits Retained
- Next Steps



# Council Direction from May Workshop

- Overview of Holland Partner Group proposal to develop the block
- Holland headquarters, 11 story office tower, 7 story apartment tower, structured parking
- Construction to start by end of year
- Cash purchase or ground lease
- Staff directed to begin negotiations with Holland





# Status of Negotiations

- City and Holland team have been negotiating terms of Disposition and Development Agreement (DDA)
- Scope of project has evolved based on changes in development “landscape”
- Discussions on track to deliver a draft DDA to Council in October pending confirmation of Council direction at workshop

# Revisions to Proposed Project

Project Component	Initial Concept	Revised Proposal
Office (stories)	110,000 (10-11)	80,000 (6)
Residential – (stories)	121 units (7) Use of MFTE Program	105-110 units (7) 20% units at 100% AMI
Retail	Columbia/8th Street/Washington	
Parking	~200 spaces Block 10; use of some spaces in Vancouvercenter garage	113 spaces Block 10; use of some spaces in Vancouvercenter garage

# Other Project Elements

- Building Design:
  - Request to extend 5 feet into the public right-of-way above sidewalk for full height of building (75 feet)
    - Council action required: amendment to VMC 20.630  
“Downtown District”
  - LEED certified or similar certification of buildings
  - Subject to City’s design review process

# Other Project Elements (cont'd)

- Vancouvercenter Garage: Extend option for Holland to purchase the Vancouvercenter parking garage to December, 2022; City will work with Holland to shift management of the garage
  - Council action: approve extension of current garage purchase option; authorize management agreement
- Property transaction: fair market value lease/purchase

# Factors Affecting Project Scope

- Market Uncertainty. Higher than market rents would be required to support Type I high-rise construction;
- Cost of and Demand for Parking. The larger office building required more parking than could be provided on-site or in Vancouvercenter garage;
- Energy Code Requirements. Incremental costs of energy code made larger office infeasible;
- Construction materials and labor costs continue to increase, when early analyses by Holland anticipated leveling off.



# Conceptual Images of Project as Revised



# Conceptual Images of Project as Revised



# Conceptual Images of Project as Revised



# Revised Proposal Retains Many Benefits

- Activates a major vacant block with retail, office and residential uses
- Would still be one of first Opportunity Zone projects
- Still provides a headquarters-anchored project in the largest office tower built in downtown since the early 2000's
- Retains significant employment and HQ downtown
- Adds 105-110 apt. units in the downtown (20% at 100% AMI)
- Construction anticipated by Second Quarter, 2020

# Proposed Next Steps

1. Subject to Council direction, finalize DDA negotiations with Holland Partner Group
2. Holland to continue to prepare plans and documents to begin permitting process
3. Staff to bring a draft DDA and lease for Council's review and approval on October 21 following input from the City Center Redevelopment Authority
4. Staff to prepare ordinances (e.g. building encroachment, Vancouvercenter parking purchase extension) for Council consideration by end of year



# Questions and Discussion

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