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Housing Authority Land Sale Helps Revitalize Yesler Terrace

Vulcan Real Estate to bring workforce and market-rate housing

The Seattle Housing Authority today announced the sale of three blocks in Yesler Terrace for \$22,062,000 to Vulcan Real Estate. The 3.7 acres along East Yesler Way and west of Boren Avenue will be developed to include approximately 650 units of workforce and market-rate housing.

The Vulcan transaction represents a milestone in the transformation of Yesler Terrace into a diverse and vibrant mixed-income community. Vulcan plans to invest \$200 million in three residential projects that will include both market-rate apartments and workforce housing aimed at households earning up to 80% of Area Median Income.

Funds from the Vulcan sale will be re-invested in the Yesler Terrace neighborhood redevelopment, building new low-income housing units and creating new amenities and major infrastructure improvements. Seattle Housing will replace all of the existing 561 units of low-income housing within the Yesler Terrace neighborhood while adding additional affordable housing serving multiple income levels.

As master developer of Yesler Terrace, Seattle Housing is currently coordinating:

- The design and construction of more than 300 low-income apartments.
- A pedestrian connection from Little Saigon to First Hill.
- Education and employment programs.
- Resident relocation.
- Nearly \$18 million in street and infrastructure improvements.

Yesler Neighborhood Park will be constructed in 2015, and the area will be served by the new First Hill Streetcar, bus service, bike ways, and pedestrian connectors.

“Creating housing for a wide range of incomes is a critical piece of the project,” said Andrew J. Lofton, executive director of Seattle Housing Authority. “Vulcan’s major investment in Yesler Terrace highlights development opportunities and will serve as a catalyst for future growth.”

“We are very pleased to partner with Vulcan Real Estate on this incredible project,” said Lofton. “Vulcan shares our commitment to the community, and their investment is a great vote of confidence from the private market in the overall project. Together, we will build a diverse, vibrant new neighborhood that will be a wonderful place to call home.”

The transaction includes firm closing dates in 2015, 2016, and 2017 for each of the three blocks. The first building at the corner of Broadway and Yesler Way is scheduled to start construction in early 2016.

The Vulcan buildings will include a mix of unit types including studios, 1-bedroom and 2-bedroom apartments.

All of the buildings will be built to LEED Gold standard and be designed to the Yesler Terrace Design Guidelines. Ground floor retail will encourage sidewalk activity. In addition, Vulcan will complete infrastructure improvements and enhanced street frontages adjacent to Vulcan properties including rest areas, shared landscaped pathways, exercise stations, and a community pocket park.

Vulcan has also agreed to work toward the goals of a social equity program intended to increase construction job opportunities for current Yesler residents and disadvantaged groups.

“We believe in the potential of the Yesler Terrace redevelopment to truly transform one of Seattle’s great neighborhoods and make a difference in peoples’ lives,” said Ada M. Healey, vice president of real estate for Vulcan Inc. “Yesler Terrace’s close proximity to downtown, numerous public transit options including the new First Hill Streetcar, and incredible Mt. Rainier views will make it very attractive for potential residents.”

“Vulcan’s commitment to this scale of development is a validation of Seattle Housing Authority’s vision and mixed-income approach for Yesler Terrace,” said Jim Reinhardtsen, senior managing director of Heartland LLC, the Seattle-based real estate firm that has been advising Seattle Housing since the project’s inception. “The critical mass on these blocks will help drive even greater interest from the market.”

In addition to replacing the existing public housing and creating new affordable housing, Seattle Housing’s redevelopment plan for Yesler Terrace provides a balance of office, residential and recreation opportunities. The first phases of redevelopment currently underway will replace 38 percent of the existing public housing and create hundreds of additional affordable and market-rate apartments.

More information can be found at Seattle Housing's Yesler Redevelopment website:
www.seattlehousing.org.

Spectrum Development is currently building "Anthem," a workforce and market-rate apartment on the corner of 12th Avenue and East Yesler Way. In the next few weeks, Seattle Housing will retain a residential real estate broker to sell additional land for market-rate and workforce housing as part of the neighborhood redevelopment plan.

In August, Seattle Housing announced that it was marketing 4.41 acres of land for commercial development at the northern edge of Yesler Terrace. The agency retained commercial real estate broker Kidder Mathews to find potential buyers.

The City of Seattle and the Federal Department of Housing and Urban Development (HUD) are major partners in the planning, funding and implementation of the Yesler neighborhood transformation. Additional funding comes from Seattle Housing and private foundations.

About Vulcan Real Estate

Seattle-based Vulcan Real Estate directs all real estate investment activities for Vulcan Inc., a Paul G. Allen company. Through strategic acquisitions and innovative development, Vulcan Real Estate has created a diversified portfolio of high-performing quality assets including office, biotech, residential and mixed-use projects. The company's integrated team of real estate professionals offers a full range of development and portfolio management services from site selection and urban planning to build - to - suit construction, leasing and asset repositioning. Its real estate model is based on quality, sustainable development that builds new value across the entire community. To date, Vulcan has delivered 5.2 million square feet in 25 new office, biotech, residential and mixed-use projects in Seattle's South Lake Union neighborhood. The company has 1.3 million square feet of commercial space under construction for Amazon.com and the Allen Institute for Brain Science and several more projects in pre-development planning. The company currently manages nearly \$2 billion in real estate assets. For more information, visit www.vulcanrealestate.com.

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