Case Studies in

AFFORDABLE HOUSING
Through Historic Preservation

Number 1: Pacific Hotel, Seattle, Washington

Case Study Highlights

- ***Combined Use of the Historic Rehabilitation Tax Credit and Low-Income Housing Tax Credit***
- ***Retention of Historic Floor Plan***
- ***Code Compliance - Accessibility***

The Pacific Hotel, located in downtown Seattle, was constructed in 1916. Originally known as the Leamington Hotel and Apartments, the property is a well preserved example of an early twentieth century building type that has largely disappeared from Seattle's downtown core. In transitioning this building from its original use to affordable housing the developer had the distinct advantage of a truly compatible historic and future use. The Leamington was originally constructed in two sections, one operating as a transient hotel with small single rooms and the other offering apartments catering to extended stay hotel guests. The property is currently 100 percent low-income housing (112 units); however, the building's original design enabled the developer to serve two different populations in one building. Half of the building provides 75 Single Room Occupancy (SRO) units for homeless persons, and the remainder offers studio and one-bedroom units for independent, low-income individuals. The two share a common community room, lobby, front desk and landscaped courtyard, but have separate elevators.

Project Overview

Although renamed many times throughout its history, the Leamington has always operated as a transient hotel and apartment complex. Changes were made through its history to compete with more modern establishments, including a refitting of the hotel wing to provide private bathrooms in the 1960s, and an upgrade of the kitchens and bathrooms in the apartments. Despite these alterations, the building has retained much of the original architectural details both on the interior and exterior.

The upgrades to the hotel in the 1960s were not enough to keep the property competitive, and by the early 1980s it was forced to close its doors. The building sat vacant for nearly a decade, having gone through foreclosure resulting in bank ownership, until a homeless advocacy organization occupied a portion of the vacant property. Upon learning that the bank was considering the sale of

PROJECT DATA

Current Name:	Pacific Hotel
Historic Name:	Leamington Hotel & Apartments
Address:	317 Marion Street Seattle, WA
Building type:	Hotel/Apartments
Date of Construction:	1916
Date of Rehabilitation:	1994/95
Old Use:	Vacant Hotel & Apartments
New Use:	Apartments
Type of construction:	Concrete Frame with clay tile infill
Gross building area:	45,500 sq.ft.
Net rentable area:	24,005 sq.ft. *(Apartment units only, excluding common spaces, support offices, etc.)*

U.S. Department of the Interior, National Park Service
National Center for Cultural Resources Stewardship and Partnerships
Technical Preservation Services Branch, Heritage Preservation Services

August 1998

Historic photograph of the Leamington Hotel & Apartments.

the property to prospective office developers, the homeless organized a protest, signaling the need for low-income housing in the area. The homeless advocacy organization then asked Plymouth Housing Group (PHG), a Seattle based non-profit housing developer, to purchase the building and rehabilitate it as low-income housing. PHG began investigating the feasibility of the project in late 1992, and ultimately acquired the property in December 1993 for $2,100,000. After the purchase PHG leased parts of the building to the homeless advocacy organization for use as a nighttime shelter until the building was ready to rehabilitate.

DEVELOPMENT SCHEDULE

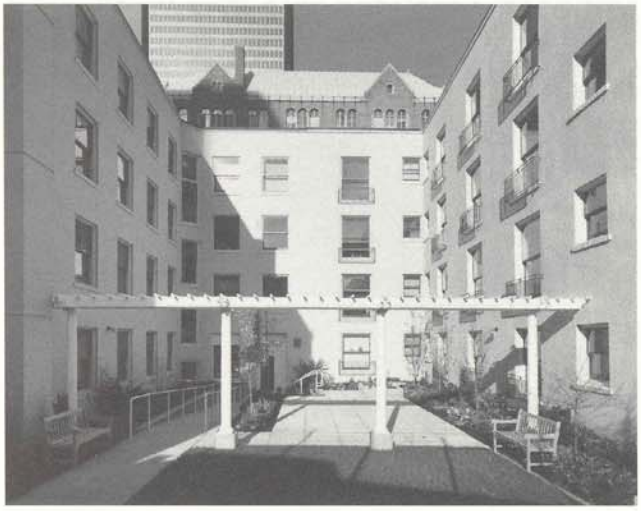
Event	Date
Project Initiated:	Oct. 1, 1992*
Architect Hired:	Oct. 1, 1992
Initial contact with SHPO:	Jun. 14, 1993
Part 1 approval (HRTC):	Nov. 9, 1993
Low-income tax credit approved:	Dec. 3, 1993
Part 2 approval (HRTC):	Oct. 17,1994
Ownership structure organized:	Oct. 21,1994**
Financing approved:	Oct. 25,1994
Construction initiated:	Oct. 26,1994
Construction completed:	Oct. 23,1995
Leasing begun:	Oct. 11,1995
Final Certification for HRTC:	Jan. 19, 1996

Notes:
SHPO: State Historic Preservation Officer
HRTC: Historic Rehabilitation Tax Credit
** Initial feasibility study.*
*** Organized some time earlier, but not officially finalized until HRTC Part 2 approved Oct. 17, 1994.*

Rehabilitation work was undertaken by Pacific Hotel Limited Partnership, a limited partnership formed by Plymouth Housing Group. As the building was not individually listed on the National Register when the project began, a preservation consultant, Shirley L. Courtois, was brought in immediately to research the history of the building in preparation of the National Register nomination. This information then was utilized by Stickney Murphey Romine Architects, the architectural firm hired for the project, in the preparation of the "Part 1-Evaluation of Significance" of the Historic Preservation Certification Application to take advantage of the Historic Rehabilitation Tax Credit. The Part 1 was submitted through the Washington State Historic Preservation Officer (SHPO) to the National Park Service (NPS) for approval in early November 1993,

The rehabilitated lobby of the Pacific Hotel, with restored fireplace and trim details.

prior to acquisition of the property. NPS concurred with the SHPO and issued a preliminary determination that the building was eligible for individual listing on the National Register within a week. The Low-Income Housing Tax Credit was also applied for in 1993, and approval obtained in December of that year. The developers planned rehabilitation and systems improvements with Stickney Murphy Romine Architects. As the rehabilitation plans progressed, the architects interacted with the State Historic Preservation Officer to discuss the project as early as June 1993. Detailed plans were created and, in the fall of 1994, Part 2 of the Historic Rehabilitation Tax Credit application was submitted to the state and forwarded to NPS. Approval was issued by NPS in mid-October, although additional information on several items, such as cleaning and treatment of exterior surfaces, windows, detailing of the new entry doors and treatment of new and original stairways, was requested as architectural and engineering studies progressed. Financing was approved one week after the NPS Part 2 approval, and construction on the project began the next day.



The rehabilitated courtyard, fully accessible from the lobby.

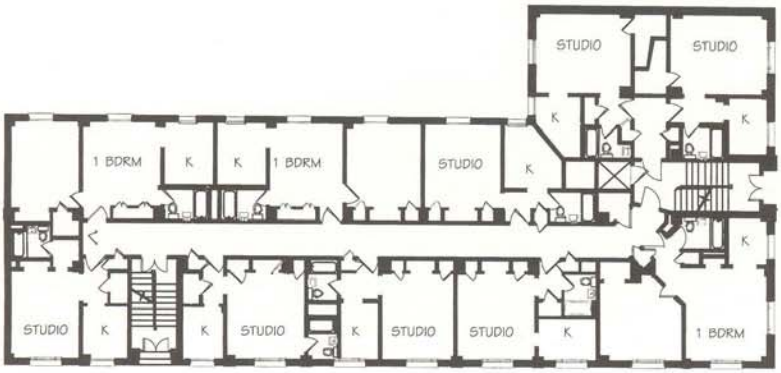
Rehabilitation Work

The Pacific Hotel has successfully retained much of the historic fabric of the Leamington. Features such as the original floor plan, decorative balconies, terra-cotta, brick, windows and primary stairways are all extant to tell the history of the property. This was accomplished through addressing modern-day challenges with innovative solutions.

The Leamington complex was originally built as separate but conjoined properties, including a three-story L-shaped apartment wing and a four-story L-shaped hotel wing. Despite the difference in the overall stories of the two building wings, the wings share a uniform cornice height due to the sharp downward slope of the street on which they are sited. The L-shaped wings are joined to form a single U-shaped building enclosing a large, private courtyard that was virtually inaccessible. During the rehabilitation process, an opening from the adjacent lobby was sensitively created to provide tenant access into the courtyard. An exterior concrete ramp was installed for accessibility and a patio, trellis, fountain, tables and extensive landscaping were added.

Code issues were met with creative solutions. Accessibility is provided by modifying an original window into a doorway. The balconets were retained by adding a hidden hinge allowing egress.

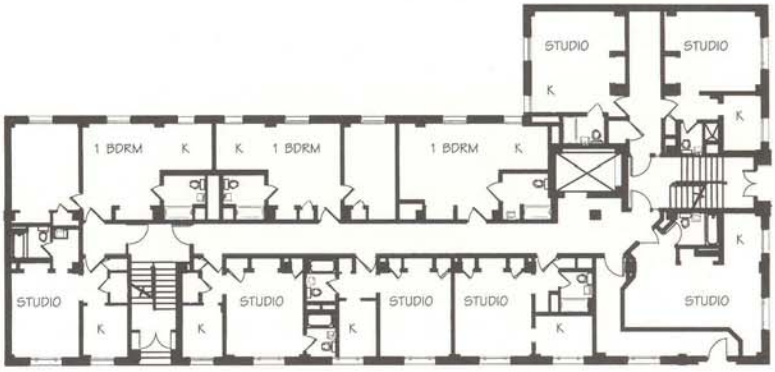
Several code issues with a potential to impact the historic appearance of the structure also required creative solutions. Providing disabled accessibility to the building was a major challenge. Due to the sloping streets, all of the existing entries were located several steps up from the sidewalk. The



EAST WING, BEFORE

KEY PLAN

The Pacific Hotel rehabilitation successfully utilized the historic floor plan with only minimal changes, as is shown in these before and after plans of the development's east wing



EAST WING, AFTER

A rehabilitated stairway in the Pacific Hotel.

only feasible option was to create a new, level entry at a point where the sidewalk most closely aligned with the floor. To accomplish this, a large window opening was carefully modified to become a doorway by cutting away the sill. Two apartments were then minimally re-configured and a ramp (leading to an elevator) was inserted between them. As a result, eight units and all common areas were made fully accessible. Another code issue was caused by the balconets (i.e. pseudo-balconies) which blocked emergency egress from 36 bedroom windows. The balconets are integral to the historic integrity of the building's facade. The solution in this case was to cut the guardrail from the frame and remount it as a hinged "gate" with a latch reachable from inside the unit.

Although constructed with a concrete frame, the building's geographic location in a earthquake zone also mandated significant seismic improvement. The inside of all exterior walls received a grid work of two by four framing to which the existing clay tile infill was anchored using heavy gauge copper wire. Structural shear walls were installed at selected interior locations and roof parapets braced. All exterior walls were covered on the inside with 3½" insulation added to the wall cavities created by the two by four framing. This approach allowed the original single glazed windows to be retained while improving overall energy performance.

The east apartment wing contained two ornate exit stairs, one of which was extremely steep and non-code complying. After considerable study it was determined that the ground floor portion of the stair met code and could be retained while the steep portion (2nd through 4th floor) required replacement with a modern, code complying, stair. Prior to any action being undertaken the architects consulted with the National Park Service for guidance. The action was approved by NPS, out of consideration for safety issues and the fact that a similarly detailed stair remained in the building and was representative.

PROJECT FINANCING:

Total Cost of Project

Acquisition	$2,113,092
Rehabilitation*	$6,421,602
Total	$8,534,694
Total Rehab. Cost per Unit	$56,828

** Represents total costs - not just qualifying costs*

SOURCES OF FUNDS

Grants/Subsidies:
Total amount: $0
Sources: No capital funds; however, homeless units receive operating subsidy from HUD's McKinney SRO MOD REHAB program over a 10-year period.

Debt Financing:
Total amount: $4,878,609
Sources: 1) Washington Mutual Bank (including FHLB interest rate write-down)
2) Washington State Housing Trust Fund
3) City of Seattle Dept. of Housing and Human Services
4) Loan from General Partner

Equity:
Total amount: $3,656,085
Source: National Equity Fund

Total: $8,534,694

Project Financing

Project financing for the Pacific Hotel was aided by a series of low-interest and no-interest loans. Over 30 percent of the total development costs were provided by two loans from the City of Seattle in which the interest was forgiven and principal deferred. The State of Washington provided a low-interest loan to aid in acquisition costs of the project through the Washington State Housing Trust Fund. Washington Mutual Bank offered the most traditional source of funds, enhanced by a Federal Home Loan Bank interest rate write-down.

TAX CREDIT ANALYSIS:

Historic Rehabilitation Tax Credit	*Project*
Total development costs	$8,534,694
Total qualifying expenditures	$5,925,041
Rehabilitation Tax credit %	x20%
Total Rehabilitation Tax Credit	$1,185,008
Equity Yield for Rehabilitation Credit	80¢
Equity raised from Rehabilitation Credit	$948,006
Low-Income Housing Tax Credit Analysis	
Total developing costs *(should be the same as above)*	$8,534,694
Total Qualifying expenditures	$6,234,742
Less Rehabilitation Tax Credit	[$1,185,008]
Eligible Basis	$5,049,734
Low-Income Proportion	130% (1)
Qualifying Basis	$6,564,654
Annual Credit %	9%
Annual Credit Amount	$590,819
Total Low-Income Housing Tax Credit	$5,908,190
Equity yield for Low-Income Credit	45.84¢ (2)
Total Equity raised from Low-Income Credit	$2,708,079
Total Combined Equity:	**$3,656,085**

Notes:

(1) Project consists of 100% low-income units and is located in "qualified census tract", therefore a 30% boost/increase in credit amount is allowed.

(2) Yield low due to: a) At that time the LIHTC was not yet a permanent program, resulting in few investors/little competition; and b) 100% of HRTC and LIHTC equity was invested up front, at the start of construction.

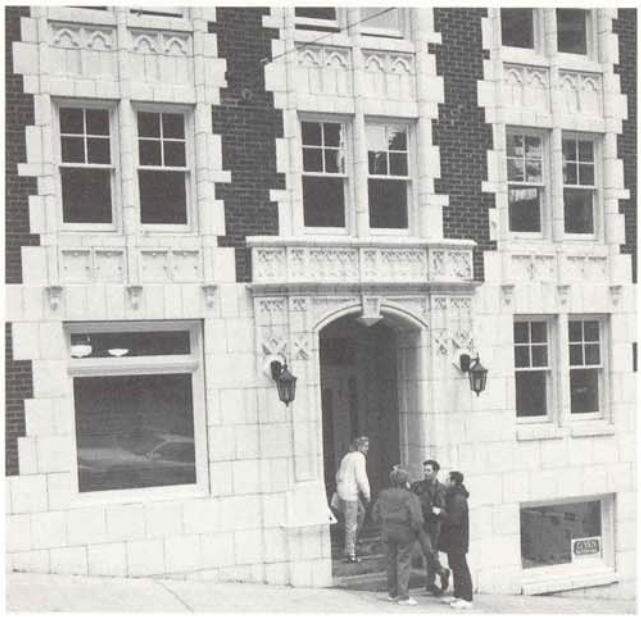
Equity for the project was raised through syndication of both the Historic Rehabilitation and Low-Income Housing Tax Credits. The project benefited from its location in a Qualified Census Tract. To encourage development in these areas the Low-Income Housing Tax Credit allows a 30 percent boost in the credit amount earned, increasing the qualifying basis for this credit alone from $5 million to over $6.5 million. Both credits were syndicated through the National Equity Fund, providing a total combined equity of over $3.6 million to the project.

Summary/Project Benefits

Once a vibrant part of downtown Seattle, by 1992 the Pacific Hotel building had lost its former glory and had become a vacant eyesore. Foresight and creative planning by the Plymouth Housing Group saved this building from ruin. Peculiarities in the original design made it possible to serve two different populations in the same building: independent, low-income individuals in studios and one-bedroom apartments; and homeless individuals in the Single Room Occupancy units (SRO's). In addition to providing a safe place to live, residents now get a chance to reverse their misfortunes with on-site access to services such as employment training, medical and mental health assistance, transportation, and nutrition, addiction and financial counseling. Upon completion of the rehabilitation, a representative of the adjacent and prestigious Rainier Club commented: "Initially, we were saddened by the decline of the once-gracious Leamington Hotel and Apartments. Windows were boarded up; Fourth Avenue and Marion were in decline. Then, along came Plymouth Housing Group. There was a vast improvement that I attribute to a board and staff of good, caring people. For those of us watching the progress of the rehabilitation, it was a classic case of metamorphosis – from caterpillar to butterfly. The residents of the Pacific Hotel are welcome neighbors."

Ironically, as the rehabilitated building was being dedicated in October 1995, the Low-Income Tax Credit (LIHTC) pro-

gram, one of the key resources used in the Pacific Hotel project, was under fire on the national level. The previous week the House Ways and Means committee had voted to "sunset" the tax credit by the end of 1997, an action that was later defeated. In the case of the Pacific Hotel, $3.7 million in corporate equity was generated through the combined usage of the historic rehabilitation tax credit and LIHTC programs. Without these programs, it is doubtful that the Pacific Hotel could have been rehabilitated, nor received a second chance at life. In 1996, the Pacific Hotel received the State Preservation Officer's Award for Outstanding Achievement in Historic Rehabilitation.



This CASE STUDY IN AFFORDABLE HOUSING was prepared by Aleca Sullivan, Technical Preservation Services Branch, Heritage Preservation Services, National Park Service, with the assistance of Ron Murphy of Stickney Murphy Romine Architects. Special thanks are extended to Kaaren Dodge, Charles Fisher and Deborah Maylie of the National Park Service.

CASE STUDIES IN AFFORDABLE HOUSING are designed to provide practical information on innovative techniques for successfully preserving historic structures while creating affordable housing. This Case Study was prepared pursuant to the National Historic Preservation Act, as amended, which directs the Secretary of the Interior to develop and make available to government agencies and individuals information concerning professional methods and techniques for the preservation of historic properties.

Ownership structure:
Pacific Hotel Limited Partnership
General Partner(s):
Plymouth Housing Properties
Limited Partner(s):
National Equity Fund 1993 Limited Partnership

Developer:

Cheryl DeBoise, Executive Director [(1)]
Plymouth Housing Group
2209 1st Avenue
Seattle, WA 98121
(1) Current executive director is Paul Lambros.

Architect:

Stickney Murphy Romine Architects, PLLC
Ron Murphy, Principal-in-Charge and Mike Romine, Project Architect
911 Western Avenue, #200
Seattle, WA 98104

General Contractor:

MARPAC Construction
(formerly Pacific Components)
1227 S. Weller Street
Seattle, WA 98144

Preservation Consultant:

Shirley L. Courtois
235 13th Avenue E., Suite 203
Seattle, WA 98102

State Historic Preservation Office:

State of Washington Department of Community Development
Office of Archaeology and Historic Preservation
420 Golf Club Road, S.E., Suite 201
Lacey, WA 98504

State Housing Authority:

Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

Comments on the usefulness of this information are welcomed and should be addressed to Affordable Housing Case Studies, Heritage Preservation Services, National Park Service, 1849 C Street NW (NC 200), Washington, D.C. 20240.