Mt. Baker Housing’s Maddux Project

Affordable Housing Brownfield Case Study
Washington State Brownfields Conference

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Presented by: Mike Dunning, Conor Hansen & Dave Cook, LG, CPG

Moderated by: Scott O’Dowd, Ecology
MBHA’s Vision of The Maddux
Mt. Baker Maddux Project

Before

- View to East along S McClellan St

After
Environmental Challenges
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- Significant Environmental Issue, multi-million dollar cleanup that’s a barrier to redevelopment

- Key Challenges to Overcome
  - How much will the cleanup cost?
  - How can MBHA resolve this liability?
  - How will MBHA fund the cleanup?
  - How can MBHA get investors comfortable with this contaminated Site?
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How Much will it Cost?

- Due Diligence Timing and Investment
  - Get enough time in the PSA/site control negotiation to do sufficient data gathering
  - Scoping the due diligence
- Rough Order of Magnitude (ROM) Cost Estimate
  - ROM gets refined as additional data is available
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The Environmental Problem and the Rough Order of Magnitude (ROM) Remedial Cost

$20,000,000? OR $8,000,000? OR Less?
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- Resolution of Liability: The PPCD
  - Under MTCA, liability to the State may only be resolved via a Consent Decree
  - PPCD is a special form of Decree for non-polluters that seek to redevelop
  - State settles liability before acquisition in exchange for cleanup of the Site or (maybe) Property
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The State-MBHA Prospective Purchaser Consent Decree (PPCD)
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- How can cleanup costs be funded?
  - Need to do a robust, pre-purchase funding source assessment
  - The old ways: What private funds may be available?
    - Other liable parties (aka the polluters)
    - Historical insurance policies
  - The new source: Ecology’s Healthy Housing Funds
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- Ecology’s Healthy Housing Funds
  - The Maddux: “Public Funds” through PPCD and City of Seattle Redevelopment Opportunity Zone (ROZ)
  - Funds provided via legislative appropriation and PPCD amendments
  - New Ecology Healthy Housing Grant Authority
    - Stay tuned and ask Scott…
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- Investor Challenges
  - Public and private investors concerned about possible MTCA liability; investors generally very risk-averse
  - Education, Education—see MTCA’s lender liability protection
  - PPCD liability resolution and likely or secured funding
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- Bonus Audience Participation Question:

Why is the project called “The Maddux?”
Questions?

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