

Friday, June 26, 2009

Auburn girds for extreme downtown makeover

\$240M complex would occupy four square blocks

Puget Sound Business Journal (Seattle) - by [Camden Swita](#)

Squat buildings, most of them boarded up, occupy four square blocks near the Sounder Transit Station in downtown Auburn. Their parking lots, mottled with patches of tough grass, resound with the clamor of traffic. Few cars stop, however, and foot traffic is minimal.

A far livelier future is in store. Sometime this year, demolition of the derelict buildings will begin and greenery will be planted as the next step toward creation of an ambitious \$240 million complex, called Auburn Junction, that eventually will offer 900,000 square feet of retail, office and living space.

Spencer Alpert, principal of Alpert International LLC, a Seattle-based development firm, said Phase One construction of the four-block Auburn Junction complex is projected for the latter half of 2010.

The South King County project comes in uncertain economic times and as other mid-sized cities in the Puget Sound area, including nearby Federal Way, have struggled to realize their downtown-revitalization visions.

The first of four phases of Auburn Junction, to open in 2012, is to hold more than 100,000 square feet of retail space and possibly 160 hotel rooms and condominiums, Alpert said. The six-story building will rise on the southeast corner of the complex, across from an existing Safeway store.

Juxtapose Auburn Junction with Auburn Regional Medical Center's new parking garage and oncology center two blocks north, and the recently improved Sounder Transit Station — with a commuter rail line cutting right into Seattle — and there exists what city officials hope will be a burgeoning center for people to not only shop, but to live.

"We really wanted to bring people downtown to have a livable, walkable community," said city of Auburn spokeswoman Carolyn Robertson.



Low-rise buildings characterize the area designated to become Auburn Junction.



Phase 1 of Auburn Junction is the building on the far left. The structure in pink is a future office building.

Auburn issued a Request for Proposals for the development in February 2008. According to Elizabeth Chamberlain, the city's principal planner, proposals were submitted by Alpert International and the Stratford Company, another Seattle-based firm.

On April 15, 2008, the City Council unanimously voted to execute a letter of intent with Alpert.

Auburn is capitalizing on a new state program approved by the Legislature this year, called Local Revitalization Financing (LRF). According to a presentation prepared by James Petit of the state Department of Revenue, LRF is a form of tax-increment financing to fund local infrastructure.

Senate Bill 5045, Petit said, enables local governments to create "revitalization areas" and use increased tax revenue generated within those areas— such as sales or property tax — to finance local public improvements.

Six other communities besides Auburn, including Tacoma and University Place, were designated as "demonstration areas" but additional LRF awards will be issued this year only. The awards will be given on a first-come, first-served basis. Applications are due Sept. 1.

In Auburn, the state funding will provide for public improvements as long as there is a local match and a predicted growth in state revenues that equals or exceeds the state contribution. The bill states that the amount provided for the Auburn downtown redevelopment shall not exceed \$250,000 each year for up to 25 years.

Auburn will use the money from this program to pay for infrastructure for Auburn Junction, such as water, sewage and road improvements.

Trying to plant a packaged community such as Auburn Junction within Puget Sound area cities comes with a legacy of mixed results.

In neighboring Federal Way, the proposed Symphony high-rise development, which was to inject up to 900 residential units and 65,000 square feet of office and retail space into that city's center, fell prey to the sagging economy and stalled, said Patrick Doherty, Federal Way director of economic development.

Doherty would not comment on Auburn Junction, but he said timing might be a key difference between the two cities' downtown schemes.

"Our project was started before the recession began, back when financing was easier to come by and the economy was humming," he said. "And it wasn't designed to cope with a different financial regime. We had the rug pulled from under us.

"But a project conceptualized for a tougher economic time?" he added. "It might work."

Doherty believes this is a good time to plan projects, not necessarily build them.

Auburn Junction's developers see the timing in their favor, because their buildings won't be ready to occupy for more than two years. By that time, they hope the economy will have improved.

To shepherd tenants into Auburn Junction, Auburn and Alpert International brought in First Western Properties, a commercial brokerage firm with offices in Kirkland and Tacoma.

Tim Weber, vice president of First Western, said there is already interest in Auburn Junction.

“For Phase One, we’re looking at hotel groups, large soft-goods retailers,” he said. “We have it designed right now for a big-box retailer to take up a minimum of two floors.”

Weber takes comfort in the incremental phasing of the project, because he can talk to businesses about expansion two years away, and beyond.

“I have to tell you, I’m a salesman, and too many people are talking negative right now,” he said. “In two years, we better be out of the recession.”

© 2009 American City Business