

BUSINESS

Will modular units stack up in Seattle?



THOMAS JAMES HURST / THE SEATTLE TIMES

Dale Sperling is president and CEO of Unico Properties. "This whole concept belies the notion that modular, factory-built housing has to be the equivalent of Aunt Lil's double-wide," he says.

Inhabit forming

PREFAB APARTMENTS | A company plans to build a complex that will provide a new option for "work force" housing in Seattle. But how will the market respond?

BY ERIC PRYNE
 Seattle Times business reporter

Developer Unico Properties' answer to affordable housing sits unobtrusively in a quiet plaza in increasingly unaffordable downtown Seattle.

The prototypes have been on display since last fall: two boxy, modular, prefabricated apartment units. Unico says they can be built for less than conventional, "stick-built" apartments and stacked all kinds of ways, like children's building blocks.

"Coming soon to Seattle and Portland urban neighborhoods," a sign at the display promises.

Soon means now.

Unico has filed preliminary paperwork with the city to build the first for-real apartment complex with its factory-built "Inhabit" units on a hilly site on Dexter Avenue North, above Lake Union.

Plans show 62 units, configured in stacks of three and four, atop a concrete base that would contain parking and six "live-work" spaces.

A city design review board got its first look at the plans last month. It called the proposal "promising."

Unico won't discuss details of the Dexter Avenue North project, also named Inhabit. The permitting process has just begun, and the company's purchase of the property hasn't closed.

But President and CEO Dale Sperling is more than willing to talk about the Inhabit idea and its potential to provide stylish, green, in-city homes for 20-somethings whose incomes fall well short of six figures.

"This whole concept belies the notion that modular, factory-built housing has to be the equivalent of Aunt Lil's double-wide," he says.

He agrees with those who contend that increased density is the best way to accommodate the region's growth.

"But if we haven't made it affordable, so what?" Sperling said.

Robert Miranda, Unico's Inhabit project manager, says that, depending on location and finishes, the company's projects could target renters earning anywhere from 80 to 150 percent of the area's median annual income, which is about \$50,000 for a single person.

City officials say the need for "work-force" housing is particularly acute among those earning 80 to 120 percent. They make too much to qualify for government subsidies, but too little to afford most of what's on the market now.

Unico is a relative newcomer to housing. It has made its mark mostly as an office developer; the company owns or manages 6 million square feet in the West, 1.6 million of it in downtown Seattle.

Its interest in affordable, in-city apartments grew out of "naked self-interest," Sperling says.

Several years ago, Unico lost some good downtown office tenants to outlying locations. Sperling says that when he asked the companies why they were moving, they told him most of their

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Prototypes of the units have been on display downtown since last fall. A complex is planned for Dexter Avenue North.

employees spent too much time commuting and couldn't afford to live in Seattle.

"Eight-five percent of the people who work downtown aren't in corner offices in suits," Sperling says.

Intrigued by the potential cost savings of modular, prefab construction, the company retained architectural firms Mithun and HyBrid to explore whether units could be built economically that might appeal to the design, environmental and technological tastes of young urbanites.

The result: the two Inhabit prototypes. The wood-frame units were built in a factory in Burlington, Skagit County, trucked to Seattle, and lifted by crane onto the plaza at the base of Unico's Rainier Tower.

They feature floor-to-ceiling windows, a "green" roof to reduce stormwater runoff, and extensive use of recycled materials.

"I thought they were great," says Diane Sugimura, director of Seattle's Depart-

ment of Planning and Development. "They've come a long way from mobile homes."

The units are small, 675 and 480 square feet. Plans show most of the apartments at Unico's Dexter Avenue project would be 450-square-foot studios or 525-square-foot one-bedroom units.

But Sperling maintains that members of the "baby boom echo" generation are willing to sacrifice personal space for the buzz of city life.

"They're less inclined to do 'Leave It to Beaver,' " he says. "They're more inclined to do 'Seinfeld.' "

Based on its experience with the prototypes, Sperling says, Unico concluded that an Inhabit apartment complex could be delivered for up to 15 percent less than a conventional project.

A standardized, modular design would slash architectural and engineering costs. There would be no lengthy, expensive wait for a city building permit because

the state Department of Labor and Industries oversees prefab construction.

It's more efficient to build homes indoors, in a factory, Sperling says — the prototypes were built in just three weeks. Units could be put together while other work is going on at the site, and neighbors wouldn't experience as much disruption.

Questions remain, however.

Sugimura says Unico isn't the only developer interested in building prefab multifamily housing in Seattle. Her department is putting together a team to examine the regulatory issues such construction raises.

One example: How would developers of a factory-built complex respond to architectural changes suggested by city design-review boards? Tweaking the design "kind of defeats the whole purpose of modular," she says.

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Then there's the question of market acceptance, says Al Levine, deputy director of the Seattle Housing Authority and co-chairman of a local Urban Land Institute task force on workforce housing.

He says Inhabit could help close the gap between what apartments cost and what working people can afford. He has toured the prototypes and pronounces them "cool."

But he wonders if renters would view prefab apartments as comparable in quality to stick-built units. And he wonders how lenders would perceive them.

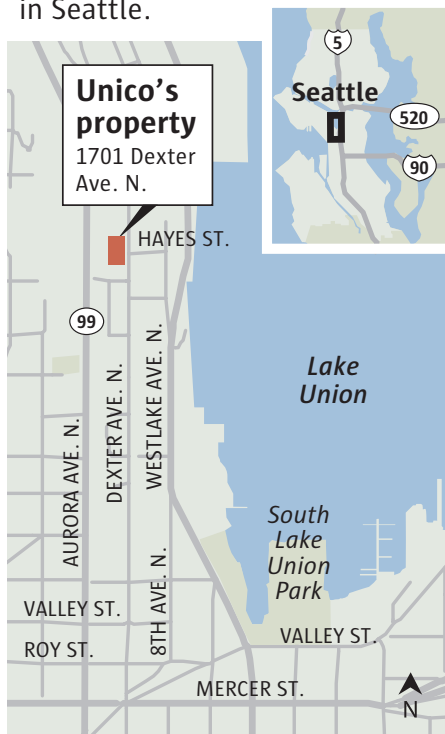
Still, Levine says, "it's a great thing that Unico has stepped up and made the investment to test this concept out."

While Unico refines its Dexter Avenue proposal, it is looking for more sites in Seattle and Portland for other Inhabit projects.

Meanwhile, it has put the two prototypes up for sale: Bidding starts at \$140,000. You supply the land.

Factory-built flats

Unico Properties plans to build its first apartment complex of modular, pre-fabricated units in Seattle.



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The one-bedroom and studio apartments are small, but some are designed with a deck.