



Motion No. M2021-08

Property Transfer Agreement with City of Seattle for Rainier Valley Homeownership Project

| Meeting: | Date: | Type of action: | Staff contact: |
|------------------------------|--------------------------|------------------------------------|--|
| Executive Committee Board | 02/04/2021 02/25/2021 | Recommend to Board Final action | Don Billen, PEPD Executive Director Thatcher Imboden, Director, Land Use Planning & Development Mara D'Angelo, Senior Project Manager, TOD |

Proposed action

(1) Approves the key business terms of a Property Transfer Agreement with the City of Seattle for the transfer of 10 Transit Oriented Development sites in the Rainier Valley at no cost for the creation of affordable housing; and (2) delegates to the Chief Executive Officer the authority to execute and subsequently amend as necessary the Property Transfer Agreement, deed, and associated documents, all subject to the Board-approved key business terms.

Key features summary

- In October of 2020, the Board approved Resolution No. R2020-17, which declared 10 Transit Oriented Development (TOD) sites in the Rainier Valley suitable for development as housing and authorized staff to negotiate an agreement to transfer those sites at no cost to the City of Seattle for affordable housing development.
- The City of Seattle's Office of Housing has committed at least \$10 million to construct affordable homeownership units on the sites and will provide staff resources to manage a competitive request for proposals process to bring on development entities that will ultimately create these homeownership units.
- As described in Resolution No. R2020-17, Sound Transit worked with the City and the Federal Transit Administration (FTA) to utilize a disposition method that allows Sound Transit to transfer the federally-assisted parcels at no cost to another public agency without repayment to FTA.
- Sound Transit and the City of Seattle will enter into a Property Transfer Agreement with a set of key business terms, further described below, related to affordable housing creation, sustainability, community engagement, development timeline, and the City's commitment of funding. The Property Transfer Agreement will provide for the transfer of the subject parcels pursuant to a quitclaim deed and subject to certain restrictive covenants to ensure long-term affordability.
- Sound Transit held a public hearing for an intergovernmental disposition of property pursuant to RCW 39.33.020 on February 4, 2021.
- The Seattle City Council will need to pass an ordinance authorizing the City's execution and acceptance of the deed and related restrictive covenants pursuant to the Property Transfer Agreement. The City Council is expected to take this action in March 2021.
- No further Board action is anticipated.

Background

Property

Sound Transit purchased a number of parcels in Seattle's Rainier Valley to construct the Central Link light rail transit project and widen the street right-of-way. When the Central Link project was completed in 2009, several small parcels remained, including those that comprise the sites that are the subject of this proposed motion. The sites are between 2,300 and 14,000 square feet and are located within a half mile or less from the Othello, Columbia City, and Mt. Baker Link light rail stations. The sites were appraised in 2019 for a total value of \$9.4 million. The individual parcels were purchased with a federal participation rate of between zero and 60 percent, and their disposition requires federal approval. In this case, the FTA has approved a disposition method that allows Sound Transit to transfer these parcels at no cost to the City of Seattle for affordable housing without repaying the federal interest. Exhibit A provides further detail about the individual sites and the parcels included in each.

Key Business Terms

The key business terms negotiated as a part of the Property Transfer Agreement establish performance standards that must be achieved as a part of the transaction. The key business terms for this transaction are the following:

| Category | Agreement |
|--------------------|--|
| Sale price | Transfer at no cost, except the City will pay all closing costs, transfer taxes, recording fees, and title insurance premiums. |
| Affordable housing | <ul style="list-style-type: none">• 100% of housing units will be sold or rented to households whose adjusted income is at or below 80% AMI, as described in RCW 81.112.350.• At least 100-150 homes or units will be created across the sites.• The properties will be subject to a recorded restrictive covenant requiring the properties to be used for affordable housing for a term of 50 years.• Groundfloor community or nonprofit space will be permitted where required by local zoning code. Other groundfloor uses may be allowed on a case by case basis. |
| Sustainability | Projects developed on the sites will be required to meet: <ul style="list-style-type: none">• Evergreen Sustainable Development Standard v3.0.1 (2018 update), or• LEED Mid-rise v4 or LEED Residential v4.1 Gold level and meet ESDS requirement: 5.1A Building Performance Standard – New Construction, or• An approved equivalent green-building standard approved by the City and Sound Transit. |
| FTA Approval | The parties agree to comply with the FTA letter of approval and to cooperate with any requests for information by FTA in connection with FTA's approval of the transfer and monitoring for compliance. |

| | |
|----------------------|---|
| Community engagement | The Office of Housing will conduct affirmative outreach to developers and/or homebuyer readiness organizations led by and/or serving communities of color and will make a good faith effort to achieve the goals for the project identified through the joint equitable engagement efforts conducted during the summer of 2019. |
| Development timeline | The Office of Housing will make all 10 sites available for development by Request for Proposal within 10 years of the date of transfer, and the first 3 sites will be made available via Request for Proposal within approximately 180 days of transfer. |
| Funding commitment | The Office of Housing will make a minimum of \$10 million in funding available for the development of the identified properties. |

Future Board Involvement

No further Board action is anticipated for this development. Any material changes to the key business terms will be brought to the Board for approval.

Fiscal information

Market appraisals in 2019 valued the 10 Rainier Valley sites together at \$9.4 million. The proposed action would authorize the agency to offer the properties to the City of Seattle at no cost, with no revenue proceeds recorded to the North King County subarea.

Since 2016, the agency has achieved approximately \$39.4 million through property sales and ground leases.

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Sound Transit and the City of Seattle’s Office of Housing committed to advancing an inclusive community outreach process around the proposed affordable homeownership initiative in the Rainier Valley. This meant proactively seeking voices from long-standing, historically underrepresented communities and using an array of outreach methods.

Sound Transit and the Office of Housing contracted with Puget Sound Sage, a nonprofit organization that seeks to turn community visioning into policy through community-based participatory research, to hold six in-person community meetings with Limited English Speaking and historically underrepresented groups. In addition, Sound Transit offered an online survey, available in six languages, sent letters to neighboring properties, posted signage, and staffed community fairs and festivals. In total, nearly 1,500 people received letters; nearly 1,000 took our survey; more than 200 spoke with us at community events, and we met directly with more than 100 community members.

Feedback received through this process overwhelmingly supported affordable homeownership outcomes on all of the proposed sites in this action. Community members also communicated clear preferences for site prioritization, unit size, and programming for non-residential spaces, and the Office

of Housing's good faith effort towards these goals are among the commitments documented in the transaction's key business terms.

Time constraints

A one month delay could delay the release of the Office of Housing's Request for Proposals for the first set of properties.

Prior Board/Committee actions

Resolution No. R2020-17: Declared the Rainier Valley Affordable Housing Project parcels suitable for development as housing and authorized staff to negotiate a no cost transfer to the City of Seattle for affordable housing development.

Resolution No. R2020-16: Approved the CEO's Declaration of Surplus for the remainder of the parcels included in the Rainier Valley Affordable Housing Project.

Resolution No. R2015-07: Approved the CEO's Declaration of Surplus for three of the parcels included in the Rainier Valley Affordable Housing Project.

Resolution No. R2003-04: Authorized the executive director to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation, by settling condemnation litigation or entering administrative settlements, and to pay eligible relocation and re-establishment benefits to affected parties as necessary for a portion of the Central Link Light Rail.

Resolution No. R2002-03: Authorized the executive director to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation, by settling condemnation litigation or entering administrative settlements, and to pay eligible relocation and re-establishment benefits to affected parties as necessary for a portion of the Central Link Light Rail.

Environmental review – KH 1/21/21

Legal review – JV 1/27/21



Motion No. M2021-08

A motion of the Board of the Central Puget Sound Regional Transit Authority (1) Approving the key business terms of a Property Transfer Agreement with the City of Seattle for the transfer of 10 Transit Oriented Development sites in the Rainier Valley at no cost for the creation of affordable housing; and (2) delegating to the Chief Executive Officer the authority to execute and subsequently amend as necessary the Property Transfer Agreement, deed, and associated documents, all subject to the Board-approved key business terms.

Background

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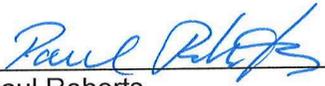
Future Board Involvement

No further Board action is anticipated for this development. Any material changes to the key business terms will be brought to the Board for approval.

Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that (1) the key business terms of a Property Transfer Agreement with the City of Seattle for the transfer of 10 Transit Oriented Development sites in the Rainier Valley at no cost for the creation of affordable housing is approved; and (2) authority is delegated to the Chief Executive Officer to execute and subsequently amend as necessary the Property Transfer Agreement, deed, and associated documents, all subject to the Board-approved key business terms.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 25, 2021.



Paul Roberts
Board Vice Chair

Attest:



Kathryn Flores
Board Administrator



Motion No. M2021-08
Exhibit A

Rainier Valley Homeownership Project Key Business Terms

| Site # | Parcel ID | ROW No | Site Address, Seattle WA | Closest Light Rail Station | FTA Interest | Square Footage | 2019 Appraised Value |
|---------------|------------------|---------------|---------------------------------|-----------------------------------|---------------------|-----------------------|-----------------------------|
| 2 | 1756700015-02 | RV093 | 4851 MLK Jr. Way S. | Columbia City | 60.00% | 2,184 | \$1,110,000 |
| | 1756700010-07 | RV094 | 4853 MLK Jr. Way S. | Columbia City | 60.00% | 1,744 | |
| | 1756700005-04 | RV095 | 4859 MLK Jr. Way S. | Columbia City | 60.00% | 4,631 | |
| 4 | 5414100205-00 | RV079 | 4733 MLK Jr. Way S. | Columbia City | 60.00% | 1,815 | \$1,010,000 |
| | 5414100220-01 | RV082 | 4735 MLK Jr. Way S. | Columbia City | 60.00% | 1,428 | |
| | 5414100230-09 | RV083 | 4741 MLK Jr. Way S. | Columbia City | 60.00% | 4,522 | |
| 5 | 4006000319-00 | RV246 | 4203 S. Kenyon St. | Othello | 60.00% | 4,526 | \$1,240,000 |
| | 4006000322-00 | RV247 | 7908 MLK Jr. Way S. | Othello | 24.16% | 5,892 | |
| 6 | 3333002640-00 | RV192 | 6740 MLK Jr. Way S. | Othello | 24.16% | 8,439 | \$1,390,000 |
| 7 | 1426300125-00 | RV032 | 3601 MLK Jr Way S. | Mount Baker | 24.16% | 9,180 | \$1,350,000 |
| 8 | 4281400385-00 | RV243 | 7860 MLK Jr. Way S. | Othello | N/A | 3,797 | \$460,000 |
| 9 | 1756700110-06 | RV096 | 4865 MLK Jr. Way S. | Columbia City | 60.00% | 3,292 | \$690,000 |
| | 1756700120-04 | RV097 | 3112 S. Ferdinand St. | Columbia City | 24.16% | 1,845 | |
| 10 | 1703400990-00 | RV099 | 3201S. Ferdinand St. | Columbia City | 24.16% | 3,776 | \$560,000 |
| 11 | 2660500259-00 | RV112 | 5042 MLK Jr. Way S. | Columbia City | 60.00% | 2,387 | \$420,000 |
| 12 | 1662500061-00 | RV185 | 6701 MLK Jr. Way S. | Othello | 24.16% | 8,341 | \$1,150,000 |
| 10 | | | | | | 67,799 | \$9,380,000 |