



Motion No. M2022-08

Purchase and Sale Agreement with South 200th Street Station, LLC for Angle Lake South Transit Oriented Development

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee	02/03/2022	Recommend to Board	Don Billen, PEPD Executive Director
Board	02/24/2022	Final action	Mara D'Angelo, Manager, TOD Jordan Rash, Senior Project Manager, TOD

Proposed action

(1) Approves the key business terms of a Purchase and Sale Agreement with South 200th Street Station, LLC for the sale of surplus property south of Angle Lake Station for the price of \$1,950,000; and (2) delegates to the chief executive officer the authority to execute and subsequently amend as necessary, the Purchase and Sale Agreement and related documents, all subject to the Board-approved key business terms.

Key features summary

- In September 2020, the Board approved Resolution No. R2020-04, which declared the two-thirds-acre property south of Angle Lake Station to be suitable for development as housing and authorized staff to offer the site to all buyers at fair market value for redevelopment. Following a competitive solicitation, South 200th Street Station, LLC (Buyer) was identified as the top-ranked firm, with Notice of Intent to Award issued in August 2021.
- The Buyer proposes a fee simple acquisition of the site for \$1,950,000, and intends to incorporate the surplus property into its adjacent master planned development. Buyer will create a minimum of 230 units of housing as part of their master planned development, and will use the Multifamily Property Tax Exemption program to provide 20 percent of those units for 12 years as affordable to income-qualified residents. The project will be required to meet or exceed certain sustainability standards.
- Sound Transit will record a transit-oriented development covenant at closing to restrict future use of the TOD site to multifamily, office, retail, mixed-use development or public uses and amenities and to restrict long-term use of the site for surface parking beyond the parking related to the operation of the proposed TOD project.
- The property is federally funded and its disposition will require Federal Transit Administration (FTA) approval.
- No further Board action is anticipated.

Background

Property and TOD

The Angle Lake South transit-oriented development (TOD) Site is a 27,507 square foot property on the south side of South 200th Street. It was acquired in 2012 with a federal participation rate of 86.5 percent, and requires FTA approval for disposition. It was appraised in 2021 for \$1.9 million. The South

TOD Site is currently vacant and has the UL-7200 zoning designation, which primarily allows for residential uses. It is also within the Angle Lake Station Overlay District, which permits a wider variety of commercial and multifamily uses, and the City’s Comprehensive Plan reflects a future Regional Business Mix (RBX) designation. The South TOD Site is surrounded to the south and east by a large, 8-acre property owned by Buyer. Buyer also has a right to acquire the City-owned property to the west of the South TOD Site, pursuant to a development agreement with the City of SeaTac.

Motion No. M2022-07 addresses an additional property known as Angle Lake North TOD site which is located across South 200th Street and was advanced in coordination with the Angle Lake South TOD site.

Offering Process and Development Partner Selection

The Sound Transit Board approved a development strategy for the two TOD sites in September 2020 through Resolution No. R2020-04, which guided the agency on offering the South TOD Site for fair market value to all interested developers.

In March 2021, Sound Transit released competitive requests for proposals (RFP) for the two TOD sites. Sound Transit identified South 200th Street Station, LLC as the top-ranked firm for the Angle Lake South TOD Site and subsequently negotiated a term sheet for a purchase and sale agreement. The Buyer intends to incorporate the surplus property into its adjacent eight-acre master planned development, which will enable them to deliver a minimum of 230 units of rental housing, commercial space, and amenities.

The Buyer would be allowed to use the property for temporary or interim surface parking for up to four years while they plan, design, entitle, and finance their project. The Buyer intends to further plan and design their master development, including this site, which may result in the proposed housing being constructed elsewhere within the master planned development. A TOD Covenant recorded on the site would restrict the use of the property for the proposed 230+ unit, mixed-use project until such time that the project is constructed elsewhere in the master planned development, at which time that portion of the covenant would be released. The remaining terms in the TOD Covenant would continue to limit uses on the Angle Lake South TOD site to multifamily, office, retail, mixed-use development or public uses or amenities.

Key Business Terms

The key business terms negotiated as a part of the Property Transfer Agreement include the following:

Category	Agreement
Type of Agreement	Purchase and Sale Agreement
Buyer/Developer	South 200th Street Station, LLC, a Washington limited liability company
Sale price	\$1,950,000. The 2021 unrestricted property value for the site, as determined by an appraisal, was \$1.9 million. Buyer agreed to pay the appraised value plus \$50,000.
Development outcomes	<ul style="list-style-type: none"> At closing, the parties shall record a covenant to restrict future development to multifamily, office, retail, mixed-use development or public uses or amenities, and limit permanent surface parking beyond that required for the TOD project. Buyer must construct a minimum of 230 units of housing utilizing the property, or elsewhere within its master planned site. Buyer will participate in the City of SeaTac’s 12-year Multi-family Tax Exemption program, setting aside 20 percent of its units for affordable housing.

Sustainability	<p>The Project will be required to meet or exceed one of the following standards:</p> <ul style="list-style-type: none"> • Evergreen Sustainable Development Standard v4 or v5.1A, • LEED Mid-rise v4, • LEED Residential v4.1, • Passive House, OR • a reasonably comparable standard subject to Sound Transit's prior approval
Multi-modal Transportation	Project must include bicycle storage for residents.

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

The sale of the Angle Lake South TOD Site is projected to bring in \$1,950,000 less closing costs. The Closing date is dependent on permitting but is anticipated to occur in 2023 or 2024. The sales proceeds are included in the 2022 Financial Plan and Budget. Because this revenue is already assumed in the current long-range financial plan, this motion will not produce an additional fiscal impact.

Disadvantaged and small business participation

Sound Transit promotes and encourages small business participation, which also includes disadvantaged business enterprises (DBEs). Small business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of small businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few small business and DBE subcontracting opportunities based upon the work described in this contract, so small business /DBE goals were not established.

Public involvement

Sound Transit conducted public outreach around this site in conjunction with the Angle Lake North surplus property in Spring of 2018 and Summer of 2019, engaging with more than 200 people at multiple drop-in tabling events at Angle Lake Station, attending community events, and holding briefing events with community organizations. Feedback received through that outreach process supports the Board action outlined here.

Time constraints

A one-month delay would not create a significant impact to the project schedule.

Prior Board/Committee actions

Resolution R2020-04: (1) Declared the North and South Transit Oriented Development Sites adjacent to the Angle Lake Link light rail station as suitable for development as housing; (2) authorized staff to offer the North Transit Oriented Development site first to qualified entities for affordable housing development; (3) authorized staff to offer the North Transit Oriented Development Site at a discounted

land value price to facilitate affordable housing outcomes; and (4) authorized staff to offer the South Transit Oriented Development Site at fair market value to all interested parties.

Resolution R2019-01: Approved the chief executive officer's declaration that certain real property acquired for the South 200th Link Extension Light Rail Project is surplus and is no longer needed for a transit purpose.

Resolution R2018-12: Approved the chief executive officer's declaration of surplus real estate property originally acquired for the South 200th Link Extension is surplus and is no longer needed for a transit purpose.

Environmental review – KH 1/25/22

Legal review – JV 1/28/22



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restrict long-term use of the site for surface parking beyond the parking related to the operation of the proposed TOD project.

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Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority to (1) approve the key business terms of a Purchase and Sale Agreement with South 200th Street Station, LLC for the sale of surplus property south of Angle Lake Station for the price of \$1,950,000; and (2) delegate to the chief executive officer the authority to execute and subsequently amend as necessary, the Purchase and Sale Agreement and related 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 24, 2022.



Kent Keel
Board Chair

Attest:



Kathryn Flores
Board Administrator