



Motion No. M2023-74

RV119 Rainier Valley Transit Oriented Development Property Transaction Agreement

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee	09/07/2023	Recommend to Board	Brooke Belman, Deputy CEO, Chief Expansion Delivery Officer
Board	09/28/2023	Final action	Don Billen, PEPD Executive Director Mara D'Angelo, Deputy Director TOD Matthew Mateo, Senior Project Manager, TOD

Proposed action

(1) Declares the surplus parcel known to Sound Transit as RV119, located in Rainier Valley, suitable for development as housing; (2) approves the key business terms of a purchase and sale agreement with a developer for the sale of the parcel, upon which the developer plans to construct a mixed-use development; and (3) delegates to the chief executive officer the authority to execute and subsequently amend as necessary a purchase and sale agreement and associated documents, all subject to the Board-approved key business terms.

Key features summary

- This set of three proposed actions advances transit-oriented development (TOD) on the surplus property known to Sound Transit as RV119 (the "Property"), depicted on Exhibit A. If the transaction is approved, SOWR Enterprises, LLC ("the Developer") would combine the Property with its adjacent parcel and pursue a mixed-use development on the assembled site.
- This action:
 - Declares the Property suitable for development as housing;
 - Approves the key business terms of a purchase and sale agreement with the Developer for the sale of the Property; and
 - Delegates to the chief executive officer the authority to execute and subsequently amend as necessary a purchase and sale agreement and associated documents, all subject to the Board-approved key business terms.

Background

The Property and Proposed Development

The Property consists of a total of approximately 4,039 square feet, 2,616 of which are developable due to a 1,423-square-foot City of Seattle street and utilities easement on the Property. The Property is located at 5201 Martin Luther King Jr. Way South and was acquired by Sound Transit for the construction of the Central Link light rail project. The Board approved the CEO's declaration that the Property was surplus in October 2020 via Resolution No. R2020-16. The Property is small and irregularly shaped, making it difficult to develop as a stand-alone site, indicating that an assemblage

would likely create the best development outcomes. Sound Transit received a proposal from the Developer in February 2022 to acquire and redevelop the Property consistent with TOD principles through Sound Transit’s unsolicited proposal process, which is governed by the agency’s Procurement and Contract Administration Manual (PCAM).

Consistent with the PCAM, after a formal evaluation of the Developer’s proposal and qualifications by a Sound Transit intra-agency panel, Sound Transit advertised the receipt of the unsolicited proposal and offered the opportunity for other proposals to be submitted, with priority given to any proposals from qualified entities for development as affordable housing, consistent with RCW 81.112.350(b)(i). The statute defines “qualified entities” as local governments, housing authorities, and nonprofit developers. Sound Transit received no additional proposals.

Following approval of this action, Sound Transit would seek formal approval from the Federal Transit Administration (FTA) on the disposition prior to executing a purchase and sale agreement.

Suitability for Housing

RCW 81.112.350 directs the agency to determine whether surplus property is suitable for development as housing. Staff completed an evaluation and concluded that the Property is suitable for development as housing. The following summarizes the suitability findings:

- Threshold evaluation considerations:
 - Housing is a permitted use within the Property’s zoning district;
 - The size and shape of the Property meet the zoning code’s minimum requirement for constructing housing; and
 - The known environmental conditions of the Property are not expected to act as a barrier to constructing housing.
- Other evaluation considerations:
 - Local land use plans support housing on the Property;
 - A 2023 appraisal shows multifamily housing as the highest and best use of the Property; and
 - There is a real estate market for housing in the local trade area.

Transaction Agreements

Sound Transit intends to enter into a purchase and sale agreement with the Developer to facilitate the Developer’s intention to combine the Property with the Developer’s adjacent parcel and to pursue a mixed-use development on the assembled site.

The key business terms negotiated as a part of the purchase and sale agreement would include the following:

Category	Agreement
Sale price	\$265,000, which is the appraised fair market value of the Property
TOD covenant	A TOD covenant would be placed on the Property at closing, which would expire at such time as a Master Use Permit consistent with specified TOD outcomes has been issued and is not subject to further appeal

Future Board Involvement

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

Fiscal information

The agency's long-range financial plan assumes \$130M (YOE\$) from the sale and lease of the agency's surplus real estate and joint development property. Due to Sound Transit's affordable housing goals and requirements (as included in ST3), the Financial Plan does not assume that all surplus properties will be sold for fair market value. To date, the agency has received or contracted \$56.4M through property sales and ground leases. The long-range financial plan includes a forecast for the remainder of the target, including \$18.4M awarded but not yet contracted projects.

Market appraisals in 2023 valued RV119 at \$265,000. The sale of this property was already assumed in the long-range financial plan, and this action will result in \$265,000 in net proceeds to the agency, bringing the total progress towards the target to \$56.7M out of \$130M (YOE\$). As a result, this action does not have an impact on the affordability of the Financial Plan. Sound Transit will need to obtain approval from the FTA before disposing of the Property.

Public involvement

Sound Transit advertised the receipt of the unsolicited proposal and announced to the public the opportunity to submit competitive proposals, with a priority placed on notifying qualified entities. The announcement was posted for thirty days online, advertised in the Seattle Daily Journal of Commerce, and featured on signs posted on the Property. Neighbors within 300 feet of the Property (approximately 50 addresses) received letters by mail. No proposals, questions, or comments were received.

Time constraints

A one-month delay would not create a significant impact on the TOD project's timeline.

Prior Board/Committee actions

Resolution No. R2020-16: Approved the chief executive officer's declaration of surplus real estate property originally acquired for the Central Link Light Rail Project as surplus and no longer needed for a transit purpose.

Environmental review – KH 8/16/23

Legal review – NM 8/25/23

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A MOTION of the Board of the Central Puget Sound Regional Transit Authority (1) declaring the surplus parcel known to Sound Transit as RV119, located in Rainier Valley, suitable for development as housing; (2) approving the key business terms of a purchase and sale agreement with a developer for the sale of the parcel, upon which the developer plans to construct a mixed-use development; and (3) delegating to the chief executive officer the authority to execute and subsequently amend as necessary a purchase and sale agreement 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 would be brought to the Board for approval.

Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority (1) declaring the surplus parcel known to Sound Transit as RV119, located in Rainier Valley, suitable for development as housing; (2) approving the key business terms of a purchase and sale agreement with a developer for the sale of the parcel, upon which the developer plans to construct a mixed-use development; and (3) delegating to the chief executive officer the authority to execute and subsequently amend as necessary a purchase and sale agreement 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 September 28, 2023.



Dow Constantine
Board Chair

Attest:



Kathryn Flores
Board Administrator



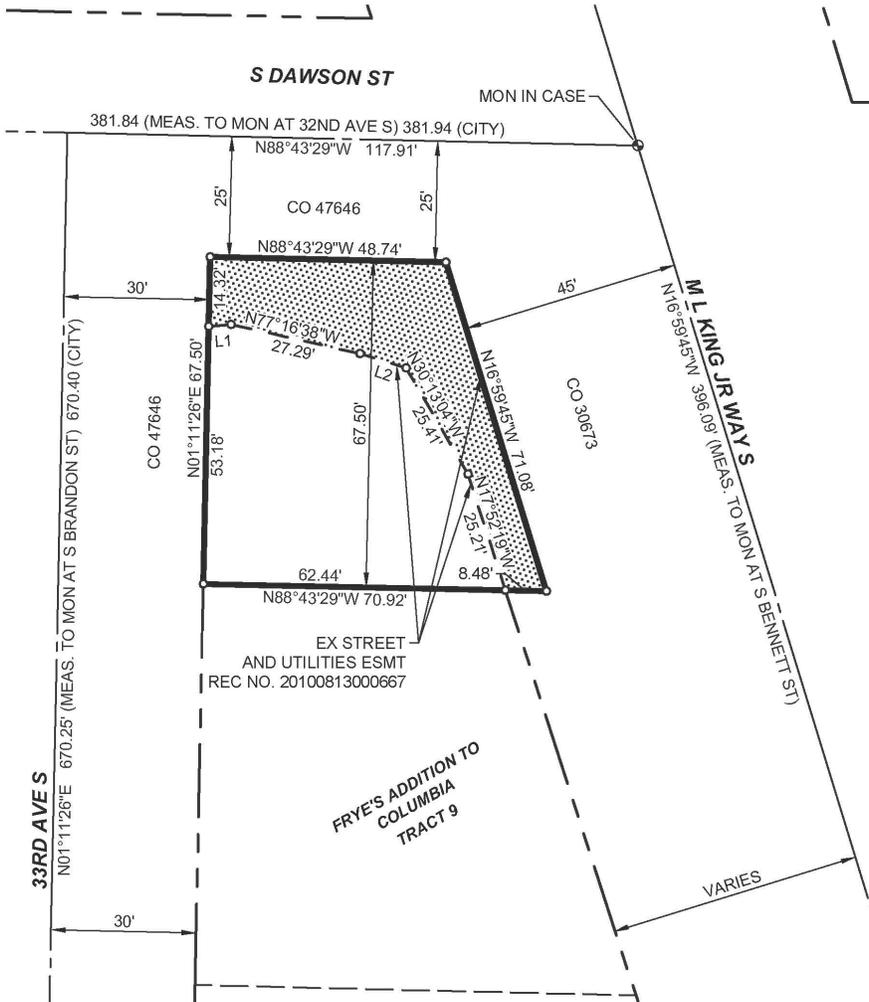
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Exhibit A

RV119

Item:	Row #:	Tax Parcel #:	Tax Payer(s):	Property Address:
1	RV119	266050-0315	Central Puget Sound Regional Transit Authority	5201 Martin Luther King Jr. Way South

ROW EASEMENT AND REMAINING PARCEL AREA

SW 1/4 NW 1/4 SEC 22, T 24 N, R 4 E, W.M.



L1 N85°23'42"E 4.63'
L2 N72°45'16"W 10.01'

LEGEND	
	EASEMENT LINE PERMANENT
	EXISTING RIGHT-OF-WAY LINE
	STREET CENTER LINE
	PLATTED LOT LINE
	PROPERTY LINE
	PARENT PARCEL

EX STREET AND UTILITIES ESMT

15 7.5 0 15 30 NAD 83 (91)



SCALE IN FEET



NOTE: THE EXISTING STREET RIGHT-OF-WAY, PARCEL BOUNDARY AND MONUMENTATION SHOWN HEREON ARE FROM AN ALTA SURVEY PERFORMED FOR SOUND TRANSIT BY DUANE HARTMAN & ASSOCIATES, INC. DATED 01/09/2003

SOUNDTRANSIT LOCAL DATUM PLANE, CENTRAL ZONE

SOUNDTRANSIT

FURTADO & ASSOCIATES

LINK LIGHT RAIL TRANSIT SYSTEM



PARCEL AREA: 4,039 SF	REMAINING AREA: 2,616 SF
EX STREET AND UTILITIES ESMT: 1,423 SF	
EXHIBIT	
R/W NO. RV-119 PARCEL MAP	
ASSESSOR NO.: 2660500315	DATE: 12/10/2021
OWNER: SOUND TRANSIT	
BLOCK NO.: N/A	LOT NO.: 9
CITY OF SEATTLE	KING COUNTY, WA