

MOTION NO. M2012-55
Washington Housing Equity Alliance Purchase and Sale Agreement

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Capital Committee	08/09/12	Recommendation to Board	Ric Ilgenfritz, Executive Director	206-398-5239
Board	08/23/12	Final Action	Scott Kirkpatrick, TOD Manager	206-398-5264

PROPOSED ACTION

Authorizes the chief executive officer to execute a purchase and sale agreement with Washington Housing Equity Alliance for \$669,000 to sell the surplus real properties at 5701, 5707 and 5715 Martin Luther King Jr. Way South, Seattle WA to construct a transit-oriented mixed-use affordable family housing project.

KEY FEATURES

- The purchase and sale agreement (PSA) with Washington Housing Equity Alliance (WHEA) will impose a long-term covenant to develop and operate the property as a Transit Oriented Development (TOD) project. The project will add transit ridership in the Martin Luther King Jr. Way South corridor through the addition of 70 affordable housing units near the Columbia City Station.
- Approval of the purchase and sale agreement (PSA) is consistent with the agency's TOD policies, including recovery of fair market value for surplus property disposal.
- This action indicates to WHEA's funders that it has effective control of the surplus properties, and allows WHEA to complete its due diligence, seek financing, complete project design, and apply for a City of Seattle alley vacation permit with Sound Transit.
- Transfer of title for the properties will not occur until the City of Seattle issues a building permit for the project and WHEA has obtained funding.
- This action follows completion of a satisfactory Joint Development Feasibility Agreement negotiating period, during which time WHEA has entered into a purchase and sale agreement to buy the Centioli Family LLC property abutting Sound Transit's properties that is necessary for the TOD project.
- The PSA will address Sound Transit's planned environmental clean-up of on-site contaminated soils and potential well monitoring.

PROJECT DESCRIPTION

Sound Transit's TOD program preserves development opportunities on Sound Transit property; promotes TOD in the acquisition, use or disposition of excess land; preserves options through local station area plan and project reviews; and provides internal and external TOD technical support. The program direction includes the use of the Federal Transit Administration's Joint Development methodology for evaluating and advancing potential TOD projects.

FISCAL INFORMATION

This action results in positive revenue to Sound Transit resulting from disposal of surplus property at fair market value. The agency's long term financial plan has assumed the sale of surplus property from the Link Initial Segment as a source of additional revenue to the subareas. Proceeds

will be recorded as miscellaneous revenue in the North King County subarea. The purchase price of \$669,000 is the FTA approved appraisal amount and reflects the environmental remediation Sound Transit will perform prior to the sale. The cost of environmental remediation is funded from the TOD Surplus Property Disposition program. The PSA will provide for an environmental remediation contingency period during which time Sound Transit will conduct certain soil excavation and groundwater monitoring as specified in a remediation schedule prepared by CDM Smith. At the end of the contingency period, WHEA may terminate the agreement if it is not satisfied with the environmental condition of the property for its intended development.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

BACKGROUND

The Sound Transit Board established the TOD Program in 1997. Its mission is to create transit supported development and communities at Sound Transit facilities, stations and station areas by working with local jurisdictions, property owners and developers. TOD Motion No. M99-25 states that "Sound Transit should use *all* its own sites to demonstrate good transit-oriented design and land use mixes that are appropriate to their setting, transit mode, and market conditions." Further, section I.B.3. of Motion No. M99-25 encourages Sound Transit's consideration of providing incentives to assure that desired types of development are built on surplus land. Resolution No. R99-35, The Real Property Disposition Policy, Procedures and Guidelines, includes as a policy goal: "Utilize the disposition of Sound Transit Real Property to encourage Transit Oriented Development, Joint Development and public and private projects at and around Sound Transit facilities to build transit ridership, enhance communities and aid economic development."

In 2003 and 2004 Sound Transit acquired three parcels, comprising two properties, for project purposes along the Central Link light rail alignment at the corner of Martin Luther King, Jr. Way S. and S. Orcas Street. In 2005 the agency worked with Catholic Housing Services of Western Washington (CHS) to coordinate the contiguous construction of the light rail project and CHS's Katharine's Place, a 25-unit residential building, abutting Sound Transit property to the north. At the time, CHS expressed interest in the agency's future property disposition plans. In late 2010, Sound Transit and CHS discussed the potential redevelopment of the vacant property owned by Sound Transit. Preliminary concepts included affordable housing, using the abutting property relationship of the parties to enter into a process allowed in Federal Transit Administration Joint Development guidelines, to be implemented by a transfer of title of surplus real property. CHS is WHEA's development consultant. WHEA will own and operate the proposed 70-unit residential project for low income families and families at risk of homelessness.

In March 2012, the Board approved a surplus property declaration and authorized the parties to enter into Joint Development Feasibility Agreements, including one with an abutting property owner, the Centioli Family LLC, to work on consolidating the properties for redevelopment. WHEA and Centioli Family LLC subsequently entered into a purchase and sale agreement for WHEA to purchase the Centioli property directly, eliminating the need for a three-way negotiation.

The parties have successfully completed the feasibility agreement process, leading to this staff recommendation to enter into a PSA with WHEA. Sound Transit has conducted an environmental site evaluation and an appraisal, and WHEA has been listed by the State Housing Trust Fund for "Stage Two Applications Invited" for \$2.75 million of Communities of Concern and other State Housing Trust Fund financing. WHEA is making application for state funding this summer, as well as seek other public and private sources. Sound Transit retains ownership of the property until the closing of escrow, which does not occur until a building permit is issued for the project.

The Washington Housing Equity Alliance (WHEA) was incorporated as a Washington not-for-profit organization on March 29, 1994. WHEA's mission is to increase the supply of permanent affordable housing serving diverse housing needs and interests throughout the State of Washington through housing development, innovative equity and debt financing by creating mutually beneficial public-private sector partnerships. WHEA is a member of the "Communities of Concern" Initiative which addresses the historical disproportionate representation of families of Color among the poor, the working poor, and homeless families. The "Communities of Concern" Initiative works to focus housing, services, and community economic development for the urban Native American, Latino/Chicano, and Black American communities. While upholding all fair housing laws, WHEA focuses on the needs of families in the Black community.

ENVIRONMENTAL COMPLIANCE

JI 7/30/2012

PRIOR AND CONCURRENT BOARD/COMMITTEE ACTIONS

Motion No. M2012-04: (1) Approved the chief executive officer's declaration of surplus real property acquired for the Central Link project and (2) authorized the chief executive officer to negotiate and execute two Transit Oriented Development joint development feasibility agreements with Catholic Housing Services / Washington Housing Equity Alliance and Centioli Family LLC, to investigate the feasibility of a potential transit-oriented, affordable housing project.

TIME CONSTRAINTS

Approval of this action will assist WHEA in satisfying the site control "readiness" requirement for its State Housing Trust Fund "Stage Two" application to be made on August 29, 2012. A delay in approval could jeopardize WHEA's funding reservation for 2012.

PUBLIC INVOLVEMENT

CHS, WHEA, and Sound Transit are planning neighborhood meetings for later in the year to explain the proposed project.

LEGAL REVIEW

JV 8/6/2012

MOTION NO. M2012-55

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a purchase and sale agreement with Washington Housing Equity Alliance for \$606,570 to sell the surplus real properties at 5701, 5707 and 5715 Martin Luther King Jr. Way South, Seattle WA to construct a transit-oriented mixed-use affordable family housing project.

BACKGROUND:

The Sound Transit Board established the TOD Program in 1997. Its mission is to create transit supported development and communities at Sound Transit facilities, stations and station areas by working with local jurisdictions, property owners and developers. TOD Motion No. M99-25 states that "Sound Transit should use all its own sites to demonstrate good transit-oriented design and land use mixes that are appropriate to their setting, transit mode, and market conditions." Further, section I.B.3. of Motion No. M99-25 encourages Sound Transit's consideration of providing incentives to assure that desired types of development are built on surplus land. Resolution No. R99-35, The Real Property Disposition Policy, Procedures and Guidelines, includes as a policy goal: "Utilize the disposition of Sound Transit Real Property to encourage Transit Oriented Development, Joint Development and public and private projects at and around Sound Transit facilities to build transit ridership, enhance communities and aid economic development."

In 2003 and 2004 Sound Transit acquired three parcels, comprising two properties, for project purposes along the Central Link light rail alignment at the corner of Martin Luther King, Jr. Way S. and S. Orcas Street. In 2005 the agency worked with Catholic Housing Services of Western Washington (CHS) to coordinate the contiguous construction of the light rail project and CHS's Katharine's Place, a 25-unit residential building, abutting Sound Transit property to the north. At the time, CHS expressed interest in the agency's future property disposition plans. In late 2010, Sound Transit and CHS discussed the potential redevelopment of the vacant property owned by Sound Transit. Preliminary concepts included affordable housing, using the abutting property relationship of the parties to enter into a process allowed in Federal Transit Administration Joint Development guidelines, to be implemented by a transfer of title of surplus real property. CHS is the development consultant for the Washington Housing Equity Alliance (WHEA). WHEA will own and operate the proposed 70-unit residential project for low income families and families at risk of homelessness.

In March 2012, the Board approved a surplus property declaration and authorized the parties to enter into Joint Development Feasibility Agreements, including one with an abutting property owner, the Centioli Family LLC, to work on consolidating the properties for redevelopment. WHEA and Centioli Family LLC subsequently entered into a purchase and sale agreement for WHEA to purchase the Centioli property directly, eliminating the need for a three-way negotiation.

The parties have successfully completed the feasibility agreement process, leading to this staff recommendation to enter into a purchase and sale agreement (PSA) with WHEA. Sound Transit has conducted an environmental site evaluation and an appraisal, and WHEA has been listed by the State Housing Trust Fund for "Stage Two Applications Invited" for \$2.75 million of Communities of Concern and other State Housing Trust Fund financing. WHEA is making application for state funding this summer, as well as seek other public and private sources. Sound Transit retains ownership of the property until the closing of escrow, which does not occur until a building permit is issued for the project.

The PSA will provide for an environmental remediation contingency period during which time Sound Transit will conduct certain soil excavation and groundwater monitoring. The cost of environmental remediation is funded from the TOD Surplus Property Disposition program. At the end of the contingency period, WHEA may terminate the agreement if it is not satisfied with the environmental condition of the property for its intended development. The purchase price of \$669,000 is the FTA approved appraisal amount and reflects the environmental remediation Sound Transit will perform prior to the sale.

The Washington Housing Equity Alliance (WHEA) was incorporated as a Washington not-for-profit organization on March 29, 1994. WHEA's mission is to increase the supply of permanent affordable housing serving diverse housing needs and interests throughout the State of Washington through housing development, innovative equity and debt financing by creating mutually beneficial public-private sector partnerships. WHEA is a member of the "Communities of Concern" Initiative which addresses the historical disproportionate representation of families of Color among the poor, the working poor, and homeless families. The "Communities of Concern" Initiative works to focus housing, services, and community economic development for the urban Native American, Latino/Chicano, and Black American communities. While upholding all fair housing laws, WHEA focuses on the needs of families in the Black community.

MOTION:


It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a purchase and sale agreement with Washington Housing Equity Alliance for \$606,570 to sell the surplus real properties at 5701, 5707 and 5715 Martin Luther King Jr. Way South, Seattle WA to construct a transit-oriented mixed-use affordable family housing project.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 23, 2012.



Julia Patterson
Board Vice Chair

ATTEST:



Marcia Walker
Board Administrator