



Motion No. M2023-83

Property Transfer Agreement with Africatown Community Land Trust for Youth Achievement Center - Phase 1

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee	10/05/2023	Recommend to Board	Brooke Belman, Deputy CEO, Chief Expansion Delivery Officer
Board	10/26/2023	Final action	Don Billen, Executive Director, PEPD Thatcher Imboden, Director, Community Development Office Mara D'Angelo, Deputy Director, TOD

Proposed action

(1) Declares surplus property adjacent to Columbia City Station, known to Sound Transit as the Youth Achievement Center Phase 1 Property, suitable for development as housing; (2) approves the key business terms of a disposition and development agreement with Africatown Community Land Trust for the transfer of that property for the creation of a mixed-use transit-oriented development project comprised primarily of affordable housing; and (3) delegates to the chief executive officer the authority to execute and subsequently amend as necessary the disposition and development agreement and related covenants, conditions, and easements for the project, all subject to the Board-approved key business terms.

Key features summary

- In October 2020, through Resolution No. R2020-16, the Executive Committee approved the CEO's declaration that certain real property acquired for the Central Link Light Rail project was surplus and no longer needed for a transit purpose.
- Sound Transit has been working with the Youth Achievement Center (YAC) coalition since 2020 to transfer two development sites near the Columbia City Link light rail station for development that will be realized through a partnership between Africatown Community Land Trust (ACLT), Community Passageways, and Creative Justice as affordable housing, services, and community space for young people in South Seattle. The development sites are depicted in Attachment A. The Phase 1 Property that is the subject of this Board action is shown as Site 3.
- Staff have negotiated key business terms for Phase 1 of the project with the developer, ACLT (a qualified entity). Phase 1 will be developed as a Low Income Housing Tax Credit affordable housing project. ACLT may transfer or lease the ground floor space to Community Passageways to operate and provide wrap-around services to tenants. The Phase 1 project is designed to be a stand-alone project that can be integrated with Phase 2 but is fully operational on its own.
- Phase 2 is expected to contain housing, community space, and offices, intended to be owned and operated by Community Passageways. The timeline and approach for the Phase 2 property are still being explored by Community Passageways. Housing/services provided in both phases will be designed to support youth and young adults.

- Sound Transit will transfer the Phase 1 Property at no cost to support the development of the project; ACLT will pay closing costs.
- No further Board action is anticipated for Phase 1.

Background

Property and TOD

Sound Transit acquired three tax parcels of real property comprising one development site (the “Phase 1 Property”) adjacent to the Columbia City Link light rail station totaling 8,201 square feet for the construction of Initial Segment of the Central Link light rail transit project. The parcels were declared surplus by the Executive Committee via Resolution No. R2020-16. The site was appraised in July 2023 for \$980,000.

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 Phase 1 Property is suitable for development as housing. The following summarizes the suitability findings:

- Threshold evaluation considerations:
 - Housing is a permitted use within the Phase 1 Property’s zoning district;
 - The size and shape of the Phase 1 Property meet the zoning code’s minimum requirement for constructing housing; and
 - The known environmental conditions of the Phase 1 Property are not expected to act as a barrier to constructing housing.
- Other evaluation considerations:
 - Local land use plans support housing on the Phase 1 Property;
 - The community is supportive of a housing outcome on the Phase 1 Property;
 - An appraisal shows multifamily housing as the highest and best use of the Phase 1 Property; and
 - There is a real estate market for housing in the local trade area.

Offering Process and Development Partner Selection

Sound Transit has been working with the Youth Achievement Center (YAC) coalition since 2020 to transfer two sites, including the Phase 1 Property, near the Columbia City Link light rail station to support a development project that will be realized through a partnership between Africatown Community Land Trust (ACLT), Community Passageways, and Creative Justice to provide affordable housing, services, and community space for young people in South Seattle. ACLT is a nonprofit developer, and Community Passageways and Creative Justice are community-based organizations serving youth and young adults.

These two sites were originally planned as Sites 1 and 3 of twelve small sites to be transferred to the City of Seattle for the Rainier Valley Homeownership Initiative. However, Sound Transit heard a groundswell of community support, including more than 2,000 emails to Sound Transit and Board members, for using these sites to address the needs of youth and young adults. As a result, Sound Transit put the sites’ disposition on their current path.

Sound Transit acquired five of the six tax parcels comprising Sites 1 and 3 with assistance from the Federal Transit Administration (FTA). Sound Transit initially explored transferring Sites 1 and 3 to King

County to address federal interest in the underlying property and facilitate the YAC project, and received approval from the FTA in 2020 for the transfer. However, Sound Transit and King County later determined that negotiating a direct transfer from Sound Transit to the YAC developers would reduce complexity and provide greater certainty to the parties. Sound Transit sought and received approval from the FTA in 2021 for a disposition method that would move the federal interest in the Phase 1 and Phase 2 Properties to other property Sound Transit will retain long-term, making a direct transfer to the developers of the YAC project possible.

Work internal to the YAC coalition to establish a Memorandum of Understanding between ACLT and Community Passageways that would document the effort’s partnership and transaction structures occurred through early 2023. Through that process, the coalition determined that the YAC project will be divided into two phases:

- The Phase 1 Property (shown as Site 3 in Attachment A) will be developed by ACLT (a qualified entity consistent with RCW 81.112.350), as a Low Income Housing Tax Credit affordable housing project. ACLT may transfer or lease the ground floor space to CP to operate and provide wrap-around services to tenants.
- The Phase 2 Property (shown as Site 1 in Attachment A), for which a development partner is still being sought, will contain youth housing, community space, and offices, intended to be owned and operated by Community Passageways. Sound Transit staff will return to the Board for further action on the Phase 2 Property.

Creative Justice will act as a community partner but will not have a formal role in the real estate transactions.

Sound Transit has been working with ACLT to advance a term sheet for the Phase 1 Property. The timeline and approach for the Phase 2 Property are still being explored by Community Passageways.

As with any TOD property, Sound Transit has the option to offer the Phase 1 property either for market-rate development, or to achieve affordable outcomes. This action recommends transferring the property to ACLT at no cost for the creation of affordable housing because doing so helps realize a critical priority for the community: affordable housing, community space, and services designed by and for young people in South Seattle. Sound Transit and the Board received significant outreach requesting this outcome, and because ACLT has worked with community members and community-based organizations to identify the project parameters and goals, they are uniquely positioned to deliver this project.

Key Business Terms

Sound Transit will convey the Phase 1 Property to ACLT in a transaction intended to comply with RCW 81.112.350. The key business terms negotiated as part of this transaction include the following:

Category	Agreement
Buyer/Developer	Africatown Community Land Trust, a Washington nonprofit corporation (ACLT)
Purchase Price	Transfer at no cost, except ACLT will pay all closing costs, transfer taxes, recording fees, and title insurance premiums
Number of Housing Units	A minimum of 30 affordable units, with a target of 48 affordable units

Percentage of Units That Are Affordable	100% of the housing units will be affordable
Level of Affordability	The housing units will be offered for lease solely to individuals and households whose annual income (adjusted for family size) at the time of initial occupancy is at or below 60% of area median income ("AMI")
Commercial/Retail Uses	A minimum of 1,000 square feet of compatible non-residential ground floor space
Sustainability	The Project developed on the site will be required to meet or exceed the Evergreen Sustainable Development Standard v4, or reasonably comparable standard approved by Sound Transit.
Affordable Housing Covenant	A restrictive covenant will be recorded on title at closing, restricting the housing use on the property for affordable housing that meets the requirements of RCW 81.112.350 for a period of 50 years.

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 agency’s long-range financial plan assumes \$130 million (YOES) 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 \$56.9 million through property sales and ground leases. The long-range financial plan includes a forecast for the remainder of the target, including \$17.9M awarded but not yet contracted projects.

A market appraisal in July 2023 valued the Phase 1 Property at \$980,000. This below market transaction is necessary to facilitate affordable housing outcomes and is consistent with RCW 81.112.350 and Sound Transit’s Equitable TOD Policy.

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.

Workforce utilization

The construction labor performance standards for this transaction include workforce utilization goals (21% for labor hours for People of Color and 12% for Women), apprenticeship opportunities (20% of all

labor hours), and paying State Residential Prevailing Wage Rates to construction workers according to their trade, unless a project funder requires a higher minimum rate.

Public involvement

The Phase 1 and Phase 2 Properties were part of an inclusive community outreach process around the Rainier Valley Affordable Homeownership Initiative. That outreach, around twelve small sites in the Rainier Valley, proactively sought voices from long-standing, historically underrepresented communities, 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.

Following this engagement effort, Sound Transit heard vocal community support, including more than 2,000 emails to Sound Transit and Board members, in favor of removing Site 1 and Site 3 from the Rainier Valley Homeownership Initiative, and transferring them for the purposes of creating the Youth Achievement Center project. Sound Transit and the Office of Housing agreed to remove these properties from the Rainier Valley Homeownership Initiative in order to pursue this outcome.

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 that certain real property acquired for the Central Link Light Rail project is surplus and is no longer needed for a transit purpose.

Environmental review – KH 9/19/23

Legal review – JV 9/27/23

Motion No. M2023-83

A motion of the Board of the Central Puget Sound Regional Transit Authority (1) declaring surplus property adjacent to Columbia City Station, known to Sound Transit as the Youth Achievement Center Phase 1 Property, suitable for development as housing; (2) approving the key business terms of a disposition and development agreement with Africatown Community Land Trust for the transfer of that property for the creation of a mixed-use transit-oriented development project comprised primarily of affordable housing; and (3) delegating to the chief executive officer the authority to execute and subsequently amend as necessary the disposition and development agreement and related covenants, conditions, and easements for the project, all subject to the Board-approved key business terms.

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No further Board action is anticipated for Phase 1.

Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized (1) declaring surplus property adjacent to Columbia City Station, known to Sound Transit as the Youth Achievement Center Phase 1 Property, suitable for development as housing; (2) approving the key business terms of a disposition and development agreement with Africatown Community Land Trust for the transfer of that property for the creation of a mixed-use transit-oriented development project comprised primarily of affordable housing; and (3) delegating to the chief executive officer the authority to execute and subsequently amend as necessary the disposition and development agreement and related covenants, conditions, and easements for the project, 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 October 26, 2023.



Dow Constantine
Board Chair

Attest:



Kathryn Flores
Board Administrator

**Motion No. M2023-83
Attachment A**

Youth Achievement Center Phase 1 Property (Site 3)

