FL-209 Surplus and Kent Des Moines TOD
Surplus and Key Business Terms

Executive Committee
12/07/23
Why we are here

• To advance the development transaction on the Kent Des Moines Station North TOD site, including:
  o Approve the CEO’s declaration that a portion of one of the parcels included in the North TOD site is surplus upon completion of the Federal Way Link Extension construction
  o Approve key business terms and delegate authority to the CEO to negotiate a TOD transaction
Statute direction on surplus property

- ≥80% of property suitable for housing must be first offered for affordable housing creation
- ≥80% of created units must be affordable
- Units must serve those earning ≤80% of area median income
Surplus of parcel FL -209
Parcel overview

- Partial surplus totaling 6,300 SF
- Offering strategy previously approved by the Board
- Acquisition completed March 2023
Kent Des Moines TOD North
Key Business Terms
Resolution No. R2022-23

- Approved offering strategy for both North and South
- 1st to qualified entities to create mixed-use, mixed-income projects
- Authorized a discounted land value
- Goal to maximize density and affordable housing
- Goal for community orientation and gathering space
What was offered

North & South TOD

- RFPs issued simultaneously December 2022
- Approximately 2 acres at each site
- Offered at discount to qualified entities for affordable housing
- Pre-committed funds from WA State Housing Finance Commission & King County
Initial strategy assumed:

- 2+ buildings on each site
- Each site would have market and affordable outcomes
- Multiple interested proposers with range of concepts
- Proposers would subdivide each site
Kent Des Moines North TOD

Selected Developer

mercy HOUSING

OPEN DOORS
for multicultural families

disability | community | opportunity
Proposed development

- goal of 220 housing units
- community center
- early learning center
- nonprofit office space
- neighborhood retail
Kent Des Moines South TOD

- Following the North all affordable proposal, a South site addendum requiring market-rate housing was issued to meet DA and Board direction
- No sufficiently responsive proposals received
- Ongoing work with stakeholders and city, with proposed revised offering strategy for Board to consider in 2024
# Action 1: Approve North key business terms

<table>
<thead>
<tr>
<th>Category</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer</td>
<td>• Mercy Housing Northwest</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>• $250,000</td>
</tr>
<tr>
<td>Number of Units</td>
<td>• Minimum of 175 with a goal of 220 units</td>
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<tr>
<td>Affordability</td>
<td>• 100% at or below 80% AMI</td>
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<tr>
<td>Deeper Affordability</td>
<td>• Affordability average of 60% AMI with units targeting households at 30%-80% AMI</td>
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</tbody>
</table>
## Action 1: Approve North key business terms

<table>
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<tbody>
<tr>
<td>Commercial/Retail Uses</td>
<td>• Minimum of 15,000 sf with a target of 35,000 sf targeted at community, early learning, nonprofit and retail uses</td>
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<tr>
<td></td>
<td>• Minimum of 1,500 sf with a target of 4,500 of ground floor neighborhood retail</td>
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<tr>
<td>Sustainability</td>
<td>• Minimum of Evergreen Sustainable Development Standard v4 or LEED Mid-rise v4</td>
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<tr>
<td>Affordable Housing Covenant</td>
<td>• Covenant will be recorded on title to restrict property to affordable housing use for 50+ years</td>
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</table>
Discounted land purchase

Discount impact:
- Up to 220 affordable housing units
- Deep affordability
- Family-sized units
- Units set aside for individuals with Intellectual and Developmental Disabilities
- Discount leverages affordable housing financing 16 to 1
Action 2: Delegation of authority to CEO

Recommendation – Authorize the CEO to:

- Execute the purchase and sale agreement and related documents
- Approve any amendments, as necessary
- All subject to Board-approved key business terms
Next steps

If approved by Board:
- Negotiate legal agreements
- Developer to design, permit, and finance project
- Sound Transit to review designs
- Developer start construction in 2025 (projected)
Thank you.