



Motion No. M2025-03

U District 45th & Roosevelt TOD Key Business Terms

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee Board	1/16/2025 1/23/2025	Recommend to Board Final action	Thatcher Imboden, Community Development Office Director Mara D'Angelo, Deputy Director, TOD Rebecca Brunn, Project Manager, TOD

Proposed action

(1) Approves the key business terms of an agreement with the Low Income Housing Institute (LIHI) for the sale of Sound Transit surplus property in the University District in Seattle for the creation of a mixed-use project comprised of affordable housing and community-serving uses; and (2) delegates to the chief executive officer the authority to execute and subsequently amend, as necessary, the disposition and development agreement (DDA) and related covenants, conditions, and easements for the TOD project, all subject to the Board-approved key business terms.

Key features summary

- o The property subject to this action consists of approximately .4 acres in the University District neighborhood of Seattle (the "TOD Site").
- o In November 2022, Resolution No. R2022-31: (1) declared the TOD Site surplus; (2) declared the TOD Site suitable for the development of housing; (3) authorized staff to offer the TOD Site first to qualified entities for the development of affordable housing; and (4) authorized staff to offer the TOD Site at a discounted land value price to facilitate affordable housing outcomes.
- o On September 29, 2023, Sound Transit issued a request for proposals for the TOD Site. The proposal review panel considered all applications and, through a competitive review process, selected LIHI as the top-ranked firm.
- o LIHI is proposing a mixed-use affordable housing project with a minimum of 150 affordable housing units and a minimum of 1,500 square feet of ground floor commercial space targeted to uses that serve the health and well-being of the community.
- o LIHI will pay a purchase price of \$160,000 for the TOD Site.
- o No further Board action is anticipated.

Background

TOD Site

Sound Transit acquired the TOD Site in 2001 to support the construction of the Northgate Link Extension. The TOD Site is located northwest of the U District Station and is bounded by Northeast 45th Street, Roosevelt Way Northeast, and 11th Ave Northeast. It consists of one tax parcel (TPN 773360-0155), which is bisected by a public alley. The TOD Site was appraised in 2022 for \$6.8 million.

The TOD Site was acquired without federal funding and its disposition does not require federal approval.

Offering Process and Development Partner Selection

The Board approved a development strategy for the TOD Site in November of 2022 in Resolution No. R2022-31, in which the Board directed the agency to offer the TOD Site first to qualified entities for the development of affordable housing and authorized staff to consider offering a discounted land value to facilitate affordable housing outcomes.

Sound Transit and the City of Seattle Office of Housing released a joint request for proposals (RFP) in September 2023 seeking a development partner that could maximize affordable housing, offer the deepest level of affordability possible, and provide other community benefits on the TOD Site. The Office of Housing has committed up to \$15 million in affordable housing funding to the project. The TOD Site is also eligible to participate in the TOD bond allocation for affordable housing on Sound Transit sites through a partnership with the Washington State Housing Finance Commission.

A development team led by LIHI was selected as the top-ranked firm and Notice of Intent to Award was issued in April 2024.

The project proposed by LIHI included 160 units of affordable housing targeted at incomes at or below 60% of area median income and a target of 1,500 square feet of ground floor commercial space intended for public restroom and/or hygiene services. LIHI is targeting a late 2026 or 2027 construction start date, pending financing and permitting.

Key Business Terms

Sound Transit staff negotiated the key business terms for the proposed TOD Site transaction based on LIHI’s response to the RFP, seeking to maximize affordable housing and provide community-oriented services.

Sound Transit will convey the TOD Site to LIHI 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	Low Income Housing Institute, a Washington nonprofit corporation
Purchase Price	\$160,000
Number of Housing Units	Buyer will construct a minimum of 150 units, with a target of 160 units, all of which will be affordable. The units will consist of a mix of studio and one, two, and three-bedroom apartments. A minimum of 30% of units will be family-sized (two or more bedrooms), with a target of 34%.
Percentage of Units That Are Affordable	100% of the housing units must serve those earning no greater than 80% of the area median income (AMI).
Level of Affordability	The units will be offered at different levels of affordability such that the average affordability level for the building will be at or below 60% AMI. A minimum of 15% of the total units, with a target of 17%, 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 30% AMI.
Commercial/Retail Uses	Buyer will construct a minimum of 1,500 square feet of non-residential space in shell condition.
Sustainability	The Project will be constructed to meet or exceed Evergreen Sustainable Development Standard v4.
Alley Vacation	Buyer will, at its sole cost, be responsible for satisfying all requirements of the conditional alley vacation granted by the City of Seattle on September 5, 2023 associated with the alley bisecting the TOD Site.
Affordable Housing Covenant	A restrictive covenant will be recorded on title at closing, restricting the housing use on the property for affordable housing for a period of at least 50 years.

Future Board Involvement

No further Board action is anticipated for this development; however, 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 (YOE\$) from the sale of the agency's surplus real estate. 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, is under contract for, or awarded approximately \$76 million through surplus real property sales and ground leases.

A market appraisal in 2022 valued the TOD Site at \$6.8 million. The proposed sale would provide \$160,000 in revenue to the agency. This below-market transaction is necessary to facilitate affordable housing outcomes and is consistent with RCW 81.112.350, Sound Transit's Equitable TOD Policy, and Resolution No. R2022-31.

The sale of the TOD Site was already assumed in the financial plan. As a result, this action does not have an impact on the affordability of the financial plan.

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 anticipated under a particular contract and the number of small businesses/DBEs available to perform such subcontracting work.

While small business/DBE goals are not prescribed for TOD transactions, Sound Transit encourages participation by small businesses and DBEs and asks proposers to highlight their involvement with such entities or status as such an entity.

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. For any trade not available in the residential section, the commercial rate would apply as the minimum.

Public involvement

Sound Transit conducted community engagement associated with the TOD Site in 2021. Engagement included two online surveys that collected approximately 1,800 responses and contact with over 70 local businesses and community organizations operating in the University District area. Feedback received through that outreach process informed the agency's offering strategy, the RFP issued in September 2023, and the proposed disposition for development of affordable housing.

Time constraints

A one-month delay would not cause a significant impact on the project.

Prior Board/Committee actions

Resolution No. R2022-31: Approved the chief executive officer's declaration that the TOD Site is surplus; declared the TOD Site as suitable for development as housing; authorized staff to offer the TOD Site first to qualified entities for affordable housing development; and authorized staff to offer the TOD Site at a discounted land value price to facilitate affordable housing outcomes.

Environmental review – KH 11/26/24

Legal review – NM 1/9/25



Motion No. M2025-03

A motion of the Board of the Central Puget Sound Regional Transit Authority (1) approving the key business terms of an agreement with the Low Income Housing Institute (LIHI) for the sale of Sound Transit surplus property in the University District in Seattle for the creation of a mixed-use project comprised of affordable housing and community-serving uses; and (2) delegating to the chief executive officer the authority to execute and subsequently amend, as necessary, the disposition and development agreement (DDA) and related covenants, conditions, and easements for the TOD project, all subject to the Board-approved key business terms.

Background

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Future Board Involvement

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Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that (1) the key business terms of an agreement with the Low Income Housing Institute (LIHI) for the sale of Sound Transit surplus property in the University District in Seattle for the creation of a mixed-use project comprised of affordable housing and community-serving uses is approved; and (2) the authority to execute and subsequently amend, as necessary, the disposition and development agreement (DDA) and related covenants, conditions, and easements for the TOD project, all subject to the Board-approved key business terms, is delegated to the chief executive officer.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Dave Somers
Board Chair

Attest:

Kathryn Flores
Board Administrator