



Motion No. M2024-78

Lynnwood City Center Station TOD key business terms

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee Board	12/12/2024 12/19/2024	Recommend to Board Final action	Terri Mestas, Capital Delivery Deputy CEO Chelsea Levy, Acting Executive Director, Capital Delivery Mara D'Angelo, Deputy Director, TOD Rebecca Brunn, Project Manager, TOD

Proposed action

(1) Approves the key business terms of an agreement with Housing Hope for the sale of Sound Transit surplus property adjacent to Lynnwood City Center Station 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 agreement and related covenants, conditions, and easements for the TOD project, all subject to the Board-approved key business terms.

Key features summary

- The property subject to this action consists of approximately 2.4 acres in Lynnwood City Center (the "TOD Site").
- In May 2023, Resolution No. R2023-14: (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.
- Sound Transit issued a Request for Proposals in July 2023. The proposal review panel considered all applications, and through a competitive review process selected Housing Hope, a Snohomish County-based nonprofit housing developer, as the top-ranked firm.
- Housing Hope is proposing a mixed-use affordable housing project with a target of 167 affordable housing units, as well as a target of 48,000 square feet of ground floor commercial space and community-serving uses, intended for medical, childcare, and other community-serving uses.
- Housing Hope will pay a purchase price of \$167,000 for the TOD Site.
- No further Board action is anticipated.

Background

TOD Site

The TOD site is approximately 2.4 acres, with a net buildable area of approximately 2.1 acres. It was appraised in 2023 for \$4.8 million. It comprises three parcels originally acquired by Sound Transit to support construction of Lynnwood Link Extension (LLE). A Binding Site Plan will be recorded consolidating the site into a single parcel. A piped stream runs beneath the site that is potentially fish bearing and is required to be fully daylighted or placed in a fish-passable culvert when the site is redeveloped.

One of the original parcels was purchased with federal assistance and Sound Transit will seek approval from the Federal Transit Administration (FTA) for the property disposition strategy as needed.

Offering Process and Development Partner Selection

The Sound Transit Board approved a development strategy for the TOD Site in May of 2023 in Resolution No. R2023-14, 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 issued a request for proposals (RFP) in July 2023 seeking a development partner who could maximize affordable housing, offer the deepest level of affordability possible, daylight an onsite piped stream and restore it to a fish-passable condition, and provide other community benefits on the TOD site. The TOD Site was identified as 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 Housing Hope was selected as the top-ranked firm and Notice of Intent to Award was issued in January 2024.

The project proposed by Housing Hope included 167 units of affordable housing targeted at incomes at or below 60% of area median income as well as 48,000 square feet of commercial and community-serving uses. The commercial component included medical, dental, and behavioral health clinics provided in partnership with local nonprofit organizations Community Health Center of Snohomish County and the Center for Human Services, as well as a childcare facility and a public café and job-training program. Housing Hope is targeting a Q4 2026 construction start, pending financing and permitting.

Key Business Terms

Sound Transit staff negotiated the key business terms for the proposed TOD Site transaction based on Housing Hope's response to the RFP, seeking to maximize affordable housing, ensure the stream restoration, and provide community-oriented services.

Sound Transit will convey the Lynnwood City Center TOD site to Housing Hope 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	Housing Hope, a Washington nonprofit corporation
Purchase Price	\$167,000

Number of Housing Units	Buyer will construct a minimum of 150 affordable units, with a target of 167 affordable units. The units will consist of a mix of one, two, and three-bedroom apartments. A minimum of 50% of units will be family-sized (two or more bedrooms), with a target of 75%.
Affordable Housing	100% of 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 AMI, excluding manager units.
Commercial/Retail Uses	Buyer will construct a minimum of 42,000 square feet of non-residential space in shell condition with a target of 48,000 square feet, which may include medical, dental, behavioral health, childcare, and job-training uses.
Sustainability	The Project will be constructed to meet or exceed Evergreen Sustainable Development Standard v4 with a target of meeting LEED Platinum.
Onsite Stream	Any portion of the stream within the Property boundaries will be restored to a fish-passable condition per Washington State guidelines, including daylighting a portion of the stream.
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 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 (YOES) 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 property sales and ground leases.

A market appraisal in July 2023 valued the TOD Site at \$4.8 million. The proposed sale would provide \$167,000 in revenue to the agency. This below market transaction will facilitate affordable housing outcomes and is consistent with RCW 81.112.350 and Sound Transit’s Equitable TOD Policy.

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 TODs, 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 around the site from November 2021 - June 2022. Engagement included an online survey (November - December 2021) that collected approximately 4,400 responses from approximately 1,300 respondents, as well as seven separate rounds of workshops and direct engagement with community-based organizations operating in the Lynnwood area (March – June 2022). Feedback received through that outreach process informed the agency's offering strategy, the RFP issued in July 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. R2023-14: Approved the chief executive officer's declaration that portions of three parcels ("TOD Site") adjacent to Lynnwood City Center Station are surplus upon completion of Lynnwood Link construction; Declared the Transit Oriented Development Site adjacent to the Lynnwood City Center Station as suitable for development as housing; authorized staff to offer the Transit Oriented Development site first to qualified entities for affordable housing development, and; authorized staff to offer the Transit Oriented Development Site at a discounted land value price to facilitate affordable housing outcomes.

Environmental review – KH 11/26/24

Legal review – JV 12/4/24



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A motion of the Board of the Central Puget Sound Regional Transit Authority (1) approving the key business terms of an agreement with Housing Hope for the sale of Sound Transit surplus property adjacent to Lynnwood City Center Station 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 agreement and related covenants, conditions, and easements for the TOD project, all subject to the Board-approved key business terms.

Background

TOD Site

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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.

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 Housing Hope for the sale of Sound Transit surplus property adjacent to Lynnwood City Center Station for the creation of a mixed-use project comprised of affordable housing and community-serving uses are approved; and (2) the authority to execute and subsequently amend as necessary the agreement and related covenants, conditions, and easements for the TOD project is delegated to the chief executive officer, 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 December 19, 2024.



Dow Constantine
Board Chair

Attest:



Kathryn Flores
Board Administrator