

MEMORANDUM OF UNDERSTANDING

Midtown Center Redevelopment

This Memorandum of Understanding (MOU) is by and among Africatown Community Land Trust (“Africatown”), Forterra NW (“Forterra”), and 23rd & Union, LLC (“23U”), and collectively, the (“Parties”).

A. Parties.

1. Africatown Community Land Trust. Africatown Community Land Trust is working for community ownership of land in the Central District that can support the cultural and economic thriving of people who are part of the African diaspora in the Greater Seattle region. The Africatown Community Land Trust board is comprised of real estate professionals, business executives, entrepreneurs, and other professionals and long-time community members from the Central District.
2. Forterra secures places — urban, rural and wild — that are keystones of a sustainable future for all. Our work ranges from iconic wildlands, to working farms and forests, to place in our cities for parks and affordable housing. A nonprofit, Forterra has a 25-year history spanning more than 400 land transactions, including the 2016 purchase of the Wayne Golf Course in Bothell to become a public park, the 2013 acquisition of the 50,000-acre Teanaway Community Forest, and the impending purchase of 3,000 acres on the Kitsap Peninsula for the future Port Gamble Forest and Shoreline.
3. 23U is the joint venture partnership between Lake Union Partners, LLC and HAL Real Estate Inc. that will own, develop and operate the property at the southeast corner of 23rd Ave & East Union Street in Seattle commonly known as the Midtown Block.

B. Shared Values/Principles.

1. South Parcel sale for neighborhood led development to mitigate the displacement of historic Black community.
2. Inclusion and feedback from Africatown leadership members in the development concept plan of the North Parcel as well as the engagement of neighborhood stakeholders to ensure a sense of community pride and sense of ownership of the process.
3. Exploration of opportunity for community members to invest in North Parcel at time of vertical development. The Parties will work with Forterra to develop a work plan to identify timing and target amount of investment.
4. Coordinated design and development of complementary communities between the South Parcel and North Parcel with the explicit understanding that the 23U development must be financially feasible and meet timing commitments to 23U partners.
5. Hiring Local and Minority Firms: consistent with applicable law, coordinate with Africatown to maximize participation of Black owned consultants (including design and other professionals), contractors and workers so long as said contractors and workers offer competitive pricing for the work and are able to provide sufficient labor forces necessary to complete the work as scheduled by 23U’s General Contractor, and meet any other commercially reasonable requirements by

23U's General Contractor. The project will also recognize the goals of the City of Seattle's "priority hire" program.

6. Make best efforts to ensure the commercial retail spaces of the project is designed and operated to prioritize affordability for small African American owned businesses which meet minimum leasing criteria common in the neighborhood's surrounding buildings. The Parties will agree on a plan in which the minimum leasing criteria will be documented and agreed to by the Parties and on a timeline under which tenants will be identified and leases signed. This will include limiting the size of some commercial spaces (not including the larger NW corner retail space) and coordinating rental with the Project partners or other organizations that will provide support to the development of small African American owned businesses. This commitment is made with the understanding that the operation of the commercial space must be financially feasible and that the Project should have 100% of its retail space leased prior to completion of Project construction. The Parties will work together to seek subsidy as necessary to support this vision including resources needed to fund tenant improvements and operating subsidies where applicable.
 7. Allocation of resources to ensure efficiencies in the planning, approvals and development of both parcels in a timely fashion. Time is of the essence.
 8. Ongoing benefits to the community after the projects are completed (affordable housing and commercial space, local hiring program, potential for shared services, private sector management expertise, etc.).
 9. Help to preserve and develop the Central District as a vibrant and thriving Hub of the pan-African Community: Africatown to affirmatively market available rental units to the Black community paying specific attention to individuals who have been displaced.
- C. **Issue.** 23U has purchased the Midtown Center Block, located at the southeast corner of 23rd Avenue E. and E. Union St. in Seattle, Washington (the "Property"). The Parties plan for redevelopment of the Midtown Center. The City's 23rd Avenue Action Plan planning project has identified the Property as a location for rezoning to NC3-75 (the "Rezone"). The Rezone includes increased height under the City's Housing Affordability and Livability Agenda (HALA) initiative. The Rezone under HALA would also include requirements for providing affordable housing, or paying a fee in-lieu therefore. The City desires to promote a redevelopment of the Property that includes opportunities for small retail tenant spaces for historic neighborhood retailers, consistent with the 23rd Avenue Action Plan recommendations. Forterra is working with Africatown to establish a neighborhood ownership in development of the South Parcel of Midtown, and other sites in the neighborhood. The Parties desire to establish a framework for cooperation and collaboration in the redevelopment of the Property in a manner that would promote the goals and shared values of all Parties.

Therefore, the Parties enter into this non-binding Memorandum of Understanding, as follows:

1. The Property. The Property shall be known as the North Parcel and the South Parcel, as described generally on Exhibit A.

- a. North Parcel. 23U is pursuing the development of a mixed-use development on the North Parcel (“North Parcel Project”). The Parties would cooperate with and support the redevelopment plan for the North Parcel Project.
 - b. South Parcel. 23U has entered into a Purchase Contract with Forterra to acquire the South Parcel on behalf of Africatown, as outlined by the process below (the “Purchase Contract”). Forterra would work with Africatown to develop a limited liability company, partnership or other entity (“South Parcel Owner”) which, with the assistance of the City and an affordable housing developer, would acquire and develop the South Parcel. The South Parcel Owner and the City would pursue the development of a project on the South Parcel which will seek to meet community desires to mitigate displacement of the African American community including residents and small businesses (the “South Parcel Project”). The Parties would cooperate with and support the redevelopment plan for the South Parcel Project. Until such time as the South Parcel Owner is created, its activities under this MOU will be conducted by Forterra and Africatown.
2. Rezone. 23U would pursue and facilitate a rezone of the Property (North and South Parcels) to 75’. The Rezone would not include any obligation for “micro-retail” uses on the North Parcel and would be in form and substance acceptable to all Parties. All Parties agree to support this rezone effort and to facilitate support in the community and surrounding neighborhood for the rezone. The transaction is conditioned upon completion of the Rezone.
 - a. Project Support. Specifically, Africatown agrees to facilitate neighborhood consensus of support for the proposed massing and eventual design of the North and South Parcel Projects at proceedings, public meetings, and Design Review Board meetings. The Parties would work together to publicly support both Projects and the Rezone. (See Outreach Plan and Budget described under Exhibit L to the Purchase Contract).
3. Design Review. 23U will coordinate the Early Design Guidance process for both the North and South Parcel Projects, as defined below. The North and South Parcel Projects will be presented as two separate Master Use Permit applications, each managed and funded by their respective parties.
 - a. 23U Support. 23U would integrate its design team’s efforts related to design and planning of the North Parcel Project with the South Parcel Project. Design efforts would connect with the history and culture of the area’s Black Community. See Exhibit B for representative project schedule with key dates, including EDG and DRB.
4. North Parcel Project Components. The North Parcel Project would include the following components:
 - a. A rezone to 75’.

- b. A drug store of approximately 14,000 s.f.;
 - c. Additional retail shops totaling approximately 6,500 s.f.;
 - d. Approximately 420 multifamily residential units;
 - e. Complementary design to the South Parcel Project to include courtyard space facing south and ground floor modulation on 23rd Ave & 24th Ave to satisfy the Design Review Board.
 - f. A curbcut for vehicle and truck entrance; ingress and egress on 24th Avenue East;
 - g. Parking for approximately 275 vehicles located at and below-grade;
 - h. On-site HALA inclusionary affordable housing provided at the “high cost” level (10% of on-site units);
 - i. Participation in the City’s MFTE program for at least 12 years;
 - j. Participation in the City of Seattle’s “priority hire” program.
5. South Parcel Project Components. The South Parcel Project would include the following components:
- a. A rezone to 75’.
 - b. If feasible, retail as desired by the community.
 - c. Complementary design to the North Parcel Project to include courtyard space facing north and ground floor modulation on 23rd Ave & 24th Ave to satisfy Design Review Board.
 - d. Africatown/The South Parcel Owner would consider retaining the same Architect of Record used on the North Parcel Project to ensure it remains consistent with the schedule through entitlements and completion of construction documents. The South Parcel Project may utilize a second architect as a Design Architect to ensure appropriate and independent design aesthetic, if desired. Africatown will do its best to identify minority architects for consideration as an architect for the work.
 - e. If possible, Africatown/The South Parcel Owner would secure project construction financing to enter into a GMP and issue its Notice to Proceed to the general contractor in conjunction with the commencement of construction on the North Parcel. Africatown/The South Parcel Owner would look to utilize the same General Contractor as the North Parcel Project. Africatown and Forterra have previously advised 23U that it will be very difficult to achieve this goal.
6. Site Preparation. In order to prepare the Property for redevelopment, the Parties would work toward the following goals:
- a. Coordination with the James and Janie Washington Cultural Center (JJWCC) for removal of the fountain on the Property to a new location to provide for its restoration. The fountain would be donated to the JJWCC and Parties will work together to locate the fountain on the redesigned site.
 - b. 23U will work with Africatown and the South Parcel Owner to identify local businesses to lease, on a short-term basis, vacant retail spaces within the existing Midtown Center in the interim period prior to the start of

construction activities. The Parties will work together to evaluate the use shipping containers as temporary retail spaces on site.

7. Help Build Black-Owned Business: The Parties will work together to encourage commercial retail anchors to help establish a "business & community innovation fund" to support the integration of, Black-owned business development and cultural programming on site. 23U's contribution may be made through tenant improvements provided for Black-owned businesses on-site.

D. Purpose.


The purpose of this MOU is to foster and encourage a strong working relationship between the Parties. It reflects the current intent of the Parties based on existing information and expectations. It does not create a binding obligation on the part of any Party or a basis for a claim for damages or other relief against a Party due to its failure or inability to satisfy a provision of this MOU.

AGREED to as of the 9th day of June, 2017.

AFRICATOWN COMMUNITY LAND TRUST

By: 
Its: PRESIDENT

FORTERRA NW


By: 
Its: EXECUTIVE VP

23RD & UNION, LLC

By: 
Its: Manager

By: HAL Midtown Center LLC
Its: Co-Manager

By: HAL Real Estate Inc.
Its: Manager

By: 
Its: President.

