

Sound Transit's Office of Land Use Planning & Development Transit Oriented Development Quarterly Status Report – Q1 2018

Background

RCW 81.112.350 requires Sound Transit to provide quarterly reports of any property transfers over the previous fiscal quarter and any progress made in implementing a regional equitable transit oriented development (TOD) strategy for diverse, vibrant, mixed-use and mixed-income communities approved by the voters. This report summarizes activities over the first quarter of 2018 to implement the state requirements for using surplus property to facilitate affordable housing and implement the transit-oriented development vision outlined in the ST3 System Plan.

Transfers of Property Q1 2018

Sound Transit did not transfer any properties subject to RCW 81.112.350(1)(b) during the first quarter of 2018.

Progress Implementing a Regional Equitable Transit Oriented Development Strategy

Staffing and Resources: The Office of Land Use Planning & Development became fully staffed in the first quarter of 2018. After conducting an extensive search, staff with national planning, TOD implementation and affordable housing experience joined the team and expanded overall capacity to deliver on ST3 goals.

Transactions: The Sound Transit Board of Directors in November 2017 directed the implementation of RCW 81.112.350 at three sites where Sound Transit ("ST") owns surplus property in the Roosevelt, First Hill and Capitol Hill communities in Seattle, WA. During the first quarter of 2018 staff continued negotiations on each of these transactions. Status on the three transactions is as follows:

- In Roosevelt, the Board agreed to enter into negotiations with Bellwether Housing and Mercy Housing Northwest to sell or lease a parcel next to the new light rail station at 65th & Roosevelt for the construction of 245 affordable housing units. The preliminary project includes all affordable units to families making 60 percent of the Area Median Income (AMI) or less, 40 percent of the units will be affordable to those making between 30-50 percent AMI, and 42 percent of the units will be family sized units of either two or three bedrooms. The appraised value of the site is \$18.5 million and the Board authorized staff to negotiate the transaction at a significantly reduced price of \$6.75 million. Negotiations are underway for transaction agreements that the Sound Transit Board of Directors will consider in 2018.

- On First Hill, Sound Transit owns property at Boylston Avenue and E Madison Street that is zoned to accommodate high-rise construction. High-rise construction is often untenable for affordable housing developers due to higher construction and land costs, but the site offers an opportunity to add a tremendous number of affordable units in a neighborhood with great access to transit. To that end, the Board approved entering into transaction negotiations to transfer the land at no cost to two nonprofit housing developers, Bellwether Housing and Plymouth Housing Group. The two developers have proposed an ambitious 13 story, 308 unit project affordable to households making between 30 and 60 percent AMI. This land subsidy will better enable the developers to realize their project concept that includes family size units and units set aside for seniors experiencing homelessness.

Staff are currently negotiating transaction documents with Bellwether Housing and Plymouth Housing Group for the First Hill property and anticipate returning to the Sound Transit Board in 2018. Successful transaction negotiations will result in a project that achieves the project vision, as presented in the proposal, and maintains fundamental project elements including:

- Achieving a high density of affordable housing (a minimum of 80 percent of housing units) within a high rise structure that provides housing opportunities for a resident population of the same approximate size as in the proposal
- Providing a range of unit sizes, including family-sized units
- Providing units affordable at a range of income levels up to 60 percent AMI, and including units set aside for households with extremely low incomes
- Providing an active ground floor program that is accessible to the larger First Hill community (e.g., retail and community space)

In order for the Board to consider transferring the First Hill property at no cost, the final proposed transaction documents will need to incorporate all the above project elements.

- On Capitol Hill, the Board approved an agreement to facilitate a land swap with Seattle Central College that will allow the campus to better accommodate its growth on Sound Transit-owned land at 1827 Broadway adjacent to the west entrance to Capitol Hill Station, also known as 'Site D'. In return, Sound Transit will obtain two parcels on Broadway between Pike and Pine that are not as ideal for the college's growth, but are suitable for housing development. Sound Transit entered into negotiations with Capitol Hill Housing, who will pay the college the difference in land value between Site D and their properties and develop a mixed-use project that includes 78 units of affordable housing. This swap will allow more housing to be built than could have been accomplished on Site D, and allows the college to proceed with their campus expansion plans. ST is actively negotiating with both parties in support of developing two purchase and sale agreements for Board consideration in 2018.

Additionally, Sound Transit received an "Unsolicited Proposal" from Pacific Housing NW to acquire an ST owned parcel adjacent to the Beacon Hill link station. The Developer recently purchased several abutting properties and would like to purchase the ST owned parcel of approximately 2,300 sq. ft. to include in their overall development surrounding the station. The proposed development scope encompasses the construction of two separate buildings with ground level retail and a combined 136 residential units that include an affordable housing component. In compliance with the agency's published unsolicited proposals procedure, ST evaluated the proposal and found it to have merit. ST then advertised the receipt of the unsolicited proposal and offered the opportunity for other proposals to be submitted, with priority given to any proposals from non-profit developers, housing authorities or local jurisdictions, per RCW 81.112.350. No additional proposals were received and ST is advancing negotiations and preliminary review of the proposed project with the Developer.

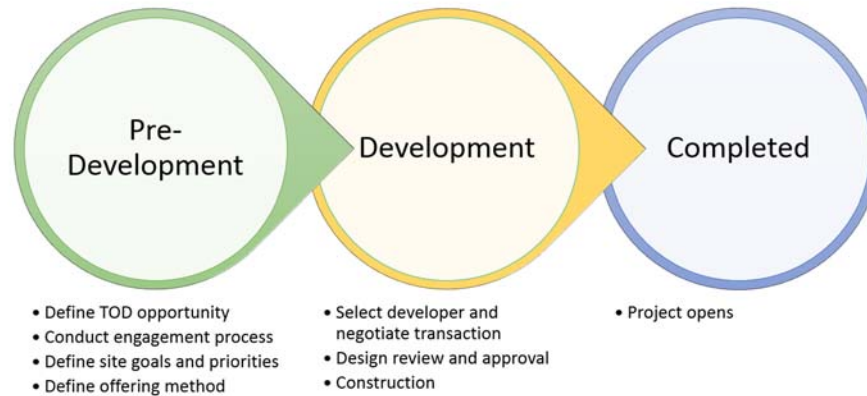
Policy Development: Per the ST3 Regional Transit System Expansion Plan, Sound Transit must make any necessary policy changes for implementing a regional equitable TOD strategy within 18-months of voter approval. In order to complete this task Sound Transit began a year-long conversation with the Board of Directors to examine the new statute requirements and consider any policy updates in the context of the transactions moving through the process in 2017.

Staff received Sound Transit Board direction on five policy priorities in December of 2017. Those priorities are: affordable housing, engagement, fiscal responsibility, flexibility and integrated project delivery. In January an intra-agency work team began updating the TOD policy with Board, ST3 and statute direction. This effort also included removing process and procedures from policy, reorganizing the policy content to be clearer on direction and to focus on goals and strategies.

The draft Equitable TOD policy was circulated to regional stakeholders and jurisdictions on February 21, 2018 and a series of workshops and briefings were held with the same groups in order to solicit feedback. Staff introduced the draft Equitable TOD Policy to the Sound Transit Board of Directors at their meeting on March 22, 2018 and received direction to refine the policy based on their direction and input. The Board's Executive Committee took action on April 5, 2018 to recommend the full Board adopt the policy on April 26, 2018. Materials for the Executive Committee meeting, including the proposed draft policy, can be found on the Sound Transit website at: <https://www.soundtransit.org/About-Sound-Transit/Calendar/executive-committee-meeting-040518>.

Please refer to the "Attachment A: Sound Transit - Transit Oriented Development: Current and Future Projects" for site/project specific status.

Sound Transit's 2018 Second Quarter report will be circulated July 15, 2018.



Pre-Development Projects		
Project	Description	Status
Roosevelt Central Site	<p>Location: Roosevelt Station, Seattle</p> <p>Site Area: 54,000 SF (1.2 acres)</p> <p>Zoning: NC3-P-85 Neighborhood Commercial 3</p> <p>Program: 245 Affordable Units (target of 60% AMI and below)</p>	<p>Motion 2017-143 Authorizing the chief executive officer to begin negotiations with the joint venture of Bellwether Housing, Inc. and Mercy Housing Northwest, Inc. for land transaction agreements for the approximately 54,000 square foot Roosevelt Station – Central Transit-Oriented Development (TOD) Site located at 6600 Roosevelt Way NE in Seattle for a mixed-use affordable housing transit-oriented development project. Negotiations are underway for transaction agreements that the Sound Transit Board of Directors will consider in 2018.</p> <p>The preliminary project concept includes approximately:</p> <ul style="list-style-type: none"> • 245 housing units • 100 percent of the housing units affordable long-term to those earning at or below 60 percent of area median income (AMI), with over 40 percent of the units affordable to those earning 30 percent or 50 percent AMI • 42 percent of the units sized for larger families (2 and 3 bedroom units) • A mix of additional community-serving uses, including retail, daycare, and a community room • A \$6.75 million payment to Sound Transit for the land

Attachment A - Sound Transit – Transit Oriented Development: Current and Future Projects
 April 15, 2018

<p>Capitol Hill Site D</p>	<p>Location: Capitol Hill Station, Seattle Site Area: 10,383 SF (0.24 acres) Zoning: NC3-P-40 Neighborhood Commercial 3 (Development Agreement between ST and City of Seattle allows height up to 85ft) Program: 78 Affordable Units</p>	<p>Motion 2017-145 Authorized the chief executive officer to (1) execute a Memorandum of Understanding with Seattle Central College (SCC) and Capitol Hill Housing to exchange property in order to develop equitable transit-oriented development in the Capitol Hill Station Area, and (2) negotiate a discounted property value in order to achieve affordable housing.</p> <p>Developing affordable housing on the Atlas properties would result in the creation of approximately 34 additional affordable units beyond what could be accomplished on Site D.</p> <p>Site D, as developed by SCC, would be incorporated into an adjacent SCC-owned parcel and redeveloped as a primary entrance to the college and is anticipated to include additional classrooms, student services, bookstore, and faculty space. The SCC project would better connect students and faculty to Capitol Hill Station and support additional ridership as the college continues its growth.</p> <p>Both ST and SCC are updating their appraisals. ST anticipates submitting their appraisal to FTA for approval this spring. ST is actively negotiating with both parties in support of developing two purchase and sale agreements for the Board to consider in 2018.</p>
<p>First Hill</p>	<p>Location: Seattle Site Area: 21,000 SF (0.48 acres) Zoning: NC3-P-160 Neighborhood Commercial 3 Program: 13 story high-rise with over 300 units serving populations making 30-60% AMI</p>	<p>In November, Motion M2017-144 Authorized the chief executive officer to (1) direct staff to enter into negotiations with Bellwether Housing, Inc. and Plymouth Housing Group, Inc. (a joint venture) for land transaction agreements that will result in the development of a mixed-use, high-rise affordable housing project compliant with the requirements described in RCW 81.112.350, and (2) directs staff to negotiate to transfer the property at no cost in support of the selected project proposal.</p>

Attachment A - Sound Transit – Transit Oriented Development: Current and Future Projects
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		<p>Successful transaction negotiations will result in a project that achieves the project vision, as presented in the proposal, and maintains fundamental project elements including:</p> <ul style="list-style-type: none"> ➤ Achieving a high density of affordable housing (a minimum of 80 percent of housing units) within a high rise structure that provides housing opportunities for a resident population of the same approximate size as in the proposal ➤ Providing a range of unit sizes, including family-sized units ➤ Providing units affordable at a range of income levels up to 60 percent AMI, and including units set aside for households with extremely low incomes ➤ Providing an active ground floor program that is accessible to the larger First Hill community (e.g., retail and community space) <p>In order for the Board to consider transferring the First Hill property at no cost, the final proposed transaction documents will need to incorporate all the above project elements.</p>
<p>Beacon Hill Small Parcel</p>	<p>Location: Beacon Hill Station, Seattle Site Area: 2,400 SF (0.06 acre) Zoning: NC2P-65 Neighborhood Commercial 2 Program: Parcel size limits development; not currently in the pipeline</p>	<p>ST received an “Unsolicited Proposal” from Pacific Housing NW to acquire an ST owned parcel adjacent to the Beacon Hill link station. The Developer recently purchased several abutting properties and would like to purchase the ST owned parcel of approximately 2,300 sq. ft. to include in their overall development surrounding the station. The proposed development scope encompasses the construction of two separate buildings with ground level retail and a combined 136 residential units that include an affordable housing component. In compliance with the agency’s published unsolicited proposals procedure, ST evaluated the proposal and found it to have merit. ST then advertised the receipt of the unsolicited proposal and offered the opportunity for</p>

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		other proposals to be submitted, with priority given to any proposals from non-profit developers, housing authorities or local jurisdictions, per RCW 81.112.350. No additional proposals were received and ST is advancing negotiations and preliminary review of the proposed project with the Developer.
Redmond Technology Center	<p>Location: Redmond Technology Center Station, Redmond</p> <p>Site Area: 53,000 SF (1.2 acres)</p> <p>Zoning: OBAT</p> <p>Program: Anticipate 60 affordable housing units or ≥\$4million to fund affordable housing project within ½ mile of future ST station in Redmond</p>	ST and the City of Redmond are considering a transaction in which ST would transfer the property to the City, including the requirements for affordable housing. If the City sells the property the proceeds, or no less than \$4 million would go to an affordable housing project within ½ mile of future light rail station in Redmond. ST and the City could be in a position to bring deal points to the ST Board for consideration in 2018.
Columbia City	<p>Location: Columbia City Station, Seattle</p> <p>Site Area: 34,966 SF (0.80 acres) across four properties</p> <p>Zoning: LR-2/LR-3 Multifamily residential/townhome</p> <p>Program: Anticipate 35-53 Units, affordability TBD</p>	In 2017, ST held initial conversations with community leadership and the City of Seattle regarding the timing of the broader engagement process. ST is coordinating with the Seattle Office of Housing on affordable housing gap funding availability and considerations around when and how to offer the properties to the qualified entities. ST Board direction will be sought prior to offering the property. ST anticipates setting a timeframe in 2018 as to when to conduct community engagement and to offer the properties for redevelopment.
Angle Lake	<p>Location: Angle Lake Station, SeaTac</p> <p>Site Area: 34,000 (0.77 acres)</p> <p>Zoning: RBX – Regional Business Mix with an Angle Lake Station Area Overlay District</p> <p>Program: Anticipate 75-150 Units, affordability TBD</p>	The engagement process with the local jurisdiction and community will began this spring. ST Board direction on declaring the property surplus and an offering strategy is scheduled for 2018. Staff is also working on a lot boundary adjustment in support of the future disposition.
Airport Kiss & Ride	<p>Location: SeaTac</p> <p>Site Area: 19,428 SF (0.45 acres)</p> <p>Zoning: CB-C Community Business in Urban Center</p> <p>Program: TBD</p>	ST is defining operational requirements needing to remain with the parcel in conjunction with a TOD project.

Attachment A - Sound Transit – Transit Oriented Development: Current and Future Projects

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<p>Operations Maintenance Facility: East</p>	<p>Location: Bel-Red Corridor, Bellevue Site Area: 282,715 SF (6.5 acres anticipated post construction) Zoning: BR-OR-2 Program: TBD</p>	<p>The City of Bellevue approved the Master Development Plan (MDP) in March 2018. This MDP created land use entitlements for the site to facilitate future development offering. With the MDP approval, staff have kicked off developing the OMF: East TOD offering process and documentation. Coordination with stakeholders and the City of Bellevue will occur in 2018 ahead of the offering, anticipated for late 2018 or early 2019.</p>
<p>Development Projects</p>		
<p>Project</p>	<p>Description</p>	<p>Status</p>
<p>Capitol Hill Sites A, B-North, B-South & C</p>	<p>Location: Capitol Hill Station, Seattle Developer: Gerding Edlen & Capitol Hill Housing Program: 428 Mixed-income units (176 Affordable Units, 252 Market Rate Units); 30,000 SF retail Site Area: 105,890 SF (2.43 acres)</p>	<p>Design review is complete and construction is expected to begin mid-2018; scheduled to open in 2020</p>
<p>Completed Projects</p>		
<p>Project</p>	<p>Description</p>	<p>Status</p>
<p>Senior City</p>	<p>Location: Federal Way Transit Center, Federal Way Developer: Korean Women’s Association Program: 62 Affordable Units (Senior – 1BR); 3,125 SF common room Site Area: 30,834 SF (0.71 acres) Project Cost: \$16.9 million</p>	<p>Opened in 2010</p>
<p>Mount Baker Lofts</p>	<p>Location: Mount Baker Station, Seattle Developer: Artspace USA Program: 57 Affordable Units (Artist’s Studio); 10,000 SF retail (12 bays) Site Area: 23,064 (0.53 acres) Project Cost: \$18 million</p>	<p>Opened in 2014</p>
<p>Othello Plaza</p>	<p>Location: Othello Station, Seattle Developer: Mercy Housing Northwest Program: 108 Affordable Units (1-3 BR @ 3-% - 80% AMI); 7,450 SF retail Site Area: 31,870 (0.73 acres) Cost: \$29.8 million</p>	<p>Opened in 2017</p>

Future / Potential Sites: these sites are either currently in the TOD Strategic Plan and not yet moved to market or are anticipated to become TOD sites for projects in design. Please note, any site identified as “potential/Future” could change as a result of design modifications or project needs.

Project	Corridor	Parcel	Block (< 2 acres)	Master (> 2 acres)	Approximate Offer Timing
Mount Baker Station – TOD sites	Central		+		2018
Overlake Village Station – TOD site	East		+		2018-2019
U District Station – Roosevelt Way site	Central	+			2018-2019
Kent Sounder Station – Potential Future TOD site	South	+			2018-2019
Pine Street Triangle – TOD site	Central	+			2018-2019
Roosevelt Station – North and South TOD sites	Central	+			2019
Northgate Station – Potential Future TOD site	Central		+		2019-2020
Lynnwood Transit Center – Potential Future TOD sites	North			+	2019-2020
Kent-Des Moines Station – Potential Future TOD sites	South			+	2019-2020
Federal Way Transit Center – Potential Future TOD sites	South			+	2019-2020
Southeast Redmond Station – Potential Future TOD sites	East			+	2019-2020