

Sound Transit's Office of Land Use Planning & Development
Transit Oriented Development Quarterly Status Report – Q3 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. These TOD opportunities take place on properties that Sound Transit has acquired for building and operating the voter-approved transit system, but no longer provide a transit use for the agency. The Sound Transit board subsequently declares these properties surplus or available for joint development and deems them either suitable or not-suitable for residential purposes. This report summarizes activities over the third 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 Q3 2018

No property was transferred in Q3 2018.

Progress Implementing a Regional Equitable Transit Oriented Development Strategy - Transactions

Roosevelt, First Hill and Capitol Hill Site D

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 third 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. Staff negotiated a Joint Development Agreement with the development team that requires the project to include all housing units affordable to families making at or below 60 percent of the AMI, at least 20 percent of the units will be affordable to those making below 60 percent AMI, and at least 20 percent of the units sized for families (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. In June 2018, the Sound Transit Board of Directors approved key business terms and delegated its authority to the CEO to execute transaction agreements. In July, Sound Transit entered the project into the FTA Joint Development program and requested FTA's approval. FTA's review is anticipated to be completed in fall 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 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.

In August 2018, the Sound Transit Board of Directors approved key business terms and delegated its authority to the CEO to execute transaction agreements. This action allows the development team to apply for funding in this year's affordable housing funding rounds. The approved business terms will result in a project achieving the project vision, as presented in the initial proposal, including:

- Achieving a high density of affordable housing 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 at least eight percent of the sized for families
- Providing the proposed units affordable at a range of income levels up to 60 percent AMI, and including units set aside for households with extremely low incomes of 30 percent AMI or below
- Providing an active ground floor program that is accessible to the larger First Hill community (e.g., retail and community space)

In order for Sound Transit to transfer the First Hill property at no cost, the final project must incorporate all the above project elements.

- In August 2018 the Board approved key business terms for transaction documents facilitating 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 contiguous 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 to 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. This action allows Capitol Hill Housing to apply for funding in this year's funding rounds.

Beacon Hill Station – Small Parcel

Sound Transit received an "Unsolicited Proposal" from Pacific Housing NW to acquire a small portion of property owned by ST adjacent to the Beacon Hill link station. The Developer recently purchased several abutting private 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 2 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. The terms of the

transaction agreements are currently in negotiation and will be subject to Board approval, which is anticipated for late 2018/early 2019.

Angle Lake Station

Staff has submitted a lot boundary adjustment with the city in support of the future TOD project. Additional financial feasibility analysis is being conducted to evaluate potential development outcomes. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy in late 2018/early 2019.

[Progress Implementing a Regional Equitable Transit Oriented Development Strategy - Programmatic](#)

Revolving Loan Fund

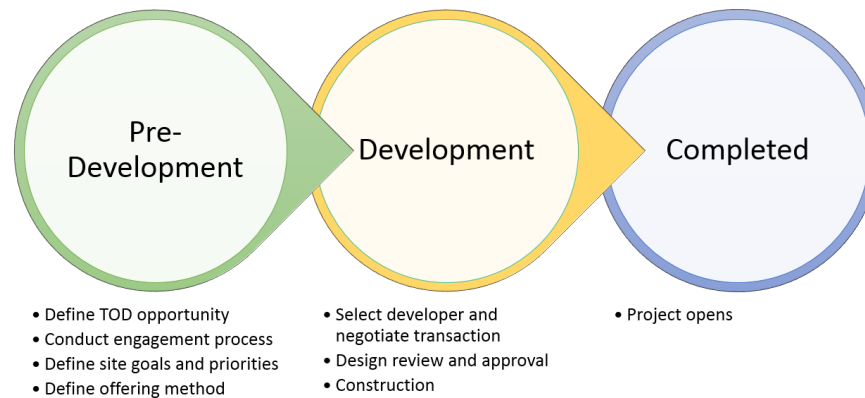
RCW 81.112.350 (1)(a) states: The regional transit authority must contribute at least four million dollars each year for five consecutive years beginning within three years of voter approval of the system plan to a revolving loan fund to support the development of affordable housing opportunities related to equitable transit-oriented development within the boundaries of the regional transit authority. Work got underway in the third quarter of 2018 to draft a process for responding to this requirement. Staff intend to seek Board direction on advancing this process in Q4 of 2018.

Transit Oriented Development Guidelines and Regional Strategic Plan

R2018-10, Sound Transit's recently updated Equitable TOD Policy, directs staff to develop "equitable TOD guidelines and/or procedures to implement" the policy. Staff have been developing an approach and plan to accomplishing this body of work, including working with stakeholders and local jurisdictions. The guidelines are expected to address two major programmatic areas: 1) station area planning and 2) TOD implementation. Work also began in the third quarter to update the agency's "Biennial Excess Real Property Inventory and Utilization Plan." This plan is the first step in devising a more comprehensive TOD and disposition plan for the agency's excess and surplus property. Staff intend to report back to the Board on progress by/in Q2 2019.

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

Sound Transit's 2018 Fourth Quarter report will be circulated January 15, 2018.



Pre-Development Projects		
Project	Description	Status
Roosevelt Central Site	<p>Location: Roosevelt Station, Seattle</p> <p>Site Area: 53,000 SF (1.2 acres)</p> <p>Zoning: NC3-P-85 Neighborhood Commercial 3</p> <p>Program: 230-250 Affordable Units (target of 60% AMI and below)</p>	<p>The Sound Transit Board of Directors approved key business terms and delegated authority to the CEO to execute transaction agreements with the joint venture of Bellwether Housing, Inc. and Mercy Housing Northwest at its June 2018 Board meeting. The project transaction was subsequently submitted into the FTA Joint Development program in July 2018, which upon approval, will allow Sound Transit to execute transaction agreements with the developer.</p> <p>Highlights of the key business terms include:</p> <ul style="list-style-type: none"> • At least 230 housing units • 100 percent of the housing units affordable long-term to those earning <i>at or below</i> 60 percent of area median income (AMI), with at least 20 percent of the units affordable to those earning <i>below</i> 60 percent AMI • At least 20 percent of the units sized for larger families (2 and 3 bedroom units) • At least 12,000 square feet of street-level commercial space • A discounted land sale price of \$6.75 million
Capitol Hill Site D	<p>Location: Capitol Hill Station, Seattle</p> <p>Site Area: 10,383 SF (0.24 acres)</p>	<p>Motion M2018-103, approved by the Board in August 2018, approved the key business terms of a four party property exchange with Seattle Central College (SCC), the State Board for Community and Technical</p>

Attachment A - Sound Transit Transit-Oriented Development: Current and Completed Projects
 October 15, 2018

	<p>Zoning: NC3-P-40 Neighborhood Commercial 3 (Development Agreement between ST and City of Seattle allows height up to 85ft) Program: 70-80 Affordable Units and street-level retail on Atlas Site; college expansion on Site D</p>	<p>Colleges (SBCTC), and Capitol Hill Housing Improvement Program to exchange property in order to develop equitable transit-oriented development in the Capitol Hill Station Area. ST granted SCC a right of first refusal in 2011 for Site D. SCC and SBCTC approached ST about exchanging Site D for two contiguous parcels nearby that SCC owns (the "Atlas Site").</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>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>Motion M2018-102, approved in August 2018, approved key business terms with Bellwether Housing, Inc. and Plymouth Housing Group, Inc. for transaction agreements that will result in the development of a mixed-use, high-rise affordable housing project.</p> <p>A successful project will result in a project that achieves the project vision, as presented in the proposal, and meets or exceeds the key business terms including:</p> <ul style="list-style-type: none"> ➤ A high-rise building with a minimum of 12-stories and at least 250 residential units. ➤ Achieving a high density of affordable housing serving a range of incomes. If more than 308 units of housing are constructed, 100% of the units must be at or below 80% percent of AMI, with a project-wide average AMI of at or below 60% AMI, and at least 250 units serving those earning at or below 60% AMI including at least 80 units

Attachment A - Sound Transit Transit-Oriented Development: Current and Completed Projects
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		<p>serving those at or below 30% AMI. If fewer than 308 units of housing are constructed, 100% of the units must be at or below 60% of AMI and at least 80 units shall serve those earning at or below 30% of AMI.</p> <ul style="list-style-type: none"> ➤ At least 8% of units shall be sized for families (2 and 3 bedroom units) ➤ The street-level program will have a minimum of 4,000 SF of non-residential uses, such as retail, that serve the general public ➤ The project will be designed to meet the Washington State Evergreen Standard ➤ A maximum of 20 parking stalls will be built as a part of the project <p>In order for Sound Transit to transfer the First Hill property at no cost, the final project must meet or exceed the key business terms approved by the Board.</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" to purchase a small portion of ST property adjacent the Beacon Hill station from Pacific Housing NW, a local developer who had recently acquired the adjacent private property for a TOD project. ST 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 submitted and ST is advancing negotiations and preliminary review of the proposed project with the developer. The terms of the transaction agreements are currently in negotiation and will be subject to Board approval, which is anticipated for late 2018/early 2019.</p>
<p>Redmond Technology Station</p>	<p>Location: Redmond Technology Station, Redmond Site Area: 53,000 SF (1.2 acres) Zoning: OBAT</p>	<p>Sound Transit received this property in 2002 for constructing and operating a transit center or transit-supportive uses on the property. The transit facilities built on this site are being replaced with new facilities in conjunction with the light rail station under construction. Through the design-build process for Redmond Technology Station, a 1.2 acre TOD site emerged. Sound Transit evaluated the TOD potential</p>

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	<p>Program: Anticipate 60 affordable housing units or ≥\$4million to fund affordable housing project within ½ mile of future ST station in Redmond</p>	<p>of this new opportunity and identified several redevelopment challenges that would need to be addressed to implement a TOD project, primarily property title encumbrances and limited development rights. When the property was transferred to Sound Transit, several permanent title encumbrances were placed on the property, including specific transit use restrictions, reversionary rights, and use approvals held by the previous property owner.</p> <p>In order to resolve the title issues, achieve a TOD outcome, and support equitable development, 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.</p>
<p>Angle Lake</p>	<p>Location: Angle Lake Station, SeaTac Site Area: 34,000 (0.77 acres) Zoning: RBX – Regional Business Mix with an Angle Lake Station Area Overlay District Program: TBD</p>	<p>Staff submitted a lot boundary adjustment with the city in support of the future TOD project. Additional financial feasibility analysis is being conducted to evaluate potential development outcomes. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy in late 2018/early 2019.</p>
<p>Operations Maintenance Facility: East</p>	<p>Location: Spring District/120th Station, 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 a future development offering. With the MDP approval, staff have kicked off developing the OMF East TOD offering process and documentation. Staff anticipates returning to the Board to discuss surplus, suitability for housing, and an offering strategy in late 2018/early 2019. An offering would occur shortly thereafter.</p>
<p>Columbia City</p>	<p>Location: Columbia City Station, Seattle Site Area: 34,966 SF (0.80 acres) across four properties Zoning: LR-2/LR-3 Multifamily residential/townhome Program: Anticipate 35-53 Units</p>	<p>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.</p>

Attachment A - Sound Transit Transit-Oriented Development: Current and Completed Projects

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Airport "Kiss & Ride"	Location: SeaTac Site Area: 19,428 SF (0.45 acres) Zoning: CB-C Community Business in Urban Center Program: TBD	ST is defining operational requirements needing to remain with the parcel in conjunction with a TOD project.
Development Projects		
Project	Description	Status
Capitol Hill Sites A, B-North, B-South & C	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)	Three 99-year ground leases (Sites A, B-South, and C) closed on June 20, 2018 and the contractor broke ground on June 21, 2018. Site B-north, anticipated to provide 110 long-term affordable homes at or below 60% of AMI anticipates closing in October 2018.
Completed Projects		
Project	Description	Status
Senior City	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	Opened in 2010
Mount Baker Lofts	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	Opened in 2014
Othello Plaza	Location: Othello Station, Seattle Developer: Mercy Housing Northwest Program: 108 Affordable Units (1-3 BR @ 30% - 80% AMI); 7,450 SF retail Site Area: 31,870 (0.73 acres) Cost: \$29.8 million	Opened in 2017