

Sound Transit's Office of Land Use Planning & Development  
Transit Oriented Development Quarterly Status Report – Q1 2019

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 first quarter of 2019 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 2019

Sound Transit did not transfer any property subject to RCW 81.112.350(1)(b) during the Q1 2019.

2019 TOD Work Program

On March 7, 2019 staff provided the Sound Transit Board of Directors' Executive Committee with an update on the 2019 work plan both in terms of programmatic work and on TOD transactions. One of the year's top priorities is the development of and contribution to a revolving loan fund, as required in RCW 81.112.350. Another major programmatic effort is to capture the agency's standard practices and procedures that will be articulated in guidelines for land use/station area planning and TOD implementation. Efforts are also focusing on drafting a strategic regional plan for the TOD program that looks at the agency's property portfolio and how those properties can be used to achieve the outcomes in the Equitable TOD Policy. On the TOD transaction front, work continues to advance the projects at approved by the board in 2018. In 2019, staff will be advancing work on a master development opportunity at the Operations Maintenance Facility East in Bellevue, TOD opportunities at the Angle Lake and Redmond Technology stations and on an Affordable Home Ownership program on agency surplus property in the Rainier Valley.

Progress Implementing a Regional Equitable Transit Oriented Development Strategy – TOD Projects

**Angle Lake Station**

Over the course of 2018, Sound Transit staff conducted a public outreach effort and financial feasibility analysis of housing opportunities on two sites in the Angle Lake Station Area. Outreach efforts focused on community stakeholder engagement and feedback collection from neighborhood groups such as the Angle Lake Shore Club, and advocacy organizations like the Tenant's Union. Agency staff coordinated with King County and Enterprise to seek an opportunity to coordinate funds toward an affordable housing offering, and explore opportunities to include additional community services.

Sound Transit is working with the City of SeaTac on identifying mutual goals for the property and identifying the preferred offering approach. Collaboration with the city has allowed agency staff to evaluate equitable outcomes as defined by the agency's Equitable TOD Policy by utilizing combined resources; evaluation of the feasibility and availability of common resources will be finalized prior to presenting an offering strategy to the board.

Moving into 2019, staff has continued to coordinate closely with internal and external stakeholders to evaluate the suitability of housing on the agency's TOD sites. In December, staff began the process to request surplus declaration of a second TOD parcel, "Angle Lake TOD South," in the Angle Lake Station Area, which resulted in the Board declaring that property surplus in February 2019. Another round of community engagement is being planned for May and June 2019 to share information about the additional TOD opportunity, results of additional feasibility studies, and seek input into the high level goals for the properties. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy in summer 2019.

### **Rainier Valley Affordable Homeownership Program**

Sound Transit and the Seattle Office of Housing are exploring an affordable homeownership program on up to 12 sites, consisting of 22 small properties that Sound Transit owns in the Rainier Valley, proximate to the Columbia City, Mt. Baker, or Othello light rail stations. The Seattle Office of Housing would potentially purchase the properties from Sound Transit and bring resources to develop the properties into between 80 and 200 affordable homeownership opportunities. Sound Transit is in the process of updating key due diligence materials, including property surveys and appraisals. Sound Transit and the Seattle Office of Housing are also launching a joint community engagement effort, and drafting a term sheet that will inform the agreement(s) between the two agencies in relation to the program. Staff anticipates bringing a draft MOU to the Board in Q3 2019, with the first RFP for a subset of the sites being issued by the Seattle Office of Housing in late 2019/early 2020.

### **Beacon Hill Station – Small Parcel**

Sound Transit received an unsolicited proposal from Pacific Housing NW to acquire a small portion of property owned by Sound Transit adjacent to the Beacon Hill link station. The Developer recently purchased several abutting private properties and would like to purchase the Sound Transit 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, Sound Transit evaluated the proposal and found it to have merit. Sound Transit 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 qualified entities, per RCW 81.112.350. No additional proposals were submitted and Sound Transit advanced negotiations and preliminary review of the proposed project with the developer. Key business terms with the developer were approved by the Sound Transit Board in December 2018. Highlights of the key business terms include:

- At least 125 housing units on the combined site, of which at least 20% will be affordable through the City of Seattle's Multi-Family Tax Exemption program.
- The creation of a public plaza that the developer maintains along Lander Street, which is a festival street.
- A land sale price of \$260,000, which is the appraised fair market value of the property.

### **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 owns surplus property in the Roosevelt, First Hill and Capitol Hill communities in Seattle, WA. During the first quarter of 2019 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, which was formally approved in October 2018.

The Roosevelt project included a \$15 million pre-commitment from the Seattle Office of Housing to support the affordable housing project mutually selected by Sound Transit and the Seattle Office of Housing. Additional affordable housing funding was secured from King County in Q4 2018. The developer was not successful in its 9% Low Income Housing Tax Credit request from the Washington State Finance Commission in January 2019. The developer is looking at options to secure final financial sources. Construction of the TOD project is anticipated to break ground upon completion of Sound Transit's construction staging activities in Q4 2019, dependent on receiving building permits and affordable housing tax credit allocations from the state.

- 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 family-sized units
- 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
- 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. The transaction agreement is anticipated to be executed with the developer in Q2 2019. The Seattle Office of Housing has pre-committed funds from its 2019 fall round to

this project, and the developer will continue in 2019 to secure local and state affordable housing funding, which is necessary to achieve the 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. The developer will secure local and state affordable housing funding in 2019, which is necessary to achieve the project elements.

#### [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.

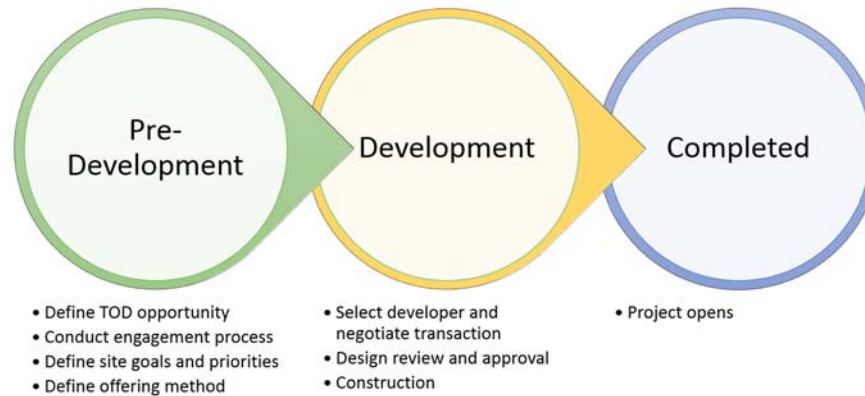
At the November 1, 2018, the Sound Transit Board of Director's Executive Committee confirmed five goals for the revolving loan fund and a process approach for implementation. Staff will bring on a program partner in the first half of 2019 to advise the agency on the business plan for the fund.

##### **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. 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: TOD Pipeline" for site/project specific status.

Sound Transit's 2019 Second Quarter report will be circulated July 15, 2019.



Pre-Development Projects		
Project	Description	Status
<b>Angle Lake Sites</b>	<p><b>Location:</b> Angle Lake Station, SeaTac</p> <p><b>Site Area:</b> 34,000 SF (0.77 acres) &amp; 27,500 SF (0.63 acres)</p> <p><b>Zoning:</b> RBX – Regional Business Mix with an Angle Lake Station Area Overlay District</p> <p><b>Program:</b> TBD</p>	<p>Staff submitted a lot boundary adjustment with the city in support of the future TOD project. A second TOD site was identified for TOD and declared surplus by the Sound Transit Board in February 2019. Sound Transit is working with the City of SeaTac on identifying mutual goals for the properties and identifying the preferred offering approach. Additional community engagement is anticipated for Q2 2019. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy in summer 2019.</p>
<b>Operations Maintenance Facility: East</b>	<p><b>Location:</b> Spring District/120th Station, Bellevue</p> <p><b>Site Area:</b> 282,715 SF (6.5 acres anticipated post construction)</p> <p><b>Zoning:</b> BR-OR-2</p> <p><b>Program:</b> TBD</p>	<p>The City of Bellevue approved the Master Development Plan (MDP) in March 2018, which entitled to TOD site for over 1.1 million square feet of mixed-use, mixed-income development. With the MDP approval, staff have kicked off developing the OMF East TOD offering process and documentation. The City of Bellevue owns a portion of the TOD site that would be combined with Sound Transit’s property to achieve the +/- 6.5 acre TOD site. Sound Transit and the City of Bellevue are collaborating on the goals for the property and identifying potential affordable housing resources to pre-commit to the offering of the property. Staff anticipates returning to the Board to discuss surplus, suitability for housing, and an offering strategy in Q2 2019. An offering would occur shortly thereafter.</p>

<p><b>Redmond Technology Station</b></p>	<p><b>Location:</b> Redmond Technology Station, Redmond  <b>Site Area:</b> 53,000 SF (1.2 acres)  <b>Zoning:</b> OBAT  <b>Program:</b> Anticipate 60 affordable housing units or ≥\$4million to fund affordable housing project within ½ mile of future ST station in Redmond</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 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 2019.</p>
<p><b>Rainier Valley Affordable Homeownership Program</b></p>	<p><b>Location:</b> Rainier Valley, Seattle  <b>Site Area:</b> Approximately 84,000 SF (Nearly 2 acres) across 12 sites/22 parcels  <b>Zoning:</b> LR-2/LR-3 Multifamily residential/townhome  <b>Program:</b> Anticipate 80-200 Units</p>	<p>Sound Transit is exploring a potential agreement with the City of Seattle’s Office of Housing on an affordable homeownership program on a group of small sites primarily located along Martin Luther King Jr. Way S. in the Rainier Valley, in proximity to the Columbia City, Mount Baker, or Othello light rail stations.. Sound Transit is working with the Seattle Office of Housing on a term sheet and initial community engagement process, and expects to bring a draft agreement to the board for approval in Q3 of 2019.</p>

Development Projects		
Project	Description	Status
<p><b>First Hill</b></p>	<p><b>Location:</b> Seattle  <b>Site Area:</b> 21,000 SF (0.48 acres)  <b>Zoning:</b> NC3-P-160 Neighborhood Commercial 3  <b>Program:</b> 13 story high-rise with over 300 units serving populations making 30-60% AMI</p>	<p>Motion M2018-102 was approved in August 2018 and 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"> <li>➤ A high-rise building with a minimum of 12-stories and at least 250 residential units.</li> <li>➤ 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 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 eraning at or below 30% of AMI.</li> <li>➤ At least 8% of units shall be sized for families (2 and 3 bedroom units)</li> <li>➤ The street-level program will have a minimum of 4,000 SF of non-residential uses, such as retail, that serve the general public</li> <li>➤ The project will be designed to meet the Washington State Evergreen Standard</li> <li>➤ A maximum of 20 parking stalls will be built as a part of the project</li> </ul> <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. The transaction agreement is anticipated to be executed with the developer in Q2 2019. The Seattle Office of Housing has pre-committed funds from its 2019 fall round to this project, and the developer will continue in 2019 to secure local and state affordable housing funding, which is necessary to achieve the project elements.</p>

<p><b>Roosevelt Central Site</b></p>	<p><b>Location:</b> Roosevelt Station, Seattle  <b>Site Area:</b> 53,000 SF (1.2 acres)  <b>Zoning:</b> NC3-P-85 Neighborhood Commercial 3  <b>Program:</b> 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 and approved in October 2018, allowing Sound Transit to finalize and then execute transaction agreements with the developer. Sound Transit is in the final stages of negotiating the terms of the Joint Development Agreement with the developer, and expects to execute the agreement in Q2 2019.</p> <p>Highlights of the key business terms include:</p> <ul style="list-style-type: none"> <li>• At least 230 housing units</li> <li>• 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</li> <li>• At least 20 percent of the units sized for larger families (2 and 3 bedroom units)</li> <li>• At least 12,000 square feet of street-level commercial space</li> <li>• A discounted land sale price of \$6.75 million</li> </ul>
<p><b>Capitol Hill Sites A, B-North, B-South &amp; C</b></p>	<p><b>Location:</b> Capitol Hill Station, Seattle  <b>Developer:</b> Gerding Edlen &amp; Capitol Hill Housing  <b>Program:</b> 428 Mixed-income units (176 Affordable Units, 252 Market Rate Units); 30,000 SF retail  <b>Site Area:</b> 105,890 SF (2.43 acres)</p>	<p>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 closed and commenced construction in October 2018.</p>



<p><b>Capitol Hill Site D</b></p>	<p><b>Location:</b> Capitol Hill Station, Seattle  <b>Site Area:</b> 10,383 SF (0.24 acres)  <b>Zoning:</b> NC3-P-40 Neighborhood Commercial 3 (Development Agreement between ST and City of Seattle allows height up to 85ft)  <b>Program:</b> 70-80 Affordable Units and street-level retail on Atlas Site; college expansion on Site D</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 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><b>Beacon Hill Small Parcel</b></p>	<p><b>Location:</b> Beacon Hill Station, Seattle  <b>Site Area:</b> 2,256 SF (0.05 acre)  <b>Zoning:</b> NC2P-65 Neighborhood Commercial 2  <b>Program:</b> 125+ housing units on ST-owned and adjacent private property, including at least 20% of the units affordable</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 advanced negotiations and preliminary review of the proposed project with the developer. Key business terms with the developer were approved by the Sound Transit Board in December 2018.</p>

		<p>Highlights of the key business terms include:</p> <ul style="list-style-type: none"> <li>• At least 125 housing units on the combined site, of which at least 20% will be affordable through the City of Seattle’s Multi-Family Tax Exemption program</li> <li>• The creation of a public plaza that the developer maintains along Lander Street, which is a festival street</li> <li>• A land sale price of \$260,000, which is the appraised fair market value of the property</li> </ul>
Completed Projects		
Project	Description	Status
<b>Senior City</b>	<p><b>Location:</b> Federal Way Transit Center, Federal Way</p> <p><b>Developer:</b> Korean Women’s Association</p> <p><b>Program:</b> 62 Affordable Units (Senior – 1BR); 3,125 SF common room</p> <p><b>Site Area:</b> 30,834 SF (0.71 acres)</p> <p><b>Project Cost:</b> \$16.9 million</p>	Opened in 2010
<b>Mount Baker Lofts</b>	<p><b>Location:</b> Mount Baker Station, Seattle</p> <p><b>Developer:</b> Artspace USA</p> <p><b>Program:</b> 57 Affordable Units (Artist’s Studio); 10,000 SF retail (12 bays)</p> <p><b>Site Area:</b> 23,064 (0.53 acres)</p> <p><b>Project Cost:</b> \$18 million</p>	Opened in 2014
<b>Othello Plaza</b>	<p><b>Location:</b> Othello Station, Seattle</p> <p><b>Developer:</b> Mercy Housing Northwest</p> <p><b>Program:</b> 108 Affordable Units (1-3 BR @ 30% - 80% AMI); 7,450 SF retail</p> <p><b>Site Area:</b> 31,870 (0.73 acres)</p> <p><b>Cost:</b> \$29.8 million</p>	Opened in 2017

**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” could change as a result of design modifications or project needs.

<b>Sites</b>	<b>Corridor</b>	<b>Approximate Timing to move into Pre-Development</b>
U District Station – 45 <sup>th</sup> & Roosevelt Way site	Central	2019
Mount Baker Station – TOD sites	Central	2019
Roosevelt Station – North and South TOD sites	Central	2019
Kent-Des Moines Station – Potential Surplus Property	South	2019/2020
Pine Street Triangle – TOD site	Central	2019/2020
Rainier Beach TOD	Central	2019/2020
Southeast Redmond Station – Potential Surplus Property	East	2020
Airport “Kiss & Ride”	South	TBD
Northgate Station – Potential TOD site	Central	TBD
Overlake Village Station – TOD site	East	TBD
Federal Way Transit Center – Potential Surplus Property	South	TBD