

# Sound Transit's Office of Land Use Planning & Development

## Transit-Oriented Development Quarterly Status Report – Q3 2019

### Background:

RCW 81.112.350 requires Sound Transit to provide quarterly updates on implementation of a regional equitable transit oriented development (TOD) strategy. The TOD program is empowered by the voter-approved plan to create diverse, vibrant and mixed-income communities around transit. To achieve these outcomes, Sound Transit offers its surplus properties—those acquired for building and operating the transit system but no longer are provide a transit use to the agency—as development opportunities for affordable housing or other developments benefiting the public.

The Q3 report includes the following components:

- I. Highlights
- II. Progress Report: TOD Program development
- III. Progress Report: TOD program implementation
  - a. Future Station Area Planning
  - b. Revolving Loan Fund for Affordable Housing
  - c. Current TOD projects
- IV. Transfers of Surplus Property
- V. Looking Ahead

### I. Highlights:

1. The Operations Maintenance Facility East (OMF East) TOD project is moving into procurement phase, where Sound Transit will select a master development team for the TOD site. The plan calls for affordable and market-rate housing, office space and retail, requiring a collaboration between non-profit and private developers. The Request for Proposal (RFP) will be released in October, and the selected partners will be announced in 2020.
2. The proposed affordable homeownership program in the Rainier Valley, a potential partnership between the Seattle Office of Housing and Seattle, conducted an extensive, three-month equitable community engagement effort, which piloted a draft equitable engagement approach for TOD for Sound Transit. In collaboration with the Seattle Office of Housing and Puget Sound Sage, community-members provided input through surveys, community meetings with local cultural communities, and at local events and farmers markets. The engagement will inform how Sound Transit and the Seattle Office of Housing prioritize properties for home ownership development first, how to balance the number of units created vs the optimal mix of bedrooms, and potential street-level uses for properties where retail is anticipated.
3. Local Initiatives Support Corporation (LISC) kicked off its efforts to support Sound Transit's development of a business plan for its \$20 million contribution to a revolving loan fund that supports the creation of affordable housing within the Sound Transit district.

## II. Progress Report: TOD Program development

Following the adoption of Sound Transit's Equitable TOD Policy (R2018-10) in 2018, the agency began refining its process and guidelines to articulate how the agency uses its surplus property portfolio to implement the policy. Much of 2018 and 2019 were used to pilot ways to implement the policy and those lessons learned will be applied to the guidelines, as well as a strategic plan for the program. Draft guidelines and the strategic plan will have input from regional stakeholders ahead of finalization in 2020.

## III. Progress Report: TOD Program Implementation

### A. Future Station Area Planning

A key aspect of delivering a regional equitable TOD strategy includes advancing station area concepts plans as part of the evaluation process during project development and screening of alternatives. Specific milestones realized in Q3 2019 for each ST3 project currently under development include:

- SR 522 and I-405 BRT
  - Workshops were held with stakeholders and partners for the South Renton Transit Center and Kenmore Park and Ride Master Planning projects. Both projects are advancing to environmental review in Q4, with additional work on development strategy and partnering at the Kenmore Park and Ride to continue through the end of the year.
  - A TOD feasibility analysis was concluded for the preferred configuration of the South Renton Transit Center.
- Tacoma Dome Link Extension
  - Signed letter of concurrence with City of Federal Way on joint visioning effort for future South Federal Way Station area
  - Participated in ULI Technical Advisory Panel on Tacoma Dome Station Area
- West Seattle and Ballard Link Extension
  - Refined co-planning framework concept with City of Seattle staff to lead to concurrence on station siting and configuration for preferred and other EIS alternatives
  - Developed schedule for interagency workshops and public engagement to inform conceptual design development throughout 2020

### B. Revolving Loan Fund for Affordable Housing

Sound Transit is directed by RCW 81.112.350 (1)(a) to contribute \$4 million a year for five years to support affordable housing in its district. To ensure the loan funds are used effectively, Sound Transit retained Local Initiatives Support Corporation (LISC) in July 2019 to help develop a business plan for implementing the program.

In September 2019, LISC initiated a needs assessment in conjunction with Sound Transit to identify notable gaps in affordable housing finance that the Revolving Loan Fund may fill. The assessment will involve engaging key stakeholders in the affordable housing sector, analyzing housing markets and trends, and auditing existing housing finance tools. Once completed in late October, the results will inform development of the loan product(s) Sound Transit will offer.

### C. Current TOD projects

- OMF East: The Board approved the key terms of a property exchange with the City of Bellevue, declared property surplus, declared property suitable for the development of housing, and authorized staff to first offer property to qualified entities for affordable housing at a discount.
- Rainier Valley: an equitable community engagement process was completed, which included a survey available in multiple languages, engaging people at community events, and engaging with six community-based cultural organizations to inform a possible Sound Transit-City of Seattle partnership that would create affordable home ownership opportunities on up to 12 sites in the Rainier Valley.
- Beacon Hill: The agency received FTA approval to dispose of the surplus property.
- Mount Baker: Sound Transit partnered with the City of Seattle, King County Metro, and the University of Washington on a technical evaluation conducted by the Urban Land Institute that looked at the multiple public properties in the Mount Baker Station area and on potential ways the properties could be better utilized to support community goals.

Further detail available in the TOD Pipeline Table.

### IV. Transfers of Surplus Property

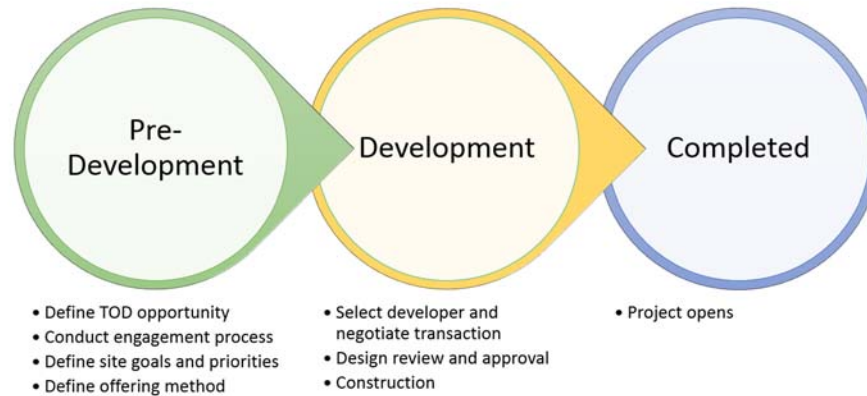
No property was transferred in Q3 2019.

### V. Looking Ahead

The following notable activities are anticipated for Q4 2019:

- Program Development: Sound Transit continues to work with local jurisdictions, affordable housing funders, community members, and development partners on its development approach and on specific development opportunities. As the TOD program matures, Sound Transit is evaluating its role in advancing regional affordable housing outcomes and the tools available to achieve them. Sound Transit, with its affordable housing funding partners and local jurisdictions, is exploring how resources may be strategically aligned to streamline the development pipeline and support affordable housing outcomes throughout the region. Additionally, executive level staff at Sound Transit have agreed to serve on the regional Affordable Housing Committee to further advance partnerships and strategies.
- TOD Projects
  - The Beacon Hill TOD property transaction is expected to be complete and construction anticipated to begin.
  - The OMF East TOD property master development team solicitation is projected to be released.
  - The Revolving Loan Fund's needs analysis is anticipated to be complete and results disseminated.
  - Collaboration with stakeholders on draft TOD program guidelines.
  - The Seattle Office of Housing and King County TOD funding awards are anticipated to be announced in Q4 and could include funding for Capitol Hill and First Hill projects.

The Q4 report will be released on January 15, 2019.



Pre-Development Projects		
Project	Description	Status
<b>Rainier Valley Affordable Homeownership Program</b>	<p><b>Location:</b> Rainier Valley, Seattle</p> <p><b>Site Area:</b> Approximately 84,000 SF (Nearly 2 acres) across 12 sites/22 parcels</p> <p><b>Zoning:</b> LR-2/LR-3 Multifamily residential/townhome</p> <p><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 parcels primarily located along Martin Luther King Jr. Way S. in the Rainier Valley, in proximity to the Columbia City, Mount Baker, and Othello light rail stations.</p> <p>Sound Transit and the Office of Housing have been working towards a draft agreement document. A community engagement process, piloting the TOD program’s draft Equitable Engagement Approach and with help from Puget Sound Sage, wrapped up in mid-September. Analysis of the results of that process is expected to conclude by November 2019.</p> <p>The Board was briefed on the project in Q3 2019. Mayor Durkan has announced the City of Seattle’s support for the project and has proposed committing funding to it as part of a package of affordable housing investments made possible by the sale of the Mercer Mega Block. Sound Transit’s goal is to bring an agreement with a framework for a potential program transaction to the Board by early 2020.</p>

<p><b>Operations Maintenance Facility: East</b></p>	<p><b>Location:</b> Spring District/120th Station, Bellevue  <b>Site Area:</b> 282,715 SF (6.5 acres anticipated post construction)  <b>Zoning:</b> BR-OR-2  <b>Program:</b> TBD</p>	<p>Sound Transit’s Board of Directors approved five key actions in August 2019 to advance the OMF East TOD project into the procurement phase. The five actions included approving key business terms of a property exchange agreement with the City of Bellevue, designating certain property surplus and suitable for housing, and the pricing and offering strategy. Staff at the City of Bellevue and Sound Transit developed a property exchange agreement to facilitate outcomes needed to bring a consolidated property to the market for redevelopment. An RFP is being developed for release in fall 2019 for the 6.88 acre site. Significant affordable housing outcomes are expected with Sound Transit transferring approximately \$12 million of land value to a Qualified Entity at no cost for development of affordable housing.</p>
<p><b>Angle Lake Sites</b></p>	<p><b>Location:</b> Angle Lake Station, SeaTac  <b>Site Area:</b> 34,000 SF (0.77 acres) &amp; 27,500 SF (0.63 acres)  <b>Zoning:</b> RBX – Regional Business Mix with an Angle Lake Station Area Overlay District  <b>Program:</b> TBD</p>	<p>Sound Transit is working with the City of SeaTac on identifying mutual goals for two properties near the Angle Lake Station and determining the preferred offering approach. In Q2 2019 a “Request for Information” was released to the development community seeking feedback on potential uses of the property and what might developers consider building on the two surplus properties located at the station. Additional community engagement was conducting in June through August of 2019. Analysis of the RFI responses and community engagement findings are now underway. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy as soon as late 2019/early 2020.</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,</p>

		<p>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 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 as soon as Q4 2019.</p>
<b>Development Projects</b>		
<b>Project</b>	<b>Description</b>	<b>Status</b>
<b>Roosevelt Central Site</b>	<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 Q4 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>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 earning 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 WA 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 Q4 2019. The project continues through the design/permitting and financing process, and is on track to start construction as early as mid-to-late 2020 should financing sources align. The project had successful allocations of local funding and private fundraising to date.</p>
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Sound Transit Transit-Oriented Development: TOD Pipeline  
 October 15, 2019

<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. The entire development is anticipated to open in second quarter of 2020.</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 (CHH) 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>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. ST executed agreements with SCC, SBCTC, and CHH in August 2019 that govern the property exchange and subsequent redevelopment of the properties.</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 acquired the adjacent private property for TOD. 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 of the proposed project with the developer. Key business terms with the developer were approved by the Sound</p>



		<p>Transit Board in December 2018. Developer is expected to break ground on the transit-oriented development in October 2019.</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>
<b>Completed Projects</b>		
<b>Project</b>	<b>Description</b>	<b>Status</b>
<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	2020
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	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	2019/2020