

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

## Transit-Oriented Development Quarterly Status Report – Q4 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 provide a transit use to the agency—as development opportunities for affordable housing or other developments benefiting the public.

The Q4 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 issued a request for proposals (RFP) in December 2019 to select a master development team for the TOD site. The goals call for affordable and market-rate housing, office space and retail, requiring a collaboration between Qualified Entities (non-profit developers, housing authorities, or local governments) and private developers. \$14 million of affordable housing capital funding was allocated to the project from King County and ARCH. The selected partners will be announced in 2020.
2. 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.
3. Sound Transit closed on its sale of a small surplus property at Beacon Hill Station that was combined with an adjacent privately-owned property. The project, called Colina, includes two buildings that will result in the construction of 139 housing units and street-level retail. Approximately 20% of the housing units will be affordable through the City of Seattle's Multi-Family Tax Exemption program.
4. In December 2019, the Seattle Office of Housing awarded the First Hill project \$11.9 million and \$8.5 million to the Eldridge project on the Capitol Hill Atlas Site. The funds awarded from the Seattle Office of Housing means that all of the active projects on Sound Transit surplus property have the critical local funding commitments they need in order to leverage bond and tax credit financing.

## 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 and plans as part of the evaluation process during alternatives screening and project development. Specific milestones realized in Q4 2019 for each ST3 project currently under development include:

- SR 522 and I-405 BRT
  - Workshop sequence on Kenmore station area with partners, property owners and stakeholders yielded options for optimizing TOD; further analysis will focus on understanding parking counts within the various TOD scenarios and delivery mechanisms with partners
  - Participated in the selection of a TOD transaction advisor for WSDOT's Kingsgate Park and Ride redevelopment opportunity
- Tacoma Dome Link Extension
  - Initiated a joint visioning effort for the future South Federal Way Station area with City of Federal Way
  - Engaged the Cities of Fife and Tacoma on potential future land use scenarios and options for joint development delivery of light rail project elements at Tacoma Dome and Fife
- West Seattle and Ballard Link Extension
  - Initiated a station area co-planning work program with City of Seattle
  - Co-led five neighborhood forums throughout the project corridor to engage communities on priorities to embed in station concept development

### 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. LISC developed a needs assessment and conducted engagement activities in Q4 2019, which will continue into January 2020. The draft business plan is anticipated to be completed in Q2 2020.

To meet its statute requirements, Sound Transit contributed \$4 million in November 2019 into a restricted account for the revolving loan fund.

### C. Current TOD projects

- OMF East: An RFP was released in December 2019 to solicit proposals from master development teams led by a Qualified Entity. Through a four way partnership, Sound Transit, the City of Bellevue, King County and ARCH will collaboratively work to realize the vision for

the site developed over many years. King County and ARCH have designated \$14 million (\$10M and \$4M respectively) in capital funding and Sound Transit and the City of Bellevue contributed approximately \$12 million in land value to support the creation of affordable housing. The first submittal is due from proposers in February 2020.

- Rainier Valley: Sound Transit continues to work with the Seattle Office of Housing on a potential partnership that would result in the creation of affordable home ownership opportunities on up to 12 sites in the Rainier Valley.
- Beacon Hill: The TOD property transaction closed and construction will begin in January 2020.
- Capitol Hill Sites A-C: Gerding Edlen and Capitol Hill Housing continue construction on 428 units of housing, including 110 long-term affordable housing units. The four-building project will open in 2020.
- Capitol Hill Site D/Atlas Property Swap: The Seattle Office of Housing awarded \$8.5 million in affordable housing funding to Capitol Hill Housing's Eldridge project, to be built upon the Atlas Property, in December 2019.
- First Hill: A Transit Oriented Development Agreement was executed with the developer in October 2019. The Seattle Office of Housing awarded the project \$11.9 million in affordable housing funding in December 2019.

Further detail available in the TOD Pipeline Table.

#### IV. Transfers of Surplus Property

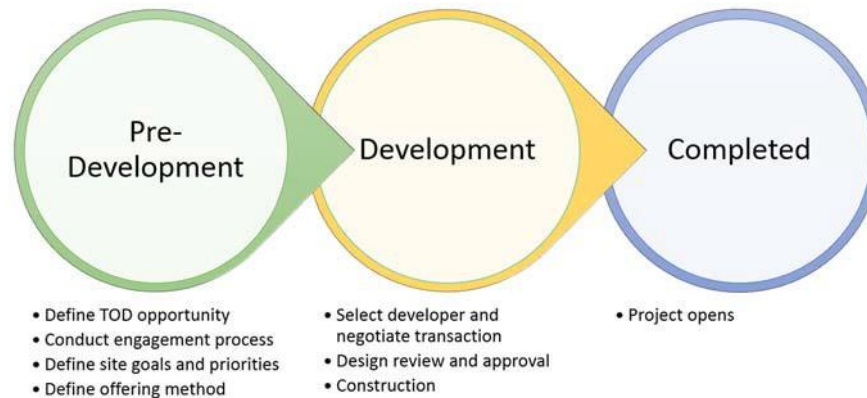
Sound Transit completed its sale in December 2019 of a +/-2,200 square foot property at the Beacon Hill Station to the adjacent property owner that is developing the Colina project. The property was determined to be suitable for housing and was first offered to Qualified Entities, however no Qualified Entities responded to the offer.

#### V. Looking Ahead

The following notable activities are anticipated for Q1 2020:

- 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 first proposal submittals for OMF East TOD are due in February 2020.
  - The Revolving Loan Fund's needs analysis is anticipated to be complete and results disseminated.

The Q1 2020 report will be released on April 15, 2019.



Pre-Development Projects		
<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 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.</p> <p>The Board was briefed on the project in Q3 2019. Mayor Durkan announced the City of Seattle’s support for the project and has committed 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 in 2020.</p>

Sound Transit Transit-Oriented Development: TOD Pipeline  
 January 15, 2020

<p><b>Operations Maintenance Facility: East</b></p>	<p><b>Location:</b> Spring District/120th Station, Bellevue  <b>Site Area:</b> 6.8 acres  <b>Zoning:</b> BR-OR-2, Master Development Plan  <b>Program:</b> TBD</p>	<p>An RFP was released in December 2019 to solicit proposals from master development teams led by a Qualified Entity. Through a four way partnership, Sound Transit, the City of Bellevue, King County and ARCH will collaboratively work to realize the vision for the site developed over many years. King County and ARCH have designated \$14 million (\$10M and \$4M respectively) in capital funding and Sound Transit and the City of Bellevue contributed approximately \$12 million in land value to support the creation of affordable housing. The first submittal is due from proposers in February 2020.</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. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy in early 2020.</p>

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<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 would go to an affordable housing project within ½ mile of future light rail station in Redmond. The term sheet of a possible transaction may be ready for city and ST Board consideration in 2020.</p>
<p><b>U District – 45<sup>th</sup> &amp; Roosevelt property</b></p>	<p><b>Location:</b> U District Station area  <b>Site Area:</b> 18,034 SF (0.4 acres)  <b>Zoning:</b> SM-U 95-320 (mixed use, with a maximum height of 320 feet)  <b>Program:</b> To be determined</p>	<p>Sound Transit kicked off a development feasibility analysis to inform future engagement efforts with the community and city. The property is bifurcated by a public alley, which may impact the development potential of the property.</p>

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<p><b>Mount Baker Station East Portal site</b></p>	<p><b>Location:</b> Mount Baker Station <b>Site Area:</b> +/-77,000 SF (1.8 acres) <b>Program:</b> To be determined</p>	<p>Sound Transit participated on an interagency team with the City of Seattle (Office of Housing, Department of Transportation, Office of Planning and Community Development, Parks and Recreation), King County Metro, and King County Wastewater Treatment on an effort to implement a town center vision at the station area. The team contracted with the Urban Land Institute to conduct a Technical Advisory Panel to provide third-party technical expertise for the station area. The process improved interagency collaboration and provided concepts to explore in the next phase of work.</p> <p>Sound Transit is discussing the potential of partnering with the Seattle Office of Housing to combine the East Portal site and the city's future UW Laundry site.</p>
<p><b>Development Projects</b></p>		
<p><b>Project</b></p>	<p><b>Description</b></p>	<p><b>Status</b></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> 254 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. The developer secured its local affordable housing gap funding and is seeking a tax credit allocation, to allow the project to start construction in spring 2020.</p> <p>Highlights of the project include:</p> <ul style="list-style-type: none"> <li>• 254 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 more than 20 percent of the units affordable to those earning <i>below</i> 60 percent AMI</li> <li>• More than 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> 17 story high-rise with over 360 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. The current program includes over 360 housing 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 has been executed. 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,</p>
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		including an award of \$11.9 million from the Seattle Office of Housing in Q4 2019, and had successful private fundraising to date and is now seeking tax credit allocations.
<b>Capitol Hill Sites A, B-North, B-South &amp; C</b>	<p><b>Location:</b> Capitol Hill Station, Seattle</p> <p><b>Developer:</b> Gerding Edlen &amp; Capitol Hill Housing</p> <p><b>Program:</b> 428 Mixed-income units (176 Affordable Units, 252 Market Rate Units); 30,000 SF retail</p> <p><b>Site Area:</b> 105,890 SF (2.43 acres)</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 2020.
<b>Capitol Hill Site D</b>	<p><b>Location:</b> Capitol Hill Station, Seattle</p> <p><b>Site Area:</b> 10,383 SF (0.24 acres)</p> <p><b>Zoning:</b> NC3-P-40 Neighborhood Commercial 3 (Development Agreement between ST and City of Seattle allows height up to 85ft)</p> <p><b>Program:</b> 100+ 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>CHH is developing the Atlas Site as the Eldridge project, which received an \$8.5 million funding award from the Seattle Office of Housing in December 2019. The project is in design and will seek a tax credit allocation in 2020, potentially allowing the project to break ground in late 2020.</p>

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<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> 139 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 Transit Board in December 2018. The property was sold in December 2019 with heavy construction activities starting in January 2020.</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>
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Completed Projects		
Project	Description	Status
<b>Senior City</b>	<b>Location:</b> Federal Way Transit Center, Federal Way <b>Developer:</b> Korean Women’s Association <b>Program:</b> 62 Affordable Units (Senior – 1BR); 3,125 SF common room <b>Site Area:</b> 30,834 SF (0.71 acres) <b>Project Cost:</b> \$16.9 million	Opened in 2010
<b>Mount Baker Lofts</b>	<b>Location:</b> Mount Baker Station, Seattle <b>Developer:</b> Artspace USA <b>Program:</b> 57 Affordable Units (Artist’s Studio); 10,000 SF retail (12 bays) <b>Site Area:</b> 23,064 (0.53 acres) <b>Project Cost:</b> \$18 million	Opened in 2014
<b>Othello Plaza</b>	<b>Location:</b> Othello Station, Seattle <b>Developer:</b> Mercy Housing Northwest <b>Program:</b> 108 Affordable Units (1-3 BR @ 30% - 80% AMI); 7,450 SF retail <b>Site Area:</b> 31,870 (0.73 acres) <b>Cost:</b> \$29.8 million	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>
Kent-Des Moines Station – Potential Surplus Property	South	2020
Federal Way Transit Center – Potential Surplus Property	South	2020
Surrey Downs single family home lots	East	2020
Pine Street Triangle – TOD site	Central	2020
Overlake Village Station – TOD site	East	2020
Southeast Redmond Station – Potential Surplus Property	East	2020
Roosevelt Station – North and South TOD sites	Central	2020
Rainier Beach TOD	Central	TBD
Airport “Kiss & Ride”	South	TBD
Northgate Station – Potential TOD site	Central	TBD