

MOTION NO. M2013-79

Capitol Hill Station Transit-Oriented Development Agreement

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Capital Committee	09/12/2013	Recommend to Board	Ric Ilgenfritz, PEPD Executive Director	206-398-5239
Board	09/26/2013	Final Action	Scott Kirkpatrick, TOD Manager Steve Sheehy, Legal Counsel	206-398-5264 206-398-5441

PROPOSED ACTION

Authorizes the chief executive officer to execute a Capitol Hill Station TOD Development Agreement with the City of Seattle, specifying the terms and conditions for implementing transit-oriented development on surplus property at the Capitol Hill Link Station.

KEY FEATURES SUMMARY

- The proposed Capitol Hill Station TOD Development Agreement establishes the design and development standards which will govern redevelopment of Sound Transit owned surplus property immediately adjacent to the Capitol Hill station. The agreement is based on a term sheet between Sound Transit and the City, dated October 5, 2012, and Sound Transit's Coordinated Development Plan dated May 2013.
- The agreement responds to community suggestions derived from an extensive citizen involvement process and provides certainty for the community, developers, the City, and Sound Transit for the orderly redevelopment of the surplus properties.
- The agreement provides opportunities to achieve publicly accessible open space, market rate, and affordable housing, additional building heights, and other priority urban design features by coordinating site development through a master planned approach.
- In August 5, 2013, the Seattle City Council unanimously approved the agreement, following a required public hearing on July 15, 2013.
- In addition to the agreement, Sound Transit will place encumbrances on the properties to protect the agency's transit facilities.

BACKGROUND

Sound Transit acquired multiple parcels for the Capitol Hill Station, including the entire block bounded by Broadway Avenue East, East Denny Way, 10th Avenue East, and East John Street for the North Station entrance; the properties located immediately south of East Denny Way between Broadway and Nagle Place on which the south station entry is being constructed; and two parcels located on the west side of Broadway, starting approximately 60 feet south of East Denny Way, where the west station entry is being constructed. The nineteen parcels will be divided into five redevelopment parcels through a lot boundary adjustment by the City.

The station parcels are within the Capitol Hill Station Area Overlay District, and once construction of the Station is complete, the parcels not needed by Sound Transit for station entrances and the ventilation shaft will be made available for new development comprising approximately 107,459 square feet. The property was surplus by the Board on January 24, 2013.

Beginning in 2006, the City and Sound Transit staff engaged with the Capitol Hill community to plan for transit-oriented development (TOD) adjacent to and above the station. This planning process included preparation of a general site plan by Sound Transit for the main station block

which depicted a public open space of sufficient size to accommodate a farmer's market, a north-south private street, and east-west building pass-throughs to allow for easier station access. This plan was reviewed by the Board and presented to the community in June 2010.

In the fall of 2010, the City initiated a series of community meetings resulting in the *Capitol Hill Light Rail Station Sites Urban Design Framework* (UDF), which documented numerous community suggestions. In response to the UDF, Sound Transit created its *Coordinated Development Plan* (CDP) setting out the agency's vision and requirements for the sites to affect future disposition of the surplus real property. As the master plan, the CDP sets out requirements for developers in addition to those in the agreement. The CDP incorporated 23 UDF recommendations.

At various stages in the planning process, Sound Transit performed studies and analyses to clarify construction, market, and cost issues, and testing alternative approaches as to their potential impact on Fair Market Value and highest and best uses.

A term sheet was executed between Sound Transit and the City on October 5, 2012 that provided the framework for negotiation of the agreement. The City conducted environmental review of the agreement pursuant to SEPA and issued a Declaration of Nonsignificance on May 17, 2013. No appeals were filed.

On July 22, 2013, Sound Transit and the City executed a letter confirming the understanding that Sound Transit will work with the City to jointly develop a strategy for evaluating responses to the RFQ/P that Sound Transit creates for the surplus properties.

On August 5, 2013, the Seattle City Council unanimously approved the agreement, following the required public hearing on July 15, 2013. No testimony was given against the agreement.

The agreement provides clear direction to allow quality redevelopment to occur as quickly as possible by using the agreement and CDP for a master planned approach. Potential increases in property values and densities may occur by trading open space for increased building heights. A 114% height increase on one-third of the sites and a 30% increase on two-thirds of the sites is envisioned as outlined in the agreement.

The agreement includes the following terms and conditions:

- Site-specific regulations will govern and supersede inconsistent regulations in the Seattle Municipal Code for ten years.
- Conceptual level approval is granted for the construction of five buildings with a total gross floor area of 424,131 square feet, unless both Sound Transit and the City agree to buildings with less square footage.
- Extensive open space areas, including plazas, the Nagle Place Extension, and pass-throughs will be constructed and maintained by the developers and owners of the sites, who must make these open space areas available to the public at least 16 hours per day.
- Approximately 36% of the residential units will be developed as affordable housing; site B-North will be developed exclusively as affordable housing and developers of the other four sites must participate in the City's Multifamily Housing Property Tax Exemption Program to provide additional affordable housing.
- 226 bicycle parking stalls will be provided on the main station block and 40 stalls will be provided at the west station entrance.
- Overall residential parking is limited to Sound Transit's 0.7 stall/per unit TOD standard, shared residential parking among the sites is allowed, and unbundling parking costs from affordable housing rents is required.

- Buildings must meet Sound Transit's TOD LEED Silver standard, with incentives for Gold or Platinum LEED standards.
- The City commits to expedite its review of permit applications, modifying the City's design review process to make it more efficient, prohibiting administrative appeals of the City's SEPA's procedural requirements, and requiring that other appeals must be filed directly to Superior Court.
- In the event that Sound Transit does not receive an acceptable response to its RFQ/P for any site, Sound Transit may propose changes to the agreement, which the City agrees to negotiate in good faith (an "acceptable response" is one that complies with the agreement and provides fair market value to the satisfaction of both Sound Transit and the Federal Transit Authority). If such negotiations do not promptly lead to acceptable responses, Sound Transit may terminate the agreement and the sites may be sold and developed consistent with the underlying zoning.

If the agreement is approved by the Board, Sound Transit will issue a solicitation of proposals for the parcels later this year. The RFQ responses for Sites A, B-South, and C will be evaluated concurrently to allow developers to submit individual proposals for each parcel, and allow master developers to compete for two or more parcels with a single development proposal. It is anticipated that the purchase and sales agreements will be reviewed by the Board beginning in 2015.

Disposition of the site adjacent to the west station entrance will be separately negotiated with Seattle Central Community College, pursuant to a prior agreement with Sound Transit and the FTA. If that negotiation is not successful, that site will also be competitively offered. Sound Transit will coordinate selection of a developer for the exclusive affordable housing site (B-North) in close cooperation with the City's Office of Housing.

FISCAL IMPACT

The Capitol Hill Station TOD Development Agreement has no direct fiscal impact to the Agency, however, the compliance and development requirements contained in the agreement may have financial impacts to the Agency and potential TOD developers.

SMALL BUSINESS PARTICIPATION

Not applicable to this action

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

PUBLIC INVOLVEMENT

Extensive public involvement with the Capitol Hill community has occurred since the initial introduction of the light rail project, continuing through 2013. An on-going working relationship with the Capitol Hill Champions, a partnership of the Capitol Hill Chamber of Commerce and the Capitol Hill Community Council will continue through completion of redevelopment.

TIME CONSTRAINTS

A one-month delay would not create a significant impact to the project schedule.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2013-02: Approved the chief executive officer's declaration of surplus real property acquired for the University Link Extension, including the method of disposition of selling the property and using the proceeds for the open University Link Extension Project, or other capital projects.

Resolution No. R2011-22: Authorized the chief executive officer to enter into an Exclusive Negotiating Agreement with the State Board of Community and Technical Colleges for the Sound Transit future surplus property at 1827 Broadway Avenue for a potential transit-oriented development project.

Resolution No. R2010-17: Authorized the chief executive officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and reestablishment benefits to affected parties as necessary for construction, maintenance and operation of a light rail tunnel and stations between the University of Washington Station and the Pine Street Stub Tunnel and between the University of Washington Station and Northgate.

Resolution No. R2007-19: Authorized the chief executive officer to acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation (including settlement), by condemnation litigation, or by administrative settlement; and to pay eligible relocation and reestablishment benefits to affected parties as necessary for construction, maintenance and operation of a light rail tunnel between the University of Washington Station and the Pine Street Stub Tunnel.

ENVIRONMENTAL REVIEW

JI 8/23/2013

LEGAL REVIEW

SS 9/05/13

MOTION NO. M2013-79

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a Capitol Hill Station TOD Development Agreement with the City of Seattle, specifying the terms and conditions for implementing transit-oriented development on surplus property at the Capitol Hill Link Station.

BACKGROUND:

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will coordinate selection of a developer for the exclusive affordable housing site (B-North) in close cooperation with the City's Office of Housing.

MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a Capitol Hill Station TOD Development Agreement with the City of Seattle, specifying the terms and conditions for implementing transit-oriented development on surplus property at the Capitol Hill Link Station.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 26, 2013.



Pat McCarthy
Board Chair

ATTEST:



Marcia Walker
Board Administrator