

Angle Lake Station TOD

Suitability for housing and development strategy

Board Meeting

9/24/2020

Why we are here

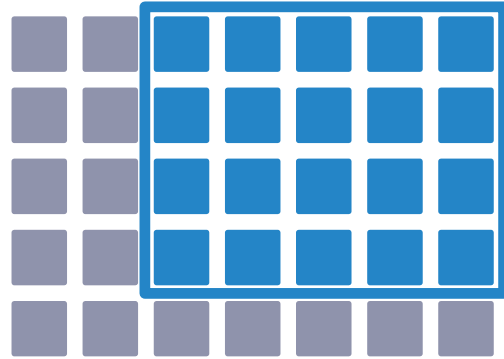
- Seeking action on declaring two surplus properties as suitable for the development of housing and on the development strategy.

Context

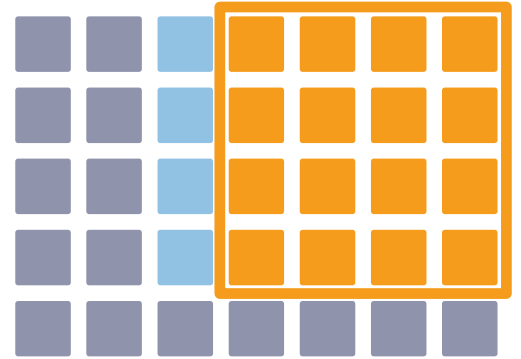
Statute on surplus property



All applicable surplus property



Those determined as suitable for housing

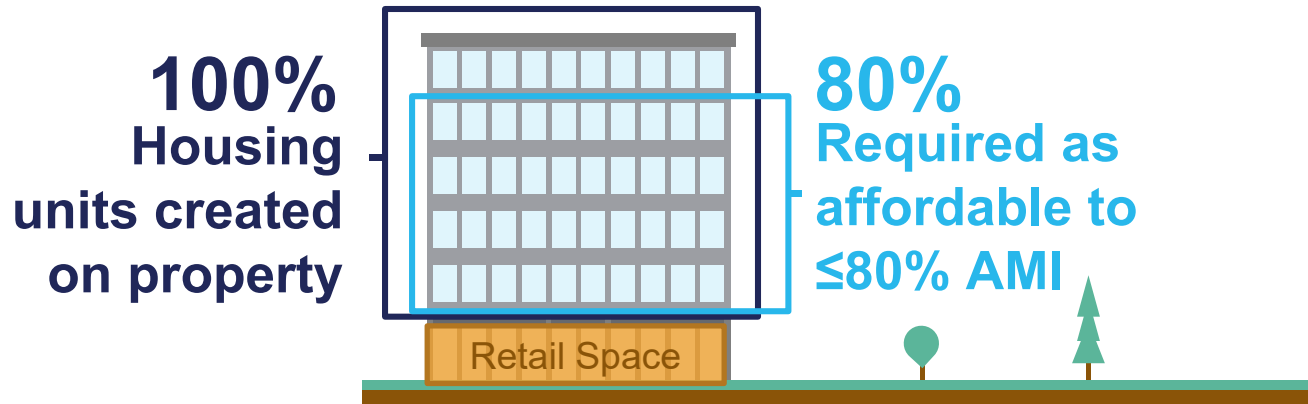


At least 80% of those suitable for housing must be offered to qualified entities for affordable housing

Conceptual depiction

Statute on surplus property

- If a qualified entity receives surplus property through the first offer, then a minimum of 80% of the housing units constructed on that property must be dedicated to affordable housing



Statute on surplus property

80



≥80% of suitable property must be first offered for affordable housing creation

80



≥80% of created units must be affordable

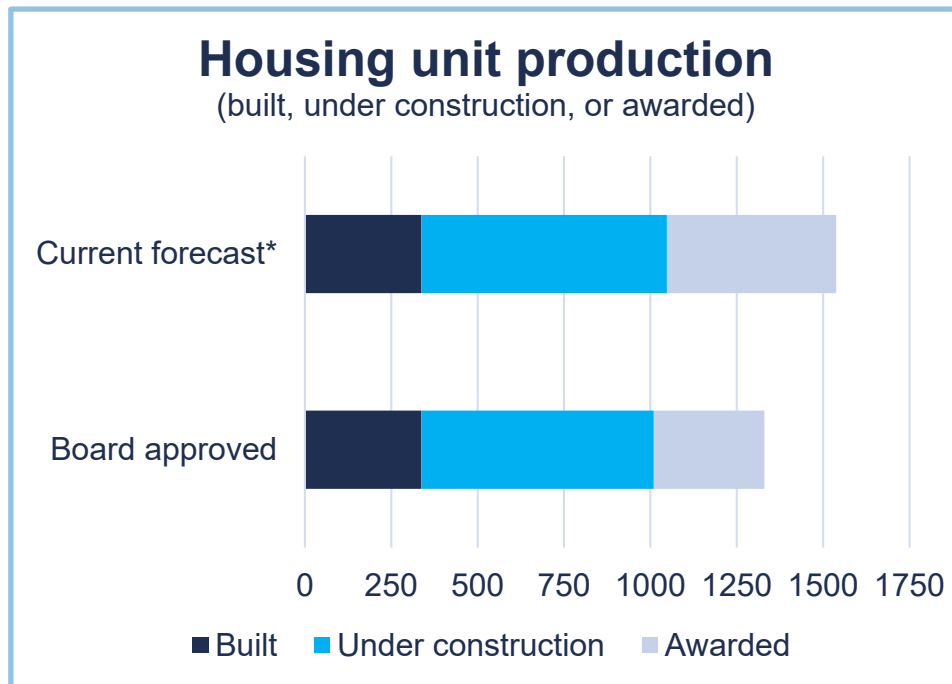
80



Units must serve those earning ≤80% of area median income

TOD Program highlights

- 1,500+ total housing units, 1,176 affordable
- \$600+ million in total development costs
- \$63 million in TOD revenues (closed, awarded, or out for bid)
- 100% of property suitable for housing first offered to qualified entities



Federal investment in property

Sound Transit often acquires property with the support of federal funding

- Any disposition needs FTA approval and must follow federal processes
- Typical disposition requires competitive marketing of property and receiving fair market value
- Some TOD may be eligible for the FTA Joint Development program, which is a more flexible tool than disposition
- Discounting federally-assisted property is complicated, often property and project specific

Angle Lake

Property background

North site

- 33,529 square feet
- \$2.2+ million value
- Federal interest: 80%

South site

- 27,507 square feet
- \$1.75+ million value
- Federal interest: 86.5%



Engagement outcomes

What we did

- Targeted stakeholder group meetings
- Community event tabling
- Rider intercepts
- Developer request for information

What we heard

- Support for housing, including affordable
- Support for customer amenities
- Support for retail space, including cultural-specific retail space



Action 1 - Suitability for housing

Recommendation: Properties are suitable for the development of housing

- Legally permissible to build housing.
- Physically possible to build housing.
- Economically reasonable to construct market or affordable housing.
- Community support for housing at sites.
- Environmental conditions don't preclude housing, but may need to be addressed.

Action 2 & 4 - Offering strategy

Recommendation: Offer North Site to Qualified Entities; Offer South Site more broadly to the market

- Funding affordable housing is relatively difficult at these sites.
- North Site is better candidate for FTA Joint Development, which may be a necessary tool for an affordable housing project.
- South Site would seek to maximize other agency goals, such as density, revenue, community-serving uses, and ridership.

Actions 3 & 4 – Pricing approach

Recommendation: Authorize staff to consider discounting North Site; Seek full price for South Site

- Land costs are a financial barrier to affordable housing creation.
- Available subsidy extremely limited at this location.
- FTA Joint Development would allow for a partial discount without financial repayment to FTA.
- North Site discount would be subject to later Board approval as part of a term sheet with developer.
- South Site would be required to pay fair market value.

Recommended Actions in summary

North site

- Declare suitable for housing
- First offer to qualified entities for affordable housing
- Allow for discounting of property value for affordable housing



Recommended Actions in summary

South site

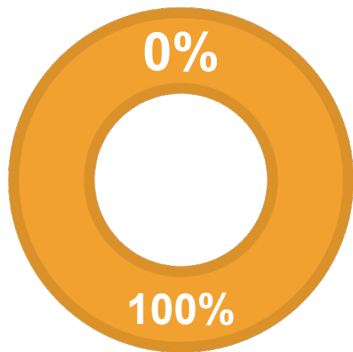
- Declare suitable for housing
- Offer to open market
- Require fair market value (\pm \$1.75M)



Tracking the 80/20 split for offerings

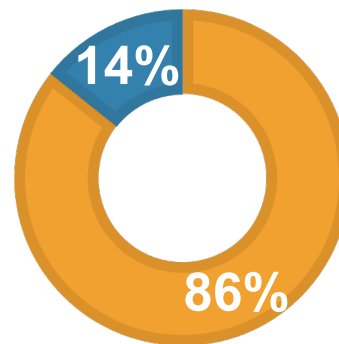
SINCE STATUTE ENACTED

- Affordable Housing (5)
- Open Market (0)



+ ANGLE LAKE SITES

- Affordable Housing (6)
- Open Market (1)



Next steps

- Issue request for proposals for sites
- Return to Board with outcomes of request for proposals and any transaction terms



Thank you.



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