

Spring District/120th Station TOD

Executive Committee

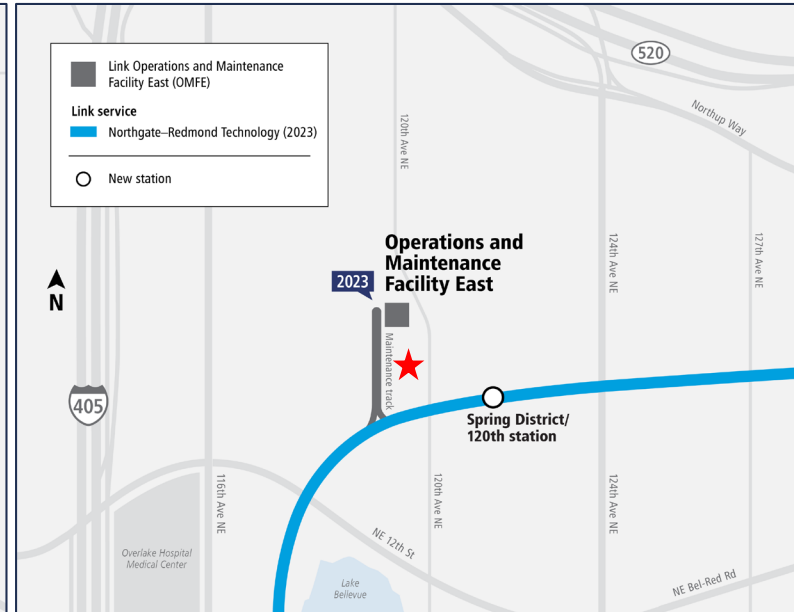
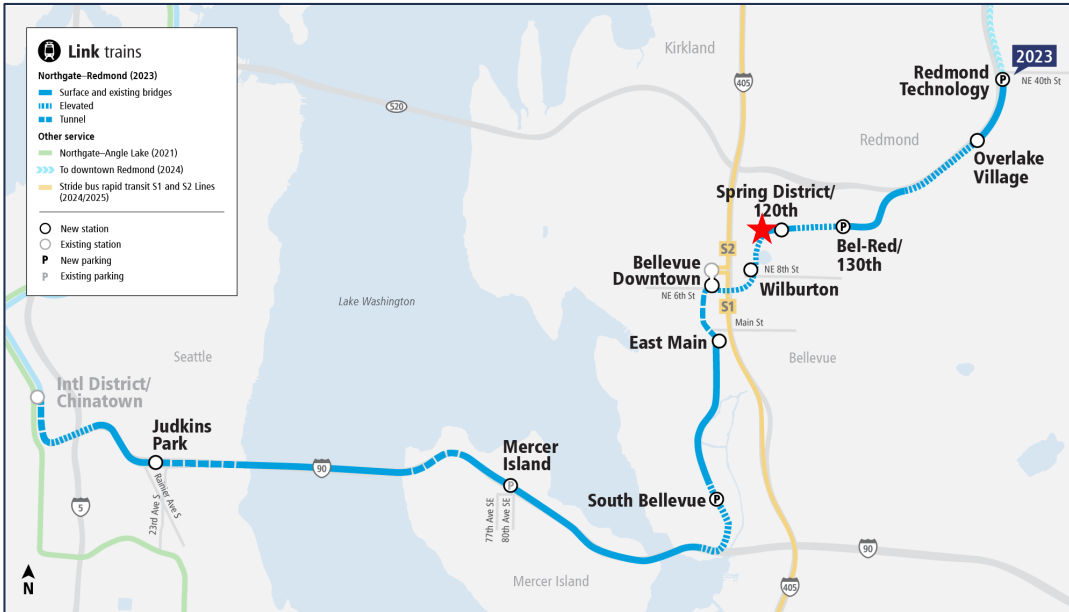
November 4, 2021



Why we are here

- Approve the key business terms of the transaction
- Delegate to the chief executive officer the authority to execute and subsequently amend as necessary transaction agreements with the development entities to develop the OMF East TOD project, subject to the Board-approved key business terms

System expansion context



Building upon the past

- 2015 Siting of OMF East
- 2015 Memorandum of Understanding
- 2016 Implementation Agreement
- 2018 Master Development Plan Permit
- 2019 Surplusing, Property Exchange, Property Pricing
- 2019 Request for Proposals Issued
- 2020 Development Partner Selected

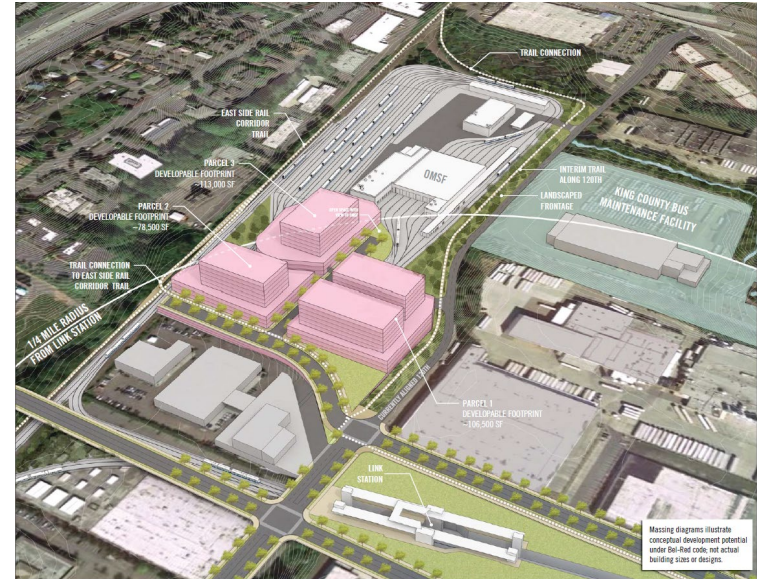


Image: Early exploratory concept for TOD in 2016

What was offered

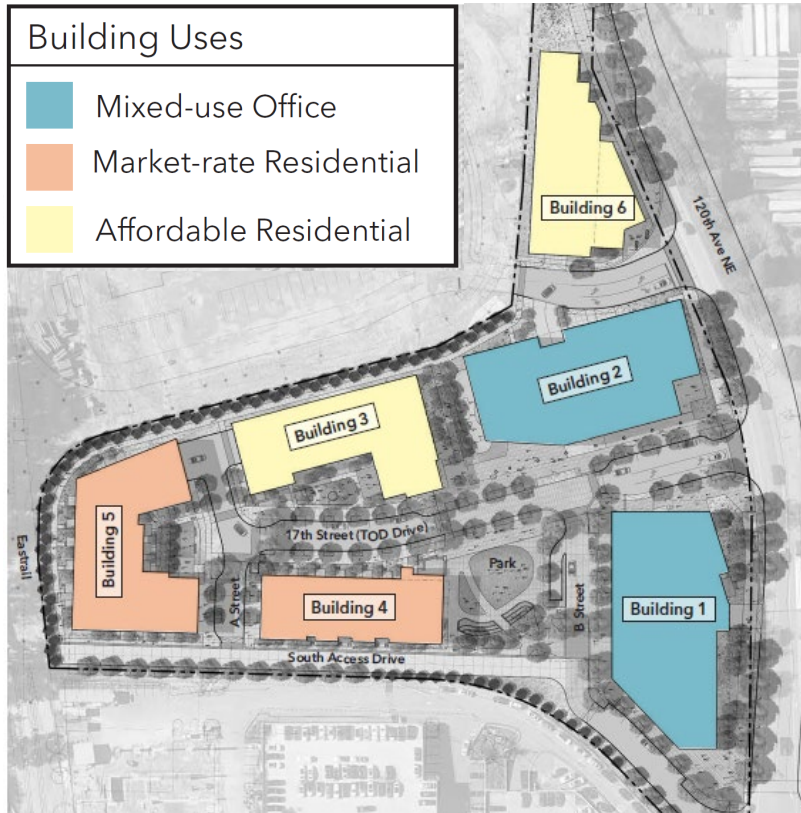
- ±7 acres at OMF East
- Permitted with Master Development Plan
- Partners pre-committed \$14 million in affordable housing funding
- Land offered by Sound Transit and City of Bellevue at no cost for affordable housing



Development team



Proposed development details



928,000+ SF
total development



435,000+ SF
office



501 total units
280 affordable units



49,000+ SF
retail or street-level use



550+ million
total development cost

Master development approach

Master Developer

- Developers to form a special entity responsible for designing, permitting, funding and constructing shared infrastructure and common areas
- Master Developer will be led by BRIDGE Housing

Commercial Owners Association (COA)

- COA to be created to own, manage and maintain shared infrastructure and common areas upon completion
- Sound Transit will be member as the underlying land owner

Affordable housing terms

Category	Term
Developer	BRIDGE Housing
Transaction	No-cost transfer of two sites
Number of Units	Minimum of 200, with a goal of 230 units
Affordability	100% at or below 80% AMI
Deeper affordability	At least 80 units at no more than 60% AMI. At least 30% of total units at no more than 50% AMI.
Unit size	At least 15% 2-bedroom, and an additional 10% 3-bedroom
Sustainability	Minimum of WA State Evergreen Standard or LEED Silver

Market-rate multifamily housing terms

Category	Term
Developer	Essex Property Trust
Transaction	99-year ground lease
Number of Units	Minimum of 260, with a goal of 266
Retail Square Feet	Minimum of 563 sf, with a goal of 750 sf
Sustainability	Minimum of LEED Silver or comparable

Office buildings 1 and 2 terms

Category	Term
Developer	Touchstone
Transaction	99-year ground lease
Office Square Feet	Minimum of 375k when combined with Building 2, goal of 435k. The first building must contain a minimum of 190k.
Retail Square Feet	Building 1: Minimum of 4,763 sf, with a goal of 6,350 sf Building 2: Minimum of 8,363 sf, with a goal of 11,150 sf
Sustainability	Minimum of LEED Silver or comparable

Financial terms and revenue

- \$25.5 million in land value for ground leased projects
- \$1.36+ million ground rent annually after all projects complete construction and lease-up
- Reduced rent during construction and lease-up
- Rent is subject to annual CPI adjustments
- Land value readjustments
- Profit participation on first sale of office and housing buildings
- Pre-development fees prior to ground lease commencement

Project risks

- New Master Development Plan permit will require City of Bellevue approval
- COVID-19's impact on the workforce and commercial real estate market could impact office development viability
- Sound Transit may be required to reimburse the office developer for site infrastructure they self-funded and constructed if an office building doesn't move forward

Next steps

- Executive Committee and Board consider action on key business terms from term sheets
- Develop and finalize legal agreements (2022)
- Implement property exchange agreement with City of Bellevue (2022)
- Submit for FTA Joint Development project approval (2022)
- Developer pursues new Master Development Plan permit from City of Bellevue (2022-2023)
- Anticipated groundbreaking as early as 2024

Thank you.



 [soundtransit.org](https://www.soundtransit.org)

