

**MARKET ANALYSIS OF
THE SOUTHEAST CORRIDOR
TRANSIT STATION AREAS**

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The City of Seattle

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INTRODUCTION

This report was commissioned by the City of Seattle's Strategic Planning Office, as part of its LINK station area planning process. The focus of this report is on the six proposed stations and their surrounding neighborhoods in Southeast Seattle. These stations include Beacon Hill, McClellan, Edmunds, Graham, Othello, and Henderson.

The purpose of this report is two-fold. First, this report provides a synthesis of extensive prior studies, including the Background Report for Light Rail Station Area Planning in Seattle, current market data, and the experiences of other transit-oriented development (TOD) efforts around the U.S. in order to identify potential development opportunities in each station area over the near (7 - 10 years) and long term (more than 10 years). Second, this report will recommend to the City initial direction for further station area development concept planning, financial feasibility testing, economic benefits analysis, and/or partnership formations. The market analysis in this report is structured to provide an overview of each of six land uses for the Southeast Corridor, rather than an in-depth analysis of a particular land use at a particular location. Land uses analyzed include retail, urban entertainment, office, multifamily residential, civic/arts, and education.

For each land use, the market analysis followed these steps:

1. Synthesize existing data and collect and analyze additional basic demographic data to identify trends and characteristics of each station area and the overall study area (Southeast Seattle).
2. Conduct key informant interviews with knowledgeable local real estate brokers, developers, store owners, property owners, and community service providers to obtain an understanding of their on-the-ground experience with market demand and area needs for new facilities.
3. Conduct selected quantitative analysis for retail leakage to identify opportunities for new store development types.
4. Review market findings against existing data for each station area regarding projected ridership, current development patterns and general land availability to identify development opportunities.
5. Summarize the findings by station area, with an emphasis on viable project concepts that fit the physical constraints and market trends for Southeast Corridor.

OVERVIEW OF SOUTHEAST SEATTLE DEMOGRAPHIC TRENDS

The following provides an overview of recent and current demographic trends for the study area as a whole as well as each station area. Each station area is also profiled from a real estate development opportunity viewpoint. Next, each of the six land uses are analyzed for market support. The final chapter provides an overview of potential federal funding sources to help create livable, transit-oriented neighborhoods around the LINK stations in Southeast Seattle.

Population and Household Characteristics

Southeast Seattle demographic trends compared to the City as a whole are profiled on Table 1 (Figure 1, City of Seattle, shows the boundaries of the Southeast Seattle area, while Figure 2, Southeast Corridor Census Tracts, identifies the specific census tracts used to obtain demographic information). As shown, Southeast Seattle population has grown at a relatively rapid rate of 0.3 percent per year (compounded), although slightly more slowly than Seattle as a whole (0.4 percent per year). Average household sizes in the Southeast Corridor are notably larger than the City as a whole (2.70 persons per household compared to 2.04), reflected partially by the higher proportion of children under age 18 living in Southeast Seattle (26.9 percent of total population compared to 18.4 percent for the City overall)¹.

Southeast Seattle has a relatively high rate of homeownership, with almost 58 percent of households owning their housing unit in 1990, compared to just under 49 percent for Seattle as a whole. Median household incomes are also relatively strong in the Corridor, at \$43,201, which represents 93 percent of the median for the City as a whole. The income data is somewhat less favorable on a per capita basis, with Southeast Seattle at an estimated \$21,277 per capita in 1999, compared to \$31,385 for Seattle. This lower per capita figure for the Corridor is due to the larger household sizes.

A closer look at the distribution of household income indicates several interesting patterns. Overall, the Corridor has a somewhat higher concentration of lower income households (those earning less than \$15,000 and also those earning between \$15,000 and \$25,000). In an almost corresponding pattern, there is a slightly smaller concentration of households in the Corridor earning at the top end of the scale than for the City overall. However, for the broad middle range of incomes (between \$25,000 and \$50,000), the Corridor and the City have an almost identical concentration of affluence. This similarity also holds for the category of \$50,000 to \$75,000. These demographic findings reflect the overall Southeast Seattle area, including more affluent areas near Lake Washington, and suggest that while some major retailers and residential developers may not target Southeast Corridor as a priority location for new development, the underlying strength of middle income families

¹ Although a study of demand for childcare was not part of the scope of this study, this statistic suggests that there is likely a significant unmet demand for childcare facilities and youth programs which can benefit from the transit access offered by locations near station areas and support other uses in TOD projects.

and the presence of growing households with children provide a strong market for many types of new development.

Housing Characteristics

Table 2 provides an overview of housing characteristics for the study area compared to the City as a whole. As shown, the Southeast Corridor has a higher proportion of single family homes (66 percent compared to 52 percent for the City overall), suggesting a lower development density in the Corridor's residential neighborhoods. The Corridor also has a notably lower proportion of its housing units located in large complexes (five units or more). These findings suggest that Southeast Seattle is less densely developed than the City overall (Southeast Seattle also has fewer dwelling units per acre and floor area ratios for commercial space than the other station areas). Even with the introduction of TOD, which may bring a more dense development pattern to take advantage of transit proximity, overall densities in the Corridor would likely remain relatively unchanged.

Figure 1: City of Seattle
[Insert Figure 1]

Figure 2: Southeast Corridor Census Tracts
[Insert Figure 2]

Table 1: Seattle and Southeast Seattle Corridor Population and Household Trends
[Insert Table 1]

Table 2: Seattle and Southeast Seattle Corridor Housing Stock Composition, 1990
[Insert Table 2]

STATION AREA PROFILES

Beacon Hill

Neighborhood Context

Beacon Hill is a hilltop neighborhood of approximately 3,900 people in the study area that is predominantly residential in character: over 70 percent of its area is zoned for single family residences. Residential development consists of older homes at a low to moderate density. According to the 1990 census, home ownership levels are higher in this area than for Seattle as a whole (60 percent vs. 49 percent), while 1999 median household income at \$42,529 is 91 percent of Seattle as a whole. Average household size at 2.7 persons is considerably higher than the 2.0 persons for Seattle as a whole, but similar to the rest of Southeast Seattle. Age and income distributions are comparable to those of Seattle and Southeast Seattle, except for proportionately fewer households in the \$100,000 or higher income bracket.

Current Development Pattern

Beacon Avenue is the main thoroughfare that cuts diagonally through the area. The street carries a moderate amount of traffic, and is developed with mostly one-story linear strip commercial buildings containing local-serving retail. Current businesses within a 1/4 mile radius of the future station include Red Apple supermarket, SeaFirst Bank and others totaling approximately 99,000 square feet. Office space totals approximately 82,000 square feet.

Land along Beacon Avenue is zoned for neighborhood commercial (NC2-40), with the vast majority of the surrounding area zoned for single family residential (SF 5000).

Projected Daily Boardings

Projected daily boardings at the Beacon Hill Station in 2010 are approximately 4,100, the highest number of the six stations assessed in this report. The station in this area will be located underground (the transit line will be located in a tunnel under Beacon Hill). With its relatively high ridership projections and existing pedestrian-oriented pattern of development along Beacon Avenue, Beacon Hill possesses near and long term TOD opportunities.

McClellan

Neighborhood Context

McClellan is located at the north end of the Rainier Valley, at the major intersection of Rainier Avenue South and Martin Luther King, Jr. (MLK) Boulevard, with approximately 2,000 residents in the 1/4 mile vicinity. McClellan is located within a neighborhood of mixed uses, with over 1/3 of its land in non-residential use, more than 1/3 used for attached/multi-family housing, and approximately 1/4 single family housing use. According to the 1990 census, home ownership levels are higher in this area than for Seattle as a whole (60 percent vs. 49 percent), while 1999 median household income, at \$29,891 is somewhat lower than

Seattle as a whole. Average household size, at 2.5 persons is considerably higher than the 2.0 persons for Seattle as a whole, but less than the 2.7 persons for Southeast Seattle as a whole. Age distributions are close to those for Southeast Seattle, with proportionately more children and fewer age 18-64 and 65+ than the rest of Seattle. Income distributions are concentrated in lower income categories than for Seattle as a whole or Southeast Seattle.

Current Development Pattern

McClellan is located at the intersection of Rainier Valley's two main thoroughfares. Both Rainier and MLK are developed as commercial streets with extensive retail development taking advantage of high traffic counts and good visibility. Nearby are Eagle Hardware and a neighborhood shopping center with a QFC grocery store and Rite-Aid drug store, both of which have opened within the last several years. The area also has a large collection of auto-related retail and service facilities.

This area also has a larger number of chain stores than other areas in the Rainier Valley. Urban entertainment uses include Imperial Lanes bowling alley. Retail and service uses within 1/4 mile of the future station totals approximately 608,000 square feet. The Washington Department of Social and Health Services is a major office tenant and employer located in the area, and office use within 1/4 mile of the future station totals approximately 124,000 square feet.

Most of the land within 1/4 mile of the future station is zoned for various commercial uses, with land at the periphery of this radius zoned for single family residential, consistent with the area's pattern of low density residential development.

Project Daily Boardings

Projected daily boardings at the McClellan Station in 2010 are approximately 2,200, which ranks fourth among the six stations in the Southeast Corridor.

Edmunds

Neighborhood Context

Edmunds is a primarily residential neighborhood of approximately 4,400 people located along MLK. Nearly half this station area's land is in various residential uses, including single and multi-family homes and the Rainier Vista public housing development. This area has the lowest median income and the lowest homeownership rates of the six areas analyzed. According to the 1990 Census, homeownership levels, at 39 percent, are considerably lower than for Seattle as a whole (49 percent) or Southeast Seattle as a whole (58 percent), while 1999 median income at \$25,854 is 56 percent of Seattle as a whole. Average household size at 2.7 persons is considerably higher than the 2.0 persons for Seattle as a whole but the same as the rest of Southeast Seattle. This area also has the highest proportion of children of the six station areas analyzed, with nearly 1/3 of the population under 18 years of age. It should be noted that the large Rainier Vista development project significantly affects these statistics.

Current Development Pattern

While MLK is one of the two main thoroughfares in the Rainier Valley, its route through the future Edmunds station area is primarily residential. The steep slope west of MLK towards Beacon Hill makes up the second largest land use within ¼ mile of the station, with 12 percent of total acreage in the area in this use. Current businesses within a 1/4 mile radius of the future station total only approximately 29,000 square feet of retail and service space and 5,600 square feet of office space. Schools in the area represent approximately 12 percent of all land uses.

Land along MLK is primarily zoned for single family or attached/multi-family residential uses.

Projected Daily Boardings

Projected daily boardings in 2010 at the Edmunds Station are approximately 2,800, placing it third among the station areas analyzed in this study.

Graham

Neighborhood Context

The future Graham station is located in a neighborhood along MLK with approximately 5,200 residents within the ¼ study area. Graham is a neighborhood of mixed uses within ¼ mile of the station site, with slightly less than ½ of its acreage developed as single family residential, nearly 15 percent developed as school uses, and just under 15 percent vacant. The Holly Park public housing complex is located on the southern boundary of this area.

According to the 1990 census, homeownership levels are slightly lower in this area than for Seattle as a whole (44 percent vs. 49 percent) and considerably lower than Southeast Seattle as a whole (58 percent), while 1999 median income at \$31,939 is 69 percent of Seattle as a whole. Average household size at 3.0 persons is considerably higher than the 2.0 persons for Seattle overall. Almost 1/3 of the residents of the Graham station area are under 18 years of age.

Current Development Pattern

MLK runs through the middle of the Graham station area and contains a variety of small-scale auto-oriented strip malls and individual commercial buildings, with the greatest concentration around Graham Street. The large number of small stores and haphazard planning creates a great deal of visual clutter along MLK. Retail and service uses within ¼ mile of the future station total approximately 103,000 square feet; office uses total approximately 49,000 square feet.

Project Daily Boardings

Projected daily boardings at the Graham Station in 2010 are approximately 2,100, among the lowest of the six stations analyzed for this report.

Othello

Neighborhood Context

The Othello station lies near the southern end of the Rainier Valley, at the intersection of Othello Street and MLK. The station area has approximately 4,200 residents. While Othello has nearly 60 percent of its land in residential use (with 1/3 of all land multi-family), it also has approximately 17 percent of its land classified as vacant and 13 percent in retail and service uses.

According to the 1990 Census, homeownership levels are considerably lower in this area than for Seattle as a whole (39 percent vs. 49 percent). The 1999 median income for this station area, at \$28,977, is 62 percent of Seattle as a whole. Average household size at 3.1 persons is considerably higher than the 2.0 persons for Seattle as a whole. This station area contains substantial numbers of children, with 37 percent of the population under 18 years of age.

Current Development Pattern

The existing development pattern between MLK and the Holly Park project is varied and contains a variety of linear strip development; a Safeway screened behind strip development; King Plaza at South Myrtle and MLK, a two-story strip mall heavily tenanted by Asian businesses; and a large parcel occupied by the Union Gospel Mission. East of MLK, there are several large parcels, including one with an underdeveloped strip center, and another with a large building being expanded and rehabilitated by the Union Gospel Mission. Current businesses within a 1/4 mile radius of the future station total approximately 170,000 square feet of retail and service space, while office space occupies approximately 24,000 square feet. Land along MLK is primarily zoned for various types of commercial uses.

Projected Daily Boardings

Daily boardings at the Othello Station in 2010 are projected at approximately 600, the lowest rate for the six station areas analyzed.

Henderson

Neighborhood Context

The future Henderson station is located in a neighborhood along MLK at its intersection with Henderson Street. The study area within 1/4 mile of the station contains approximately 3,300 residents.

Henderson is predominately a residential area, with single family residences and greenbelt accounting for 2/3 of the land uses. Schools and other open space make up another 20 percent of all land uses.

According to the 1990 Census, homeownership levels are slightly higher in this area than for Seattle as a whole (55 percent vs. 49 percent). The area's 1999 median income, at \$39,508, is relatively high, and is 85 percent of Seattle's median household income. Average

household size, at 2.7 persons is significantly higher than the 2.0 persons for Seattle as a whole, but the same as for Southeast Seattle as a whole. Age distributions are fairly similar to the rest of Southeast Seattle, with nearly 28 percent of the population under 18 years of age

Current Development Pattern

The City light rail right-of-way and single family residences border MLK north of Henderson; to its west is the slope of Beacon Hill and an extensive protected greenbelt. South of Henderson, MLK becomes an auto- and trucking-oriented heavy commercial strip, creating much more of an industrial feeling than north of Henderson. Henderson provides a connection to Rainier Ave; at Rainier and Henderson a former grocery store has recently been renovated into a new QFC grocery and a new Rite-Aid drug store will soon be built. Two schools, a public library branch and a community center are located along Henderson and Rainier. Retail and service uses within 1/4 mile of the future station totals approximately 47,000 square feet; office uses total less than 1,000 square feet.

Projected Daily Boardings

Projected daily boardings at the Henderson Station in 2010 are approximately 4,000, the second highest of the six stations analyzed for this report.

Data

Figure 3, Southeast Corridor Light Rail Station Sub-areas by Block Groups shows the geographic areas for which station area data was obtained. Table 3, Station Area Population and Households Trends, presents the data for the above station profiles that was compiled by BAE from several sources, organized by station area and showing changes from 1990 to 1999.

Table 4, Station Area Housing Stock Composition, 1990, presents U.S. Census data compiled by BAE for each of the station areas.

Figure 3: Southeast Corridor Light Rail Station Sub-areas by Block Group
[Insert Figure 3]

Table 3: Station Area Population and Household Trends
[Insert table 3]

Table 4: Station Area Housing Stock Composition, 1990
[Insert table 4]

RETAIL MARKET CONDITIONS

Definition of Land Use

For this report, the Retail land use is defined as encompassing all categories of retail, including regional, community, and local-serving retail, but excluding entertainment-related uses (discussed separately in another chapter).

Regional-serving retail uses are typically those stores that attract shoppers from a large geographic trade area and sell a broad selection of a particular type of good(s). For example, traditional department stores such as Nordstrom's are considered regional-serving retail uses, attracting shoppers from a 10-mile radius or more to a store selling a range of apparel, specialty items, accessories, and home furnishings that are purchased after comparing price and quality.

Community-serving retail attracts shoppers from a somewhat smaller trade area and typically sell a less-broad range of goods than a regional facility. These retail uses will attract shoppers from a 5-mile radius or more.

Local-serving retail provides goods that are typically purchased on the basis of convenience, and usually are purchased frequently, such as groceries, drugs and sundries. Many restaurants and prepared food sellers also fall into this category. Local-serving retail typically attracts shoppers in urbanized areas from a 1 to 2 mile radius.

Relationship of Retail to Transit Access

The potential for light rail transit to benefit retail uses varies depending upon the type of retail being considered. For example, "big box" retailers such as Wal-Mart or Target are unlikely to be attracted to areas near light rail stations or transit oriented development (TOD) because of their orientation towards customers using autos to transport large purchases. Other more regional serving retailers such as department stores seek locations that can draw the broadest range of customers; additional traffic from light rail transit can be a plus for a potential site for a regional serving retailer, however a site lacking light rail but offering better overall accessibility will usually be preferred.

Community- and local-serving retail, in contrast, can be very compatible with light rail transit because of the smaller trade areas that they serve. For example, a number of the stops on San Diego's light rail transit provide convenient access to supermarkets and other retail, such as in the Fashion Valley area. Local-serving retailers whose trade areas are at the neighborhood level can particularly benefit from locations adjacent to light rail stations and the additional foot traffic they generate. Such community- and local-serving retailers can also benefit light rail transit by allowing riders to make convenience and food purchases as part of their trip, reducing their reliance on autos.

One of the central premises of TOD projects is their ability to leverage transit customer traffic into additional support for retail at station areas. The location of retail at station areas, including dining, services (e.g. professional services, business services such as copying, and personal services such as childcare), and convenience grocery and merchandise enhances the attractiveness of residential units and office space in a TOD project.

Community- and local-serving retail that is located near light rail stations can also provide economic development benefits. Training and support programs can assist local-residing entrepreneurs in opening new retail stores. Retail is a significant employment generator, and while retail jobs are not high paying, they can offer beneficial work experience and part-time employment opportunities for teens and others.

Current Conditions

Current retail development in Southeast Seattle follows the typical strip and auto-oriented pattern that predominates in most areas. MLK and Rainier Avenue, as the two main thoroughfares in the Rainier Valley, have distinct clusters of retail taking advantage of the auto traffic on these streets. In many areas, retail buildings are older and do not present an attractive appearance. On the other hand, Columbia City, a cluster of historic buildings, is experiencing greater interest by retailers targeting consumers attracted to urban areas with distinctive character.

There are several noteworthy aspects to retail in Southeast Seattle as follows:

- There are a significant number of grocery stores well distributed throughout the area, with three recently opened supermarkets (each with a drug store in a new neighborhood shopping center), along with several existing supermarkets, which is quite different from many other under-served areas. The total of five grocery stores in the study area corresponds with the population count, with a rule of thumb of one full service grocery store generally being supportable by 5,000 to 10,000 people, depending on their household incomes;
- The success of King Plaza at MLK and South Myrtle is an example of a well-tenanted shopping center with a number of small business targeted at the substantial Asian population in the area; and
- There is a considerably smaller proportion of chain retailers than in other areas (with most concentrated at the north end of Southeast Seattle), and many of the independent retailers occupying smaller and older buildings appear to be examples of those whose businesses are marginal and may be easily disrupted.

In order to better identify the specific categories where there are currently adequate retail choices versus those that are underserved, BAE conducted a retail leakage analysis using 1999 expenditure and sales data from Claritas, a private demographic and data vendor (see Table 5, Current Southeast Seattle Retail Leakage). The analysis contrasts the sales that

should occur in the entire Southeast Seattle based on Census estimates of consumer expenditures for similar areas with the estimated actual sales. The difference between the two represents either a "leakage" when estimated sales are less than what would be expected based on consumer expenditure patterns, or an "injection" when they are greater. While this data should only be considered an approximation without further analysis of actual sales using State of Washington sales tax data, it does help identify retail categories where leakage may be occurring.

The data in Table 5 suggests the following significant leakages/injections:

- With the recent construction in grocery stores, there is no remaining leakage that could support a net increase in grocery stores;
- Eating and drinking places represent a substantial leakage;
- Drug stores shows a small leakage; the new Walgreens planned near Rainier Avenue and Genessee will absorb the remaining leakage, leaving no additional support for a further net increase in the number of stores;
- Building material and supply stores shows a substantial injection, which can be explained by the presence of Eagle Hardware, which attracts shoppers from a larger trade area and with more population than the area used in the analysis;
- Furniture, home furnishings, and appliances sales represents a substantial leakage;
- Department stores is the largest leakage of all retail categories, which is explained by the lack of a department store in Southeast Seattle;
- Apparel and shoe stores represents a substantial leakage;
- Auto stores shows an injection, which is likely due to the concentration of auto supply and service stores in north Rainier Valley; and
- Smaller leakages occur in the jewelry store, bookstore, hobby stores and sports gear categories.

It should be noted that non-store retail (e.g., catalog sales) constitutes a large portion of total leakage for all retailing, but cannot expect to be captured in local stores.

Retail Outlook

While the leakage analysis shows a significant amount of retail dollars being spent by Southeast Seattle residents outside the area, additional analysis is required to determine how much of those dollars could be "captured" within the area².

² The leakage analysis measures the total dollars which might be captured, not the performance of current retailers nor their ability to capture any existing leakages. The area that was analyzed was the entire Southeast Seattle area. The 1/4 mile radius for TOD at each station results in trade areas for the stations of anywhere from 2,000 to 5,000 persons which is at the low end of the size of trade area required to support many types of retail. Furthermore, the data that was available for this study at the scale of station areas is not sufficiently accurate to draw conclusions.

The amount of area residents' consumer expenditures, which are likely to be spent within the area, varies by retail category. To understand how much additional retail space can be "supported" by sales that could be drawn into the area, a capture rate was identified for each category based on BAE's experience, applied to total potential consumer expenditures and then compared with the estimated local sales in the area (for this analysis it is total dollars that are spent outside the area, not the percentage). This potential additional "capturable" sales was then compared with typical retail sales figures to determine how much retail space could be supported (this is a more relevant analysis than the leakage information presented in Table 5 because it accounts for the fact that not all retail sales in any category can be captured within a given trade area). The results of this analysis by BAE for Southeast Seattle is set forth in Table 6, Estimated Additional Supportable Retail Space, which suggests the following support for additional retail space in Southeast Seattle:

- There is approximately 34,000 square feet of supportable eating and drinking places, which depending upon the size of establishments, would likely be less than 10 additional establishments;
- While there is additional supportable square footage for a drug store, the amount of space (6,300 square feet) is smaller than typical new drug stores, meaning that at best, a net increase of one "junior" drugstore establishment could be supported (a larger store, such as the Walgreen's being permitted for a site near Rainier Avenue and Genessee, can also be supported by attracting business from other existing drug stores);
- While there is approximately 37,000 square feet of supportable space for a furniture store and 22,000 for home furnishings, these types of stores tend to be large, suggesting that only 1 or 2 more could be supported in Southeast Seattle (furniture stores also tend to favor locations with strong visibility to auto traffic, which tends to result in agglomerations);
- Department stores shows approximately 160,000 square feet that could be supported, while this corresponds roughly to a typical new department store size (about 150,000 square feet), there are other location criteria which most stores would require, such as freeway visibility or access, proximity to other compatible stores in a mall environment, and threshold median incomes above the regional median within a short distance from the store location. In addition, due to a decade or more of mergers and acquisitions among department store companies, there are few companies that are expanding to new locations in metropolitan areas at present;
- There is over 50,000 square feet of supportable space for apparel and shoe stores, which could support 5 to 10 or more stores; and
- While there is supportable square footage for a number of the specialty retail categories (e.g., jewelry, book, gift, etc.), the amount of supportable space corresponds to 1 or at most 2 additional stores in each category (even though the percentage leakage rate is quite high, the actual dollar figures are relatively modest).

While there are definitely unrealized retail opportunities in Southeast Seattle, they are focused in several categories and limited to a relatively small number of net additional stores. Retailer performance is outside the scope of this study, so it does not address the performance of existing retailers (i.e., how do individual store sales compare to retail average) nor does it address the extent to which additional retailers could capture some of the potential additional sales (or the extent to which current offerings correspond to neighborhood desires). It is also important to note that retailers may decide to open new stores in Southeast Seattle in categories that do not show strong potential (as identified in this analysis) if they believe there is potential to capture sufficient business from other existing retailers in the area.

The existence of potential retail support for additional space is supported by the current plans for two shopping centers. The first is Rainier Court, SEED's project across the street from Rainier Valley Square on Rainier Avenue South, which will be a mixed use project that includes retail space (along with entertainment and residential uses). The other project is the plan of the developer of King Plaza to construct a second phase of that center across the street at South Myrtle and MLK, which has been successful to date in generating tenant interest.

Another factor affecting supportable retail space calculations in Southeast Seattle that is difficult to estimate at this time is the amount of retail and office space that will be displaced by Sound Transit right-of-way. According to Sound Transit's Draft Environmental Impact Statement³, the option closest to current plans for Rainier Valley (option D1.1d) will result in the removal of approximately 180,000 square feet of commercial space. The displacement of affected retailers does not increase total sales, but it will create a demand for retail space to accommodate many of them.

In order to contrast this analysis with retailer perceptions, BAE conducted several key informant interviews of retailers active in the area. While the key interviews were limited due to the limited time for this study, they suggested several conclusions consistent with the above data.

The first conclusion from the key informant interviews is that there is not widespread demand for additional new grocery stores at this time. For example, while QFC's stores in the Rainier Valley are performing in the upper half of all QFC stores, they do not have an interest in additional stores at this time. This is likely due to the balance of demand and supply of grocery store space, as identified in the retail leakage analysis conducted by BAE. Safeway is evaluating potential expansion and renovation of its stores in Rainier Beach and in the Othello station area to current company standards in order to make them more competitive. However, Safeway does not appear to have made any decisions yet, and it is

³ Central Link Right Rail Transit Project, Draft Environmental Impact Statement, "Displacements and Relocations Technical Back-up", December, 1998, Section 4.1, "Displacements by Route Alternatives and Stations", Segment D, pg. 4.

possible that the company may decide to renovate and expand one of these two stores while closing the other.

The second conclusion is that while department stores typically look for a larger trade area of 100,000 persons or more (which is significantly larger than the population of Southeast Seattle), there may be department store sub-categories that are viable in Southeast Seattle. An example is the "hypermarket" or combination of a grocery store and non-food retailer carrying many department store types of merchandise. An example of this is Fred Meyer, whose stores run 120,000 - 130,000 square feet. A representative for Fred Meyer indicated that they are in the process of considering the viability of a location in Southeast Seattle. The potential viability of a hypermarket but not a department store can be explained by the location requirements for a hypermarket being much more similar to a grocery store than a department store (and while there may not be market support for a net increase in grocery stores in Southeast Seattle, a retailer such as Fred Meyer may believe that it can attract sufficient business from existing grocery stores for a new location to succeed). One such hypermarket could potentially be supported by the identified leakage in department store spending.

Big box and other large chain retailers that draw from larger areas consider their existing stores that are within a few miles of Southeast Seattle, whether downtown, in Southwest Seattle, or in Renton, to be close enough to serve customers from Southeast Seattle and therefore they do not see a need for a store in the Southeast area. A representative for Old Navy, a value-priced apparel retailer, indicated that its South Center mall store covers Southeast Seattle.

Potential at Station Areas

The analysis showing a leakage of retail sales from Southeast Seattle and potential support for additional stores does not mean that the location of new stores will occur evenly throughout Southeast Seattle or the station areas. Selection criteria vary by retail category and by retailer, and decisions about individual sites may vary from this generalized data.

In general, most retailers prefer to locate in areas with existing concentrations of similar or complementary retailers because of the visibility and identity of these locations and the existing level of shopper traffic. For the Southeast Seattle area, new retailers will be most attracted to existing clusters of retail on Rainier Avenue (e.g., Genessee and in particular Rainier Valley Square and Rainier Court, Columbia City, and Rainier Beach). Based on existing development patterns and station profiles, the McClellan station area would be expected to have the strongest near term potential for a net increase in retailers because of recent retail development, existing levels of auto traffic, and the future light-rail system. There is also likely near term potential for a net increase in retailers at the Othello and Beacon Hill station areas, with somewhat less at the Graham station area, and only long term potential at the Edmunds and Henderson station areas. Actual retailer location decisions will also be affected by the timing and size of available sites (particularly for larger uses requiring land assembly).

Thus, the retail outlook for Southeast Seattle suggests that TOD should be able to capture some of the demand for additional retail space that has been identified. Other opportunities for TOD will be for services taking advantage of the large number of families in Southeast Seattle (e.g. childcare). Finally, if in the long-run new office users and residents are drawn into the area because of TOD, that influx will support additional retail, particularly at the light rail stations.

The next step in understanding the near and long term potential for additional retail in Southeast Seattle is identifying potential sites that match retailer requirements. This analysis should be included in future studies of the TOD potential of the six station areas in Southeast Seattle.

Table 5: Current Southeast Seattle Retail Leakage
[Insert table 5]

Table 6: Estimated Additional Supportable Retail Space
[Insert Table 6]

OFFICE MARKET CONDITIONS

Definition of Land Use

For this report, Office is defined as space dedicated towards business services, such as finance, insurance, and real estate offices, software, engineering, and law offices, dental and medical offices, and other professional service businesses that do not necessarily depend on direct sales of goods.

Due to a lack of freeway access to most station areas in Southeast Seattle, as well as the lack of an established large-scale Class A office market, this report focuses on small office users, which can serve the local community and/or do not require Class A office space.

Relationship of Office to Transit Access

In urban areas, office uses generate substantial employment, resulting in commuting patterns from home to work and subsequent traffic congestion as employment grows. One of the primary purposes of LINK is to alleviate traffic congestion, stemming in part from home-to-work commuters. Office development and light rail stations are important partners in TOD. Office development benefits from light rail with increased accessibility, and increased transportation options. Office developers often also benefit from reduced parking requirements or needs, resulting in lowered development costs. Light rail stations and nearby businesses receive increased ridership traffic and pedestrian activity from commuters.

There is growing trend toward smaller neighborhood offices for telecommuters and professionals that occasionally need access to downtown to meet with clients or to meet at their main office. Workers want to work closer to home and reduce their commute time while having access to downtown when necessary. Light rail stations outside of the Central Business District (CBD) can capitalize on this trend and develop smaller professional offices in conjunction with light rail.

Small offices that are located near light rail stations can also provide economic development benefits. Office users require a range of supporting retail amenities, including restaurant, business services (such as copying) and personal services (such as dry cleaners). Office employment includes a variety of positions, from managerial and professional to clerical, and full-time and part-time positions.

Current Conditions

The Southeast area contains limited office space development and there has been very little new office construction within the last two years. Key informants cited an unavailability of larger parcels zoned for office space along with substantially lower lease rates as major constraints for new office construction. Many professional offices utilize ground floor retail space adjacent to other retailers. The McClellan and Edmunds/Columbia City station areas

contain the largest portion of small business offices within Southeast Seattle. Other office areas include Othello and Graham, which are primarily medical and dental offices. Based on the Background Report for Light Rail Station Area Planning, there is a total of approximately 285,000 square feet of office space within 1/4 mile of the proposed light rail stations in Southeast Seattle.

Southeast Office Market Compared to Region. Regionally, Seattle's office market has performed well in the last year, with office rents rising to \$22 to \$28 per square foot in the Central Business District, and the vacancy rate declining to approximately 5 percent. According to Cushman and Wakefield's Office Summary Report, the Southern Seattle (the quadrant containing Southeast but extending west of Interstate 5 to encompass more traditional office areas) vacancy rates for Class A and B space have dropped to approximately 3 percent. The Report predicts that the South Seattle office market will continue to perform well compared to the region with vacancy rates below 5 percent.⁴ This strong surrounding market may create "spillover" demand in Southeast Seattle in the longer term, particularly as the area benefits from increased transit access.

Due to the small supply of office space in the area, Southeast area leasing activity and market rents for office space are difficult to document. According to the Center for Community Development and Real Estate, reported office lease rates range from \$12 to \$16 per square foot.⁵ BAE conducted an informal survey of office rents in the area, which indicated similar leasing rates for Class B space (see Table 7, Southeast Seattle Office Leasing Data). These local office rents are approximately 35 percent below the region's rents as a whole, and 40 to 50 percent lower than downtown Seattle's rates.

Office Outlook

Puget Sound Regional Council (PSRC) projects service and finance, insurance, and real estate (FIRE) employment in the Southeast area will grow by approximately 33 percent from 1997 to 2020 (see Table 8). This increase in office employment will translate into approximately 575,000 square feet of new office space demand from 1997 to 2020 (as set forth in Table 9), an average of 25,000 square feet a year, sufficient to anchor new TOD projects in the study area. While the total estimated demand for office space is relatively limited compared to other parts of the region, it does not account for any spillover from more expensive office markets, which may be attracted to LINK stations. Moreover, the Draft Environmental Impact Statement estimates that approximately 43 commercial and industrial properties will be dislocated by light rail construction in Southeast Seattle. Tenants now in these properties can be concentrated to two or three light rail stations, providing greater employment density and serving as a catalyst for further office development to meet future demand. In the near term, small professional offices have the greatest opportunity in existing commercial areas at the McClellan, Othello, and Beacon Hill stations. New office

⁴ *Office Summary, Greater Seattle Review*, Cushman and Wakefield, 3rd Quarter 1998, Pg. 1-4.

⁵ *Neighborhood Revitalization Strategy*, Center for Community Development and Real Estate, City of Seattle, 1999, Pg. 15.

demand can be combined with existing medical and professional offices that will be dislocated, and these stations may be able to capitalize on station area redevelopment activities to concentrate office uses, creating the critical mass needed to support a successful town center TOD concept.

Table 7: Southeast Seattle Office Leasing Data
[Insert Table 7]

Table 8: Employment Estimates and Forecasts
[Insert Table 8]

Figure 4: Southeast Corridor Forecast Area Zones
[Insert Figure 4]

Table 9: Projected Office Demand for Southeast Region
[Insert Table 9]

ENTERTAINMENT MARKET CONDITIONS

Definition of Land Use

For this report, Entertainment use is defined as themed restaurants, entertainment-oriented retailers, family entertainment centers; high-tech entertainment centers, and indoor sports (e.g., rock climbing, roller rinks). The analysis excludes movie theater multiplexes due to a multiplex planned for the area.

In general, large entertainment-oriented urban projects have gained popularity in major metropolitan areas over the last few years. These are often located in entertainment-driven retail centers (e.g., UniversalWalk in Los Angeles); publicly sponsored entertainment complexes (e.g., Yerba Buena Gardens in San Francisco); or themed attractions in malls or other locations. While there has been much discussion in real estate development literature regarding the strong potential for entertainment projects in metropolitan centers, smaller entertainment-oriented uses have also gained popularity in smaller markets.

Relationship of Entertainment to Transit Access

Most large entertainment projects attract visitors from a large trade area, and thus are often located in downtowns or commercial districts with an identifiable image and ability to create a regional destination. Although transit access can be one factor in siting these major projects, other factors such as centralized location, image and established marketing programs typically are considered more important to the success of these projects.

For smaller entertainment facilities, location near transit can be very beneficial by providing access and allowing reduced parking requirements, thereby lowering development costs. Movie theaters in particular are expected to fit well in TOD projects (although few have been constructed to date in the U.S. specifically at transit stations), because of increased access and marketing towards children and families. Moreover, entertainment uses serving as "anchors" to TOD projects are expected to attract increased pedestrian traffic that may be then attracted to nearby retail uses, particularly those catering to evening and weekend customers.

Another benefit associated with entertainment uses near transit systems with parking facilities is that entertainment uses tend have peak periods in the evening hours, which is an off-peak period for transit-related parking demand; however this factor is not relevant for Southeast Seattle LINK stations because they will not have parking lots or structures.

Entertainment uses that are located near light rail stations can also provide economic development benefits. Entertainment uses are a significant employment generator, and while these jobs are not high paying, they can offer beneficial work experience and part-time employment opportunities for teens and others. The traffic generated by entertainment uses can also support other retail uses (such as restaurants) and related jobs.

Current Conditions

There are several family-oriented entertainment options currently available in or within several miles of Southeast Seattle. The AMF Imperial Lanes and Skyway Park Bowl & Casino are located at either end of the Rainier Valley, and the Imperial Lanes is slightly over 1/2 mile from the future McClellan station site. Examples of other family-oriented entertainment centers outside Southeast Seattle but within a few miles include the Gametown Family Fun Center on Pacific Highway South, the Seattle In-Line Arena on West Marginal Way Southwest, and Southgate Roller Rink on 17th Avenue Southwest.

Entertainment Outlook

The potential development of a Magic Johnson multiplex movie theater in SEED's Rainier Court project offers the best near term opportunity to attract additional entertainment uses to Southeast Seattle. Multiplexes can stimulate other entertainment-related uses, presenting an opportunity to create an entertainment destination in Southeast Seattle that can draw from throughout the area. This project can serve to "anchor" other related uses, including themed restaurants and specialty retail, and should be planned to maximize transit linkages.

The planned movie theater as well as the presence of existing bowling, family game centers, and skating rinks near Southeast Seattle reduces the near term outlook for additional development of this type within the study station areas.

Additional family-oriented entertainment uses may become viable in the long term near other Southeast Seattle stations as perceptions regarding safety and accessibility improve and new housing is developed serving a diverse range of households, especially uses targeting middle income families that combine food, games and related activities. Other uses that may prove viable in the long term as sufficiently large and reasonably priced sites become available include indoor sports facilities (soccer, rock climbing, volleyball). Finally, ethnic-themed restaurant clusters, serving local as well as more regional diners, may serve as a strong anchor concept to a TOD project (there may be an earlier potential for Vietnamese and other Asian restaurants because members of these communities are already drawn into Southeast Seattle from throughout the region). The timing of these kinds of uses is difficult to predict, due to changing demographics and the continually evolving specific requirements of each concept.

RESIDENTIAL MARKET CONDITIONS

Definition of Land Use

For this report, market analysis for residential uses was limited to multi-family, which is defined as more than one housing unit per lot. Multi-family construction can range from lower density townhomes, which provide two-story housing units on small lots, to complexes with numerous units per building. The focus of the analysis for this report was on rental housing (e.g., occupied by households paying rent rather than households who own their unit); however, the analysis found that multifamily ownership housing also had market potential in Southeast Seattle.

Aside from physical configuration (e.g., how many units in a building or per acre), and tenure (e.g. owned or rented), new housing in urban areas such as Southeast Seattle also can be analyzed by price category, including "affordable" and "market rate." Affordable housing generally means housing that qualifies for some level of construction or occupancy subsidy to assist in keeping rents/sale prices affordable to families earning incomes at the lower end of the spectrum. Market rate implies units that are built, bought and sold in the open market, without any public assistance to make them affordable to a particular income group.

In many communities, because of the way affordable housing programs are targeted and local market dynamics, some "affordable" projects' rents/sale prices correspond with the "market" for that community. In Southeast Seattle, for rental projects, some affordable financing programs result in chargeable rents that are not significantly lower than market rents. For example, a family of four earning \$37,500 a year can qualify to rent a unit in a newly constructed project financed by Low Income Housing Tax Credits (a federal program), with rents for 2 or 3 bedroom units up to approximately \$930 a month, matching or exceeding "market rents" in Southeast Seattle, where very limited new rental housing construction has occurred in the past few years. For ownership housing, affordable programs typically assist families earning 80 percent of area median income (AMI) or higher. This translates into families earning \$43,000 a year (80 percent of AMI) being able to afford a \$160,000 home, which can match home prices in some neighborhoods.⁶

⁶ BAE calculated the qualifying home price assuming a 30-year permanent loan at 8.25 percent and a five-percent down payment.

Relationship of Multi-Family Housing to Transit Access

Multi-family housing can be an ideal use next to light rail stations, and in some cities, have been recognized by the marketplace as more desirable than traditional multi-family units, resulting in a "premium" in rents or sales prices reflecting the market's perception of added benefits from transit access. Residents in TOD housing complexes can take advantage of easy access to labor centers thereby reducing commute times and costs, as well as enjoy increased access to retail and personal services that cluster within the vicinity of light rail stations. Multi-family development can also benefit the transit system, with increased ridership stemming from more households within walking distance of the transit station. Higher density housing can also support more retail and business within a smaller market area, thereby reducing the need for businesses to attract auto-oriented shopping. In addition, there is a strong economic development benefit of locating affordable housing near transit, so those lower income households without access to cars can commute to broadened job opportunities throughout the region. Senior households living in multi-family units are especially suited for TOD because a higher percentage of these households utilize public transit.

Besides its near term creation of construction employment, residential development can promote economic development by providing additional support for an area's retail base, particularly for neighborhood-serving retail uses (e.g. restaurants, convenience stores, personal services).

Current Conditions

Housing Stock. Data regarding the housing stock composition and tenure were analyzed for each station's planning area, Southeast Seattle as a whole, and the City (see Table 4). As shown, the Beacon Hill station area contains the largest concentration (70 percent) of single family units of the areas analyzed, while Henderson has the lowest concentration (37 percent) of single family units. Approximately 68 percent of the Southeast Corridors' housing stock are single family units, compared to 53 percent citywide. This finding suggests that additional multifamily units could be added to the study area in TOD projects, and still preserve an overall housing stock composition comparable to the City as a whole.

New Multi-Family Construction. Multi-family market-rate housing construction within the last few years has been sparse. According to PSRC permitting data, there were only 141 multifamily units constructed in the Southeast area from 1995 to 1997, with over half at a low-density duplex configuration⁷.

It should be noted that City policy discourages new rental housing rehabilitation or construction projects in Southeast Seattle that are 100 percent low-income units due to its current high concentration of low income rental units (approximately 35 percent of rental

⁷ *Puget Sound Housing Permitting Data*, Puget Sound Regional Council, 1999.

units are subsidized compared to 17 percent citywide⁸). However, the City does support mixed-income rental rehabilitation, replacement and affordable ownership projects in the Southeast area. In keeping with these policies, new planned or under construction multifamily projects targeting lower income households, such as the Holly Park and Rainier Vista developments, will contain affordable for-sale townhomes combined with mixed-income replacement rental units. Phase II of the New Holly development will include 300 senior housing units, which is within two blocks of the proposed Othello light rail station. Another affordable for-sale project is underway near the proposed Graham station where Homesight is currently building 75 townhomes to be priced from \$127,000 to \$190,000. For-sale affordable units recently marketed by these projects have sold well and will likely absorb more rapidly than expected.

⁸ *Excerpts from the Proposed Overall Economic Development Program,*
www.ci.seattle.wa.us/community/rainier/oedp.htm, SEED, September 1994.

Table 10: Residential Real Estate Transactions Southeast Seattle 1-8-99 to 7-8-99
[Insert Table 10]

For-Sale Housing. BAE conducted a residential sales search for the Southeast Seattle area using First American Real Estate Solutions (FARES) for the last six months.⁹ Table 10, Residential Real Estate Transactions Southeast Seattle 1-8-99 to 7-8-99, presents these sales data, which are categorized by type of residence (i.e. single family residences, 2-4 family residences, and apartments). For single family homes, based on the 359 recorded sales, the median sale price in Southeast Seattle was \$159,000. The citywide median single family home price is approximately 40 percent higher at \$225,000. As shown in Table 10, 61 percent of the Southeast Seattle home sales were between \$100,000 to \$199,999, and approximately 10 percent were over \$300,000.

The data collected also included multi-family apartment building sales to investors. For buildings with more than 4 units, there were 10 recorded complex sales, with sale prices ranged from a low of \$70,000 for 15 units to a high of \$1.8 million for 35 units, resulting in prices-per-unit for this type of investment property of \$4,667 to \$73,000.

Based on the data from the 1990 Census, (Table 4) the major concentrations of multifamily housing are located in the Edmunds Station study area (731 units), Graham Station study area (670 units), and the Othello Station study area (617). Comparatively, the Beacon Hill, McClellan and Henderson station study areas have 400, 244, and 466 multifamily units, respectively. It is important to note that almost all of this multifamily housing stock is occupied by rental households, indicating a distinct opportunity to provide ownership multifamily units in TOD projects.

Rental Housing. Data indicates that the Southeast Seattle rental market is showing low vacancy rates and increasing rental rates. For example, the City of Seattle's Background Report For Light Rail Station Area Planning (January 1999) found a 6 percent vacancy rate and a \$0.71 per square foot average apartment rental rate in Southeast Seattle.¹⁰ The Apartment Advisor, a newsletter published by Dupre and Scott Apartment Advisors, Inc., indicates a trend towards lower vacancies and increasing rents over the last 10 years. According to this source, the one-year average rent increase for the Beacon Hill area and the Rainer Valley area are 5.9 percent and 7.1 percent, respectively.¹¹

To obtain more detailed information, BAE surveyed four apartment complexes charging market rate rents and five affordable complexes in Southeast Seattle (see Table 11, Currently Renting Residential Projects). Based on the research, market rate rents ranged from \$400 to \$525 for a one-bedroom/one bath unit, and \$620 to \$690 for two bedroom units. For three bedroom units, one complex reported monthly rents at \$775. All of the market-rate

⁹ BAE used 1990 census tract boundaries for the Southeast area to obtain recent housing sales data (this is the same area used to develop the demographic information in Tables 1 and 2 of this study). In general, the area extends West to I-5, East to Lake Washington, South to the city's boundary, and North to I-90.

¹⁰ *Background Report for Light Rail Station Area Planning in Seattle*, City of Seattle Strategic Planning. January 1999.

¹¹ *The Apartment Advisor*, Dupre and Scott Apartment Advisors, Inc.. May 1998. Vol. 21 No. 2.

apartments surveyed were in high demand, all were currently experiencing zero percent vacancy rates and one complex reported a waiting list.

Table 11, Currently Renting Residential Projects
[Insert Table 11]

BAE also surveyed five rental complexes providing affordable housing in Southeast Seattle. Rents and vacancy rates ranged from complex to complex. Three complexes reported zero percent vacancies, while two newly remodeled complexes indicated vacancies up to 33 percent.

The Crestview Apartments, an elderly affordable housing complex with one and two-bedroom units, reported no vacancies and a 15 person waiting list. Rents at Crestview are \$400 a month for one-bedroom units. Mount Baker Village Apartments, with 144 one- to four-bedroom units, was remodeled in 1989. This complex has zero percent vacancy with a three-year waiting list. The Lake Washington Apartments, built in 1948 and recently renovated, has 366 units ranging from one to three bedrooms renting from \$515 to \$760 monthly. This complex is experiencing a 4 percent vacancy rate.

The New Holly apartments were recently redeveloped through the HUD Hope VI grant program. Although the apartments are still affordable, market-rate units have been developed, along with an affordable for-sale component. Although reporting a 33 percent vacancy rate on the rental component overall, according to this property's manager, the vacant units are pre-leased and will be occupied by September. Market rate rents range from \$630 for one-bedroom units to \$1,000 for three-bedroom units. The for-sale component of New Holly has 37 affordable units and 111 market-rate units currently on the market. No sales information was obtained. Project amenities include a community center, day care center, computer center, job training center and future library. Unit amenities include dishwasher, garbage disposals and washer/dryers.

Multi-Family Housing Outlook

Based on the above analysis and City policies, the outlook for market-rate multifamily rental housing is uncertain in the near term, due to potential issues related to market-rate rent levels not supporting unsubsidized new construction. However, with current market rents rising and vacancies hovering near zero, it is likely that, in the longer term, the introduction of light rail transit will coincide with market-rate rental housing demand to create economically feasible rental projects at market rates.

The potential for 100 percent low-income affordable rental housing rehabilitation or new construction is constrained by current City policies.

For-sale multifamily housing appears to offer substantial short- and longer-term development opportunities. In the near term, affordable for-sale products at townhouse or higher densities would experience strong market demand, given recent experience with several projects and the overall area demographics. In the longer-term, as for-sale multifamily products are introduced at affordable levels and absorbed, it is very likely that prices will rise to support market-rate products. This is particularly likely given the experience of station areas around other transit systems throughout the U.S., where certain household types have discovered the benefits of living near transit linked to employment centers. Strong typical market segments for market-rate multifamily for-sale units include

single person households, empty nesters (e.g., couples with grown children), and unrelated households.

In addition, a product type gaining popularity as part of TOD is the live/work loft. These units typically are configured as a two-level "shell", which the occupant can have finished as a sleeping loft above open areas containing living, dining and home office spaces. This product type has become popular in urban areas among both lower income artists and higher income professionals working where they live (however, the costs of new construction for live/work lofts generally makes it unaffordable for lower income artists). The trend towards the information economy, concerns over traffic congestion, and evolving lifestyles demanding flexible living environments all combine to stimulate demand for this type of housing unit. Because this is a distinct type of residential product, it does not compete for customers with other multi-family rental or for-sale housing except in extremely tight markets (e.g., the near term redevelopment of Holly Park and Rainier Vista will not have an effect on potential long term demand for live/work lofts).

Multi-family housing is an excellent complementary use for the upper stories of TOD. Because residents in mixed-use TOD projects are also attracted to the retail and office amenities offered by those projects, the long term prospects for multi-family housing in mixed-use projects at station areas will be roughly similar to the prospects for retail and office uses; the strongest near term prospects will likely be at the McClellan and Beacon Hill stations. The near term redevelopment of the Holly Park and Rainier Vista housing developments is likely to absorb most of the demand for new rental and for-sale housing in the Othello and Edmunds station area. The significant amount of vacant land in the Edmunds station area, and the recent success of the Noji Gardens for-sale housing development, suggest a near to long term potential for affordable for-sale housing at a density that supports light-rail transit.

EDUCATION MARKET CONDITIONS

Definition of Land Use

For this report, the Education land use is defined as the full range of public schools, private and parochial schools, job training facilities, adult education, and related facilities that provide education services to the Rainier Valley community.

Relationship of Education to Transit Access

In many instances, locating educational institutions near light rail transit can be beneficial to both the institution and the goals of TOD. From the institution's perspective, transit access can be an important location criteria which enhances student enrollment, particularly if the institution serves students from a large geographic area, or in the case of Seattle's light rail system, the institution is associated with Central Business District activities. Moreover, in some cases, locating near transit will reduce the need for automobile parking, thereby reducing facility development costs for the institution.

From the perspective of TOD goals, education uses near transit can increase ridership levels due to a higher proportion of public transit ridership among students (especially at the high school and adult education levels). This ridership increase often occurs at non-peak hours, generating off-peak pedestrian activity. While students, teachers and administrators benefit from the added convenience of light rail and bus transit converging at the transit station, local business can also benefit from the increased pedestrian traffic and larger daily population. University facilities located near transit are especially beneficial to local business, due to the generation of greater pedestrian activity of adult students throughout the day.

There is also a potential beneficial link between education, transit and overall economic development goals. Adult education is a linchpin of many job training programs, providing an economic development initiative that benefits local residents. Depending on the scale and scope of the education use, it can also be a significant source of new employment in a community for administrators and teachers.

Finally, education uses often provide a community benefit in terms of after-hours multipurpose rooms for community gatherings. To the extent that these facilities serve a broader geography, location near transit would enhance resident access to such facilities,

Current Conditions

There is currently one institution of higher education in the study area - the Seattle Midwifery School is located near the proposed Beacon Hill Station at El Centro de La Raza. In addition, the Seattle Housing Authority (SHA) is constructing a Campus of Learning as part of its redevelopment of Holly Park. This campus, to be located approximately 3/4ths of

a mile from the proposed Othello Station, will primarily serve New Holly residents. It will include a family center, and a learning center containing a Seattle Public Library branch library, a South Seattle Community College satellite facility offering adult education and English as a Second Language instruction, and space for a Private Industry Council (PIC) center, as well as accommodating other non-profit job training providers.

Four Year and Community Colleges. Research for this study included contacting numerous institutions offering a four-year university and community college curriculum. Aside from the Holly Park Campus of Learning identified above, few higher education opportunities in Southeast Seattle were identified. The University of Washington (UW) owns a laundry facility near the McClellan station, but does not offer any instruction classes in the area. While UW expressed interest in expanding their current laundry facilities, it did not anticipate developing additional offices or classroom facilities in the study area. Washington State University, Seattle University, Art Institute of Seattle, Crown College, Cornish College and Antioch University voiced little to no interest in locating facilities in Southeast Seattle. In addition, community college facility planners indicated that their colleges were more interested in developing facilities on-site rather than developing a facility off campus in the study area.

Job Training and Vocational Centers. Due to the diversity of languages within the Rainier Valley, there are a number of vocational and basic skill programs that cater to specific cultures. English classes and training programs are provided to link local residents with livable wage employment in growing industries. The Office of Economic Development (OED) indicated that there is a potential to co-locate a network of job training programs at one office development near a light rail station. The office development would provide easier access to the community with bus and light rail transit connecting to the center. OED also discussed the potential to locate a "one-stop" job training center that provides a number of employment services including: day care, English as a second language classes, job referral, and community college courses. This potential facility would likely require approximately 40,000 square feet of space, and OED would prefer to locate it near the Graham or Edmunds stations.

Elementary, Junior High Schools, and High Schools. While higher education opportunities within the immediate area are limited, there are a number of schools that are within the vicinity or have the potential to locate near a light rail station. For example, SHA has applied to U.S. HUD through its Hope VI program for funds to rehabilitate the Rainier Vista development, located along Martin Luther King within two blocks of the Edmunds Station. The SHA proposal includes plans to build a K-8 school on the site, as well as an after-school childcare provider and activity center.

Due to a change in the Seattle School District's busing policy as well as the large proportion of school-aged children living in the study area, the District has identified an increased need for neighborhood school facilities in the study area, corresponding with reduced demand in North Seattle. In addition, the redevelopment of Holly Park and possibly the Rainier Vista development will increase the school age population in Southeast Seattle. The District has

explored a possible land swap for school property in North Seattle with public agencies owning land in the study area. This concept would provide a neighborhood school with easy access from bus and light rail transit, while also providing a redevelopment opportunity in North Seattle. The Seattle Housing Authority has had discussions with the District about relocating the Orca school in the Edmunds station area to the new Rainier Vista development and expanding it to cover grades K-8.

BAE also researched the potential for new private and parochial school construction and found little interest in the area. According to the Superintendent of Catholic Schools, the Archdiocese has no plans to expand or build a facility in the Southeast Corridor. Other private schools voiced no interest in expanding their facilities in the study area.

Education Outlook

In the near term, education uses identified in this study include the OED concept of a job-training center located near either the Edmunds or Graham station. The job-training center could co-locate with a day care provider and other economic development services that will increase local traffic to the nearby station and retailers as well as benefit the community at large. Other potential near term educational uses include a new public school near the Othello Station.

Although not identified as near term opportunity, universities and community colleges may become long-term possibilities as the transit system is established and the institutions alter their operating models to reach diverse student populations.

CIVIC/ARTS MARKET CONDITIONS

Definition of Use

For this report, Civic and Arts uses are defined as buildings occupied by government or non-profit institutions that serve the public. Such use include libraries, community centers, performing and cultural arts centers.

Relationship of Civic/Arts Uses to Transit Access

Civic and arts uses are ideal candidates for locating near light rail stations. For example, senior community centers, arts programs and cultural programs tend to serve residents that benefit from transit accessibility. While non-profit service providers tend to serve the local community, many other civic uses draw clientele from throughout the area. For example, the Filipino Community Center attracts visitors from as far as Renton and Tacoma. Many of their clientele currently use public transit to travel to the Community Center, and would easily make the transition to light rail.

Community centers are excellent neighbors to light rail stations. As activity centers, local businesses can benefit from civic users that create pedestrian traffic, often during non-commute hours. Light rail stations offer easier local and regional access to community centers, thereby allowing them to serve more people. In general, these and other civic uses can promote economic development by generating revenue for local business and provide social gathering-place opportunities to residents.

Current Conditions

Local Government Offices. As summarized in Table 8, Employment Estimates and Forecasts, the Puget Sound Regional Council anticipates local government employment to increase by approximately 25 percent within the next 20 years (Figure 4, Southeast Corridor Forecast Area Zones, shows the statistical areas used to derive the estimates and forecasts). Based on these employment projections, BAE estimates local government employment will demand another 100,000 square feet of office space within the same period (See Table 9, Projected Office Demand for Southeast Region) in the Southeast Seattle area. Depending on the function of these personnel, locating government facilities near transit may well provide increased access to all residents as well as reduced commute times and costs for some government employees.

Libraries. Library expansion potential was also researched for this report. At present, the City plans to build a library facility near the Beacon Hill station and expand two library facilities at Columbia and Rainier Beach. These development plans are may provide vital “anchor” tenants in transit-oriented projects that can offer limited retail and business services to the same visitors.

Non-Profit Service Organizations. The large number of non-profit organizations in the Southeast area creates demand for office and community space throughout the area. According to the Draft Environmental Impact Statement, the preferred light rail line will fully dislocate three institutional properties and impact another 15.¹² Many of these institutions have the opportunity to reconfigure or redevelop their property and may need to find a completely new location. The displacement presents an opportunity for expansion, co-location with other service providers, or a redesign their community space.

El Centro de la Raza provides an excellent example of a multi-service community use that will benefit from its proximity (within one block) of the proposed Beacon Hill Station. El Centro provides a number of services including art and culture programs, and is an important resource for many community residents. Public library development plans call for a new facility to be built to complement El Centro in the near future.

According to key informant interviews, the Filipino Community Center is interested in expanding their facilities. The Center will be displaced by the light rail construction and is looking to relocate the its facilities within the Edmunds/Graham station area. According to the director, the Community Center wants to expand its current capacity and build affordable senior or family rental units on a new 1 to 1.5 acre site. The current site is approximately 10,000 square feet and there is current capital campaign to develop a new 50,000 square foot building. The Community Center is interested in developing a new facility near the proposed Edmunds station, but cited difficulty in locating a large parcel that could accommodate the Center's space needs. The Center has regular clients from throughout the greater Seattle region, and would benefit from locating near a regional transit station.

The Union Gospel Mission facilities are located near the intersection of Martin Luther King Jr. Way South and Othello. Under the preferred route, Union Gospel properties will be impacted with at least one site needing to be relocated. They are interested in expanding the bargain retail store and office space at Othello, but are also considering relocating more warehouse-oriented facilities to the West. The Mission's Real Estate Director stated an inability to plan new construction until Sound Transit confirms which properties it will displace. Notwithstanding the uncertainty as to specific parcels, there is a clear potential to redevelop the bargain center and office space to create a mixed use development with retail on the ground floor and Union Gospel office space on upper floors.

Civic/Arts Outlook

Discussions with local non-profit and government organizations indicate a strong near term potential to redevelop and expand public buildings along Martin Luther King Jr. Way South. There are three station areas that have the potential to be redeveloped with civic uses: Edmunds, Graham and Othello. The Filipino Community Center and Union Gospel Mission facilities wish to develop community and office space near their current sites. Depending on

¹² *Central Link Draft EIS, Environmental Impacts and Mitigation, Nov. 1998, Pg. 4-28.*

availability of land and final displacement negotiations with Sound Transit, the two sites could be redeveloped for higher intensity community uses.

In the longer term, demand for city administrative facilities in Southeast Seattle is likely to be met at the Columbia City Neighborhood Services office. Depending on the continued improvement of Columbia City, the City may want to relocate its neighborhood administrative building to either Othello or Graham Stations as an economic development catalyst for transit oriented development.

SUMMARY OF STATION AREA DEVELOPMENT OPPORTUNITIES

Beacon Hill Station Area Development Potential

This area has strong demographics and will be experiencing near term investment with the relocation of a Seattle Public Library branch and the rehabilitation of the El Centro de la Raza building. There are potential near term development opportunities on the land adjacent to the El Centro de la Raza building; however, development on this site would require rezoning from its current single family residential designation.

In addition to the civic uses identified above, this station area will potentially support TOD projects in the near term in the form of limited neighborhood-serving retail on the ground floor, with residential and/or office uses above. Given the predominance of single-family housing in the area, however, new development opportunities will likely be most prevalent within a block or so of Beacon Avenue.

The most important step in assessing near term TOD opportunities is the final identification of which properties and businesses will be affected by the construction of the LINK light rail underground station, the extent of those effects, and the potential availability of sites and resources available for affected businesses wishing to remain in the area.

The Beacon Hill Chamber of Commerce is working to fund a financial feasibility analysis of development opportunities in the station area, which will provide additional information to help determine the potential extent and timing of TOD.

Potential public/private partnerships involving either the Seattle Public Library or El Centro de la Raza should be explored further; such a project has the potential to both meet community needs and serve as a prototype TOD project that could help catalyze interest from other developers.

Other recommendations to better understand and advance the TOD potential of the Beacon Hill station area include: identifying potential sites with near and long term development feasibility; reviewing existing zoning designations and developing recommendations to create incentives for TOD (e.g. increases in allowed density, reductions in parking requirements, etc.); and developing financial incentives to attract developer interest in TOD projects.

McClellan Station Area Development Potential

The existing concentration of retail at McClellan, existing employment centers, and its relative proximity to downtown create a potential for new projects in the near term. The possible removal of the existing Firestone auto center on MLK for the future light rail trackway could make a key parcel available for development.

There appears to be potential in the near term for additional retail, primarily in the form of smaller restaurants and services, as well as for-sale multifamily housing and small professional offices. The McClellan station area may also be able to support an entertainment anchor in the near term, such as a club or themed restaurant, most likely after the Rainier Court project has demonstrated the viability of entertainment uses in the area.

Because most sites are currently utilized, development opportunities will involve reuse of existing commercial sites. Development on large parking lots (such as at the Eagle Hardware lot) is a possibility if enough development density can be created to cover the additional costs of structured parking.

The most important step in assessing near term TOD opportunities is the final identification of which properties and businesses will be affected by the construction of the LINK light rail, the extent of those effects, and the potential availability of sites and resources available for affected businesses wishing to remain in the area.

The future development potential for the station area, including changes in the types of commercial space which may be available is important for understanding options for relocating displaced tenants and the likely nature of future TOD projects. A site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space will assist in estimating the timing of future TOD projects.

Public/private partnerships may offer a potential to accommodate displaced tenants and serve as a prototype TOD project that could help catalyze interest from other developers. The relocation of the Washington Department of Social and Health Services by its private landlord (because the existing building will be demolished for the light-rail guideway) may offer an opportunity to promote a prototype TOD project.

Although market factors suggest good near term prospects for TOD projects at McClellan, the large number of small parcels presents an impediment to creating sites large enough for successful mixed-use projects. Mechanisms need to be identified that can facilitate land assembly for new projects, and issues that affect land assembly need to be determined and addressed. (SEED's ongoing work nearby to assemble 20 parcels for its Rainier Court project indicates how significant a hurdle this represents for prospective developers).

Other recommendations to better understand and advance the TOD potential of the McClellan station area include: identifying potential sites with near and long term development feasibility; reviewing existing zoning designations and developing recommendations to create incentives for TOD (e.g. increases in allowed density, reductions in parking requirements, etc.); and developing financial incentives to attract developer interest in TOD projects.

Edmunds Station Area Development Potential

This station area will likely benefit from its proximity to the active Columbia City area, approximately 1/2 mile to the east of the Edmunds station site. Given the station area's relatively low homeownership rate and high proportion of children, along with relatively lower incomes, it is recommended that affordable for-sale housing development opportunities be explored. In addition, this station area would be positioned in the near term as part of the Seattle Housing Authority's (SHA) proposed Rainier Vista development project to attract family recreation and indoor sports facilities, job training, the Filipino Community Center, and adult education facilities. Small businesses serving the neighborhood and transit riders, such as childcare, may have potential. Because of the primarily residential nature of the Edmunds station area, other TOD projects are likelier in the long term.

The most important step in assessing TOD opportunities is the final identification of which properties and businesses will be affected by the construction of the LINK light rail, the extent of those effects, and the potential availability of sites and resources available for affected businesses wishing to remain in the area. This is most relevant to impacts on the strip retail development at Alaska and MLK.

The future development potential for the station area, including changes in the types of commercial space which may be available is important for understanding options for relocating displaced tenants and the likely nature of future TOD projects. A site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space will assist in estimating the timing of future TOD projects.

Public/private partnerships may offer a potential to accommodate displaced tenants and serve as a prototype TOD project that could help catalyze interest from other developers. The SHA proposed Rainier Vista development project could accommodate displaced retail tenants in the strip retail development at Alaska and MLK (and the project would benefit from the addition of the site). Mixed-use TOD in the Rainier Vista development project could also incorporate other service providers and organizations that SHA works with and a relocation of the Orca school.

Other recommendations to better understand and advance the TOD potential of the Edmunds station area include: identifying potential sites with near and long term development feasibility; reviewing existing zoning designations and developing recommendations to create incentives for TOD (e.g. increases in allowed density, reductions in parking requirements, etc.); and developing financial incentives to attract developer interest in TOD projects. It should be noted that the pending downzoning of parcels on the west side of MLK and south of Alaska will reduce long term opportunities for TOD adjacent to the Edmunds station.

Graham Station Area Development Potential

While there is a significant amount of vacant land in the Graham station area, most of it is separated from the future station by the existing pattern of commercial development along MLK. Since the properties adjoining vacant land are mostly single family residential and the area is zoned for single family residential, it will be difficult to develop any uses other than residential on most of this vacant space. The success of the nearby Noji Gardens suggests the potential for new affordable for-sale housing in this area in the near term, and future TOD development can build upon this demonstrated success.

The existing retail and commercial activity in the Graham station area has yet to achieve a large enough concentration of users or strong enough identity to be as attractive in the near-term for significant numbers of new retail or office uses when compared with the areas surrounding the McClellan, Othello, and Beacon Hill stations. The Graham station area may be better positioned in the near term to attract the relocating Filipino Community Center or other education or civic/arts uses.

There are likely to be significant impacts upon the commercial uses in the Graham area because of demolition of buildings to widen the MLK right-of-way. Because most commercial sites are currently utilized, development opportunities will involve reuse of existing commercial sites. However, the feasibility of displaced businesses paying potentially higher rents in new or renovated commercial space needs to be assessed, along with technical assistance or resources which might help these businesses successfully relocate.

The most important step in assessing TOD opportunities is the final identification of which properties and businesses will be affected by the construction of the LINK light rail, the extent of those effects, and the potential availability of sites available for affected businesses wishing to remain in the area. The feasibility of a prototype TOD project to incorporate relocated and new businesses should also be considered.

The future development potential for the station area, including changes in the types of commercial space which may be available is important for understanding options for relocating displaced tenants and the likely nature of future TOD projects. A site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space will assist in estimating the timing of future TOD projects.

The fragmented nature of land ownership in the Graham station area presents an impediment to creating sites large enough for successful mixed-use projects. Mechanisms need to be identified that can facilitate land assembly for new projects, and issues that affect land assembly need to be determined and addressed.

Other recommendations to better understand and advance the TOD potential of the Graham station area include: identifying potential sites with near and long term development feasibility; reviewing existing zoning designations and developing recommendations to

create incentives for TOD (e.g. increases in allowed density, reductions in parking requirements, etc.); and developing financial incentives to attract developer interest in TOD projects.

Othello Station Area Development Potential

Because of the success of King Plaza, its developer is proposing to build a second phase across the street. The success of King Plaza suggests the potential for well-tenanted ethnic retail and office space serving the community. The redevelopment of Holly Park currently in progress will ultimately add approximately 300 units of market-rate for sale residences in the immediate area.

The combination of the significant projects underway for the New Holly development project and King Plaza II indicates to investors potential near term opportunities for additional projects in the improved Othello Station area. The existing large sites around the intersection of South Othello and MLK represent near term redevelopment opportunities for mixed-use TOD projects. However, the willingness of the key property owners who control these sites to sell or redevelop will be a critical factor determining the timing of future TOD projects.

Another important step in assessing near term TOD opportunities is the final identification of which properties and businesses will be affected by the construction of the LINK light rail, the extent of those effects, and the potential availability of sites and resources available for affected businesses wishing to remain in the area.

The future development potential for the station area, including changes in the types of commercial space which may be available is important for understanding options for relocating displaced tenants and the likely nature of future TOD projects. Technical assistance provided to the several business owners in the station area who will need to be relocated and who wish to remain in the area would assist them in evaluating development alternatives for new locations. A site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space will assist in estimating the timing of other future TOD projects.

Encouragement through incentives of a prototype TOD project that include relocated and new businesses could interest other property owners in such projects. One opportunity for such a prototype project may exist with Phase II of King Plaza. Another opportunity for a prototype project may be the Safeway site. Safeway has indicated that its existing building and parking lot are too small for its requirements; a prototype TOD project could address multiple needs and ensure the continued long term operation of the store, which is an important amenity for the New Holly development project and the surrounding community.

Public/private partnerships may offer another opportunity to accommodate displaced tenants and serve as a prototype TOD project. The Seattle Housing Authority (SHA) will begin planning this Fall for Phase III of the New Holly development project which includes the

key parcel near the southwest corner of Othello and MLK, and has indicated its willingness to consider options promoting TOD.

Other recommendations to better understand and advance the TOD potential of the Othello station area include: identifying potential sites with near and long term development feasibility; reviewing existing zoning designations and developing recommendations to create incentives for TOD (e.g. increases in allowed density, reductions in parking requirements, etc.); and developing financial incentives to attract developer interest in TOD projects.

Henderson Station Area Development Potential

The Henderson station area is anticipated to attract substantial daily boardings from the adjacent King County Metro bus layover facility that will be developed at the southeast corner of Henderson and MLK. The transit traffic resulting from the multi-modal nature of the Henderson station can offer support for neighborhood-serving retail and small offices. The high proportion of children and the relatively strong household incomes also suggest the potential for mixed market-rate and affordable for-sale housing. At the same time, TOD opportunities will be constrained by the limited dimensions of potentially available parcels at Henderson and MLK due to the future widening of the MLK right-of-way, design requirements for the bus layover facility, the City Light right-of-way, and the steep slope and greenbelt to the west of the intersection. Given site constraints and the minor level of commercial uses compared with other station areas, mixed-use TOD projects are likelier in the long term in the Henderson station area.

The future development potential for the station area, including changes in the types of commercial space which may be available is important for understanding the likely nature of future TOD projects. A site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space will assist in estimating the timing of future TOD projects.

Public/private partnerships may offer a potential to accommodate displaced tenants and serve as a prototype TOD project that could help catalyze interest from other developers. There may be design options for the Metro bus layover facility which would create a developable parcel on its site that could accommodate a mixed-use TOD project or even a near term civic/arts use such as the Filipino Cultural Center or other organization attracted to the "Gateway to the Rainier Valley" nature of the station area.

Although design work has not been finalized, it appears that the industrial users south of Henderson requiring large truck maneuvering room may be seriously impacted. Because these firms represent an important part of the employment base of the station area, economic development strategies should be researched and evaluated that identify successor light industrial uses in the near term that are not as dependent on large truck access.

Other recommendations to better understand and advance the TOD potential of the Henderson station area include: identifying potential sites with near and long term development feasibility; reviewing existing zoning designations and developing recommendations to create incentives for TOD (e.g. increases in allowed density, reductions in parking requirements, etc.); and developing financial incentives to attract developer interest in TOD projects.

Figure 5:
[Insert Station Area Development Potential Summary Chart]

POTENTIAL FEDERAL FUNDING SOURCES

This report has identified several development opportunities in the areas surrounding the six LINK light rail stations in the Southeast Corridor, including mixed-use town centers, local-serving retail, multifamily for-sale housing, and civic uses.

The viability of these transit-oriented land uses are strengthened by improving connectivity to light rail stations, and by mitigating transportation factors that affect neighborhood livability. Local transportation improvements that enhance community access and livability are important to sustaining community revitalization in the Corridor.

This section inventories federal transportation-related funding sources that can be used in combination with other public and private sector investment in support of community revitalization. Typically economic revitalization improvements, such as housing rehabilitation programs, have dedicated sources of funding such as the Community Development Block Grants (CDBG) administered by the Department of Housing and Urban Development (HUD). This discussion, however, focuses on new or innovative transportation-related funding sources that can leverage other revitalization efforts in Seattle's Southeast Corridor. Therefore, transportation-related funding sources are discussed in more detail than other types of funding.

Department of Transportation (DOT)

The centerpiece of funding for transit-oriented development is embodied in the Transportation Equity Act for the 21st Century (TEA-21), which was signed by President Clinton in June 1998. With its technical corrections, the six-year TEA-21 plan authorizes federal spending on highway, transit and other surface transportation projects. TEA-21 retains and expands many of the programs developed and established in the previous groundbreaking spending plan, the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. TEA-21 authorizes \$217 billion, a 40 percent increase over ISTEA. One important change in TEA-21 is that \$204 billion of the entire authorization is guaranteed. This means that none of the federal fuel excise taxes will be used for deficit reduction, as was the case previously.

TEA-21 has six major funding categories for highway programs (Interstate Maintenance, Congestion Mitigation/Air Quality Improvement, Surface Transportation Program, Bridges, and Minimum Guarantee) and four transit funding categories (Urbanized Area Formula Grants, Fixed Guideway Modernization, Rail New Starts, and projects for bus and bus-related facilities). For the Southeast Corridor, the flexible funding sources that can be used to support the market recommendations include the following:

Surface Transportation Program (STP). The Surface Transportation Program is a flexible highway program that can be used by local governments for projects on any Federal-aid highway, including those in the National Highway System (NHS) and public bridges, or

transit capital projects (including public bus facilities) and environmental mitigation. TEA-21 expanded STP to include “modification of public sidewalks to comply with the Americans with Disabilities Act of 1990” even if the sidewalks are not part of a Federal-aid highway. STP is authorized for \$33.3 billion nationally for the six-year program, or roughly \$49 million annually for the central Puget Sound. The Transportation Policy Board of the Puget Sound Regional Council (PSRC) recently recommended that several projects in King County receive STP funds as part of the region’s 2000-2002 Transportation Improvement Program (TIP). The TIP is expected to be adopted in September 1999. The City of Seattle has several recommended STP projects, including the University Way Multimodal project (\$1.7 million) that provides for construction of street and transit access improvements along University Way NE. This project features widening and reconstructing sidewalks, and constructing bus and sidewalk bulbs.

Transportation Capital Formula Funding (Section 5309). This discretionary funding federal source is allocated annually by Congress to urbanized areas. Formerly titled Section 3 funding, TEA-21 now designates these funds as Section 5309. These moneys are annually appropriated by Congress, but are allocated on a discretionary basis under the auspices of TEA-21. The funding category includes moneys for bus acquisition, bus facilities and wide range of bus-related applications. The annual allocation of these funds has varied considerably based on the number of “earmarks” to specific projects. For example, bus allocations for the central Puget Sound include \$1.24 million for a Seattle intermodal transportation terminal, \$0.99 million for a transportation center in Bremerton, and \$1.94 million for a multimodal facility in Everett. There is flexibility in the use of these earmarked funds that could be used to enhance bus/rail intermodal transfers along the Southeast Corridor.

Transportation Enhancement Activities (TEA). Ten percent of STP funds are reserved for Transportation Enhancement Activities (TEA). On an annual basis, this is roughly \$4.4 million for the central Puget Sound. The program funds a broad range of innovative improvements, which mitigate the impacts of transportation infrastructure on communities and the environment. This includes acquisition of scenic easements and scenic or historic sites, scenic or historic highway programs, provision of tourist and welcome center facilities, landscaping and other scenic beautification. These funds can be used to meet matching funds requirements. In Oakland, California, the Fruitvale BART Transit Village project received \$875,000 for design and construction of a pedestrian plaza. The PSRC is currently accepting TEA applications for the next two-year funding cycle through the end of August 1999, with funds likely available in January 2000. In Seattle, TEA funds could potentially be used for landscaping and beautification, or the creation of public plaza at the desired mixed-use town center at the McClellan Station.

Transit Enhancements. The Transit Enhancements program is a new program that is funded through a one percent set aside of the Urbanized Area Formula Grants (urban areas with a population of 200,000 and above). In FY 2000, \$81.3 million was allocated to the State of Washington under the Urbanized Area Formula program. Thus, the statewide Transit Enhancements set aside is roughly \$0.8 million.

A transit enhancement (Section 3007 (f)) is designed to enhance transit service and use, and is functionally related to a transit facility. Transit enhancement projects include the following:

- Historic preservation, rehabilitation, and operation of historic mass transportation buildings, structures, and facilities (including historic bus and railroad facilities);
- Bus shelters;
- Landscaping and other scenic beautification, including tables, benches, trash receptacles, and street lights;
- Public art;
- Pedestrian access and walkways;
- Bicycle access, including bicycle storage facilities and installing equipment for transporting bicycles on mass transportation vehicles;
- Transit connections to parks within the recipient's transit service area;
- Signage; and
- Enhanced access for persons with disabilities to mass transportation.

Along Martin Luther King, Jr. Way and other locations in the Southeast Corridor, this funding source could be used to enhance access to Link stations, to provide landscaping and streetscape beautification, develop a signage program, and in some cases, to preserve historic transportation facilities. The funding source could also be used to provide streetscape improvements to enhance the linkage between the Columbia City Landmark District and the Edmunds Link Station.

Congestion Management and Air Quality Improvement Program (CMAQ). TEA-21 continues the Congestion Management and Air Quality Improvement (CMAQ) Program that was established under ISTEA. CMAQ funds can be used for projects that reduce congestion and air pollution in urban areas that do not meet, or did not formerly meet, federal clean air standards. The funds can be used for a variety of projects. For example, in San Jose, California, \$1.6 million in CMAQ funds were used to construct a childcare facility at an intermodal transit station. PSRC estimates that \$22 million annually will be available to fund CMAQ projects in the central Puget Sound, and have recommended that the City of Seattle receive \$1.2 million for the Chief Sealth Trail (Phase I). CMAQ would fund the alignment, design, construction, street crossing improvements, landscaping, and connections to Link light rail stations for the proposed three-mile trail in the Southeast Corridor.

TEA-21 funds in general are not a good source of gap financing for housing or retail projects. Most funds, however, can be used to enhance the public realm that surrounds a transit hub. CMAQ, in particular, could potentially be used for gap financing. These funds have been used by other communities to finance innovative land uses located near transit, such as a childcare center which attract new transit riders by making these important destinations convenient and accessible by transit. With a higher proportion of children under the age of 18 living in Southeast Seattle (as compared to the city as a whole), childcare

facilities may be appropriate at several of the stations in the Corridor, such as the Edmunds Station.

Access to Jobs. The Jobs Access and Reverse Commute programs were initiated in TEA-21 to assist former welfare recipients entering the work force. The program defines an eligible project as one relating to the development of transportation services designed to: 1) transport welfare recipients and eligible low-income individuals to and from jobs and activities related to their employment, and 2) transport residents of urban centers to suburban employment centers. Nationally, the grant program is authorized at about \$150 million a year. Puget Sound transit providers were successful in competing for a grant and will receive \$1.9 million to support new fixed-route, demand-responsive van services to provide low-income workers with improved access to job centers.

Transportation and Community and System Preservation Pilot Program (TCSP). The Transportation and Community and System Preservation (TCSP) Pilot Program is a new national discretionary program authorized at roughly \$25 million annually. The purpose of the pilot program is to:

- Improve the efficiency of the transportation system;
- Reduce the impacts of transportation on the environment;
- Reduce the need for costly future public infrastructure;
- Ensure efficient access to jobs, services, and centers of trade; and
- Encourage private sector development patterns.

TCSP funds will be provided in the form of planning and implementation grants. The Puget Sound Regional Council was awarded a \$400,000 planning grant as part of the initial TCSP funding cycle. As identified in the Congressional Record, the purpose of the PSRC project is to:

- Contribute to the success of intermodal facilities by working with citizens, neighborhood groups, the business sector, developers, elected officials, and agency personnel to create more livable communities;
- Organize and initiate both region wide coordination as well as local technical assistance efforts; and
- Coordinate the numerous and disparate station area planning and development activities throughout the region to reach out to local jurisdictions, the development community, and the public to increase the level of awareness and understanding of the opportunities and challenges of intermodal station planning.

It should be noted that the initial intent of TCSP was to create a grant program in which projects would compete for selection by the DOT. It appears from the FY 99/00 budget process however, that Congress intends to earmark the entire \$25 million annual budget for specific projects. In fact, preliminary indications from the House suggest that Seattle could receive a second TCSP grant to support a water taxi system. For the Southeast Corridor, implementation of market strategies to locate incubator businesses in vacant storefronts, or strategies to promote transit-oriented development are potential candidates for this funding program.

Because the Seattle region has already been awarded one TCSP grant and could potentially receive a second grant, it may be more difficult in the near future to successfully compete for this national grant program. Nevertheless, when the next round of TCSP funds become available, the City and Sound Transit should prioritize a proposal for a Southeast Corridor TOD project above the other competing projects in the region. The current budget process also suggests that a congressional earmark will be needed.

Recreational Trails. If the market strategies are successful in attracting new mixed-use development to the station area, there would be an increased demand for recreational facilities, such as trails and open space. One potential new TEA-21 funding source is the Recreational Trails Program, which authorizes \$270 million over six-years for the provision and maintenance of recreational trails. Roughly 70 percent of these funds, or \$189 million, can be used for non-motorized recreational trails. Program funds will be apportioned to states under the auspices of the state recreational trails advisory committee. The Federal Highway Administration (FHWA) indicates that Recreational Trails funds can be used for:

- Maintenance and restoration of existing trails;
- Development and rehabilitation of trailside and trailhead facilities and trail linkages;
- Purchase and lease of trail construction and maintenance equipment;
- Construction of new trails (with restrictions for new trails on Federal lands);
- Acquisition of easements or property for trails;
- State administrative costs related to this program; and
- Operation of educational programs to promote safety and environmental protection related to trails.

In 1999, the national apportionment was \$40 million, with the State of Washington portion being nearly \$0.8 million. In Washington, the designated recipient agencies are the Interagency Committee for Outdoor Recreation and the Parks and Recreation Commission in Olympia. These funds could be used to enhance open space opportunities in the Southeast Corridor, such as the Chief Sealth Trail, but can not be used as replacement funds for sidewalks along roadways. FHWA allows the funds to be used for projects on public or private lands.

Commuter Choice Program. TEA-21 provides a demand side incentive that allows transit patrons to receive a non-taxable transit benefit of up to \$65 per month, increasing to \$100 per month in 2002. The benefit can be offered by the employer in the form of a transit voucher (additional benefit), or by allowing the employee to set aside a portion of their income on a pre-tax basis for commuting (in-lieu of compensation). The incentive provides transit commuters with an opportunity to reduce their transportation expenses, and potentially to dedicate more financial resources towards TOD housing. The tax savings could be important for low-income TOD residents.

Federal National Mortgage Association (FNMA)

Location Efficient Mortgages (LEM). The Federal National Mortgage Association (Fannie Mae) is a quasi-governmental agency that provides financial products and services for low- and moderate-income households to support homeownership. Fannie Mae is partnering on demonstration projects in six pilot cities, including Seattle, to provide incentives for low- and moderate-income families to purchase homes located near transit stations. The Location Efficient Mortgage (LEM) is a mortgage product under development by Fannie Mae that recognizes savings resulting from the purchase of a home located in a densely populated community served by efficient public transportation. This demand-side initiative will provide TOD homebuyers with an opportunity to receive a low-down payment loan, and to qualify for a larger loan than is typically possible due to the transportation efficient location of the home. The loan product allows consumers to claim that because of the home's proximity to transit, they do not require a second car and would be able to allocate a larger portion of their budget to housing. The LEM would allow more homebuyers to qualify for TOD residential units, and therefore support the market for the purchase of TOD homes.

American Communities Funds (ACF). The American Communities Funds (ACF) was established by Fannie Mae in 1996 and was designed to make high-impact investments that have catalytic effects on the neighborhood in which the investments are located. The initial capitalization was \$100 million. The equity investments can be used to finance rental and homeownership housing opportunities. Furthermore, the funds have been used on mixed-use projects, including commercial, retail, and other facilities that directly support residential communities. A typical ACF Investment is in the range \$1 to \$5 million.

Fannie Mae reports that in 1997, \$22 million in American Communities Funds were used on 11 projects in low- and moderate-income communities. In Minneapolis, Minnesota, \$1.8 million in ACF were used to finance the \$48 million RiverStation project, a 360-unit residential development that was part of other public investments intended to rejuvenate a portion of the downtown. Tucson, Arizona used a \$3 million ACF investment as part of a \$48 million sustainable master plan development called Civano. The mixed-use, pedestrian-oriented community includes 2,700 units on 1,145 acres. In New Rochelle, New York, the Knickerbocker Press Building was refurbished as a 46-unit, mixed-use loft development with the assistance of a \$1.6 million equity investment. Fannie Mae also participated with a \$2.5 million equity investment in Village Green, a 186-unit single-family development and childcare center located adjacent to the Sylmar/San Fernando Metrolink Transit Center in the Los Angeles area. An ACF equity investment could potentially be used to provide gap financing for any number of mixed-use catalyst projects in Southeast Seattle.

Housing and Urban Development (HUD)

Community Development Block Grant (CDBG). The Community Development Block Grant program provides cities and counties with annual grants to be used to revitalize communities by expanding affordable housing opportunities and providing economic

development catalysts. The flexible funds can be used to improve the living conditions of low- and moderate-income persons, redress blighted areas and jump-start community development projects. Eligible activities include real property acquisition for public purposes, rebuilding and renovating housing and other property, building public facilities (community centers, recreational facilities, sidewalks), and assisting business with economic development activities. Approximately \$3 billion was available to eligible cities and counties in 1999.

Economic Development Initiative (EDI). The Economic Development Initiative (EDI) provides grants to local governments for economic development that creates jobs for low- and moderate-income communities. The nationally competitive grant program was funded at \$35 million in FY 99. EDI grants are used to leverage HUD Section 108 Economic Development Loan Funds. Local governments can use EDI grants to provide additional security for the Section 108 loans, or they may use the grant to ensure project feasibility and pay for project costs or reduce the interest rate to be paid for loans from a revolving fund.

In Richmond, California, HUD recently announced a \$4.5 million commitment to support the Richmond Transit Village Plan. The City of Richmond is attempting to revitalize the area around its intermodal Bay Area Rapid Transit (BART)/Amtrak station. The plan features 218 affordable housing units, 15,000 sq. ft. of neighborhood serving retail, and a performing and cultural arts center. HUD will provide a \$1 million EDI grant and \$3.5 million in loan guarantees. The loan guarantees (Section 108 Loan Guarantee Assistance Program) will be used for housing rehabilitation and the construction of public facilities. EDI grants can only be used with projects assisted through the Section 108 Economic Development Loan Fund.

Brownfields Economic Development Initiative (BEDI). Brownfields are sites within existing urban areas that potentially have been contaminated by previous industrial uses and inhibit their reuse. The Brownfields Economic Development Initiative is a competitive grant program designed to encourage local governments to clean up and revitalize brownfields sites to make them productive again as new residential, commercial, retail or industrial development. The initiative seeks to rehabilitate the contaminated property to enhance economic development opportunities for the surrounding neighborhood. Funds can potentially be used to acquire brownfields sites, demolish existing buildings, provide public infrastructure, rehabilitate or construct housing, develop public facilities (such as childcare or community centers), and provide business loans. HUD had \$25 million in BEDI funds for 1999.

HOME. The Home Investment Partnership Program (HOME) awards formula grants to cities partnering with affordable housing developers and community development organizations. The HOME grant funds several activities related to affordable housing development, for both rental and homeownership, including building, buying, and rehabilitating housing units. Nationally, HOME has been funded at approximately \$1 billion annually, and local governments are required to provide a 25 percent match from non-federal sources. HUD provides its grants as a line of credit that local communities can draw upon.

The program is flexible enough to allow cities to provide grants, direct loans, loan guarantees credit enhancement, and rental assistance.

HOPE 3. The HOPE 3 program provides competitive grants to support non-profits and partnering cities with affordable first-time homeownership programs. Specifically, HOPE 3 utilizes existing housing resources that are owned, or taken over by the Federal government to promote neighborhood stability in the communities in which the housing stock is located. The program encourages non-profits and cities to buy and rehabilitate the housing stock. Unfortunately, HUD does not anticipate awarding any future funding for this program.

Department of Commerce

Economic Development Administration Public Works Program. The Department of Commerce's Economic Development Administration (EDA) has undergone substantial changes with its five-year reauthorization in November 1998. Under the new legislation, the EDA's Public Works and Development Facilities Program provides assistance to distressed communities to attract new industry, encourage business expansion, diversify local economies and generate long-term, private sector jobs. The Public Works program considers three eligibility factors when evaluating distressed areas, including low incomes, high unemployment, or special needs. Eligible projects include sustainable development activities, brownfields redevelopment and other infrastructure projects. The Public Works program was funded at \$205 million nationally for FY 99, with an average grant of \$836,000.

The Fruitvale Transit Village project in Oakland, California is in the process of obtaining \$1.4 million for construction of its public plaza at the BART station, and for streetscape improvements along 12th Street providing a pedestrian connection to the International Boulevard neighborhood retail district. EDA Public Works funds could be used to provide a public plaza at the Othello Station as a catalyst to support the mixed-use town center goals.

An EDA representative from the Seattle Regional Office stated the Public Works program funds were very limited, indicating the State's recent allocation was for \$5 million. The types of projects vary by state. Awards in Washington were primarily for infrastructure, including a sewage disposal system in a new industrial area, rehabilitation of an existing industrial water line, and installation of other utility services. Nevertheless, the apparent success of the Fruitvale Transit Village project in potentially obtaining EDA Public Works moneys serves as a model for TODs in the Southeast Corridor.

Environmental Protection Agency (EPA)

Brownfields Demonstration Grants. Under the direction of the Environmental Protection Agency (EPA), the Brownfields Demonstration Grant program was established to encourage investment in older, industrial areas containing potentially harmful residual contaminants. A Brownfields is a site that has actual or perceived contamination and is actively considered for redevelopment. Historically, developers have shied away from purchasing contaminated

properties or “Brownfields” because environmental laws assign liability to a range of parties, including the present owner. The Brownfields program has been very popular with older transition cities, as well as military reuse sites. Currently developers perceive Brownfields sites as opportunity areas for infill development. Generally, the program promotes the assessment, safe cleanup and sustainable reuse of Brownfields.

It should be noted that this source of funding is fairly small. The EPA awarded \$4 million in grants for 23 brownfields demonstration projects in 1999, including one in Renton, Washington. Individual grant approvals have typically been less than \$200,000. In Oakland, California, the Spanish Speaking Unity Council is using a \$100,000 Brownfields grant for site remediation for the Fruitvale BART Transit Village. If contaminated sites are identified in the Southeast Corridor, it may be appropriate to use Brownfields funds or expertise to redevelop these sites.

Recommendations

Based on the types of potential TOD projects that have been identified, the City of Seattle should develop an implementation strategy that maximizes all of the funding opportunities for each phase of development. In particular, five federal funding sources could potentially provide significant sources of gap financing for Southeast Seattle TOD projects and should be considered as part of the implementation strategy. These include the following:

- Transportation Enhancement Activities (TEA)
- Congestion Management and Air Quality Improvement Program (CMAQ)
- American Communities Funds (ACF)
- Community Development Block Grant (CDBG)
- Economic Development Administration Public Works Program (EDA Public Works)

Summary of Selected Federal Transportation/Land Use Funding Sources

Source	Permitted Uses	Estimated Annual Funds	Eligibility	Who Decides?	Comments
Department of Transportation (DOT) ¹					
STP	Transit capital projects, public bridges, national highway, environmental mitigation	\$49 million (region)	Cities, Counties, Transit Operators, WDOT ²	PSRC ³	"Main Street" revitalization projects, such as streetscape improvements, are eligible (University Way NE)
Sec. 5309 (bus)	Bus acquisitions and bus-related facilities	\$22.5 million (state – FY99)	Transit Operators	Congress	Discretionary; Congressional earmark required; Enhance bus/rail intermodal transfers
TEA	Enhancements for bicyclists, pedestrians, transit, includes landscaping, public art and historic preservation projects	\$4.4 million (region)	Cities, Counties, Transit Operators, WDOT ²	PSRC ³	PSRC accepting project applications through August 1999 for next funding cycle
Transit Enhancements	Landscaping, bike/ped projects, disabled access, historic preservation	\$0.8 million (state)	Transit Operators	Transit Operators	1 percent of Urbanized Area Formula funds; Could be used to enhance Link access, or provide landscaping and streetscape beautification
CMAQ	Projects that reduce congestion and air pollution	\$22 million (region)	Cities, Counties, Transit Operators, WDOT ²	PSRC ³	Projects that encourage alternative transportation (Chief Sealth Trail - Phase I), or improve bike/ped access to transit stations
Access to Jobs	Transportation services for low-income and former welfare recipients, access to suburban job centers	\$150 million (national)	Cities, Counties, Transit, PSRC ³ , WDOT ² , others	DOT	Discretionary, local transit providers awarded \$1.9 million grant
TCSP	Planning and implementation of: TOD projects, urban growth boundaries, traffic calming measures	\$25 million (national)	Cities, Counties, Transit Operators, PSRC ³ , WDOT ²	DOT	Discretionary, PSRC received \$400,000 planning grant in first funding round
Recreational Trails	Acquisition, development, and maintenance of trails; trails education programs can also be funded	\$0.8 million (state)	Cities, Counties, Transit Operators, PSRC ³ , WDOT ² , private organizations	Interagency Committee on Outdoor Recreation	Can be used to support trail/open space connections to transit stations, such as the Chief Sealth Trail; Use on public or private land
Commuter Choice Program	Transit commuter benefit: pre-tax payroll deduction, or transit voucher	N/A	Employees	Employer	Demand-side, allows transit commuters to receive a pre-tax benefit of \$65/month
Fannie Mae					
Location Efficient Mortgage	Demonstration program to encourage home ownership located near transit nodes; Fannie Mae buys LEM on secondary market	N/A	TOD Home Buyers, soon to be available in Seattle	Selected Lenders	Demand-side, allows TOD home buyers to qualify for larger mortgage by claiming "efficient" transportation costs due to transit proximity
American Communities Funds	Equity investments of \$1 to \$5 million on neighborhood catalyst projects including mixed-use projects, and rental and homeownership housing opportunities	\$22 million (national)	Cities, Selected Developers	Fannie Mae	Potential for gap financing on mixed-use and residential TOD projects

Summary of Selected Federal Transportation/Land Use Funding Sources

Source	Permitted Uses	Estimated Annual Funds	Eligibility	Who Decides?	Comments
Housing and Urban Development ⁴					
CDBG	Grants to be used to revitalize communities by expanding affordable housing opportunities and providing economic development catalysts	\$3 billion (national)	Cities, Counties, Others	Cities, Counties	Funds could be used as gap financing for mixed-use and residential TOD projects
EDI	Development that create jobs for low- and moderate-income communities	\$35 million (national)	Cities, Counties	HUD	Nationally competitive, being used in Richmond, CA to support BART Transit Village implementation
BEDI	Encourages local governments to clean up and revitalize brownfields sites as new residential, commercial, retail or industrial development.	\$25 million (national)	Cities, Counties, Others	HUD	Funds could be used to acquire and remediate brownfields sites in Corridor
HOME	Funds activities related to affordable housing development (rental and homeownership) including building, buying, and rehabilitating housing units	\$1 billion (national)	Cities, Counties, Others	Cities	Could be used by City and partners to develop affordable housing in Corridor
HOPE3	Provides existing Federal housing resources to promote neighborhood stability	N/A	Cities, Counties Others	HUD	Funds no longer available
Department of Commerce					
EDA Public Works	Revitalize and expand physical and economic infrastructure in distressed communities to support job creation; Acquisition and development of land and improvements are eligible	\$205 million (national)	Cities, Counties	EDA	Nationally competitive, being used in Oakland, CA to construct Fruitvale BART Transit Village public plaza
Environmental Protection Agency (EPA)					
Brownfields	Used to mitigation actual or perceived contamination on sites under active considered for redevelopment	\$4 million (national)	Cities, Counties, Redevelopment Agencies	EPA	Nationally competitive grants, typically less than \$200,000; Used in Oakland, CA for Fruitvale site remediation.

Source: Pittman & Hames Associates, July 1999

¹ Transportation Equity Act for the 21st Century (TEA-21) funds include: Surface Transportation Program (STP), Transportation Enhancement Activities (TEA), Congestion Management and Air Quality Improvement Program (CMAQ), Transportation and Community and System Preservation Pilot Program (TCSP).

² Washington Department of Transportation (WDOT)

³ Puget Sound Regional Council (PSRC)

⁴ Department of Housing and Urban Development (HUD) funds include the Economic Development Initiative (EDI).

**APPENDIX 1: SUMMARY OF DEVELOPMENT OPPORTUNITIES, MARKET USES, AND
STATION AREA PROFILES**

OVERALL TRANSIT ORIENTED DEVELOPMENT (TOD) POTENTIAL IN THE RAINIER VALLEY AND BEACON HILL

Summary

- There is market support for a moderate amount of new transit-oriented development, which is consistent with the desire of most Southeast Seattle neighborhoods to avoid large-scale and mid- or high-rise development and protect existing retail areas such as Columbia City and Rainier Beach.
- The predominantly single-family, low density character of the Rainier Valley and the Beacon Hill neighborhood will likely remain the same, especially over the near term (i.e., the next 7 - 10 years).
- New transit-oriented development in station areas will likely occur gradually in individual, smaller projects and not rapidly in multiple large-scale projects.
- Some stations are likely to experience more new transit-oriented development over the near term (i.e., the next 7 - 10 years) than other stations, particularly Beacon Hill, McClellan and Othello stations.
- Among 6 potential land uses (retail, office, multi-family residential, entertainment, education, and civic/arts), the largest potential for transit-oriented development will likely be community- and neighborhood-serving retail (e.g., goods and services serving the local area); small professional and services offices; and multi-family residential.
- Demolition of existing commercial space for transit construction creates an immediate need to identify which business owners are affected, what space may be available for their relocation, and the potential/options to retain them.
- Land assembly to create projects of a viable size is a significant obstacle to transit-oriented development in several station areas (e.g., McClellan, Graham) while the decisions of key individual property owners will determine when development occurs in other station areas (e.g., Othello).
- Successful new transit-oriented development will require collaboration and coordination between the various public agencies engaged in Southeast Seattle, private property owners and developers, and neighborhood and community groups.
- Opportunities for new transit-oriented development can be increased by leveraging existing and planned public projects to create tenants for TOD and through the establishment of supportive zoning and other public policies.

Summary for Six Land Uses Analyzed

SUMMARY FOR SIX LAND USES ANALYZED

Retail

- There may be market support for additional retail space in Southeast Seattle as a whole because a significant portion of the retail purchases by Rainier Valley and Beacon Hill residents in the categories of eating and drinking places, furniture/home furnishings/appliances, apparel/shoes, and specialty retail (e.g., floral, book, gift, and jewelry sales) occur outside the area. Additional analysis is needed to estimate the amount of new retail space which can be supported and the ability of existing local retailers in these categories to capture some of the leakage of retail sales outside the area.
- The potential support for additional retail space varies among the station areas in Southeast Seattle and will be strongest in areas with existing concentrations of retail space, such as Othello, McClellan, and Beacon Hill. Demolition of existing space for transit construction will also be a factor in the near term demand for retail space.
- Market demand in the grocery and drug store retail categories will likely be satisfied by existing or planned stores. As a result, no net increase in grocery and drug stores in southeast Seattle is likely to occur the near term (i.e., the next 7 - 10 years).
- A new department store is unlikely to locate in Southeast Seattle because department stores typically look for a trade area with greater than 100,000 residents, which is significantly larger than the population of Southeast Seattle.

Office

- There is more potential for office space for smaller professional and services office users than for larger corporate office users.
- There is some market support for small professional and services offices, particularly at the Beacon Hill, McClellan and Othello stations. Office use is well-suited for the upper floors of transit-oriented mixed-used developments. Demand from new and displaced office users could help support one or more successful mixed-use transit-oriented development projects.

Multi-Family Residential

- For-sale and rental multi-family units were studied. Vacancy rates in Southeast Seattle as a whole are low and rents are rising. However, current market rents may not yet generate sufficient cash flow to support the unsubsidized construction of new market rate units.
- There is near and long term demand for affordable for-sale multi-family units. There is long term potential for unsubsidized market rate transit-oriented rental units and live/work loft units.

Summary for Six Land Uses Analyzed

Entertainment

- Entertainment uses that were considered include themed restaurants, entertainment-oriented retailers, family entertainment, high-tech entertainment centers, and indoor sports (e.g., rock climbing, roller rinks). Movie theaters were not evaluated because of the multiplex theater proposed for the Rainier Court project near McClellan.
- Many large entertainment facilities (e.g., high-tech entertainment centers) need to attract customers from a larger regional area and are unlikely to locate in Southeast Seattle in the near term. There is long term (i.e., 10 or more years) potential for family-oriented entertainment uses targeting middle income families that combine food, games, indoor sports facilities (e.g., soccer, rock climbing). There is also long term potential for ethnic-themed restaurant clusters that cater to local and regional diners and that could serve as an anchor for a transit-oriented development project.

Education

- The potential for new education facilities, including public schools, private and parochial schools, job training facilities, adult education, and related facilities that would provide education services to Southeast Seattle was studied.
- There is existing consideration by agencies of the potential for a new public school at the Edmunds or Othello station and a “one-stop” job training center in southeast Seattle. Additionally, a “Campus of Learning” is planned a part of the New Holly development, which will include classroom space for South Seattle Community College. No additional near term potential development opportunities for four-year or community colleges were identified.

Civic/Arts

- Development opportunities related to the functions of government and non-profit institutions such as libraries, community centers, and performing and cultural arts centers were considered. These uses can be good anchor tenants for larger transit-oriented development projects and help strengthen the center of a community.
- In the near term projects such as the new Beacon Hill library, relocation of the Filipino Community Center, and redevelopment of the El Centro de la Raza and Union Gospel Mission sites can result in transit-oriented development opportunities. Over the long term, the location of new City offices and services can also support transit-oriented development opportunities.

Summary Of Beacon Hill TOD Potential

SUMMARY OF BEACON HILL TOD POTENTIAL

What We Heard:

- Preserve the predominant single-family character of neighborhood
- Limit new development to a maximum of 3 stories
- Increase neighborhood retail and multi-family housing along Beacon Avenue

What We Learned:

- Relatively high home ownership rates and projected daily boardings
- Market support for some additional neighborhood-serving retail
- Market support for additional for-sale multi-family housing units
- Market support for a moderate amount of new neighborhood office development
- Amazon.com plans to add an additional 4,000 jobs at the PacMed complex in the next several years

Challenges:

- Land assembly -- many small parcels owned by different owners
- Small number of potential redevelopment sites; relatively “built-out” area
- Neighborhood plan calls for downzoning parcels around PacMed complex
- Identification and implementation of short term strategies that support maximum long term development opportunities
- Suitable zoning to permit and encourage desired development

Summary Of Beacon Hill TOD Potential

Opportunities:

- Station entry locations and redevelopment of transit construction staging areas
- New library branch and potential for a development partnership
- El Centro de la Raza development plans; possible development partnership
- Amazon.com plans to add an additional 4,000 jobs at the PacMed complex in the next several years

Next Steps:

- Local Chamber of Commerce financial feasibility analysis of development in station area
- Explore potential for public/private partnerships involving the Seattle Public Library or El Centro de la Raza, including the potential for such a project to serve as a prototype transit-oriented development project
- Identify potential sites with near and long term feasibility for transit-oriented development
- Review zoning designations that would create incentives (e.g., regarding density, parking requirements, etc.) for transit-oriented development
- Develop financial incentives to attract developer interest in transit-oriented development

Summary Of McClellan TOD Potential

SUMMARY OF MCCLELLAN TOD POTENTIAL

What We Heard:

- Create mixed-used neighborhood center
- Increase neighborhood retail and multi-family housing in the area
- Increase employment/office development in the area

What We Learned:

- Existing retail/commercial/employment concentration and proximity to downtown increases the area's development potential
- Relatively high homeownership rates and projected daily boardings
- Market support for additional community- and neighborhood-serving retail
- Market support for a limited quantity of additional market rate rental multi-family housing units
- Market support for a moderate amount of additional office development
- Amazon.com plans to occupy a portion of the nearby Pepsi facility as office space

Challenges:

- Land assembly; relatively "built-out" area, so new development will need to involve the re-use of existing commercial sites
- Plan new development to harmonize pedestrian and vehicular access
- Displacement of existing businesses
- Preserve opportunities for auto-oriented businesses
- Identification and implementation of short term strategies that support maximum long term development opportunities
- Suitable zoning to permit and encourage desired development

Summary Of McClellan TOD Potential

Opportunities:

- Redevelopment of transit construction staging areas
- Displacement of Department of Social and Health Services building; possible public/private development partnership
- University of Washington laundry facility; possible public/public development partnership
- Possible public/private development partnerships with other adjacent property owners
- Potential for new development along Rainier and multi-family housing development on nearby vacant land

Next Steps:

- Make a final determination of which properties and businesses will be affected by transit construction, extent affected, and potential/options to retain affected businesses
- Determine development potential for station area, including changes in types of commercial space potentially available and ability to accommodate displaced tenants
- Conduct site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space to accommodate new users
- Explore potential for public/private partnerships, including the potential for such a project to accommodate displaced tenants and serve as a prototype transit-oriented development project
- Identify mechanisms to facilitate land assembly in station area and issues related to their use
- Identify potential sites with near and long term feasibility for transit-oriented development
- Review zoning designations that would create incentives (e.g., regarding density, parking requirements, etc.) for transit-oriented development
- Develop financial incentives to attract developer interest in transit-oriented development

Summary Of Edmunds TOD Potential

SUMMARY OF EDMUNDS TOD POTENTIAL

What We Heard:

- Preserve predominant single-family character of neighborhood
- Protect and enhance existing Columbia City business district
- Provide neighborhood retail services in new mixed-used developments along MLK

What We Learned:

- Development potential here is more long term
- Projected daily boardings are not as high as other stations
- Long term (i.e., more than 10 years) market support for a limited increase in neighborhood-serving, convenience retail
- Market support for affordable, for-sale multi-family housing units in the near term and market rate rental units over the long term
- Market support for family and child-oriented activity and education facilities, including childcare
- Potential location of civic and cultural facilities such as the Filipino Community Center in a redeveloped Rainier Vista

Challenges:

- Protecting and enhancing Columbia City business district while providing opportunities for limited mixed-used development around the station
- Identification and implementation of short term strategies that support maximum long term development opportunities
- Suitable zoning to permit and encourage desired development

Summary Of Edmunds TOD Potential

Opportunities:

- Redevelopment of transit construction staging areas
- Possible redevelopment of the Rainier Vista housing complex
- Possible relocation/renovation of Orca elementary school
- Potential location for a new Filipino Community Center and a new Refugee Women's Alliance facility
- Free Ride Zone (bike station operator); possible partnership opportunity

Next Steps:

- Make a final determination of which properties and businesses will be affected by transit construction, extent affected, and potential/options to retain affected businesses
- Determine development potential for station area, including changes in types of commercial space potentially available and ability to accommodate displaced tenants
- Conduct site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space to accommodate new users
- Evaluate public/private and public/public partnership with Seattle Housing Authority to relocate dislocated and/or existing retail uses at Alaska, Orca elementary school, and community and social service uses into a redeveloped Rainier Vista
- Identify potential sites with near and long term feasibility for transit-oriented development
- Review zoning designations that would create incentives (e.g., regarding density, parking requirements, etc.) for transit-oriented development
- Develop financial incentives to attract developer interest in transit-oriented development

Summary Of Graham TOD Potential

SUMMARY OF GRAHAM TOD POTENTIAL

What We Heard:

- Preserve predominant single-family character of neighborhood
- Encourage new mixed-used development along MLK
- Some existing business and property owners would like to remain in the area

What We Learned:

- Development potential here is more long term
- Projected daily boardings are not as high as other stations
- Long term (i.e. more than 10 years) market support for any significant increase in additional community- and neighborhood-serving retail
- New commercial development will likely require the re-use of existing commercial sites
- Success of nearby Noji Gardens and New Holly Park for-sale housing developments suggest potential for additional affordable for-sale housing units

Challenges:

- Land assembly; new commercial development will need to involve the re-use of existing commercial sites
- Displacement of existing businesses
- Identification and implementation of short term strategies that support maximum long term development opportunities
- Suitable zoning to permit and encourage desired development

Summary Of Graham TOD Potential

Opportunities:

- Soliciting and encouraging additional community input regarding a long term development vision for the area
- Redevelopment of transit construction staging areas
- Leveraging planned public improvements as catalyst for new development
- Department of Social and Health Service relocation; possible public/private partnership opportunity
- Filipino Community Center; possible partnership opportunity in its retention or relocation in the area

Next Steps:

- Make a final determination of which properties and businesses will be affected by transit construction, extent affected, and potential/options to retain affected businesses
- Determine development potential for station area, including changes in types of commercial space potentially available and ability to accommodate displaced tenants
- Conduct site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space to accommodate new users
- Identify mechanisms to facilitate land assembly in station area and issues related to their use
- Encourage a prototype transit-oriented development project incorporating relocated and new businesses
- Identify potential sites with near and long term feasibility for transit-oriented development
- Review zoning designations that would create incentives (e.g., regarding density, parking requirements, etc.) for transit-oriented development
- Develop financial incentives to attract developer interest in transit-oriented development

Summary Of Othello TOD Potential

SUMMARY OF OTHELLO TOD POTENTIAL

What We Heard:

- Create mixed-used neighborhood center at MLK and Othello
- Preserve predominant single-family character of neighborhood
- Limit new development to a maximum of 3 stories
- Significant cooperation and initiative shown by impacted business/land owners who would like to remain in the area

What We Learned:

- More near term development potential than at some other stations
- Existing viable business district
- Success and planned expansion of King Plaza
- Large key parcels of land in single ownership which could facilitate redevelopment
- Market support for a moderate level of new development for additional community- and neighborhood-serving retail (including ethnic retailers) and small offices
- Any new development in the short-term is not likely to be greater than 3 stories
- Near term demand for additional multi-family housing units in the area is likely to be satisfied by New Holly project. New residents will strengthen the area's retail base

Challenges:

- Timely support for business/land owners seeking to redevelop and remain in the area
- Identifying resources (both technical and financial) to assist business/land owners seeking to redevelop and remain in the area
- Coordinating existing and planned development to meet transit-oriented development and relocation objectives
- Communicating clear acquisition/development timelines to property, business owners

Summary Of Othello TOD Potential

- Identification and implementation of short term strategies that support maximum long term development opportunities
- Suitable zoning to permit and encourage desired development

Opportunities:

- New Holly Park Phase 3; possible public/private development partnership opportunities and ability to leverage additional resources
- Significant cooperation among impacted business/land owners who would like to redevelop their properties and remain in the area
- Redevelopment of transit construction staging areas

Next Steps:

- Make a final determination of which properties and businesses will be affected by transit construction, extent affected, and potential/options to retain affected businesses
- Determine development potential for station area, including changes in types of commercial space potentially available and ability to accommodate displaced tenants
- Identify City provided technical assistance to assist displaced business owners interested in evaluating development alternatives for new locations
- Conduct site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space to accommodate new users
- Encourage a prototype transit-oriented development project incorporating relocated and new businesses
- Identify potential sites with near/long term feasibility for transit-oriented development
- Review zoning designations that would create incentives (e.g., regarding density, parking requirements, etc.) for transit-oriented development
- Develop financial incentives to attract developer interest in transit-oriented development

Summary Of Henderson TOD Potential

SUMMARY OF HENDERSON TOD POTENTIAL

What We Heard:

- Create mixed-used neighborhood center
- Strengthen existing commercial/retail core around Rainier Beach business district
- Encourage additional market-rate multi-family housing development

What We Learned:

- Development potential here is more long term
- Approximately 90% of the land in the station area is single family residential, public schools and open space
- Limited parcels available for development because of physical/topographical constraints
- Long term market support over the long term for a moderate level of convenience/transit-related retail, market-rate and affordable housing, and neighborhood office uses
- A new mixed used development (ground level realty office and second floor residential) is currently being constructed at Henderson and Renton Avenue South
- Relatively high homeownership rate and projected daily boardings

Challenges:

- Physical and topographical constraints limit development options (e.g., City Light right of way and greenbelt/steep slope west of MLK)
- Protecting and enhancing the Rainier Beach business district while encouraging some transit-oriented development in the station area
- Reconciling the industrial character of the area along MLK south of Henderson with the desire for additional residential/retail/office development in the area
- Identification and implementation of short term strategies that support maximum long term development opportunities

Summary Of Henderson TOD Potential

- Suitable zoning to permit and encourage desired development

Opportunities:

- Bus layover facility siting; possible public/public development partnership
- Redevelopment of transit construction staging areas
- Siting of bus layover facility; potential public/private development partnership to create development site
- Potential relocation for the Filipino Community Center, Southeast Dental Clinic
- Preserve light industrial character south of Henderson and encourage new job creation in the area to support transit ridership and economic development
- Leveraging planned public improvements as catalyst for new development

Next Steps:

- Determine development potential for station area, including changes in types of commercial space potentially available and ability to accommodate displaced tenants
- Conduct site specific analysis of the financial and physical feasibility of constructing new residential units and commercial space to accommodate new users
- Evaluate economic development strategies for new light industrial uses south of Henderson compatible with limitations in large truck access resulting from new transit
- Evaluate public/private partnership with King County Metro to create a prototype transit-oriented development project in conjunction with its new bus facility
- Identify potential sites with near/long term feasibility for transit-oriented development
- Review zoning designations that would create incentives (e.g., regarding density, parking requirements, etc.) for transit-oriented development
- Develop financial incentives to attract developer interest in transit-oriented development