

City of Seattle Department of Planning & Development
**IMPLEMENTING TRANSIT ORIENTED DEVELOPMENT IN SEATTLE:
ASSESSMENT AND RECOMMENDATIONS FOR ACTION**

TABLE OF CONTENTS

EXECUTIVE SUMMARY

WHAT CAN SEATTLE DO TO HELP TOD MOVE FORWARD?	<i>ii</i>
MODELS OF SUCCESSFUL CITY TOD IMPLEMENTATION	<i>iii</i>
A CITYWIDE OPPORTUNITY FOR PROACTIVE TOD SUPPORT	<i>iv</i>
ADVANCING SEATTLE TOWARD SUCCESSFUL TOD IMPLEMENTATION	<i>v</i>

REPORT

1.0 INTRODUCTION: VISION AND PROBLEM DEFINITION	<i>1</i>
2.0 SEATTLE'S ELEMENTS OF SUCCESS	<i>5</i>
3.0 TOD ORGANIZATIONAL MODELS AND PRACTICES IN OTHER CITIES	<i>11</i>
4.0 THE TOOLBOX FOR IMPLEMENTING TOD: AVAILABLE TOOLS IN WASHINGTON	<i>19</i>
5.0 ASSESSMENT OF TOD CHALLENGES AND OPPORTUNITIES AT THREE STATION AREAS	<i>26</i>
6.0 FINDINGS AND RECOMMENDATIONS	<i>48</i>

EXECUTIVE SUMMARY

THE STATE OF CITY TOD SUPPORT

In recent years the Seattle region has made significant investments in a regional transit system. To leverage this investment, Seattle has focused on developing planning policies to set the stage for transit-oriented development (TOD) across the city. However, the City's approach to TOD supportive investments has been more reactive and targeted to market feasible areas rather than proactive and coordinated.

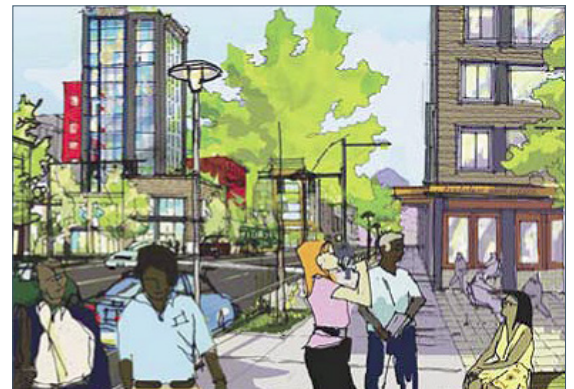
WHY FOCUS CITY STRATEGY ON TOD?

TOD near stations can create important community, environmental, and economic benefits by providing new job and housing opportunities; efficient land use; and lower energy consumption, particularly in underserved areas. City decisions around zoning changes and public investments in neighborhoods have direct effects on private development decisions that can revitalize neighborhoods.

Seattle has the opportunity to deploy its resources and develop new partnerships to realize the maximum impact of TOD in key station areas. **Doing this in an equitable way - supporting existing residents and businesses while welcoming new ones - will allow all people the opportunity to reach their full potential.**



How can the City play a meaningful role in making TOD happen in a equitable way?



A VISION FOR MAKING TOD HAPPEN

TOD is an important tool to achieving equity. The City desires more equitable growth in alignment with its planning policies and investments. It seeks to spur development in not-quite market ready areas in support of broader City social, economic, and environmental goals.

However, the City does not have an overarching strategy for leveraging TOD investments to achieve broader goals citywide, or in areas where investment and economic opportunity are most needed. Other cities and local governments have developed TOD strategies and have allocated resources to implement TOD programs. Seattle has not yet made a commitment to this opportunity.

Our Vision is: A proactive strategy to catalyze equitable development in all TOD areas of the City, particularly where the market is lagging and investment and economic development are needed most.

WHAT CAN SEATTLE DO TO HELP TOD MOVE FORWARD?

The City can provide various levels support to make TOD happen, even if places are primed for TOD. The appropriate types of actions depend on the specific local conditions and how feasible TOD might be. Understanding each sites' challenges and opportunities will help make the most effective use of the City's time, effort, and financial resources.

CULTIVATE

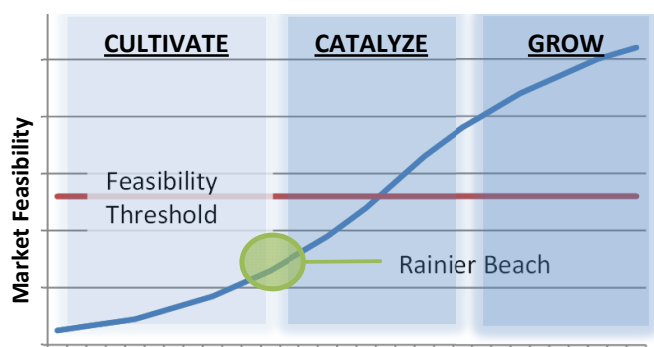
Cultivating actions focus on land use regulations, infrastructure investments, and developing partnerships. Public investments and strong leadership are critical and can be leveraged for equitable development.

CATALYZE

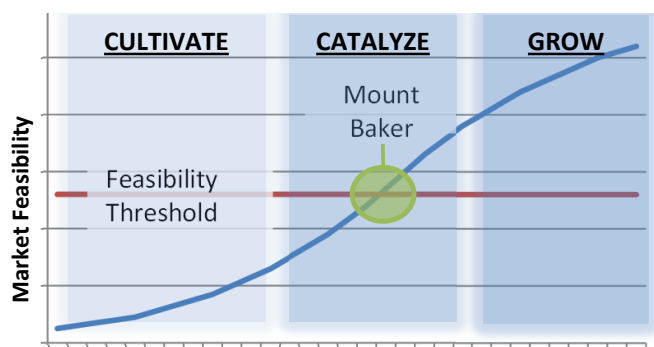
Catalytic actions typically cover tax exemptions or the provision of specific types of public infrastructure (i.e. plazas, utilities, amenities, etc.). These types of actions support market-making projects.

GROW

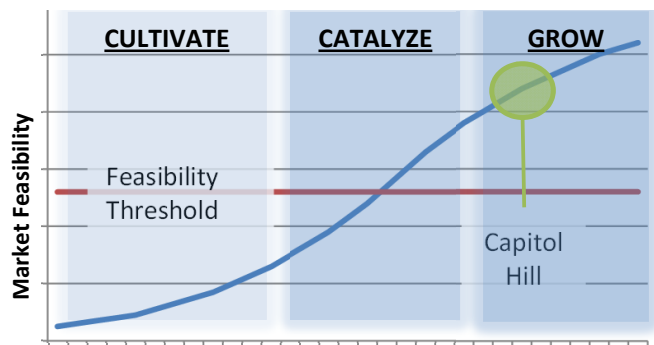
Growth actions focus on dealing with the challenges of success, such as the need to invest in the equity, infrastructure and services required to support higher densities of people, employees, and visitors.



Rainier Beach Station area faces challenges in some key areas. Additional partnerships with the community, land owners/developers, and regional transit partners will be necessary to move forward with the assembly and development of land. The surrounding streets and public realm need improvement to increase safety, usability, and market feasibility. Lastly, zoning changes are needed to allow for greater density and mixed uses as envisioned in the updated neighborhood plan and to support potential TOD projects.



Mount Baker Station area presents an opportunity to accelerate and catalyze TOD projects, but significant challenges, especially with infrastructure issues, exist. Building partnerships with the community, property owners/developers, and transit providers will be important for facilitating TOD at and around the station. In addition, the City has not acted on the proposed rezone of the station area that would allow additional density and flexibility within the land use code.



Capitol Hill Station area is in a good position for realizing TOD. In addition, partnerships built through the revitalization of the station site with the community, property owners, and developers can be maintained and expanded after the station construction is completed.

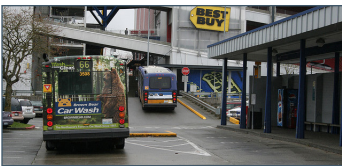
MODELS OF SUCCESSFUL CITY TOD IMPLEMENTATION

Five elements of success from South Lake Union and Northgate



City Leadership, Vision, and a Cohesive Strategy

Leadership from the Mayor's Office was critically important for both Northgate and South Lake Union, and led to pivotal City actions for both neighborhoods.



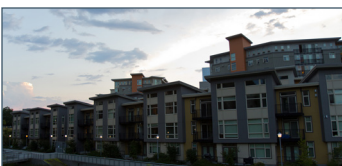
Effective Coordination Across City Departments

Northgate and South Lake Union had coordinated interdepartmental efforts working in sync to plan and invest resources to support growth in the areas.



Early Planning and Rezoning to Make TOD Projects Feasible

The City made community goals work through comprehensive and targeted land use and zoning decisions in line with the communities' vision and market demand.



City Focused and Prioritized Investment

The City focused its investments in infrastructure, amenities, and community facilities to support revitalization and growth in the areas.



City Fostered Strong Partnerships

The City fostered strong Community Partnerships, Public-Public Partnerships, and Public-Private Partnerships in both locations to support revitalization.

What are other cities doing?

MINNEAPOLIS

The City recruited and hired its first-ever dedicated TOD Manager. The TOD Manager has a background as a developer and as a redevelopment agency staffer and helps facilitate development projects.

DENVER

City action is guided by a TOD strategic plan. The plan focuses on specific station areas and how City departments can be aligned to catalyze TOD projects through prioritized City actions near stations.

PORTLAND

The City participates in coordinated regional TOD effort with urban renewal, regional transit, and planning agencies to provide a suite of TOD planning and funding tools to support redevelopment projects.

A CITYWIDE OPPORTUNITY FOR PROACTIVE TOD SUPPORT

The City now needs a TOD Implementation Initiative that will focus on making TOD happen – faster and earlier.



Finding: Seattle Can Build on Previous Success. Seattle can apply lessons learned and models from its experience in catalyzing revitalization in market ready neighborhoods to create a program that will propel equitable TOD forward in other neighborhoods.

Finding: Other Cities are Showing the Way. Seattle can build on models and approaches being used in other cities across the nation to develop an effective TOD program.

Finding: TOD Strategic Plans Bring the Players Together. TOD Strategic Plans have been developed by several cities (Denver, Los Angeles, the Minneapolis region) to guide policy investment and interdepartmental efforts.

Finding: A TOD Initiative Will be a Difference-maker. Opportunities for the City to support revitalization exist at Seattle station areas regardless of market readiness. While Seattle does not have some of TOD-specific tools that other cities around the country have, the City does have several useful tools at its disposal.

Finding: Timing Matters and Early Action is Critical. Timely investment in infrastructure and other core elements of TOD project feasibility play a tremendously important role in cultivating and catalyzing revitalization.

ADVANCING SEATTLE TOWARD SUCCESSFUL TOD IMPLEMENTATION

Recommended Implementation Actions

Action 1: Create a clear strategic action plan for TOD implementation. A clear, concise set of goals and action steps is needed to provide focus and direction. A Citywide or regional TOD implementation strategy also provides an opportunity to engage stakeholders, staff, and elected officials in crafting a vision and specific action strategies.

Action 2: Invest in new staff capacity to implement the TOD program. A TOD manager with real estate expertise along the lines of the Minneapolis model shows that with a small investment, the City can create a program that harnesses the abilities of multiple departments and brings together property owners and developers.

Action 3: Create coordinated cross-departmental TOD teams. Every case study evaluated has highlighted the importance of departments working together effectively toward agreed-upon outcomes. Seattle should emulate other cities and its own past experiences to form focused TOD implementation teams.

Action 4: Invest in catalytic and cultivation-focused projects. Early and proactive investment is needed in several station areas to improve their market readiness and development potential. These projects can be identified in the TOD strategic action plan. This may also require new funding sources for catalytic infrastructure investments.

Action 5: Create partnerships with transit, developers/owners, and regional agencies to align TOD goals and actions. The City must strategically partner to assemble and dispose of land around stations, provide innovative forms of capital and financial support, build infrastructure, and provide long-term community support through community and business programs.

Action 6: Continue peer learning and TOD information sharing. Seattle has a chance to collaborate and share information with staff from Denver and Minneapolis. This cross-fertilization of ideas will help Seattle as it develops its own TOD implementation program.

REPORT

1.0 INTRODUCTION: VISION AND PROBLEM DEFINITION

1.1 Project Charge and Overview

This project began as follow up to policy discussions within the City about how Seattle can achieve its goals of encouraging transit oriented development (TOD) around Sound Transit stations that is equitable and catalytic for investment in new housing and job creation. While Seattle has many station area and neighborhood plans and policies in place to support TOD, much of the development envisioned has not occurred. As in other cities with newer transit systems, much of the development that has occurred has been in more market ready areas with obvious redevelopment opportunities. A key question Seattle is now exploring is how it can play a meaningful role in fostering **equitable TOD** potential in areas that are not currently market ready.

Building on What Has Worked

It is undeniable that City decisions around zoning changes and public investments in urban neighborhoods have directly impacted decisions to move forward with private development projects. These public investments have led to changes in employment, residential character, and public amenities in these areas. It is safe to say that, absent City actions, the City would not have realized gains in employment, housing, and taxes to the extent evident today in those areas. The City has an opportunity to enhance the program to create equitable development while cultivating and catalyzing TOD.

This report explores what has worked previously in Seattle's efforts to foster revitalization in neighborhood business districts, and models of TOD implementation in key cities nationally. Seattle has had several noteworthy successes in fostering revitalization of transportation-oriented urban neighborhoods, including particularly the South Lake Union and Northgate areas. A few communities across the country, notably Portland, have been able to accomplish significant TOD and urban revitalization projects, while others are struggling to achieve the same outcomes. This project addresses the question of how Seattle can build on its previous successes and lessons learned from other communities to leverage public investments and organize TOD efforts that will provide quicker results.



Report Organization

This report analyzes the financing and economic development tools available to cities in Washington to incent and catalyze TOD, and identifies under-utilized tools that could be put to use immediately. It then assesses three neighborhood business districts where Sound Transit investments have created station areas, and where targeted TOD efforts could be focused. The report concludes with recommended policy actions for Seattle to develop a move forward and achieve success in fostering difference-making TOD projects.

1.2 TOD Opportunities and Challenges

Ideally, Seattle would have an integrated approach to urban revitalization that connects planning and development of pivotal opportunity sites with improvements to adjacent transportation corridors, supporting infrastructure, and other economic development strategies. These TOD project elements would be supported by a coordinated approach to property assembly and right-of-way acquisitions, including proactively connecting or “matchmaking” interested property owners with potential developers in targeted areas.

The City would provide early infrastructure funding, project management, and community engagement services, all focused on equitable development and successful project delivery. The outcome of these coordinated, integrated efforts would be vibrant mixed use development projects adjacent to transit corridors, with affordable housing, new job opportunities for residents, and an improved sense of place.

A number of challenges stand in the way of realizing this optimal reality. The common wisdom is that Seattle’s TOD efforts are hampered by limited development tools available to cities under Washington law, together with organizational structures that make project-related problem solving across departments challenging at times.



Challenges to achieving TOD, as identified by developers and stakeholders, including:

- ▶ **Lack of upfront infrastructure to support TOD.** Targeted staff and organizational resources are critical to realizing a TOD vision as well as providing for the physical built environment supports necessary for higher intensity land uses.
- ▶ **Land assembly and site control.** The ability to implement TOD projects often hinges on having cooperative property ownerships.
- ▶ **Construction loan guarantees and subsidies.** Market and development tools are needed to bring projects to locations that are not considered “market ready.” Banks, in particular, are requiring a higher percentage of equity and investor guarantees for construction loans.
- ▶ **Development participation.** Encouraging diversity of development participation, including facilitating participation in projects by small, local and community-based organizations. This participation can make for better development projects, with greater community and political support.
- ▶ **Need for access to pre-development capital, also known as front-end working capital.** Market-making TOD projects can be speculative, so attracting smaller developers and community based groups to the market may require incentive funding.
- ▶ **Affordable housing subsidies.** Subsidies for affordable housing projects that are located in areas not considered market ready by funders.



PROJECT VISION

A proactive strategy to catalyze equitable development in all TOD areas of the City, particularly where the market is lagging and investment and economic development are needed most.

The optimal implementation strategy would:

1. Begin with leadership, vision and a cohesive strategy,
2. Provide for effective coordination across departments ,
3. Have supportive planning and zoning policies in place,
4. Provide funding for strategic infrastructure and facility investments, and
5. Create partnerships that leverage public and private investments

1.3 Problem Statement and A New TOD Vision

Problem Definition: Clear Vision and Strategy is Necessary

In recent years the Seattle region has made significant investments in a regional transit system. However, the City lacks an overarching strategy for how to leverage these investments to achieve its broader goals citywide and in areas where equitable investment and economic opportunity are most needed. While other cities and local governments have developed TOD strategies and have allocated resources to implement TOD programs, Seattle has yet to make a similar commitment.

Seattle has focused on developing planning policies to set the stage for TOD across the city. However the City's approach to TOD infrastructure and facilities investment has been more reactive and targeted to market feasible areas rather than proactive and coordinated. New development is happening in market-ready areas but not in more challenging neighborhood markets. The City desires more equitable growth in alignment with its planning goals and policies. It seeks to spur development in emerging or not-quite market ready areas in support of broader City goals.

A New Approach is Needed. Seattle has the opportunity to organize organizational resources and develop new partnerships to realize the maximum potential of TOD in key station areas. TOD near stations can create important community, environmental, and economic benefits by providing new job and housing opportunities; efficient land use; and lower energy consumption, particularly in underserved areas. Other cities have shown that this can be done, even with limited public policy tools and resources.

Seattle has the opportunity to deploy its resources and develop new partnerships to realize the maximum impact of TOD in key station areas. **Doing this in an equitable way - supporting existing residents and businesses while welcoming new ones - will allow all people the opportunity to reach their full potential.** The elements of equity include things like affordable housing, commercial space appropriate for small businesses, living wage jobs and/or access to living wage jobs (including training), cultural and community gathering space, and other types of supports.

Report Overview and Organization

This report is organized into six sections:

1. Introduction, Vision, and Problem Statement
2. Seattle's successful neighborhood revitalizations: elements of success in South Lake Union and Northgate
3. Learning from other cities: TOD organizational models and practices in Minneapolis, Portland, and Denver
4. Toolbox for implementing TOD in Washington: an inventory and analysis of funding tools
5. Assessment of TOD Challenges and Opportunities for the Broadway, Mt. Baker, and Rainier Beach station areas
6. Recommended Actions and Next Steps

2.0 SEATTLE'S ELEMENTS OF SUCCESS

The City's success in fostering revitalization in the South Lake Union and Northgate areas provides useful lessons regarding the underlying conditions and actions Seattle can take to catalyze development in other areas of the City. Below is a summary of key factors that influenced the successful outcome in those two neighborhoods. TOD-related efforts in three comparable cities – Minneapolis, Portland, and Denver – are assessed in the following section, to determine lessons learned and potential models for Seattle to consider from those cities' experiences.

2.1 South Lake Union Revitalization History: Elements of Success

Six key factors helped create the conditions for successful revitalization of this underutilized, semi-industrial neighborhood:

- A. City Leadership.** Early activities were implemented through interdepartmental teams formed with the charge of moving the projects forward expeditiously.
- B. A Large, Well-Capitalized Private Landowner/Developer.** Vulcan owned a large portion of South Lake Union, and worked with the City and community to craft a vision that aligned with the City's land use policies and market needs. As a large property owner, Vulcan was a willing partner with the City in investing in infrastructure and amenities needed to launch the district.
- C. Market Timing and Location.** With a prime location close to downtown and the University of Washington at a time when those areas were growing alongside the real estate boom of the mid-2000s, the area also offered convenient access as to Seattle's northern neighborhoods.
- D. Local Firms and Institutions as Pioneers and Market Makers.** First, Fred Hutchinson Cancer Research Center and then the University of Washington's School of Medicine moved to SLU in the down economic cycle, buttressing the market and creating an important destination area. In the next market cycle, Amazon.com led growth after the recovery from the 2008 recession.
- E. Zoning Changes Enacted by the City.** The City's Comprehensive Plan designated SLU an "urban center" to receive more allocated growth. The City made both broad and targeted zoning changes as the neighborhood evolved to accommodate change in demand for the area, such as allowing biotechnology uses.
- F. Public Investments.** The City invested in transportation infrastructure (Mercer corridor, Streetcar, parks, etc.) to support the growth of the area. Additionally, the City also provided important public amenities, such as public park space, to support a dense mixed-use community. The City made significant efforts to fund affordable housing in the neighborhood.
- G. Leveraging Public/Private Partnerships.** The City leveraged private and public resources from the State and Federal government to fund supportive public investments. The City also played a helpful role in the acquisition and sale of property to realize the development of Lake Union Park. As part of the agreement, the City received \$5 million from Vulcan to renovate the Park.

2.2 Northgate Revitalization History: Elements of Success

Actions and policy decisions that contributed to the successful revitalization of the Northgate area are summarized below:

A. Leadership and Focused Staff Resources Were Critical.

Mayor Nickels took office in 2002 and declared that solving the Northgate development logjam was a top priority. He made executive decisions about siting the library and community center, developing the south lot and reforming previously failed Northgate development regulations.

The City also facilitated timely planning, permits, and other decisions, including leading planning and design coordination with at least seven adjacent development projects. All of these activities were implemented through interdepartmental teams formed with the charge of moving the projects forward expeditiously. A critical piece was the matchmaking that brought in the developers

B. Early City Actions to Purchase Land and Make Infrastructure Investments Facilitated Placemaking.

The City's investment projects substantially changed the character of the area. These investments included civic facilities, street improvements, and community gardens. Some of these improvements were funded with the assistance of and in partnership with King County.

Projects were funded with multiple sources of levy monies, and included 3.5 acres purchased for a Northgate Civic Center, with a community center, park, and library; the 5th Avenue Streetscape project including new sidewalks, street trees, landscaping, crosswalks, public art; the Third Avenue NE Street Extension, a new arterial and pedestrian connection between the Mall and businesses south of NE 100th Street; the Maple Leaf Community Garden, and the Thornton Creek Water Quality Channel.

C. Planning Elements Were In Place.

The City used the Northgate Comprehensive Plan as a starting point. Other plans prepared included a Comprehensive Transportation Investment Plan, which was a key component in the neighborhood's transformation from a suburban auto-oriented landscape to more pedestrian-friendly, urban landscape. Other plans included a Pedestrian Plan, a Public Art Plan, and an Urban Design Framework Plan.



- D. Multiple Public-Private Partnerships.** The project benefitted from a large property owner who was interested in it and willing to redevelop; the subsequent Northgate Mall redevelopment took place in tandem with City-funded projects. The parties had complementary interests: the City sought to implement the Northgate Comprehensive Plan and turn around a contentious neighborhood process, the Mall’s owners wished to redevelop on a fast track, to remain competitive in the marketplace. A crucial opportunity was enabled by the Development Agreement, which called for Simons Property Group, the Mall owner, to give City 2.7 acres of property in exchange for changes to development regulations.
- E. Favorable Market Conditions.** Redevelopment was also greatly assisted by the multiple private development projects underway, at a time of favorable market conditions. These included an assisted living development, mixed use developments with residential, retail, and plazas, and other corollary developments. King County was also part of the solution, entering into long-term Park and Ride leases with the Mall owner and developer that improved the economics for the parking garages required and allowed more property to be freed up for the park.
- F. Significant Outreach and Engagement Was Conducted Throughout Project.** The Northgate Stakeholders group was convened and was able to reach consensus on design and development specifics, a breakthrough that resolved the “Northgate logjam” which had stalled redevelopment efforts for years. Resolving these issues took significant work by the Mayor, Council, and community. The stakeholder process required facilitation by a third party and required significant City resources for several years
- G. Investment of Resources from Multiple Sources.** The City strategically used excise tax monies, levy funding, and multiple other funding sources, including working with King County to facilitate receipt of federal grant funds.
- H. A Coordinated Interdepartmental Effort Was Critical To Success.** The City established a very structured interdepartmental team led by the Mayor’s Office, and a with high degree of accountability. The team structure required that several interdepartmental teams be formed, and clear project management and reporting structures be put in place.



2.3 Summary of Northgate and SLU Findings: Key Factors of Success

Below is a summary of the conditions and factors that were foundational in ensuring the success of Seattle's revitalization efforts in the two neighborhoods. The findings are organized to align with the elements of success identified in the Vision and report recommendations.

1. City Leadership, Vision, and a Cohesive Strategy

- ▶ Leadership from the Mayor's Office was critically important for both Northgate and South Lake Union, and led to pivotal City actions for both neighborhoods.
- ▶ The City leveraged property owners' interests in redeveloping market-ready areas.
 - Northgate had a critical mass of retail activity and a major property owner interested in redeveloping the area. The subsequent Mall redevelopment took place in tandem with City-funded projects.
 - South Lake Union had a large, well-capitalized private landowner/developer in an area that was ripe for redevelopment. The district offered a prime location close to downtown and the University of Washington as both these areas were growing during the real estate boom of the mid-2000s. The area also benefited from major institutions and companies acting as pioneers and market makers.



2. Effective Coordination Across City Departments

- ▶ Northgate had a coordinated, resourced interdepartmental effort, with a high degree of political authority.
- ▶ South Lake Union had a coordinated and interdepartmental effort, led by the Mayor's Office.

3. Early Planning and Rezoning to Make TOD Projects Feasible

- ▶ In Northgate, the City invested upfront in several key plans for the area –the Northgate Comprehensive Plan, the Comprehensive Transportation Investment Plan, a Pedestrian Plan, an Urban Design Framework, and a Public Art Plan. The City also helped provide regulatory certainty, facilitating timely planning, permits, and decisions, among other things.
- ▶ In South Lake Union, the City undertook several early and catalytic zoning changes. Comprehensive planning efforts designated SLU an “urban center” to receive more growth. The City then made both broad and targeted zoning changes as the neighborhood evolved, to accommodate changes in demand in the area, such as allowing biotechnology uses.

4. City Focus and Prioritization of Investment in Development Areas

- ▶ In Northgate, the City purchased land and constructed several major projects that created a sense of place and a neighborhood center. These included the Northgate Civic Center (community center, park, and library); a community garden; streetscapes (sidewalks, street trees, landscaping, crosswalks, and public art); new arterial and pedestrian connections; and the Thornton Creek Water Quality Channel.
- ▶ In SLU, the City sold (and purchased) key land holdings to support development and public projects; invested in transportation infrastructure (primarily the Mercer corridor and Streetcar); made investments in funding affordable housing; and provided amenities, such as public park space, to support a dense mixed-use community.



5. Fostering of Strong Partnerships by the City

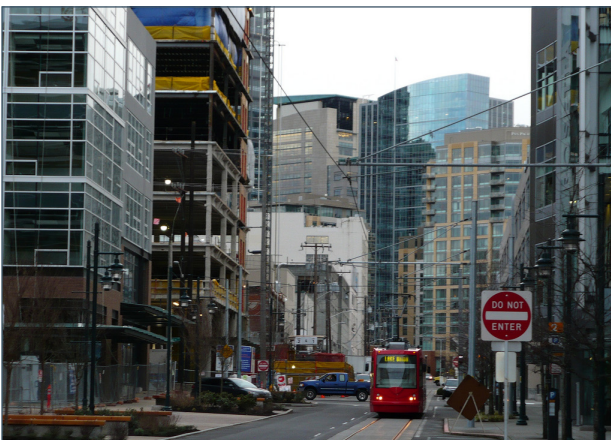
Partnerships in Northgate were of three types:

- ▶ **Community Partnerships.** The City invested in a stakeholder process that created a new tone of cooperation and community engagement. The Stakeholders group was able to reach consensus on design and development specifics that had been bogged down for years.
- ▶ **Public-Public Partnerships were also part of the successful mix.** City partnerships included working with SDOT, The Seattle Public Library, the Department of Neighborhoods, and SPU (on the Thornton Creek Water Quality Channel project). The City and King County worked together to facilitate the property acquisition that made Hubbard Homestead Park possible. King County also entered into long-term park and ride leases with the Mall developer and a major property developed that improved the economics for the garages and allowed property to be freed up for the Park.
- ▶ **Public-Private Partnerships.** The City negotiated a development agreement with Mall owners (Simon Property Group) that involved City acquisition of 2.7 acres from the developer in exchange for changes to development regulations. The City also worked closely with the developer Lorig, to engage community members and ensure that the Thornton Creek daylighting project was successful.



There were also multiple partnerships in South Lake Union that were instrumental in implementing the vision for the area.

- ▶ **Community Partnerships.** The City worked closely with several neighborhood groups on a series of planning projects that included Mercer Corridor, Lake Union Park, and the rezone.



- ▶ **Public-Public Partnerships.** The City leveraged private and public resources from the State and Federal government to fund the supportive public investments.
- ▶ **Public-Private Partnerships.** The City also acquired and sold property to realize the development of Lake Union Park. Park development was facilitated by a \$5 million contribution from Vulcan to renovate the Park as part of the developer's agreement with the City. The partnership to develop the SLU Streetcar, which involved local improvement district funding, is another example of the effective public-private partnership in place.

3.0 TOD ORGANIZATIONAL MODELS AND PRACTICES IN OTHER CITIES

Research was conducted to learn about the organizational models in and experiences of three cities: Minneapolis, Portland and Denver. The cities were selected based on their efforts and reputation in implementing TOD projects. Research included telephone interviews and review of materials. Key findings from each city are summarized below.

3.1 City of Minneapolis Case Study

Minneapolis presents an interesting model of City leadership on TOD projects. Although Minnesota grants tax increment financing (TIF) authority to cities, it has been amended by the Legislature to constrain its use to a project by project basis, versus district-wide (such as Portland used in redeveloping the Pearl District). As a result, TIF is not used with much frequency currently, leaving the City similar to Seattle with limited incentive financing tools. Another similarity between the two cities is that TOD projects were not happening at the pace anticipated by the region's planning policies.

Minneapolis's Mayor sought to address this situation with an innovative approach to fostering TOD actions. With direct involvement from the Mayor, the City recruited and hired its first-ever dedicated TOD Manager. The TOD Manager, David Franks, has a background both as a developer and as a redevelopment agency staffer. This dual background – private and public sector experience – has been an excellent fit for the role.

The TOD Manager constitutes a staff of one, with no staff and no budget. He works with three local governments — City departments, Hennepin County, and the Metro Council to facilitate development transactions and projects.



Minneapolis TOD Manager Role and Responsibilities

- ▶ The Mayor charged the new TOD manager to “invent and begin” a new TOD role for the City. He reports loosely to three departments, most formally to the Community Planning and Economic Development Department.
- ▶ The TOD Manager serves as a “matchmaker” between developers and property owners, and as a coordinator across local government agencies. His primary job is to connect developers and owners to make direct sales and development deals happen, by identifying, connecting and encouraging specific site redevelopment projects.
- ▶ The objective of this role is to be free floating, nimble, focused on convincing others to do TOD projects and support them.
- ▶ Analyzing infrastructure plans for “TOD friendliness” is an important part of the job. How the infrastructure is coordinated is vital in convincing the developers to invest in a site. This includes specific locations of traffic signals, sidewalks, and pedestrian access.
- ▶ The bottom line objective is to recruit development to areas where it would not have occurred, or where it would not have happened as soon. The goal is to grow the tax base around transit stations, creating more density that gets people out of cars and closer to employment centers.

Key elements from the TOD manager job description include:

- ▶ Pursue land acquisition and land preparation to create TOD opportunities along transit corridors and in the core of downtown, understanding that this task will require financial and organizational resources.
- ▶ Access grants and other resources from federal, state, regional, local, and foundation sources to advance TOD related efforts.
- ▶ Work with private and non-profit developers to develop projects consistent with TOD principles and regulatory requirements.
- ▶ Champion implementation of public and private TOD projects.



Results To-Date

The City's TOD Manager has been on job for less than two years and has closed on 4-5 market rate projects. Subsidized projects take longer and are still pending, due to requirements such as tax credit applications and other funding elements.

The City's efforts have had a catalytic effect on other agencies: the City of St Paul, Hennepin County and the Metro Council are all thinking about how to advance their TOD functions.

Advice for Seattle in Thinking About a TOD Manager Role

- ▶ The City needs to think of itself as a developer. Put up a small amount of money – consider it “risk capital” – to get a TOD program going. This funding could cover one or two new staff, and a small budget for specialized consultant work.
- ▶ The new regional TOD loan fund represents a potential opportunity to augment such funding.
- ▶ If you do even one deal sooner or bigger than it would have otherwise happened – it's worthwhile.
- ▶ One person is all that is needed. But the City must have the right person – private development background with understanding of city processes.
- ▶ A small amount of budget is useful for market studies, and trade area analysis. Small scale funds of \$100,000 in a year would be ample.
- ▶ Very helpful to have someone who can read an architectural and engineering drawings.
- ▶ Need an effective person with the authority to operate in this role.



3.2 City of Denver TOD Planning Efforts

The City of Denver has had light rail for longer than Seattle, with the original rail line in place for about 20 years. The City's new West Line is due to open this spring, greatly expanding the region's transit capacity. The City's "Fast Tracks" expansion system is due for completion in 2016.

Much of the City's TOD planning work is occurring under the umbrella of the Denver Livability Partnership, established in 2010 to implement the region's HUD-DOT Challenge/Tiger II planning grant. The grant's purpose was to complete planning projects toward the goal of implementing TOD along the West Line rail system.



Successes and Similarities with Seattle. Seattle and Denver have many things in common with respect to TOD planning and development. Both cities have seen significant commercial and residential development in key areas of the City, but limited TOD projects around the stations. Denver's planners note that while the regional transit system has been successful in terms of ridership, the region has had less success in implementing TOD, perhaps because the location of the stations are in less market ready areas.

The City is starting to see success at one or two stations now; efforts which have taken many, many years to come to fruition. The City does have TIF tools to bring some station areas out of blight, however the initial TIF-designated overlay areas are starting to expire, reducing the benefit of that tool as a development catalyst.

2006 TOD Strategic Plan – Now Updating for 2013

One area where Denver is ahead of Seattle is in the development of a TOD strategic plan. The region developed its first strategic plan in 2006, which was a follow-up to Blueprint Denver, the Comprehensive Plan. The 2006 Strategic Plan focused on station area planning, identifying typologies and different types of station areas, and setting the stage for the Department of Community Planning and Development’s work plan.

In contrast, the 2013 Plan will focus on specific station areas and how City departments can be aligned to catalyze TOD projects. A goal of the effort is to prioritize which stations would benefit from City actions and what specific actions are needed. The Plan will focus on infrastructure, supportive economic development services, branding and marketing, and other actions needed to foster TOD around the stations. The City has engaged a consultant team and is approaching the Plan’s development as a facilitated process that will engage the departments and the development community. The development community will be engaged through developer forums or a symposium with both local and national developers.

The strategic planning project has an interdepartmental project advisory team, which includes all departments that have TOD in their work plans. This includes most City departments – Transportation, Utilities, Parks, Finance, Economic Development, and others. The City is specifically seeking support for TOD from the departments, with the expectation that the process will result in “aligning our efforts” so that “TOD is in all conversations.”



3.3 Portland Regional Model and Government Structure: Coordinated Action

Portland has a regional model and very different approach than Seattle, Denver and Minneapolis in implementing TOD. From a planning perspective, Portland has a true regional approach to governance and planning, with a regionally coordinated transportation and land use vision and strategy. From a funding and financing perspective, Portland's model is greatly influenced by the statutory authority in Oregon, which grants district-wide tax increment financing authority to redevelopment agencies. Thus Portland has a different organizational model and set of funding sources from the other three cities.

Four agencies are involved in TOD development in the Portland Metro region:

- ▶ **The Portland Development Commission (PDC):** The PDC is chartered as Portland's urban renewal and economic development agency. PDC's primary funding source for projects and programs are TIF proceeds, but it does also receive support from the City of Portland's general fund, as well as federal grant support. PDC is governed by a volunteer Board of Commissioners. PDC Commissioners are appointed by Portland City Council. The agency is led by an executive director who oversees specialists in their Urban Development and Finance & Operations departments with a total staff of 130. The economic development and urban redevelopment activities are primarily housed in the Urban Development Department (approximate staff of 60).
- ▶ **The City of Portland:** The Departments of Development Services, Planning, Neighborhoods, and Transportation are involved in most aspects of TOD planning and local development.
- ▶ **Metro:** A regionally elected government handling regional planning for transportation and land use. Metro has a TOD Steering Committee, which makes recommendations to the Metro Council about high-density sustainable development projects close to transit. The purpose of the Steering Committee is to foster public and private partnerships, support investments and incentives for development projects near transit, and to provide support for transportation modes such as walking and biking.
- ▶ **TriMet:** the regional transit provider for light rail and bus service. TriMet and Metro each manage TOD transit-oriented development programs, with TriMet's largely tied to the use of excess rights of way, joint use conversion of transit facilities, or review of significant projects in consultation with partner jurisdictions.

TOD Programs and Tools

Several funding tools and TOD programs are in use in the Portland region:

- ▶ **Metro TOD Implementation Program.** The TOD Program provides incentives, primarily through small cash grants to developers to build higher-density, mixed-use projects near transit stations. The Program is structured to encourage higher than expected densities, with the understanding that these projects may be ahead of the market. The Program's strategies for maximizing TOD potential include:
 - Contributing to local identity through multi-year investments in catalytic projects and place-making elements, including those that are ahead of the market;
 - Creating market comparables for higher-density mixed-use development near transit and in centers;
 - Cultivating developers with expertise in higher-density and mixed-use development in suburban settings; and
 - Building community acceptance of urban style building types in suburban communities.



The TOD Program implements these strategies through direct investment in development projects, acquisition and banking of property near transit, creation of neighborhood amenities, and stakeholder and public engagement.

- ▶ **PDC – Tax Increment Funding.** The PDC has power of eminent domain, but recently ceded that power due to public push-back. Tax increment funds raised through formation of urban renewal districts have provided significant financing for transportation including contributions to the Red, Yellow and Green MAX lines and Portland Streetcar. Tax increment funds have also been used on multiple occasions to build and improve streets and streetscapes.
- ▶ **PDC – Commercial Property Redevelopment Loan Program.** This Program supplements equity contributions and traditional bank financing to improve project feasibility. The PDC can provide up to 10-20% of the project funding. PDC loan terms are flexible and loans can be subordinate to primary financing. The program is only eligible for projects within urban renewal areas and must align with urban renewal goals that include TOD, historic preservation, job growth, and social equity.
- ▶ **City of Portland – TOD Tax Abatement Program.** This Program enables jurisdictions to adopt a property tax abatement program for TOD purposes. The purpose of the Program is to promote higher-density residential and mixed-use development near major public transit facilities. The property tax exemptions support TOD projects and increase their financial feasibility by reducing operating costs through a 10-year tax exemption on the improvement value of a property. Property owners continue to pay taxes on the land value during the exemption period.
- ▶ **City of Portland – Transportation System Development Charges (TSDC) Fee Waiver Program.** TSDCs are one-time fees assessed to new development and changes in use. The fee covers part of the cost of transportation facilities serving new development and the people who occupy or use the new development. TOD projects can be eligible for reductions of 15-30% in the TSDC fee. In areas outside the Central City, the project must be located on or near a frequent service bus, streetcar, or light rail line, and not auto-related. The project must also meet minimum density requirements or be located in a commercial zone where no parking is required and no on-site parking is provided.



4.0 THE TOOLBOX FOR IMPLEMENTING TOD: AVAILABLE TOOLS IN WASHINGTON

4.1 Summary Overview of TOD Tools in Washington

Washington's local governments have a similar suite of tools that can be used to support TOD projects relative to other areas we have examined. These tools cover the full "lifecycle" of a TOD project – from planning, construction, to occupation of buildings and districts.

Compared to other areas, Washington's TOD tools differ in four specific and critical areas, such as:

- ▶ **Land assembly.** Without dedicated funding for land acquisition and banking around TOD sites, cities are challenged to secure key sites. The lending of credit provision in the state constitution is both a legal and financial challenge for disposing of surplus properties.
- ▶ **TOD targeted project supports and incentives.** Other regions have dedicated TOD supportive incentives and supports including planning grants for TOD, dedicated funds for land acquisition, and low interest development loans. Washington's tools are more general in this fashion.
- ▶ **Infrastructure investment/funding.** Specialized options for TOD do not exist and options for infill development are limited. Washington's TIF tools are weak relative to other parts of the country due to constitutional and statutory issues. The lack of TOD prioritization means that TOD projects must "compete" with other projects for limited resources.
- ▶ **Loose Partnerships.** The infrequent and sometimes controversial use of urban renewal in Washington effectively removes a traditional land development partner for the City. Additionally, local transit agencies do not prioritize TOD development as an agency goal.

While not a tool per se, Seattle region does not have the same "requirements" (legislative or otherwise) to focus/prioritize TOD development among local, regional, and transit partners. The result for TOD is the inconsistent and uneven application of the tools available - often accomplished on an ad-hoc basis.

While Seattle does not have some TOD-specific tools that other cities around the country have, the City does have several useful tools at its disposal. Currently the City is not using many of available subarea development tools available to Washington cities for targeted TOD areas. Exhibit 1 below shows the range of tools available in Washington, their frequency of use, and targeted application for TOD.

Exhibit 1: Summary Use of Seattle TOD Tools

Tool	Frequency of Use			Targeted for TOD
	None	Limited	Frequent	
Land Assembly and Disposal				
Acquisition through purchase		■	■	✓
Acquisition through condemnation	■			
Disposition		■		✓
Land Use Regulation and Entitlements				
Development Agreements		■	■	✓
TOD Overlays		■		✓
SEPA Infill Exemption	■			
SEPA Transit-infill Review	■			
SEPA Planned Action		■		
TOD Support and Incentives				
Predevelopment Activities: Fee Waivers	■			
Predevelopment Activities: E-TOD Fund		■		✓
Construction Support: Seattle Housing Levy		■		
Construction Support: Tax Credit Programs		■		
Construction Support: Credit Enhancement	■			
Construction Support: Joint Development	■			
Construction Support: State Housing Trust Fund		■		
Occupation of Buildings Multifamily Property Tax Exemption		■	■	
Occupation of Buildings Seattle Housing Levy		■	■	
Infrastructure Investment/Funding				
Focused investment: Create zones for priority investment	■			
Focused investment: Facility investment		■		
Focused investment: Tax increment financing (TIF)	■			
Dedicated Funding: Transportation Benefit District		■		
Dedicated Funding: Local Improvement Districts		■		✓
Dedicated Funding: Investment policy		■		✓
Community and Business Development Tools				
Business Improvement Areas		■		

Source: BERK, 2013

4.2 Inventory and Analysis of Traditional Funding Tools

The following section briefly summarizes the tools in Washington that address the City's ability to facilitate and support TOD projects. The tools are organized on a project lifecycle basis (from land assembly, to planning/entitlements, design/construction, and building occupation).

- ▶ Land purchase, assembly, and disposal
- ▶ Land use regulation and entitlements
- ▶ TOD financial supports and incentives
- ▶ Infrastructure investment/funding
- ▶ Community development tools

Land Assembly and Disposal

Cities have broad general statutory authority to acquire property for public purposes per RCW 35.21.010 (including economic development RCW 35.21.703) – limited by Section 7 of the Washington State constitution on the lending of credit.

Acquisition Through Purchase

- ▶ Finding of public purpose (includes economic development)
- ▶ Needs to be “arm’s length” and fair market value
- ▶ May acquire more than it may ultimately needs (economic development)

Acquisition Through Condemnation

- ▶ Extensive (if not problematic) powers in Community Renewal Law (RCW 35.81)

Purchase tools

- ▶ While cities do engage in land banking for future public uses, they do not have specific financial tools available for the purchase of these lands

Disposition

- ▶ Cities can surplus land with option to control use and other activities





Seattle Equitable TOD Fund

Outside of this broad authority, the City of Seattle has created an Equitable TOD fund (ETOD). The ETOD fund will provide monies for a loan program, providing up to \$7 million to support TOD. This program makes available up to \$3 million in Office of Housing funds, up to \$1.2 million in U.S. Department of Housing and Urban Development Community Challenge Grant funds, and up to \$2.8 million from other funding partners. Funds will be primarily available for property acquisition, although some pre-development activities are also eligible for funding.

Land Use Regulation and Development Entitlement

Land Use Regulation

The following tools can be focused in TOD areas to provide more regulatory specificity and/or certainty. These tools are meant to implement comprehensive, subarea, and base zoning objectives/goals (not addressed here).

- ▶ **Development Agreements.** These are a project level tool. Contracts negotiated between a developer and the City to specify the terms by which a proposed project moves forward (RCW 36.70B.170).
- ▶ **TOD Overlays.** Overlay zone that implements an array of specific development regulations to support transit and land compatibility.

Environmental and Entitlement Process

Special SEPA Tools – these tools provide more certainty around the development process (can be viewed as regulatory/entitlement incentive):

- ▶ **SEPA – Infill Exemption.** Adopted per SEPA and can exempt threshold residential and “mixed-use” developments that are consistent with a sub-area plan for which a non-project EIS was completed. Intended for areas where density/intensity goals are not being met.
- ▶ **SEPA – Transit-infill Review.** Intended to expedite transit-oriented-development and may rely on a non-project EIS. Transit-infill review eliminates all SEPA-based appeals.
- ▶ **SEPA – Planned Action.** Prospectively examines and identifies environmental impacts of development proposals and prescribe mitigation measures. Requires the City to prepare an EIS on the development anticipated in its plans.

4.3 TOD Financial Supports and Incentives

These supports and incentives (offered through the City) can be targeted at TOD projects to support project development. Generally, these tools can be targeted at pre-development activities (e.g. project design, due diligence, entitlement), construction, and occupation.

Pre-development Activities

- ▶ **Fee Waivers.** Costs associated with the development process, such as impact fees and building permit fees, can be reduced or eliminated to encourage selected types of development.
- ▶ **Seattle E-TOD.** Some pre-development activities are eligible for funding under the program.

Construction Support

- ▶ **Seattle Housing Levy.** A tax subsidy fund operated by Office of Housing to construct residential buildings that serve low- to moderate-income individuals and families.
- ▶ **Tax credit programs.** Leveraged project specific funding like New Market Tax Credits and Low Income Housing Tax Credits.
- ▶ **State Housing Trust Fund.** Provides loans and grants for construction, acquisition, and rehabilitation of low-income multifamily and single-family housing.
- ▶ **FTA Joint Development.** Joint Development refers to the development of real property that was purchased with FTA funds. This real property is developed while maintaining its original public transportation purpose. This is typically done by placing residential, commercial, or community service development on, above, or adjacent to property that was purchased with FTA funds.
- ▶ **Credit Enhancement.** The ability of a public agency to reduce interest costs for a project via credit enhancement – allowing the project to borrow at a county-backed low rate. Requires the developer to pledge upfront money to the project.

Occupation of Buildings

- ▶ **Multifamily Property Tax Exemption.** A tax expenditure program used to subsidize housing projects meeting affordability and other city directed goals.
- ▶ **Seattle Housing Levy.** Tax subsidies to support first-time homebuyers and rental assistance programs for low-income persons.

4.4 Infrastructure Investment/Funding

There are no TOD-specific funding tools. Generally, cities accomplish area-specific funding through two mechanisms: 1) using existing prioritization/funding system; or 2) creating new, dedicated tools.

Focus Public Investment

- ▶ **Create zones for priority investment:** A city can prioritize servicing a target area by developing a policy to focus a larger share of programmed capital improvements in a core area.
 - This could include programmatic funding from voted levies.
 - This could include funding from utility enterprises.
- ▶ **Facility investment:** Cities have also used the strategic investment/placement of civic places as a form of supporting target areas.

Dedicated Investment/Funding

- ▶ **Tax Increment Financing (TIF):** There are formal (in statute) and informal modes of TIF.
 - On the formal side, there are only two active/funded TIF tools in WA (Community Revitalization Financing and Landscape Conservation and Local Infrastructure Program).
 - On the informal side, some cities have estimated the new value capture to the city as means of scaling the investments/incentives of development in an area or of a particular project.
- ▶ **Transportation Benefit District:** A geographically contained mechanism for raising transportation funding - Seattle currently uses the vehicle license fee option.
- ▶ **Investment Policy:** Some cities direct portions of capital from restricted and/or general taxes to the funding of specific projects/areas.
- ▶ **Local Improvement Districts:** A benefit assessment is a charge levied to properties of a designated district to finance capital facility projects.

4.5 Community and Business Development Tools

These tools are localized mechanisms to support local community and business development of target areas before, during, and after construction of TOD projects.

- ▶ **Business Improvement Areas.** A benefit assessment is levied to properties (businesses, multifamily residential, or mixed use projects) within a designated district. Formation of district attempts to link the cost of public improvements to those landowners specifically benefiting from those improvements. Funds can be used to build parking, promotion activities, security/maintenance, and the management of those activities.

4.6 Recent Efforts Created by the Legislature to support TOD

Responding to various local community development efforts across the state, the legislature has created new tools to support development.

- ▶ **Changes to SEPA.** Small changes for infill and TOD; however, these changes are minimal.
- ▶ **Tax Increment Financing.** LCLIP TDR-TIF passed in 2011; automatically opts the county in as a partner. This is a step in the right direction by providing more funding capacity, but TDR provisions add a layer of funding/financing complexity.

There are current proposals at the 2013 legislative session for a more robust local funding tool. The Association of Washington Cities, NAIOP (Commercial Real Estate Development Association), and other advocates have proposed another form of TIF legislation that would result in more powerful funding streams in the 2013 legislature. This effort would also need a constitutional amendment.

- ▶ **Land sale flexibility.** A legislative bill is currently proposed that would allow agencies to sell land near TOD for less than market on a condition of public benefits.
- ▶ **TOD fund.** PSRC's GTC process is examining the feasibility, structure, and capacity of a property acquisition investment fund for affordable housing developments.



5.0 ASSESSMENT OF TOD CHALLENGES AND OPPORTUNITIES AT THREE STATION AREAS

The assessment conducted case studies of three different Sound Transit Link station areas in Seattle, evaluating their TOD potential and actions the City can take to support the community in these areas. The assessment evaluated a station area's TOD potential based on six elements that influence the feasibility of development around transit stations and that shape the development that does occur. The three station areas evaluated represent a spectrum of current TOD potential and issues within Seattle. The station areas include Capitol Hill, Mount Baker, and Rainier Beach. Each of the station areas are profiled in detail for each of the six elements, which are described below.

5.1 Assessment Matrix

The following six elements address the key aspects of the challenges and opportunities of implementing transit-oriented development around Seattle's transit stations:

- ▶ **Market Conditions:** Demographic, employment and market trends and conditions around the station areas including a set of market strength indices for residential and commercial TOD.
- ▶ **Land Assembly:** Land ownership and control issues around station areas.
- ▶ **Developer Interest/Suitability:** Beyond land assembly issues, property owner engagement with the right mix of developers that understand TOD and local community issues.
- ▶ **Land Use and Zoning:** Land use regulatory environment and the degree that TOD-supportive zoning and development incentives are in place.
- ▶ **Infrastructure and Public Facilities:** Nature and scale of supportive (or catalytic) public infrastructure needed for TOD projects.
- ▶ **Strategic Partnerships:** Community, public agency, and private partnerships needed (or brought to bear) on a TOD area.



5.2 Situation assessment of three neighborhood districts

The three station areas evaluated exist on the spectrum of TOD feasibility from being primed for TOD development, to being at tipping point, and lastly, having long-term potential but limited near term TOD development feasibility.

- ▶ **Capitol Hill**, where while the station is not complete, the area around it is primed for realizing TOD development. The neighborhood has experienced new development and the City is in the process of establishing a development agreement for the redevelopment of Sound Transit’s properties when the station construction is complete. The RFP has interest from both for-profit and non-profit developers.
- ▶ **Mount Baker** is at a tipping point. Developers have shown interest and the first TOD project is under construction. However, significant challenges exist for the station area to fully realize its TOD potential, particularly infrastructure and accessibility issues. Two recent projects show that rents in the area are approaching points that may trigger broader revitalization.
- ▶ **Rainier Beach** is an emerging area with TOD potential. The station area does not have a market for new higher density development at this time. In addition, the site has a number of land assembly and infrastructure issues that are a challenge for TOD projects in the future if not addressed. City action on a number of fronts would improve conditions.

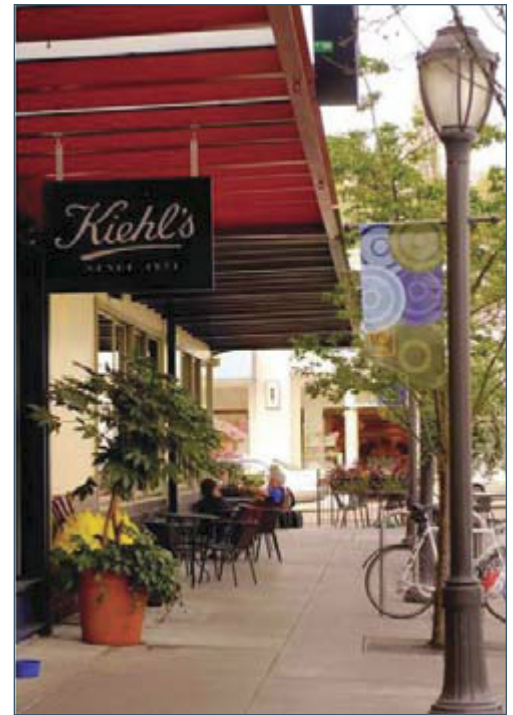


Exhibit 2 summarizes the TOD opportunity for the three station areas along with each of the six elements that influence TOD potential.

Exhibit 2: Situation Assessment Matrix

Opportunity Site	Market Conditions	Land Assembly	Developer Suitability	Land Use and Zoning	Infrastructure and Public Facilities	Strategic Partnerships
Capitol Hill Station	●	●	●	●	●	●
Mt. Baker Station	●	●	●	●	●	●
Rainier Beach Station	●	●	●	●	●	●

- Indicates elements that are not a challenge for TOD development and require little action by the City.
- Indicates elements have challenges that require additional time and effort to fully support TOD projects’ potential.
- Indicates elements that have significant challenges and require sizable effort and/or time to remove barriers for TOD.

Source: BERK, 2013

5.3 Framework for City TOD Support

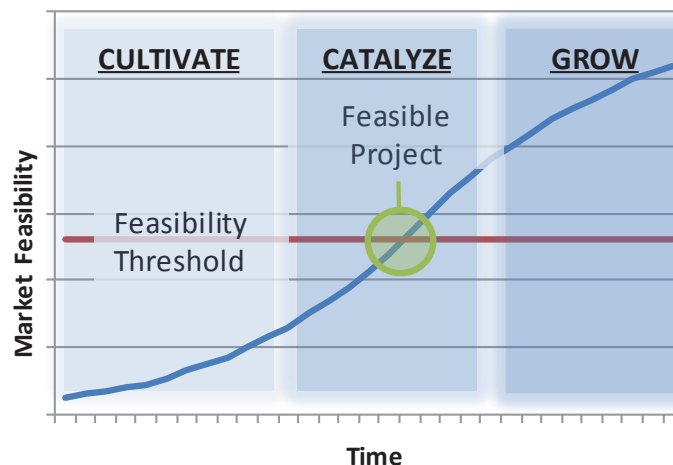
The City can provide various levels of support to better implement TOD within all three of the station areas, even if they are primed for TOD development. The appropriate types of actions depend on the specific local conditions and where on the spectrum of TOD feasibility a site is located. Understanding each sites' challenges and opportunities will help make the most effective use of the City's time, effort, and financial resources.

Private investment in real estate is typically made to realize some financial gain from the land based on the rents paid by tenants. The willingness of tenants to pay higher rents is a function of how tenants value that location over other locations. Where real estate investment occurs is a function of the relative value and risk among alternative development opportunities. Generally, there are three key elements that have a significant influence on real estate investment decisions: 1) market conditions (rent levels, land values, vacancy rates, etc.), 2) the regulatory framework and infrastructure that shape development plans, and 3) the availability/suitability of land.

Cities have more ability to influence the regulatory and physical elements of the decision making, but can also offer incentives that influence market feasibility. The key issue for city policymakers to understand is how policy choices affect the private investment calculus described above. A framework for thinking about and evaluating these choices is described below.

Exhibit 2 shows a conceptual "market feasibility" curve for a subarea/neighborhood. The point of the diagram is to illustrate that as the land values within an area increase over time, the supportable rents may then exceed costs of developing new, larger buildings. At a point of "project feasibility", private investment decisions can be triggered leading to the construction and occupation of new buildings. The end result is growth within an area.

Exhibit 3: Conceptual City Investment Schematic



Source: BERK, 2013.

The choices that cities confront at any point along this curve differ as well. Generally, the City can think about its choices as targeted at three types of actions: “cultivation”, “catalytic”, and “growth”. These types of actions are broad and not mutually exclusive, but the point is to illustrate the difference in the relationship of public actions to private investment as an area matures.

Cultivation Actions – Early Action for Areas that Lack Proven Markets

These actions focus on land use regulations, critical infrastructure needs, developing partnerships, and solving project feasibility challenges to help create physical environments that can support new or higher levels of activity. Typically, development is not “knocking on the door” during this phase but the area is generally considered to have some considerable market upside over the mid- to long-term. **Public investments and strong leadership are critical at this point and can be leveraged for equitable development.**

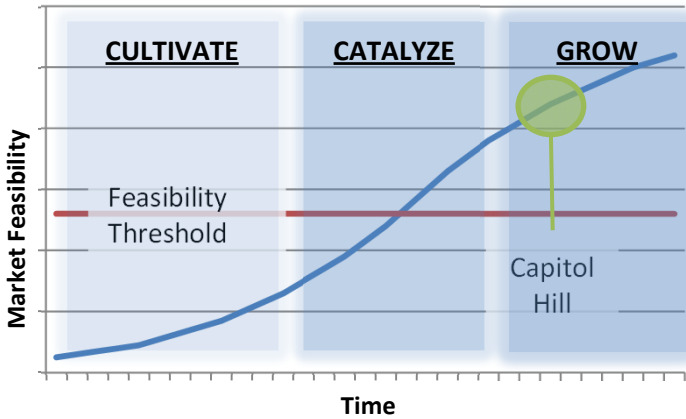
Catalytic Actions – To Lower Development Costs and Make the Area More Attractive for Investment

These actions typically cover tax exemptions, or the provision of specific types of public infrastructure (i.e. plazas, utilities, amenities, etc.). At this phase, development in an area is generally thought to be “on the cusp” and may need some public support to be financially viable. These types of actions support market-making projects (e.g. the demonstration of market feasible projects). The City might also think about other forms of community infrastructure like affordable housing, community center, etc) that can support private development.

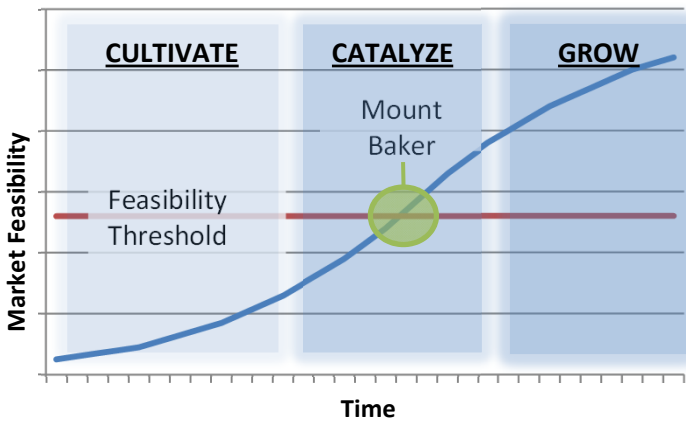
Growth Actions – To Support a More Livable and Equitable Area

These actions focus on dealing with the challenges of success, such as the need to invest in the physical and public service ecosystem required to support higher densities of people, employees, and visitors. Here, a city’s greatest challenge is removing constraints to growth, typically congestion and lack of quality spaces or amenities. This is also a typically where incentive and/or bonus programs are used to provide other public benefits such as conservation, open space, affordable housing, etc. Another challenge of success is higher rents for low-income households and small businesses so providing opportunities for people to access the new opportunity TOD brings is important.

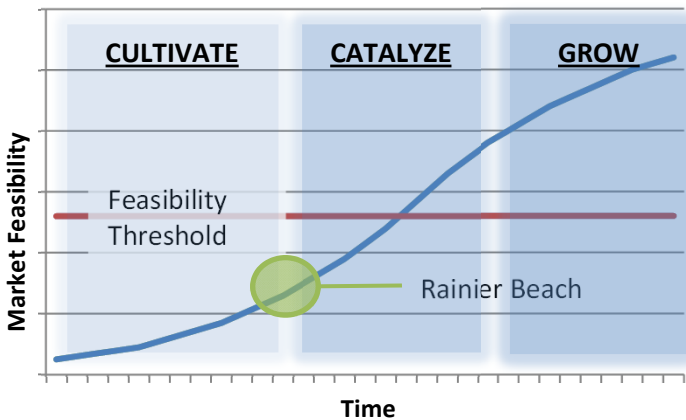




Capitol Hill is in a good position for realizing TOD. However, the area surrounding the station does not have an urban design framework or updated zoning in place for shaping the development that does happen to meet the City’s goals. Partnerships built through the revitalization of the station site with the community, property owners, and developers can be maintained and expanded after the station construction is completed.



Mount Baker presents an opportunity to accelerate and catalyze TOD projects, but significant challenges, especially with infrastructure issues, exist. Building partnerships with the community, property owners/developers, and transit providers will be important for facilitating TOD around the station. In addition, the City has not acted on the proposed rezone of the station area that would allow additional density and flexibility within the land use code.



Rainier Beach faces challenges in a number of challenging elements. Additional partnerships with the community, land owners/developers, and regional transit partners will be necessary to move forward with the assembly and development of land. The surrounding streets and public realm need improvement for increased safety, usability, and attractiveness. Lastly, zoning changes (as part of the rezone legislation) are needed to allow for greater density and mixed uses as envisioned in the updated neighborhood plan and support potential TOD projects.

5.4 Capitol Hill

Summary Assessment and Actions

The Capitol Hill station is located at the intersection of Broadway Avenue and John Street at the center of the vibrant Capitol Hill neighborhood. The neighborhood has experienced significant growth over the last decade, with new multi-family housing, shops, and restaurants. The Pike and Pine Street corridor in particular has seen new businesses opening, rehabilitation of older buildings, and redevelopment existing buildings. These trends indicate the area around the station site is primed for additional growth and development.

Sound Transit owns five sites as part of the station construction, and the redevelopment of these sites is priority and unique opportunity for TOD development for the City of Seattle. The redevelopment of these sites is also an opportunity for the City of Seattle to partner with Sound Transit to include public open space and affordable housing as part of the redevelopment of the site. The City worked with the community and Sound Transit to create an urban design framework for the station site. Currently, the City is in the process of working with Sound Transit on creating a development agreement to be included as part of a request for proposals for development of parcels owned by Sound Transit.

Overall, the Capitol Hill station area is an example of building a partnership with Sound Transit and community engagement as part of TOD implementation around a light-rail station area that can be leveraged at other station areas in the future. Moving forward, the station area is in the growth action stage, and the real estate market is already seeing large scale redevelopment within the station area. As a result, there is opportunity for the City to incentivize and shape that redevelopment to realize the City's TOD goals, which might include creating an urban design framework for the broader neighborhood around the station.

Market Conditions

Summary of Key Issues

The Capitol Hill station area is primed for realizing transit-oriented development. The multi-family and mixed-use market is well established in the station area. A recent market study deemed the residential market strength as “Very Strong” and commercial market strength as “Strong”¹. The City of Seattle and Sound Transit are in the process of planning for redevelopment of the station site when the project is completed.



¹ Central Puget Sound Region Transit Oriented Development Market Study, Strategic Economics and Gardner Economics, June 2012.

Market Assessment

- ▶ **Demographics.** In 2010, the Capitol Hill station area had a large number of residents within one-half mile of the station with 20,890 people, second highest in the region behind the Brooklyn Station Area in the University District. Based on the 2009 ACS, the average persons per household was 1.45, one of the lowest of any station area along the Link corridor, and over 80% households are renter-occupied. Comparatively, citywide figures are 2.08 and 50%, respectively. The median household income in the area is \$43,854, which is below the citywide figure of \$60,843. In addition, 15% of households are below the poverty level. The percent of residents with a college degree (20%) is also lower than the citywide figure of 56%.
- ▶ **Market Data.** The Capitol Hill station area is a strong market for residential development with high average residential rents and low vacancy rates. The average asking apartment rents in Capitol Hill are some of the highest in the region with an overall average of \$1,170 for all units, and vacancy rates are below 3% as of September, 2012². A number of mixed-use developments have already been built within the station area, and additional projects are in the pipeline and/or planning stages.

For commercial uses, average asking office rents in Downtown Seattle are some of the highest in the region at \$27.34³ per square foot, and the vacancy rate for office buildings in Downtown Seattle is trending down. The vacancy rate was still at 14%⁴ as of September, 2012. Capitol Hill is not a center for office development, and as the office market comes back, new office development will likely focus on South Lake Union and the Central Business District. Other commercial uses, especially retail, should be in demand as the population of the neighborhood grows and as Capitol Hill increasingly becomes a destination within Seattle.



² Dupre + Scott Apartment Vacancy Report, September 1, 2012.

³ Central Puget Sound Region Transit Oriented Development Market Study, Strategic Economics and Gardner Economics, June 2012

⁴ CBRE Puget Sound Area Office MarketView Report, 3rd Quarter, 2012

Land Use and Zoning

Summary of Key Issues

The Capitol Hill station area has a mixture of residential and commercial use and the highest residential density of any of the station areas with 31.6 units per gross acre. Multi-family uses compose the largest share of uses with 48% of acres. Commercial uses have the second highest share and accounts of 20% of total acres.

The City of Seattle completed an urban design framework for the Capitol Hill station area in 2011, which focuses primarily on the development typologies favored by the area residents. No changes to land use designations or zoning are specifically recommended; as the most densely populated station area, the Capitol Hill station area already possesses a mix of zoning that allows for medium-density housing and pedestrian-oriented commercial uses.

Current Uses and Zones

While the urban design framework for the station area does not currently recommend any changes to zoning, the station area is bordered on the east by a large area of LR3 zoning (Residential, Multifamily, Low-rise) that limits density to 1 unit per 800 square feet of lot area with a maximum of 45% lot coverage. TOD development in the vicinity may be facilitated by conversion of a portion of these properties to a mid-rise zoning designation, which would allow greater density and height.

Infrastructure and Public Facilities

Summary of Key Issues

The immediate area around the Capitol Hill station area does not have major infrastructure needs to support transit-oriented development. Infrastructure and public facility improvements are proposed as part of the redevelopment of the station area. The urban design framework developed for the site calls for a central public gathering space and pedestrian connections from the station to the surrounding neighborhood as part of the neighborhood's vision for a transit-oriented community. In addition, the Broadway Streetcar, to be completed in 2013, will provide connections from the Capitol Hill station to First Hill and the International District.

Significant Infrastructure Issues

- ▶ **Public Plaza.** A guiding principle of the urban design framework is a proposed public plaza intended to be a gathering spot that serves as a “civic heart” for the Capitol Hill neighborhood. The plaza will be a hub for people and activities. Relocation of the Capitol Hill Farmer’s Market is a proposed feature of the plaza as well as other programmed activities.



- ▶ **Walking and Bicycle Connections.** The urban design framework also cites the need for connections between the station entrances, the surrounding streets, and Cal Anderson Park. These connections would provide linkages through the proposed plaza diagonally across the site as well as a mid-block crossing.
- ▶ **Denny Street Festival Street.** A festival street concept is proposed for the section of Denny Street between Broadway Avenue and 10th Avenue. A festival street is a pedestrian and park focused right-of-way that also allows cars. This section of street would serve as an extension of the public plaza and connect it with Cal Anderson Park across Denny Street.

Strategic Partnerships

Summary of Key Issues

The City of Seattle has worked extensively with Sound Transit and the local community in developing a vision and an urban design framework for the redevelopment of the Capitol Hill station site. The City is also working with Sound Transit to create a development agreement in order to implement the urban design framework. Partnership work thus far has been focused on the parcels owned by Sound Transit and not the surrounding neighborhood.

Partners

- ▶ **Local Community.** The City worked with a diverse set of local community and business stakeholders to craft the Capitol Hill Light Rail Station Site Urban Design Framework. The plan provides the neighborhood's vision for the uses, activities, and facilities included in the site when it is redeveloped after completion of the station construction. A follow-up planning effort that looks at the broader area around the station is a future possibility.
- ▶ **Land Owners and Developers.** Seattle Central and Sound Transit have a memorandum of understanding giving Seattle Central the right of first refusal for the development of Site D to the west of Broadway Avenue, which is adjacent to the college.
- ▶ **Sound Transit.** The City of Seattle has been working with Sound Transit over the last several years on how the parcels owned by Sound Transit for the station construction will be redeveloped when the station construction is complete. The partnership started with developing an urban design framework for the station site and a community engagement process a part of that process. Both organizations agreed to a term sheet outlining the terms for the negotiation of a future development agreement between the two organizations on the uses and type of development that would occur on the site.

Currently, the City of Seattle and Sound Transit are in the process of creating a development agreement to include in a request for qualifications/proposal for the development of the sites owned by Sound Transit. The development agreement will establish development standards and define desired outcomes of the development of the site determined based on the urban design framework, including providing affordable housing and public open space; and, vest development for up to 10 years.

5.5 Mount Baker

Summary Assessment

The Mount Baker station sits at the confluence of Martin Luther King Junior (MLK Jr.) Way South and Rainier Avenue South at the Sound Transit portal under Beacon Hill. The Station area presents a significant potential for TOD. The market fundamentals are improving and are nearing levels that might trigger private investment decisions. The City has recently completed an urban design framework and station area overlay recommending a suite of zoning changes allowing for a more dense and flexible code. In close proximity, representatives of two large “opportunity sites” have signaled to the City their willingness to embrace and invest in a TOD vision for the area.

Overall, the market fundamentals suggest that the station area is in the catalytic action stage, and that TOD projects may be feasible in the near term. Land assembly and ownership is in place for several key opportunity sites with ownership amenable to TOD development, which could serve as catalytic projects. However, it is likely that broader development in the area will take considerable public effort:

- ▶ An opportunity sites faces a significant challenge related to public infrastructure;
- ▶ The general transportation environment needs to be upgraded to support TOD;
- ▶ Implementation of the proposed rezone of the station area overlay; and
- ▶ Additional partnerships with the community, land owners/developers, and regional transit partners will be necessary to move forward with the land development of key, transformative projects.

The situation at Mount Baker provides a clear opportunity for the City to address these and make something happen sooner than it might otherwise through a coordinated TOD implementation action plan.



Market Assessment

Summary of Key Issues

The Mount Baker station area has significant potential for transit-oriented development (TOD), but it currently does not have an established multi-family or commercial TOD market. A recent market study deemed the market strength for the station area as “Transitional” for residential market and “Moderate” for commercial market⁵. As a result, the market for TOD is likely mid-term depending on action by the City of Seattle, such as addressing infrastructure issues, and future market cycles for multi-family housing and commercial uses.



Market Assessment

- ▶ **Demographics.** Based on the 2009 American Community Survey, demographic of residents and households within one-half mile of the station reflect that it is not a location with an established multi-family market. Households in the area are primarily owner occupied (66% of households) and have a median income of \$66,633. Both figures are higher than the citywide figures of 50% owner-occupied households and median income of \$60,843. The percent of residents with a college degree (42%) is lower than the citywide figure of 56%, however.
- ▶ **Market Data.** Market data for the station area indicate residential and commercial rents in the area are not high enough to support new construction. Average asking apartment rents for the spring of 2011 were \$713 per month for one-bedroom apartment and \$1,539 for two-bedroom apartments within the station area. Average asking commercial rents in April, 2012 were \$1.60 per month per square foot⁶. Interviews with developers and brokers indicate that rents are more likely \$1.00 - \$1.20 per square foot per month in the Rainier Valley outside of Columbia City. In addition to relatively modest commercial rent levels, there is a large supply of retail spaces along Rainier Avenue in the area that new retail space would have to compete with in the future.

⁵ Central Puget Sound Region Transit Oriented Development Market Study, Strategic Economics and Gardner Economics, June 2012.

⁶ Seattle Office of Housing, Southeast Seattle Community Cornerstones TOD Site Acquisition Fund Report, 07/31/2012

Land Assembly

Summary of Key Issues

The Mount Baker station area, for the most part, has a fairly small parcel land ownership size pattern with the exception of two major “opportunity sites”. The Lowe’s site and QFC site are owned by two interests, respectively, that have signaled their willingness to consider redeveloping their properties into TOD projects. However, both sites face site-specific development challenges that are likely to necessitate some level of coordination (if not partnership) with the City.

Current Property Ownership and Users

- ▶ **QFC/Rite-Aid Site.** The owner of the site has previously moved forward with redevelopment concepts that would turn the existing retail site (and surface parking lot) into a mixed use project with retail (grocery) and housing. The owner/developer of the site notes that the redevelopment is contingent on the current tenants agreeing to the project. This may prove an obstacle since the current commercial uses are productive and are owned or have long-term leases.
- ▶ **Lowe’s Site.** The owner of the site has expressed some interest in redeveloping the site. Some anecdotal speculation suggests that the current Lowes building configuration is not working for the business via visibility and access issues to the site.
- ▶ **Public-owned Sites.** The largest publically owned site, and adjacent to the station, is the UW Laundry facility. The UW has adjacent parcel originally purchased for expansion purposes that could be site capable of supporting TOD.



Sound Transit owns land west of the laundry facility and one that houses the Metro bus layover site. While intermodal integration is key to the transit element of the area, the low density land use of the site (both midblock and directly adjacent to the LINK station) suggest that this may be a longer-term opportunity. The City – independent of Metro – has produced some development concepts that might integrate a TOD redevelopment of the site while maintaining the functional transit elements.

- ▶ **Artspace Project (@ Mt Baker Station).** Artspace Mount Baker Station Lofts will be a mixed-use arts facility containing 57 rental units of affordable live/work space for artists and their families. Located adjacent to the Mount Baker station, the project will consist of three levels of live/work space. The developer has expressed some frustration that critical elements of the projects interface with the right-of-way; specifically, the accommodation of curb pull-in for short term parking in front of the site cannot be accommodated. This concern was directed at SDOT, particularly around a lack of a comprehensive view of the project and TOD.

Developer Interest/Suitability

Outside of the Artspace project, Dan Rosenfeld (an experienced developer and representing Rosenfeld family trust that owns the QFC site) is in contact with several other property owners around the QFC site who are potentially willing to redevelop or sell. One project is an apartment building with 307 units planned for the property behind the Rite-Aid and QFC on McClellan Street, which is to be developed by Scott Roberts and Lake Union Partners.

Land Use and Zoning

Summary of Key Issues

The majority of land uses around the station (quarter mile radius) are residential. Commercial land uses occupy a small percentage of total use (8%) but consist of a number of larger parcels and buildings closest to the station. The City of Seattle recently completed an urban design framework and as part of station area overlay recommends a series of zoning changes that add additional density and flexibility to the code, particularly as it relates to the application of SM 85/125 from C/NC on the key opportunity sites. This zoning is currently proposed and it is likely that redevelopment at the site would need the rezone to complete for any TOD development to move forward.

Current Uses and Zones

The proposed rezone of Commercial and Neighborhood Commercial Parcels to Seattle Mixed allows for greater flexibility of use as well as the accommodation of greater density on site.

Infrastructure and Public Facilities

Summary of Key Issues

There are substantial infrastructure challenges in the area, particularly as it relates to one of the opportunity sites. A large stormwater drain pipe runs underneath the alley right-of-way and future development will require some form of a cooperative investment/repair of the pipe or out-right relocation. In addition, the transportation environment is in need of significant upgrade as it relates to the circulation pattern and pedestrian environment which currently do not provide for a transportation and pedestrian environment conducive to transit oriented development.

Significant Infrastructure Issues

- ▶ **Rainier Valley Trunk Storm Drain.** An existing 102 inch trunk storm drain in the areas lies within the QFC parking lot. The parking lot potentially could be home to a large mixed use, retail/housing structure. Conceptual plans for the development may require the vacation of the alley in order to accommodate a larger footprint in order to make the project feasible. The rerouting of the existing storm drain is likely to be challenging due to cost and ROW issues. However, a build over alternative might be feasible but would require upfront coordination and investment from any party building over the storm drain piping.
- ▶ **Roadway Circulation.** The station area is intersected by three arterials (Rainier Avenue S., MLK Jr. Way S. and S. McClellan Street) that carry high volumes of traffic. The intersection of the two major arterials is large and coupled with the volume and velocity of traffic make it difficult for pedestrians to cross safely as well has for vehicles to make the necessary local movements. An option to remedy these challenges is to implement a “complete street” alternative that would effectively turn the intersecting arterials into a one-way couplet (aka “Bowtie Traffic Concept”). SDOT expects this configuration would improve traffic flow (by eliminating the need for left turn signals and intersection at Rainier and MLK) while also providing space for bike lanes and wider sidewalks.
- ▶ **Pedestrian Orientation and Streetscape.** Many elements that support a strong pedestrian and alternative mobility environment are lacking. The area lacks wide sidewalks, short pedestrian crossings across streets, street trees, and bicycle facilities. Generally, the presence of Rainier Ave and MLK are dominant as busy, multi-lane arterial that needs to be calmed to provide for a more pedestrian-friendly environment.

Strategic Partnerships

Summary of Key Issues

Through the urban design planning, the City has been engaged with a myriad of community, private (land owners and developers), and other public agencies in the land use and transportation planning for the Mount Baker station area. The work-to-date has provided a strong foundation, particularly coalescing around a vision for future land use; additional informal and formal partnerships will be needed to fully implement the plan for the area.

Partners

- ▶ **Local Community.** The City worked with a diverse set of local community and business stakeholders to craft the Mount Baker Urban Design Framework. The plan is in line with the local neighborhood plan on moving forward with a vision for the area.
- ▶ **Land Owners and Developers.** Dan Rosenfeld (QFC site) has been a participant and stakeholder with the City its visioning for the City. The Artspace project is going forward, but the developer has expressed some frustration with the City's siloed department approach to doing complex TOD projects.
- ▶ **Transit Agencies.** The City is working with King County Metro on alternative bus layover options that remove idling buses and free up street parking around the station and bus transfer station. A strong partnership will also be necessary to move forward with redeveloping the bus transfer station.



5.6 Rainier Beach

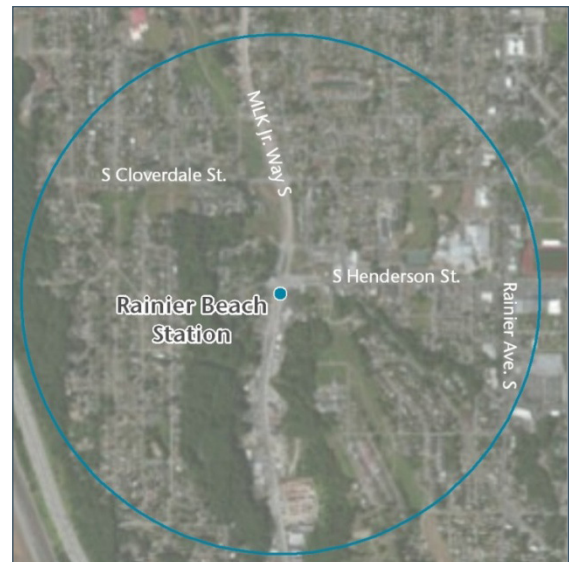
Summary Assessment

The Rainier Beach station sits at the intersection of MLK Jr. Way South and South Henderson Street. The station area is physically constrained with steep forested slopes on both sides of MLK Jr. Way South to the south of the station and a Seattle City Light transmission corridor cutting through the station area. Most of the buildings adjacent to the station are low scale commercial uses with residential uses surrounding them. Several schools, including South Shore K-8 and Rainier Beach High School, are directly east of the station.

The City of Seattle has recently completed an update to the Rainier Beach Neighborhood Plan, which addresses the station area and the Henderson Street corridor at length and proposes zoning changes to allow greater density and capital improvements to increase safety and pedestrian use of the area, indicating an engaged public who have a desire to see this area grow. Market rents are not quite capable of supporting new development but there is potential. There area is in a unique situation at the confluence of the huge industrial/manufacturing area to the south and west.

The community has created a very clear vision for this station area – and that the clarity of this vision is its strength. The station area is in the cultivating actions stage, it will take meaningful public effort to realize TOD, but particularly in an equitable fashion. Foundational actions the City of Seattle can take early on to support more transit-oriented development around the station include creating a sense of place that is supportive of TOD, building additional partnerships, and continued community engagement. Specific cultivating actions needed include:

- ▶ **Property Assembly:** Much of the publicly owned land in the station area is environmentally constrained or otherwise unavailable for development. Substantial assembly of privately-owned properties would be necessary; there is need for significant ROW platting;
- ▶ **Placemaking:** The streetscape environment needs to be upgraded to enhance safety and usability of the area by pedestrians as well as other neighborhood amenity investments;
- ▶ **Zoning:** Much of the current zoning is designated for low-density residential development and would need to be change to allow for greater density and mixed uses as envisioned in the updated neighborhood plan; and
- ▶ **Partnerships:** Additional partnerships with the community, land owners/developers, and regional transit partners will be necessary to move forward with the land development of key, transformative projects.



Starting this foundational work now will help position the area along so that when it is closer to market ready, equitable TOD projects can occur earlier than they otherwise might.

Market Assessment

Summary of Key Issues

The Rainier Beach station area has limited near-term potential for transit-oriented development (TOD). Currently, there is no demand for new, market-rate multi-family or commercial transit-oriented development within the station area. A recent market study deemed the residential market strength as “Moderate” and commercial market strength as “Weaker”⁷.



Market Assessment

- ▶ **Demographics.** Based on the 2009 American Community Survey, residents and households within one-half mile of the station area are larger households of mostly owner-occupied housing with lower household incomes. The average persons per household is 3.26, the highest of any station area along the Link corridor, and 65% of households are owner-occupied. Comparatively, citywide figures are 2.08 and 50%, respectively. The area’s household median income of \$51,067 is below the citywide figure of \$60,843. In addition, 16% of households are below the poverty level. The percent of residents with a college degree (21%) is lower than the citywide figure of 56% as well.
- ▶ **Market Data.** The station area will likely not see much new higher density development under current market conditions. Average asking apartment rents for the spring of 2011 apartments within the station area were not available, but interviews with developers indicate there is little demand for multi-family housing in the station area⁷. Average asking commercial rents in April, 2012 were \$1.23 per month per square foot⁸. Interviews with developers and brokers indicate that rents are more likely \$1.00 - \$1.20 per square foot per month in the Rainier Valley outside of Columbia City. The Rainier Beach station area has had the few land sales in the station area of any station area in Southeast Seattle, and the average price per square foot has also been the lowest of the station areas at \$26 per square foot in 2009 and \$33 per square foot in 2010.

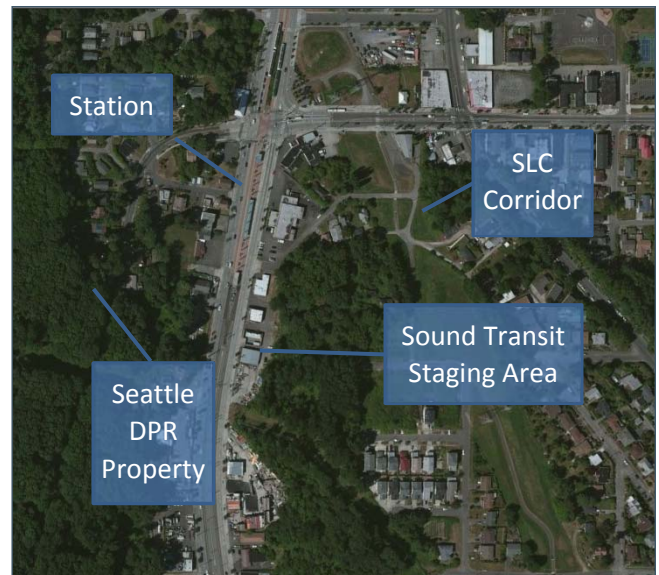
⁷ Central Puget Sound Region Transit Oriented Development Market Study, Strategic Economics and Gardner Economics, June 2012.

⁸ Seattle Office of Housing, Southeast Seattle Community Cornerstones TOD Site Acquisition Fund Report, 07/31/2012

Land Assembly

Summary of Key Issues

- ▶ Public ROW (City Light) and natural topography surrounding the station constrain the amount of land available to support TOD.
- ▶ Most public property in the area is unavailable for development as part of public-private partnerships, either because of infrastructure or environmental constraints.
- ▶ There is a variety of ownership and parcel sizes within station area, however preliminary and limited private land assembly activity has occurred.



Current Property Ownership and Users

- ▶ **Private Ownership.** Privately-owned land in the station area consists mostly of small, individually-owned parcels, which indicates that a large amount of land assembly would be necessary before a significant amount of TOD development could occur. One development interest does own several large parcels southeast of the station site and has options on several more, providing the potential for a partnership to catalyze development in the area.
- ▶ **Sound Transit Property.** Sound Transit owns approximately 3.4 acres on both sides of Martin Luther King Jr. Way, south of the light rail station, at the edge of the adopted Station Area Overlay. These parcels are encumbered by the presence of steep slope and landslide hazard areas but could be partially developed. The latest update to the Rainier Beach Neighborhood Plan envisions this area as employment-focused development, particularly “incubator” and start-up businesses.
- ▶ **Seattle City Light Right-of-Way.** A dominant feature of the Rainier Beach station area is the Seattle City Light transmission line right-of-way that passes immediately northeast of the station site and bisects the station area. The right-of-way presents an impediment to TOD development in the station area as the presence of the transmission lines precludes intense development of this property. However, the presence of a large amount of City-owned property provides an opportunity for development of low-intensity, passive recreational uses, such as parks, trails, festival space, or urban agriculture.

- ▶ **Seattle Parks and Recreation Property.** The City of Seattle Department of Parks and Recreation (DPR) owns a large collection of parcels west of Martin Luther King Jr. Way, generally grouped along Carkeek Drive South. DPR also owns several vacant parcels between Martin Luther King Jr. Way and the Seattle City Light right-of-way. These areas are designated as a steep slope and potential landslide areas under the City's critical areas ordinance and are therefore unsuitable for most types of development.
- ▶ **King County Wastewater Division.** King County Wastewater Division owns two parcels, totaling approximately 0.27 acre, at the intersection of South Fairbanks Street and 42nd Avenue South, west of the light rail station. One of the parcels appears to be vacant, and the other is occupied by a pump station. This property, like much of the other publicly owned land in the area, would not be available for development without relocation of the utility infrastructure currently located on it.

Developer Interest/Suitability

The City has been working with a development interest that owns several key sites. The City has also been in contact with other developers who have shown some interest in innovative opportunities presented at the station area.

Land Use and Zoning

Summary of Key Issues

The majority of land uses within the Rainier Beach station area are single-family residential with 54%, and residential density is relatively low with 3.2 units per gross acre. Undeveloped land accounts for the second highest use category with 23% of land area, much of which is due to the City Light right-of-way cutting through the station area. Commercial and light industrial uses are a small percent of land area with 4.7% and 2.9% of total acres and are primarily along Martin Luther King Junior Way S and Rainier Avenue S on the east side of the station area. The current zoning pattern is not ideal for TOD; most of the station area is zoned for single-use commercial or residential uses with little potential for mixed uses. Current zoning likewise does not allow sufficient density to make TOD feasible.

Current Uses and Zones

- ▶ **Rainier Beach Neighborhood Plan.** The Rainier Beach Neighborhood Plan was updated in March 2012 and contains an overview of desired development types, including affordable multifamily housing, live/work units, a community college campus, and incubator businesses. The plan also calls for additional density and a greater degree of mixed-use development in the station area to create additional economic opportunities in the neighborhood. While current zoning would allow some of this desired development to occur via the C1, C2, NC, and LR3 zones, these districts are typically arranged very narrowly along South Henderson Street and Martin Luther King Jr. Way. Most of the property in the station area is zoned for single-family or low-rise multifamily residential development, and large amounts of property would need to be rezoned to allow for the density envisioned by the updated Neighborhood Plan. The Neighborhood Plan recommends

localized zoning changes to more intensive commercial designations with increased height limits to 85 feet, but these recommendations are not binding, and the City would need to initiate a rezoning process to allow the additional density recommended.

- ▶ **Rainier Beach Station Area Draft Urban Design Concept.** The City of Seattle unveiled a draft urban design concept for the Rainier Beach station area, produced by VIA Architecture, in November 2012. The urban design concept builds upon the principles and community recommendations from the Rainier Beach Neighborhood Plan and proposes specific land use and zoning changes to the area to facilitate the dense, mixed-use housing recommended by the Neighborhood Plan. The urban design concept proposes to rezone the majority of land immediately surrounding the station to SM-85 to allow flexibility of uses and sufficient height to achieve the density necessary for TOD to be feasible. SM-65 is proposed further east along South Henderson Street, and LR2 and LR3 zoning is proposed at the periphery of the station area. C2-65 zoning is proposed for the far southern edge of the station area along MLK Jr. Way. As with the Neighborhood Plan, these recommendations are not binding, and the City would need to initiate a rezoning process for a large portion of the station area.

Infrastructure and Public Facilities

Summary of Key Issues

There are substantial infrastructure challenges in the station area, particularly related to pedestrian movement. The area currently lacks significant pedestrian streetscape amenities, and pedestrian access routes to the station are exposed to vehicular traffic. In addition, the Seattle City Light Transmission Corridor removes a large amount of land from consideration for TOD development.

- ▶ **Roadway Circulation.** The station area is dominated by the intersection of two arterials (MLK Jr. Way S. and S. Henderson Street) that carry high volumes of traffic. The intersection of the two major arterials is large, containing multiple vehicle turning movements, as well as the only legal pedestrian access to the light rail station platform. The volume and velocity of traffic may create difficulties for pedestrians, and pedestrians crossing MLK Jr. Way from the west may not be adequately visible to westbound Henderson Street traffic turning left onto south-bound MLK Jr. Way.
- ▶ **Pedestrian Orientation and Streetscape.** The Rainier Beach station is located within the right-of-way of Martin Luther King Jr. Way with two lanes of vehicular traffic on either side of the train tracks. Rail passengers must cross the traffic lanes to reach the station platform. While the area appears to have ample sidewalks, at least in the immediate vicinity of the station, additional elements to support a strong pedestrian and alternative mobility environment are lacking. Given the long street crossing necessary to reach the station platform, additional signage and pavement treatments would be useful to increase driver alertness. Street trees and bicycle facilities are generally lacking, and the updated neighborhood plan calls for increased lighting to increase pedestrian safety.

Partnerships

Partners

- ▶ **Local Community.** The local Rainier Beach community has been deeply engaged in planning for the station area, particularly with the recent update to the Rainier Beach Neighborhood Plan. The City of Seattle formed a Neighborhood Advisory Committee (NAC), comprised of area residents with a variety of backgrounds, to help engage the wider community and form recommendations that reflect community needs. Workshops and open houses were held throughout 2011 and into 2012 to solicit input from Rainier Beach residents.
- ▶ **Land Owners and Developers.** The development interested that does own several large parcels southeast of the station site and may pursue options on several more, providing the potential for a partnership to catalyze development in the area. The City has been working with the interest that owns several key sites.



6.0 FINDINGS AND RECOMMENDATIONS

6.1 Findings

This report finds that Seattle has an opportunity to engage in TOD in a more proactive and directed way. The City is well positioned to take specific actions to move TOD forward, especially in less-than market ready areas. With policy and land use planning largely in place, the City now needs a TOD Implementation Initiative that will focus on making TOD happen – faster and earlier.

This project examined market conditions in three station areas – Capitol Hill, Mt Baker and Rainier Beach – and found that all three of the areas could benefit from targeted City actions to catalyze TOD investment. By taking early and coordinated action, the City can create opportunities for equitable development in these communities.

Major findings supported by this analysis are:

- A. Seattle Can Build on Previous Success.** Seattle can apply lessons learned and models from its experience in catalyzing revitalization in market ready neighborhoods to create a program that will propel equitable TOD forward in other neighborhoods.

The City has successfully deployed land assembly, land use, infrastructure, financial supports and incentives, and public-public and public-private partnerships in supporting TOD development in Northgate and South Lake Union. The City can apply many of the elements of success in these neighborhoods to less market ready areas, fostering equitable development where it would otherwise not likely occur.

- B. Other Cities are Showing the Way.** Seattle can build on models and approaches being used in other cities to bootstrap an effective program.

Other cities, particularly Portland and Minneapolis, have created TOD strategies that are making projects happen in less than market ready areas. In Minneapolis, the City has hired one experienced person to serve as a “matchmaker” connecting property owners and developers, and shepherding City improvement projects to support new development. The Minneapolis model does not require creation of a new agency or organization. Rather, the TOD manager has on-the-ground experience with both public and private sectors, and works across departments in a coordinative role. With a modest investment, Seattle can adopt the Minneapolis model of hiring a TOD Manager to serve as matchmaker between property owners and developers.

C. TOD Strategic Plans Bring the Players Together. TOD Strategic Plans have been developed by several cities (Denver, Los Angeles, the Minneapolis region) to guide policy investment and interdepartmental efforts.

A good strategic planning process will engage all of the departments involved, identifying clear roles and responsibilities for each entity in support of specific goals for each station area. The product then serves as a work plan for the projects and organizations involved.

D. A TOD Initiative Will be a Difference-maker. Opportunities for the City to support revitalization exist at Seattle station areas regardless of market readiness.

All three of the station areas have work that can be done to better implement TOD within the station area, even if they are primed for TOD development. The types of actions appropriate depend on the specific local conditions and where on the spectrum of TOD feasibility a site is located given the framework above. Understanding each sites challenges and opportunities will help make the most effective use of the City's time, effort, and financial resources.

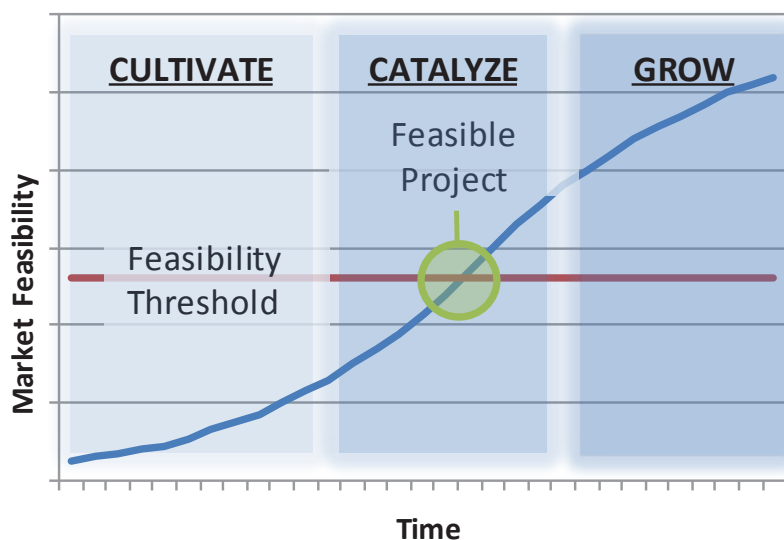
The City can influence the development prospects of station area in various ways: through transit and pedestrian-friendly infrastructure improvements; by connecting willing property owners with developers; by leveraging funding sources to create public amenities, etc. While Seattle does not have some of TOD-specific tools that other cities around the country have, the City does have several useful tools at its disposal.

E. Timing Matters and Early Action is Critical. A major objective of City TOD strategy is to make development happen sooner and faster than it otherwise would. Timely investment in infrastructure and other core elements of TOD project feasibility play a tremendously important role in cultivating and catalyzing revitalization. Taking early action in areas not recognized by the market as development ready is a significant way that cities can add value.

The schematic below illustrates a framework for thinking about TOD actions and investments across time and market conditions. The City can organize its efforts along a spectrum of action, from Cultivation Actions to Catalytic Actions to Growth-Oriented Actions (as described in depth on page 28).

Each action the City takes along this spectrum will improve the relationship of the area from the perspective of fostering private investment.

Exhibit 4: A Spectrum of City Actions to Catalyze Private Investment



Source: BERK, 2013.

REQUIRED ELEMENTS OF SUCCESSFUL TOD IMPLEMENTATION

Moving forward with TOD implementation will require action in five key areas. Seattle has strengths in some of these areas, and needs improvement and focused efforts in others.

1. Leadership, vision and a cohesive strategy
2. Effective coordination across departments
3. Supportive planning and zoning policies in place
4. Funding for strategic infrastructure and facility investments
5. Partnerships that leverage public and private investments

6.2 Recommended Actions

The recommendations below will advance Seattle toward creation of a successful TOD implementation program. However, a necessary precondition for these recommendations to work is leadership. Cities across the country have demonstrated that leadership from elected officials is critical to making TOD efforts successful. This leadership includes clear priority setting and specific direction to departments make timely investments, problem solve and to work together in support of common goals.

Action #1: Create a Clear Strategic Action Plan for TOD Implementation

A clear, concise set of goals and action steps is needed to provide focus and direction. A Citywide or regional TOD Implementation strategy also provides an opportunity to engage stakeholders, staff and elected officials in crafting a vision and specific action strategies. The Action Plan would guide activities at the station areas and across departments, and would provide a new platform for reporting and accountability for each organization involved.

Action #2: Invest in New Staff Real Estate Capacity to Implement the TOD Program

A TOD manager with real estate expertise along the lines of the Minneapolis model shows that with a small investment, the City can create a program that harnesses the abilities of multiple departments and brings together property owners and developers. A key function of this TOD staffing is to serve as a “matchmaker” between interested property owners and developers. Bringing the parties together in this way is a missing piece currently, and can help Seattle mitigate the lack of direct TOD tools available to Washington cities.

Seattle should hire a TOD Manager, potentially modeled on the Minneapolis job description. The TOD Manager should have a mix of public and private sector development skills and experience, and the position must come with authority to speak to multiple departments about TOD needs.

Action #3: Create Coordinated Cross-Departmental TOD Teams

Every case study evaluated has highlighted the importance of departments working together effectively toward agreed-upon outcomes. Seattle should emulate other cities and its own past experiences to form focused TOD implementation teams. Each team will need a charter and a work plan, as well as designated lead and supporting staff.

Action #4: Invest in Catalytic and Cultivation-Focused Projects

Early and proactive investment is needed in several station areas to improve their market readiness and development potential. These projects can be identified in the TOD Strategic Action Plan. The City will also need to think of innovative or new funding mechanisms to support public investments targeted at TOD.

Action #5: Create Partnerships with Transit, Developers/Owners, and Regional Agencies to Align TOD Goals and Actions

The City's has limited ability lend its credit and directly participate in private development. The City must strategically partner with TOD interests to assemble and dispose of land around stations, provide innovative forms of capital and financial support, build infrastructure, and provide long-term community support through community and business programs.

Action #6: Continue Peer Learning and TOD Information Sharing

Seattle has a chance to collaborate and share information with staff from Denver and Minneapolis. Seattle should invest in this opportunity to learn what has and has not worked for its peer cities, and to further define a new TOD program for the City. This cross-fertilization of experiences and ideas will help Seattle as it develops its own TOD Implementation Program.