



# **Capitol Hill TOD: Sites A, B-South & C**

Sound Transit Board of Directors

August 25, 2016

 **SOUNDTRANSIT**

# Capitol Hill TOD Project History

Coordinated  
Development Plan

Developer  
Procurement

Developer  
Negotiation

*Entitlement &  
Construction*

**January 2013**  
R2013-02  
Surplus  
Declaration

**October 2013**  
M2013-79  
Development  
Agreement

**April 2015**  
M2015-34  
Authorization to  
negotiate with  
Gerding Edlen

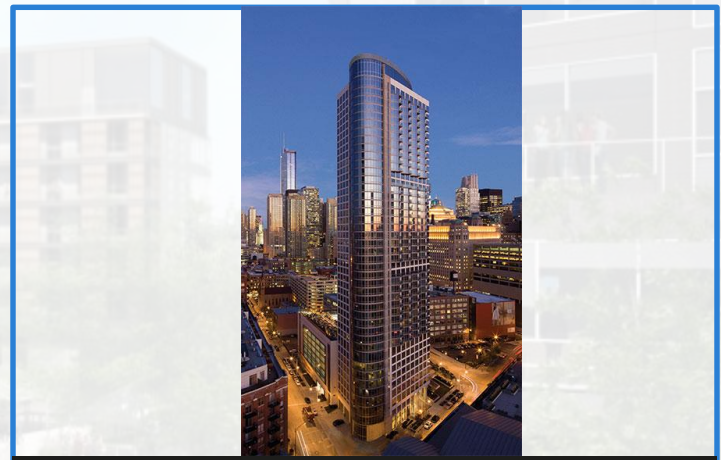
**July 2016**  
M2016-81  
Purchase & Sale  
agreement with  
Gerding Edlen for  
affordable housing  
on Site B-North

**TODAY**  
3 99-year Ground  
Leases with  
MEPT Capitol Hill  
Station Joint  
Venture, LLC for  
Sites A, B-South  
and C

# Capitol Hill TOD Joint Venture



**GERDING EDLEN**  
PEOPLE • PLANET • PROSPERITY



 **MULTI-EMPLOYER PROPERTY TRUST**

# Capitol Hill TOD Site Plan



# Capitol Hill TOD Developer Rendering



# Capitol Hill TOD Development Partnership

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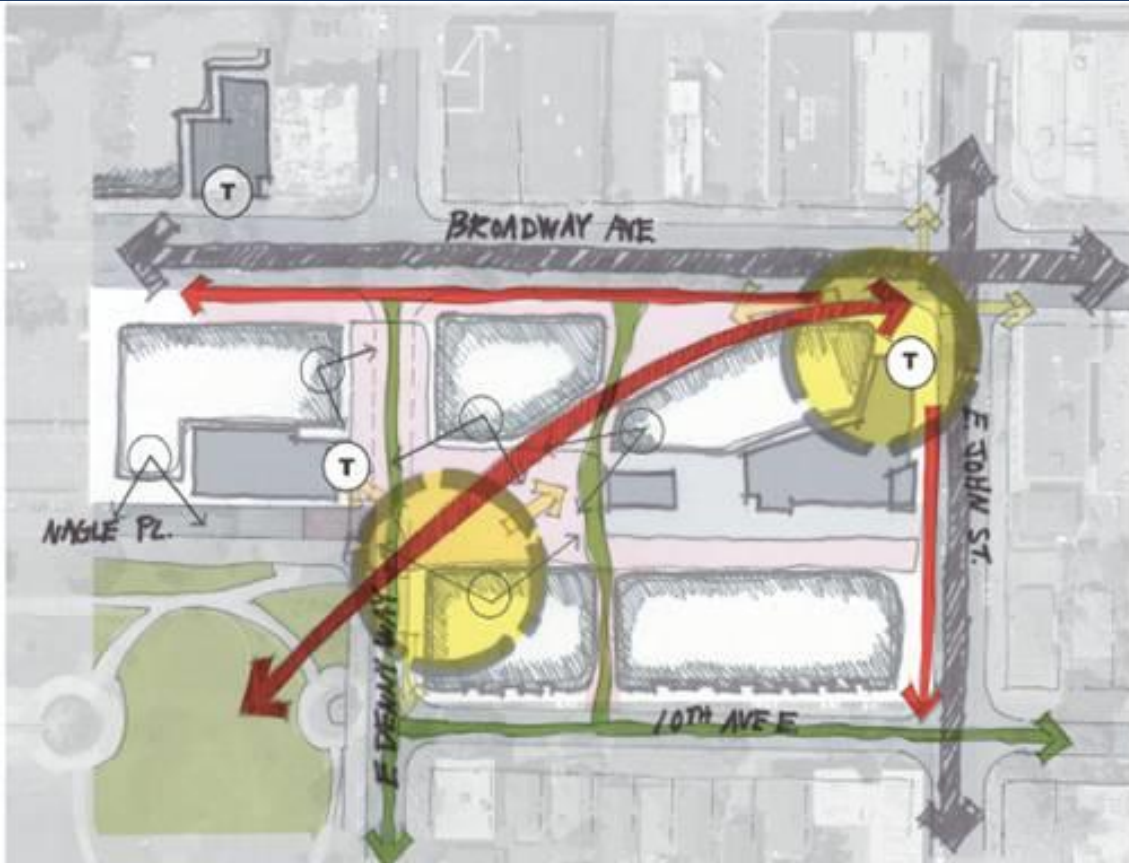
 **Capitol Hill  
Housing**

Nagle Place

Nagle Place Extension

10th Avenue East

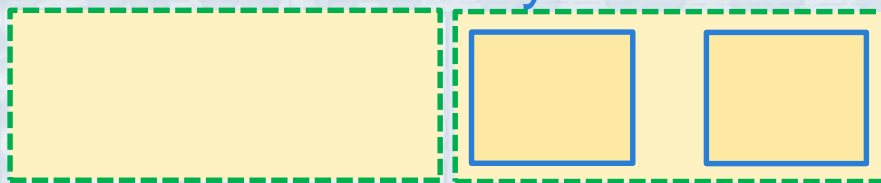
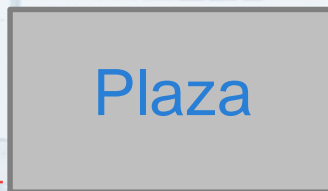
# Capitol Hill TOD Community Priorities



Create a destination that:

- + Is inclusive:
  - + Commitment to Affordable Housing
  - + Opportunities for smaller independent retailers
- + Provides a public gathering space and place for Farmers' Market
- + Sustainable design
- + Creates a visual connection between Broadway and Cal Anderson Park

# Capitol Hill TOD Public Benefits



## Housing By the Numbers

- + approximately 397 units
- + 16% affordable for 12 years (MFTE)
- + 21% permanently affordable
- + 37% of total units affordable
- + 1/3 family-sized (2+)

## Sustainable Design

- + built to LEED Platinum

10th Avenue East



# Capitol Hill TOD

## Ground Floor Program

**12k**

GSF commercial

**18k**

GSF commercial

**10k**

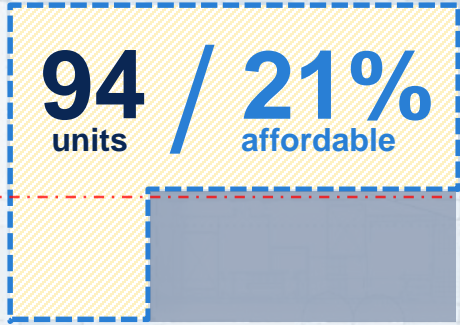
GSF community

Nagle Place

Nagle Place Extension

10th Avenue East

# Capitol Hill TOD Housing + Affordability



Nagle Place

Nagle Place Extension

10th Avenue East

# Capitol Hill TOD Transaction Structure



(3) 99 year Leases and DDA to

MEPT Capitol Hill Station Joint Venture, LLC

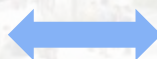
A partnership between

 **MULTI-EMPLOYER PROPERTY TRUST**

Equity Investor/ Owner-Operator

**GERDINGEDLEN**  
PEOPLE · PLANET · PROSPERITY

Developer



# Capitol Hill TOD Lease Terms

- 99 year ground lease
- requires Developer to make a bulk rent payment when they sell their interest in the project but no later than 2033
- The aggregate rent has a present value between 18M and 20M



## Rent is Paid as Follows:

- + Properties have a Fair Market Value of \$22.235M
- + Rent commences when shoring permits are issued and ST will receive a security deposit (2% FMV)
- + During construction, monthly rent equal to 1% of FMV will be charged and credited to the bulk rent payment.
- + After construction and for as long as developer retains property rights or until 2033, monthly rent equal to 1% of FMV will be charged and added to the aggregate present value of the deal
- + Bulk rent payment has a present value of \$17.435M

# Capitol Hill TOD

## Terms of Transaction

### **TOD/Transit Operations Covenants**

- + Requires fundamental project elements
- + ST retains right to access all underground support facilities
- + Acknowledges FTA's continued interest in the property.

### **Contingencies**

- + \$830K contingent funds for environmental cleanup



### **Guarantees**

- + Requires MEPT Edgemoor LP, an affiliate of the joint venture, to maintain a sufficient net worth and liquidity to provide a guarantee up to the construction budget of the 3 sites.

### **Timing**

- + Shoring permit expected 2018
- + Anticipated Completion late 2019

# Capitol Hill TOD

## FTA Joint Development

### Benefit to the Agency

- + Joint Development approval allows ST to retain the 41.7% of federal interest in the land and rent is treated as program income.
- + Program income can be treated both as capital and operating income



### Eligibility

- + Minimum revenue threshold
- + Provide economic and transit benefits

### Process & Timing

- + Staff has worked closely with FTA throughout this deal
- + Staff submitted a preliminary application
- + FTA is reviewing final deal documents now
- + Anticipate approval

# Capitol Hill TOD

Today's Action

Coordinated  
Development Plan

**Authorize the CEO** to execute a  
Disposition and Development Agreement  
and 3 99-year Ground Leases with **MEPT  
Capitol Hill Station Joint Venture, LLC**  
for mixed-use development on **Sites A,  
B-South and C.**

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**TODAY**  
99-year Ground  
Leases for Sites  
A, B-South and C



Thank You