

TOD: Federal Way Downtown Station

Surplus, suitability for housing, and offering strategy

Executive Committee

1/16/2025

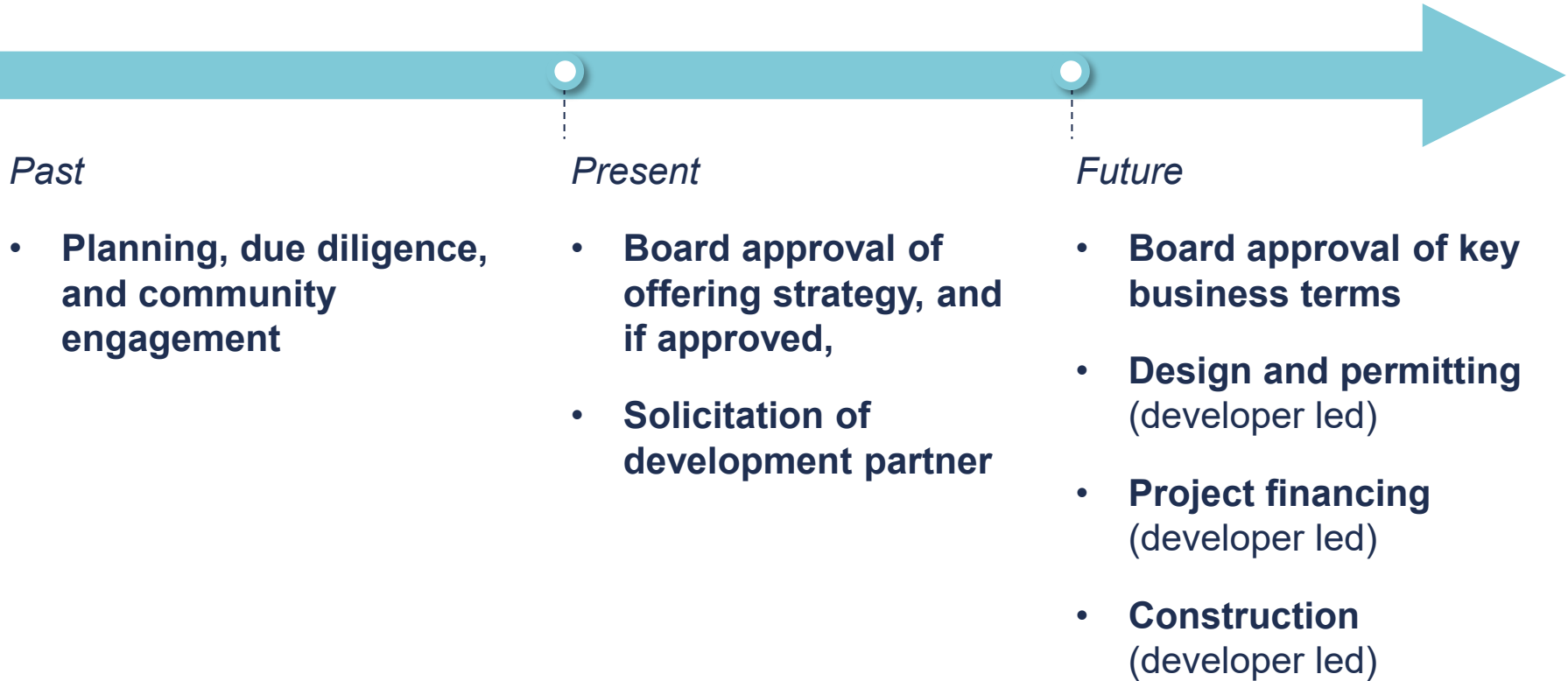


Why we are here

Seeking actions that would guide the redevelopment of property at Federal Way Downtown Station

- Confirm CEO surplus declaration
- Declare the property as suitable for the development of housing
- Direct staff to first offer the property to qualified entities for affordable housing
- Direct staff to consider discounting the property to facilitate the affordable housing components

TOD project implementation



Area context



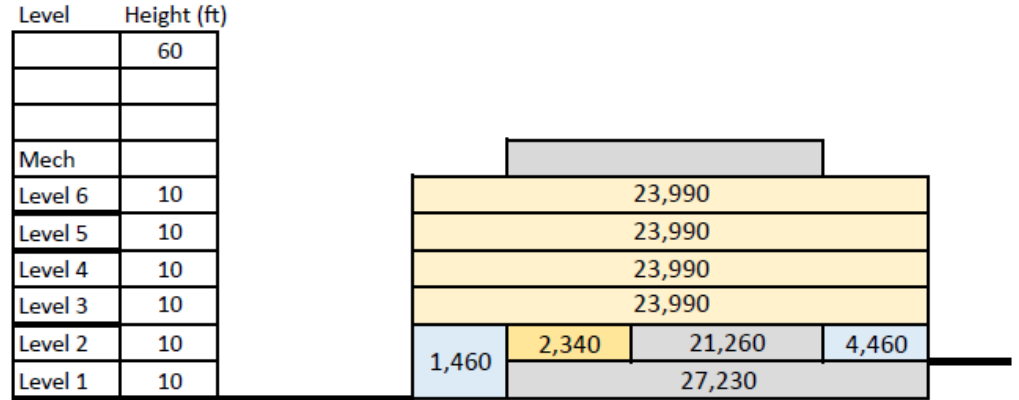
Opportunity in Federal Way

- 5.5 acres adjacent to Federal Way Downtown Link light rail station
- Four development sites
- Sites range from 42,000 square feet to 102,000 square feet



Opportunity in Federal Way

- Studies show potential for up to 250 units across both Sites 1 and 2



High level goals

- Build on City of Federal Way's City Center progress
- Provide affordable housing near high-capacity light rail station and transit center
- Offer sites 1 and 2 now for affordable housing
- Prepare sites 3 and 4 for future development with a significant market-rate component



Community Engagement

How we listened

- Collaborated with key stakeholders, jurisdictional partners, and community-based organizations
- Invited community to share input in-person and online

What we heard

- Desire for a diversity of housing opportunities, with emphasis on affordable housing options
- Support for public and commercial spaces that serve both transit users and the broader community
- Interest in creating a vibrant community hub for residents and visitors

Action 1: Declare surplus

The property is surplus

- Site was used for construction staging
- No future transit purpose upon completion of Federal Way Link Extension project



Action 2 – Suitability for housing

Sites are suitable for the development of housing

- Legally permissible to build housing
- Physically possible to build housing
- Economically reasonable to construct housing
- Environmental conditions don't preclude housing
- City and community support for housing

Action 3 – Offering strategy

Offer the surplus property at FWDS to Qualified Entities for development as affordable housing

- Site could support a fully affordable outcome
- City of Federal Way and community support affordable outcomes

Action 4 – Pricing approach

Authorize staff to offer the TOD sites 1 and 2 below market value for affordable housing

- Estimated land value:
 - Site 1 - \$1.9MM
 - Site 2 - \$2.7MM
- Land costs are a financial barrier to affordable housing creation
- Discount will allow more/deeper affordability
- Amount of discount subject to board approval
- Financial plan does not assume fair market value from all surplus property transactions

Next Steps

If approved following Executive Committee and Board actions:

- Prepare and issue requests for proposal(s) for sites 1 and 2
- Return to Board with key business terms if proposal(s) selected
- Continue due diligence and site preparation on sites 3 and 4

Thank you.



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