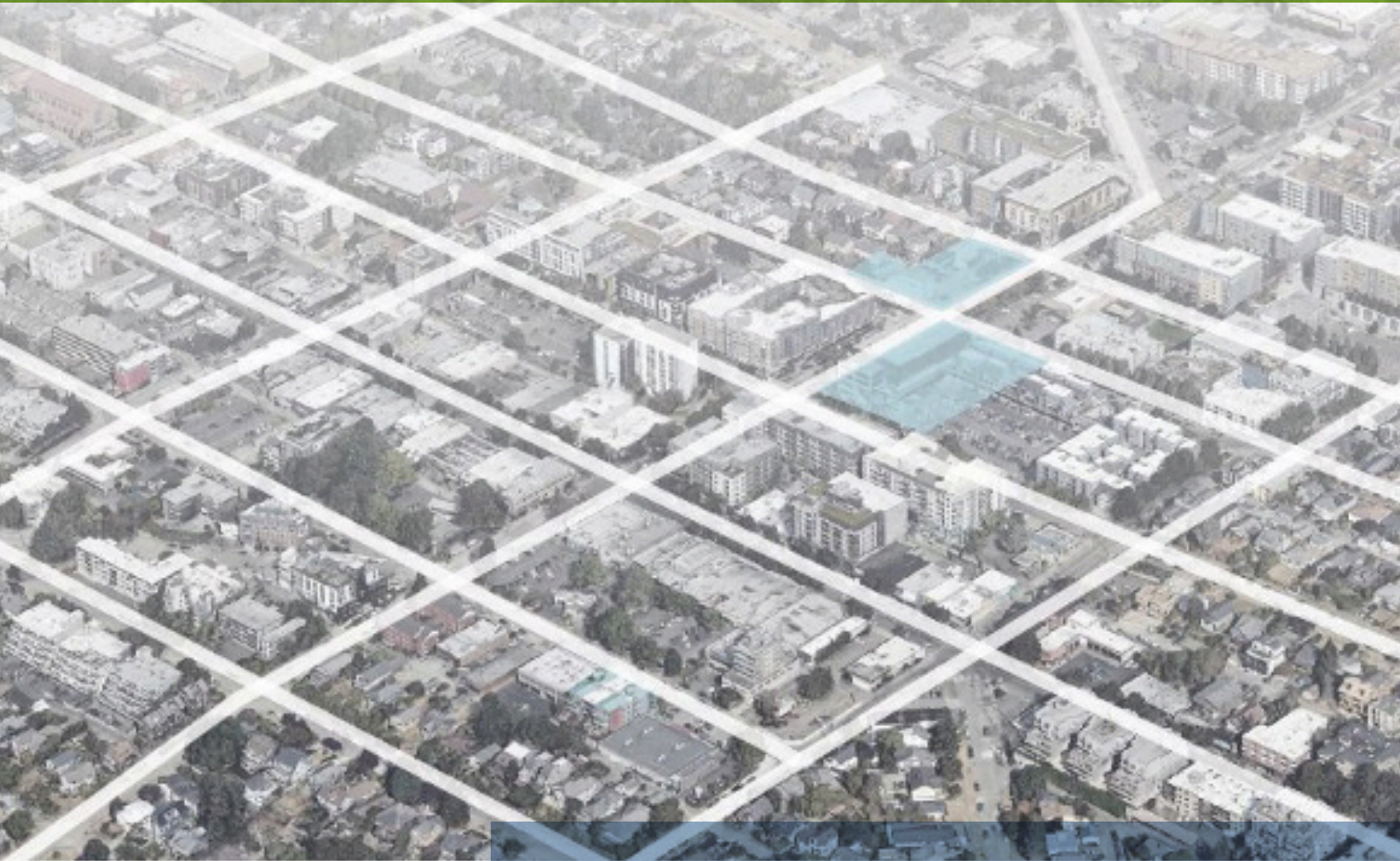




Northwest

ALASKA JUNCTION STATION TAP

Opportunities for Integrated Transit-Oriented Development



TECHNICAL ASSISTANCE PANEL REPORT | May 2024

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About ULI Northwest

ULI Northwest is a District Council of the Urban Land Institute, a nonprofit education and research organization supported by its members. ULI Northwest carries out the ULI mission locally by serving as the preeminent real estate forum in the Pacific Northwest, facilitating the open exchange of ideas, information, and experiences among local, national, and international industry leaders and policy makers.

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Acknowledgments

ULI Northwest would like to thank the staff at Sound Transit, especially Kristin Hoffman, Tim Bates, Sloan Dawson and Thatcher Imboden for their excellent work coordinating this Technical Assistance Panel.

ULI Northwest would also like to thank the 10 stakeholders who shared their experiences, perspectives, and insights with the panel.

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EXECUTIVE SUMMARY

Sound Transit partnered with the Urban Land Institute Northwest (ULI) to conduct five Technical Assistance Panels (TAPs) focused on integrated joint development opportunities along the West Seattle Link Extension (WSLE) and the Ballard Link Extension (BLE). Through the integrated joint development opportunities arising from these two extensions, including over 4 miles of light rail service and four new stations (WSLE) and 8 miles of light rail service and nine new stations (BLE), Sound Transit is expanding into an emerging Joint Development practice, exploring air rights and integrated development over head houses and transit facilities. The TAPs are funded through a grant Sound Transit received in 2023 from the Build America Bureau, a program of the United States Department of Transportation (USDOT).

The first in a series of TAPs held in 2024 and 2025, the Alaska Junction TAP focused on joint development opportunities at the Preferred Alternative sites for the north and south headhouses at the Alaska Junction station. The TAP process includes sponsor briefings, site tours, stakeholder interviews, deliberation, and presentation and discussion of recommendations.

Note: Images provided to the TAP regarding the station and station-area TOD are preliminary concept images for discussion purposes only. They are not intended to reflect final design.

The panel considered four questions posed by Sound Transit: 1) Sites best suited for affordable or market-rate housing; 2) Strategies for value capture and/or enabling investments; 3) Best approaches to partnering and delivery for each building site; and 4) Seattle's regulatory framework and entitlement process alignment with joint development concepts.

As part of the TAP process, panelists interviewed a range of stakeholders who highlighted priorities for a range of market and affordable housing types, the potential for strong multimodal connections, and the need for an improved pedestrian experience, while noting continued need for parking.

Site Recommendations:

- Site A, located at the north headhouse, is best suited for affordable housing, either aligned with 75-foot-height existing zoning or, if high-rise, 13-story or higher development.
- For site B, at the south headhouse, there is potential for a range of affordable and market rate residential, recommending an upzone to 200 feet. Consider consolidation of sites B and C, directly south of B, to increase program and phasing flexibility, and not allow for an overbuild option for the south headhouse.

Implementation Recommendations:

Regarding **enabling investments**, the panel recommended Sound Transit establish partnerships with financing agencies to enable affordable housing financing aligning with the station development timeline. Key points for **partnering and delivery** included recognizing that integrated development can occur in different ways including simultaneous design and construction, and phased construction that assumes integrated design. Phased construction could greatly reduce the risks to both Sound Transit and potential TOD developers, given the complexity of simultaneous construction, permitting, and finance and because market conditions impact development opportunities on a timeline different from transit infrastructure timeline. For more integrated design, station infrastructure should be designed for TOD with early input from a consulting developer incorporating design and engineering expertise to facilitate overbuild. Regarding the **regulatory framework**, the panel recommended upzones to allow for high rise construction, allowing for greater flexibility for timing and response to market conditions.



Pictured: WSLE Proposed Map

BACKGROUND

Sound Transit is a regional transit authority, whose statutory scope includes designing, building, and operating high-capacity transit, and all associated activities. Sound Transit completed the first phase of the Link light rail system connecting Downtown Seattle to Seattle-Tacoma International Airport in 2009 and subsequently expanded that operating line to the University of Washington (2016), Northgate Urban Center (2021), and Lynnwood (2024). The agency opened the 2 Line service in Bellevue and Redmond in 2024, which is expected to extend to Downtown Redmond (2025) and to downtown Seattle where it will interline with the 1 Line to Lynnwood (2025). A further extension of the existing 1 Line south to Federal Way is under construction and will add three additional stations and bring the network to 62 miles of light rail service (2026). Later expansions, including WSLE and BLE, are set to expand the light rail system to 116 miles.

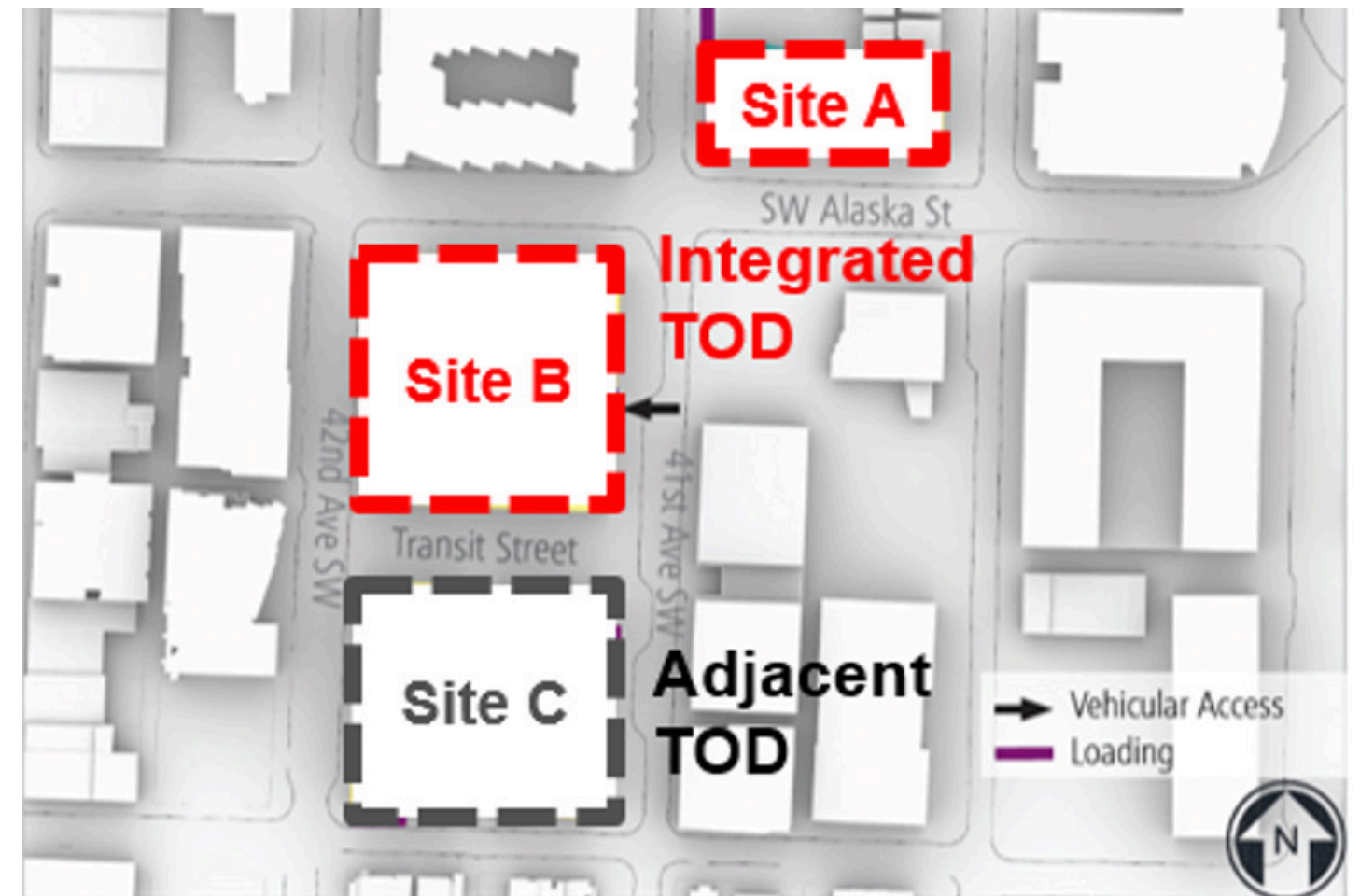
After several years of alternative development and environmental review, the Agency is poised to advance design and construction work on locally preferred alternatives for the WSLE and BLE projects, which will add 13 new light rail stations to the urban core and inner-ring neighborhoods of Seattle. Sound Transit has the opportunity to achieve high levels of integration between its stations and new transit-oriented development (TOD). This includes air rights and integrated development over stations, also called overbuilds, defined as projects that are constructed on top of a transit facility. As preferred alternatives were refined for both extensions, potential TOD opportunity sites were identified, allowing Sound Transit to conduct a test fit and feasibility study. From there, Sound Transit identified six potential stations where overbuild appeared feasible and advanced TOD conceptual designs. This work clarified that the transit project would need to plan and provide for future overbuild development in station design and construction.

Sound Transit has an established practice in delivering TOD at stations, managed by a dedicated team in the Community Development Office (CDO) and guided by the Agency's [Equitable Transit Oriented Development Policy](#). CDO has numerous TOD and joint development projects, with nearly 3,500 housing units built, under construction, awarded to developers, or in negotiations; of these, nearly 2,700 are income-restricted affordable housing. In addition, the Agency has experience with integrated development. At the U District Station, Sound Transit and The University of Washington partnered on an overbuild of the underground station, completed in 2024.

Sound Transit, while not empowered to build TOD itself, is making design and project delivery decisions in the near term that could greatly affect the feasibility and desirability of integrated TOD. To inform Sound Transit's decisions, the Agency is partnering with ULI Northwest to convene five TAPs to review conceptual designs for integrated development and make recommendations to Sound Transit and its partners.

TOD Overview:

- Three potential TOD sites overall
- Two integrated sites are focus of the TAP



THE ASSIGNMENT

The Alaska Junction TAP panel reviewed the potential for integrated joint development at sites for the north and south headhouses. The Preferred Alternative station has a north headhouse at the northwest corner of SW Alaska Street and 40th Avenue SW (Site A) and a south headhouse at the southeast corner of SW Alaska St and 42nd Avenue SW (Site B). Sound Transit anticipates a third TOD site directly south of Site B, but it is outside the scope of this TAP because it is not integrated with transit infrastructure.

The briefings presented primarily residential TOD opportunities. These included options based on existing zoning, a moderate increase in height, and a greater increase in height.

ULI's TAP panelists made recommendations to Sound Transit to achieve its objectives and tackle four key questions:

1. Which sites are best suited for affordable or market-rate housing, and what variables or perspectives are most important to consider?
2. What strategies for value capture and/or enabling investments should be considered by Sound Transit to maximize development outcomes and/or financial feasibility?
3. What approach to partnering and delivery is best suited for each building site? How does this inform phasing of design, permitting, and construction?
4. Is the City of Seattle's regulatory framework and entitlement process in alignment with the proposed joint development concepts?

Stakeholder Interviews

Interviews with stakeholders, included stakeholder experts in market and affordable multifamily housing development, finance, transit, and station area planning, highlighted priorities for a range of market and affordable housing types, the potential for strong multimodal connections, and the need for an improved pedestrian experience.

Stakeholders identified the Alaska Junction station area as appealing for affordable housing, including at the 30% and below level of Area Median Income (AMI). Alaska Junction is rich in connectivity, amenities, and attractive for family-oriented housing with family friendly services. Joint Development might pose challenges

for affordable developers, given complexity and risk, but steps such as a funding and financing Memorandum of Understanding (MOU) with Sound Transit, integrating Seattle Office of Housing funding, could help address this. Alternatively, to reduce risk, there may be more opportunities for affordable housing on a non-overbuild TOD site.

Stakeholders spoke to a range of goals for affordable and missing middle housing, including 80 to 90% of AMI targeted units, and noted that 60% AMI housing can be difficult to lease in the current market because the rent differential is not markedly different from rates in market rate supply. Different scale development, including high rise beyond existing zoning, should be considered.

Recognizing that ground floor retail can be difficult to lease in today's market, they recommended considering partnering with a PDA like the Cultural Space Agency to provide community-related retail.

While an attractive TOD district reduces the need for private vehicles, market-rate housing and affordable housing still require some parking, whether on-site or at a nearby TOD development. They also stressed that the station area needs to be designed as a multimodal hub, considering bus riders and other First Mile/Last Mile users, and provide a better pedestrian experience.

Sound Transit: Affordable Housing and TOD

Sound Transit has an established practice and experience in delivering transit-oriented development (TOD) at stations, managed by the Community Development Office (CDO), and guided by the Agency's Equitable Transit Oriented Development Policy. CDO staff manage both market-rate and affordable housing development and commercial real estate development opportunities on Agency property with the goal of maximizing revenue from market-rate development opportunities and minimizing the cost of creating affordable housing by offering property discounts. Sound Transit properties are subject to multiple conditions and approvals for TOD on federally funded properties. State statute requires at least 80% of surplus property suitable for housing be first offered to qualified entities for affordable housing who must then develop at least 80% of the units to be affordable to households earning 80% or less of the area median income (AMI). However, Sound Transit has some flexibility to pursue market-rate development where appropriate.



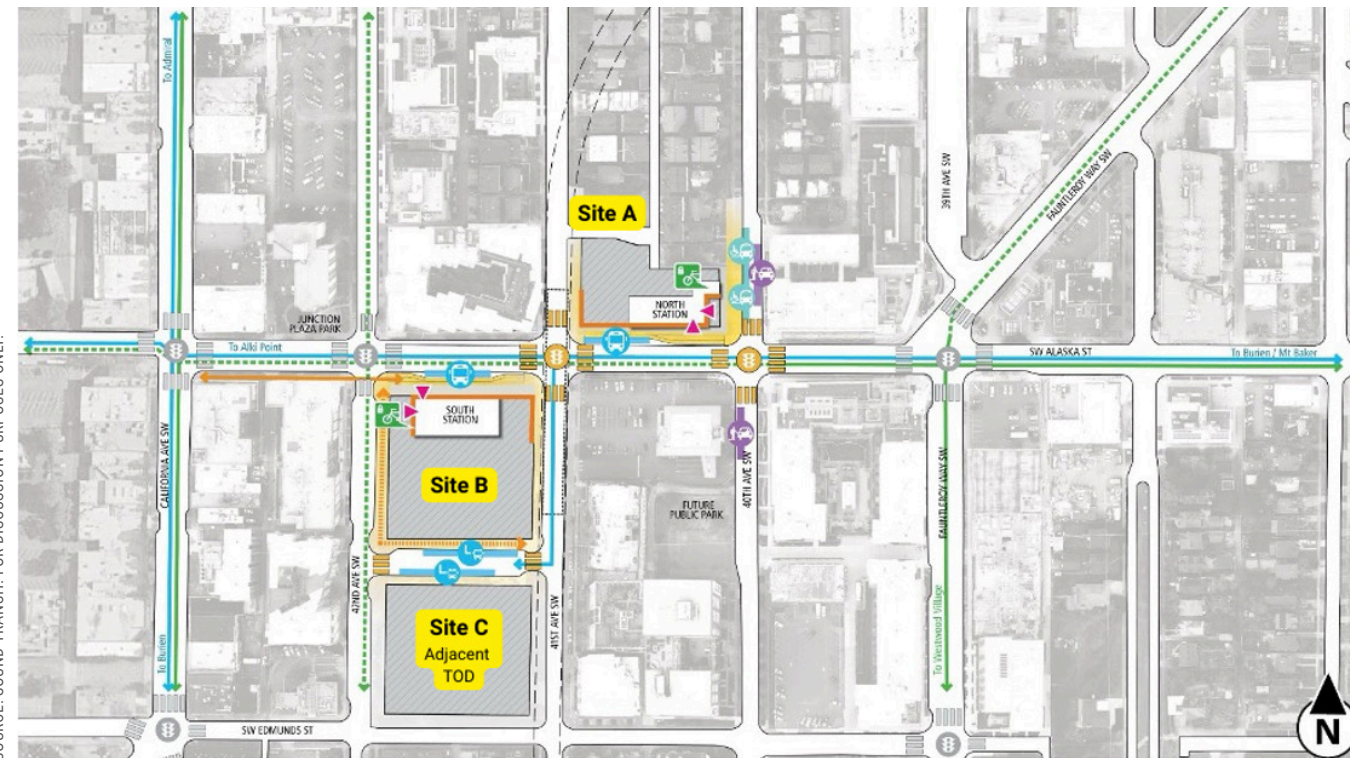
PHOTO SOURCE: SOUND TRANSIT

AFFORDABLE AND MARKET-RATE HOUSING TOD

Which sites are best suited for affordable or market-rate housing, and what variables or perspectives are most important to consider?

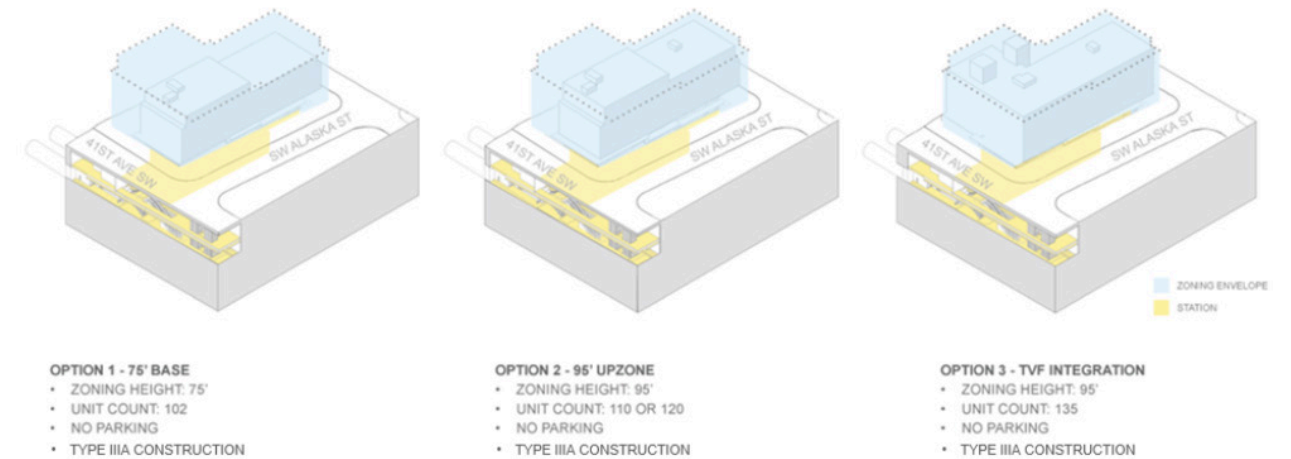
TOD Site Summary Recommendations

- Site A – panel recommended affordable housing, aligned with 75-foot-height existing zoning or, if high-rise pursued, 13-story or higher development.
- Site B – panel recommended a range of affordable and market residential, with a height up to 200 feet.
- Sites B and C—panel recommended considering consolidation of these two sites to increase options for build program and phasing, not allowing for overbuild.



Station environment concept plan showing North headhouse (Site A) and South headhouse (Site B) in urban context. Site C is directly south of Site B. Design is not final and subject to change.

TOD Site A: North Headhouse



North Headhouse Concepts. Source: Sound Transit. For discussion purposes only.

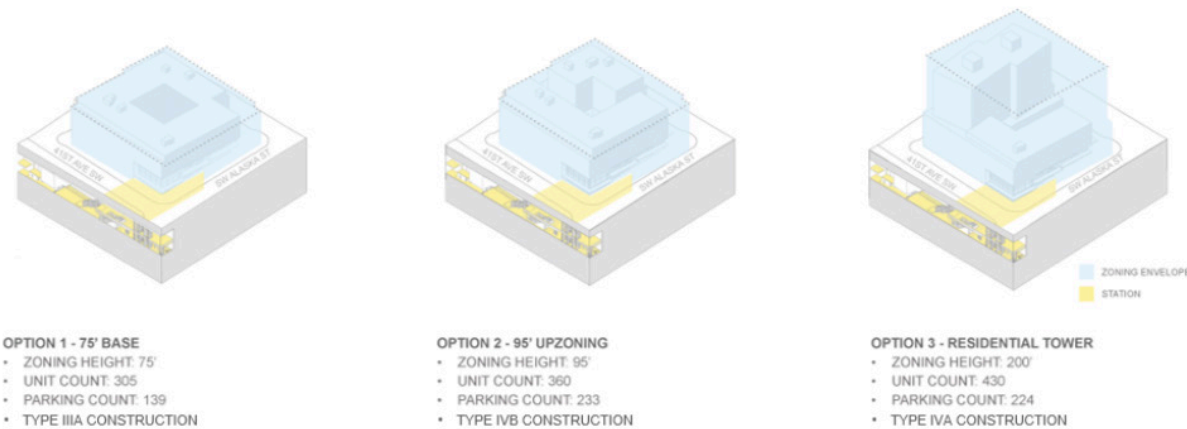
Panel Recommendation

Option 1, aligned with existing zoning, NC3(P)-75 (6 stories) would be most ideal for affordable housing. While it yields fewer units, it would reduce the time frame for construction, common area requirements, and cost. Option 2, aligned with NC3 (P)-95 zoning is not advised because it adds the additional costs and complexity of high-rise construction, for a small gain in residential units. If high-rise were pursued, it should be a minimum of 13 stories, which would allow for type IV-B mass timber construction.

A lack of parking is challenging for affordable as well as market-rate housing, especially if high-rise is pursued. One potential solution would be parking for Site A residents at Site B. Also, the lobby in the concept design is too small for affordable or market rate housing – lobby space must be large enough to accommodate needed services for residents, especially for affordable housing. These points illustrate the importance of having developers provide input early in the design process.

The panel also suggested exploring changing the overall building program by consolidating north and south headhouse functions to Site B (south headhouse) to free up Site A for more flexible development.

TOD Site B: South Headhouse



South Headhouse Concepts. Source: Sound Transit. For discussion purposes only.

Panel Recommendation

The panel recommended Option 3, with a new zoning height of 200'. It has the highest unit count and has space for parking. Site B is well suited for a range of affordable and market rate housing types. The panel suggested considering consolidation of Sites B and C to allow for more flexibility of the development schedule. In this model, the proposed mid-block bus layover street would shift north allowing for consolidated TOD development on part of Site B and all of Site C. It would also facilitate active street frontage as a focal point for the community, with no overbuild.

The panel noted more general issues for this type of site and TOD opportunity, including the importance of clearly defined project boundaries. The cost premium of overbuilding the station would increase the subsidy needed to achieve affordable housing and affordable developers should not be asked to bear this added cost. Flexibility will be key in identifying the best type of affordable housing for the station, including market dynamics and funding. Further discussion with the Office of Housing and Office of Planning and Community Development should establish priorities for types of affordable housing, including workforce housing.

ENABLING INVESTMENTS FOR JOINT DEVELOPMENT

What strategies for value capture and/or enabling investments should be considered by Sound Transit to maximize development outcomes and/or financial feasibility?

The panel noted that value capture should be viewed through multiple, not strictly financial lenses, including addressing the housing crisis, reducing climate impacts, and increasing ridership. There would be increased costs associated with joint and/or integrated development, borne by both the agency and developer, which need to be factored into assessing financial benefits. For this type of development, Sound Transit will need to take on costs to entice developers, in terms of structure and infrastructure, given developer costs for logistics, integration and potential design inflexibility for the overbuild.

In terms of funding sources, the RFP for affordable housing should include public GAP funding to make affordable housing feasible, and Sound Transit should explore opportunities for state and federal funding including USDOT TOD financing program ([see callout below](#)).

The panel also had concerns about the complexity of integrated development and the influence of market conditions; developer interest will change with market climate which will ultimately dictate the level of incentives needed to spur developer interest. Incentive ideas include coordination of utilities such as eco-district approaches, and City actions such as expanding Seattle's Multifamily Tax Exemption program (MFTE) to incentivize longer duration affordability for market rate developers.

IMPROVED FEDERAL FINANCING FOR TOD

USDOT Build America Bureau's programs, Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF), help fund transportation projects. In May 2024, USDOT announced changes for easier access to [financing for qualifying TOD projects](#), including financing for related residential and commercial programs, not exclusively public infrastructure. These provide excellent opportunities for financing, including financing up to 49% of eligible project costs, with the interest rate set at the U.S. Treasury rate for a security of similar maturity (or 1/2 of the U.S. Treasury rate for rural projects). In addition, they offer flexible amortization, a repayment period of up to 35 years, and eligibility for a 75-year repayment period for some projects, deferred payment for up to 5 years after substantial completion, and no pre-payment penalty.

PARTNERSHIPS AND DELIVERY

What approach to partnering and delivery is best suited for each building site? How does this inform phasing of design, permitting, and construction?

Design Development, Timelines, and Compensation

TOD developer teams, including architecture and engineering disciplines should be included in design development for the station – as early as 30% and no later than 60% design. This early involvement by a TOD developer team is critical to inform Sound Transit’s engineering and design decisions, such the nature of station foundations, the locations columns, vents and utilities, etc. The developer team should be compensated for their work in this “pre-concept” phase, a potentially crucial strategy to avoid the risk of taking a non-viable TOD project out to market.

Right of First Refusal

For developers, compensation for this phase of work would be necessary because the developer wouldn’t be able to build the asset within a customary development timeline, at least not in current economic conditions. The panel’s concerns include how to structure the RFP to both compensate the developer in this pre-concept phase and maintain motivation to become the developer of the building. Offering the consulting developer a Right of First Refusal (ROFR) could incentivize the developer for taking on a consulting role.

Pre-Development Cost Recovery

Because Sound Transit already provides deep discounts to meet affordable housing goals, and recovery of pre-development costs would be less feasible for affordable housing, market rate housing would be most ideal for station overbuilds. Another idea was to pursue a Public Private Partnership (P3) to achieve overbuilds; but this could limit the competitive pool of local and, to a lesser degree, national developers.

Challenges and Opportunities

Overall, the panel saw challenges for integrated development including how permitting and construction of each component impacts the other and the timing between design and execution of the work. However, there could be great benefits for integrated development including:

- Mitigating the need for redesign
- Maximizing efficiency and potential shared savings through early design coordination that could provide flexibility to accommodate changing market conditions

REGULATORY FRAMEWORK

Is the City of Seattle’s regulatory framework and entitlement process in alignment with the proposed joint development concepts?

Strategies for Development Feasibility

The panel recommended two strategies to improve development feasibility:

Zoning

Significant upzones to allow the maximum density that the market will support; modest upzones do not make sense because developers would be unlikely to take advantage of 1-2 more floors due to the cost of switching to high-rise construction. The City’s comprehensive plan, now underway, identifies Alaska Junction as an Urban Center. A Regional Center designation would allow for greater height and density.

Street-Level Regulations

Relaxing active ground floor requirements for housing co-located with transit facilities could be advantageous. The transit facility would provide street activation, so eliminating the restriction on residential ground floor use could better facilitate development especially on constrained sites. At the same time, the panel advocated for ground floor retail, especially within the headhouses as seen in recent successful transit developments.

City Partnership

The high risk of joint development requires extraordinary collaboration and prioritization between municipal agencies (especially Seattle Department of Construction and Inspections, Seattle Public Utilities, Seattle Fire Department, Seattle City Light, and Seattle Department of Transportation) to facilitate integrated development and streamlined permitting process. Sound Transit should pursue a Memorandum of Understanding (MOU) with the City, and that the City should appoint an ombudsman to address all city regulatory requirements, processes, and approvals. Separate or phased permits for the station and TOD would mitigate the risk of delays.

CONCLUSION

The Alaska Junction TAP highlights a pivotal opportunity to align Sound Transit's infrastructure investments with urgently needed housing. Achieving integrated TOD will depend on proactive decisions now—particularly around early design coordination with developers, zoning flexibility, and enabling investments.

This work also underscores the need for close collaboration between Sound Transit, the City of Seattle, and housing partners to streamline permitting and reduce risk. If successful, integrated development at Alaska Junction can serve as a model for capitalizing on the region's transit investments to increase density, create more housing opportunities, create vital urban places, and support transit ridership.



PHOTO SOURCE: SOUND TRANSIT

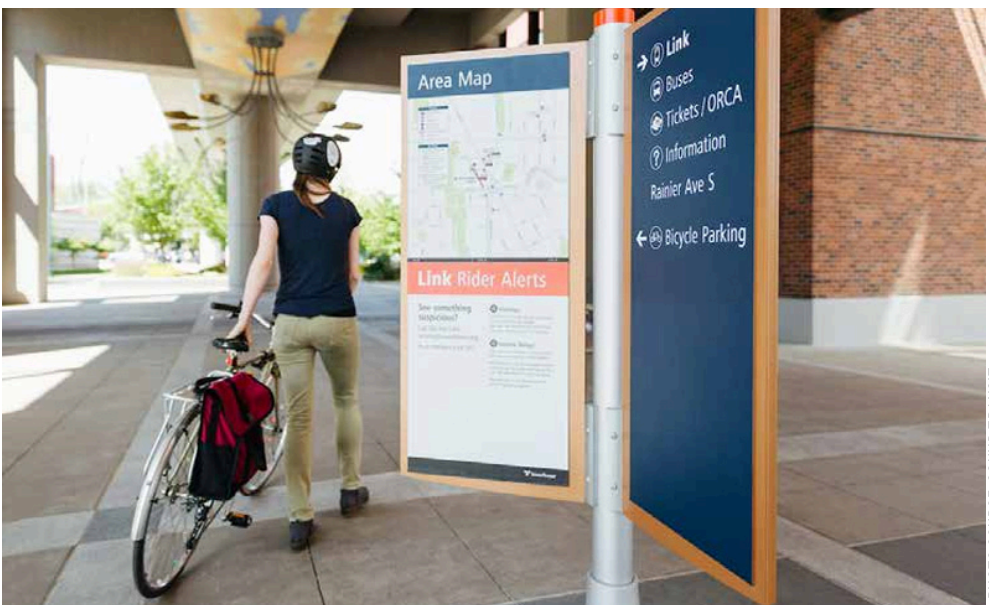


PHOTO SOURCE: SOUND TRANSIT

Notes on Terms Used

Mass Timber: Panelists discussed Mass Timber as an innovative building paradigm recognized for reduced carbon emissions and increased construction efficiency that might work for TOD sites. Community Roots Housing recently completed what as of 2024 was its tallest mass timber building in Washington, Heartwood, an eight-story, 126-unit Type IV-C structure in Capitol Hill, and in April 2024, Low Income Housing Institute, Sound Transit, and Seattle Office of Housing announced plans for a 12-story mass timber affordable housing complex near the U District Station.

Mixed-Use Joint Development Case Studies and

Examples: While there are no precise matches for this type of joint fully integrated development in United States practice, the discussion at this and later TAPs has turned to several key examples, further discussed in future TAP reports. Crucial references include recent examples in Toronto and Vancouver, BC, as well as those identified in the National Academy of Sciences Guide to Joint Development for Public Transportation Agencies (TCRP Research Report 224), including Chicago Union Station, Philadelphia 30th Street Station, Boston's North and South Stations, New York's Hudson Yards, the Miami Bus Terminal, and the Potrero Yard modernization and redevelopment plan in San Francisco.

Multifamily Tax Exemption (MFTE) Seattle: Provides a tax exemption on multifamily housing developments in exchange for income and rent-restricted homes.



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