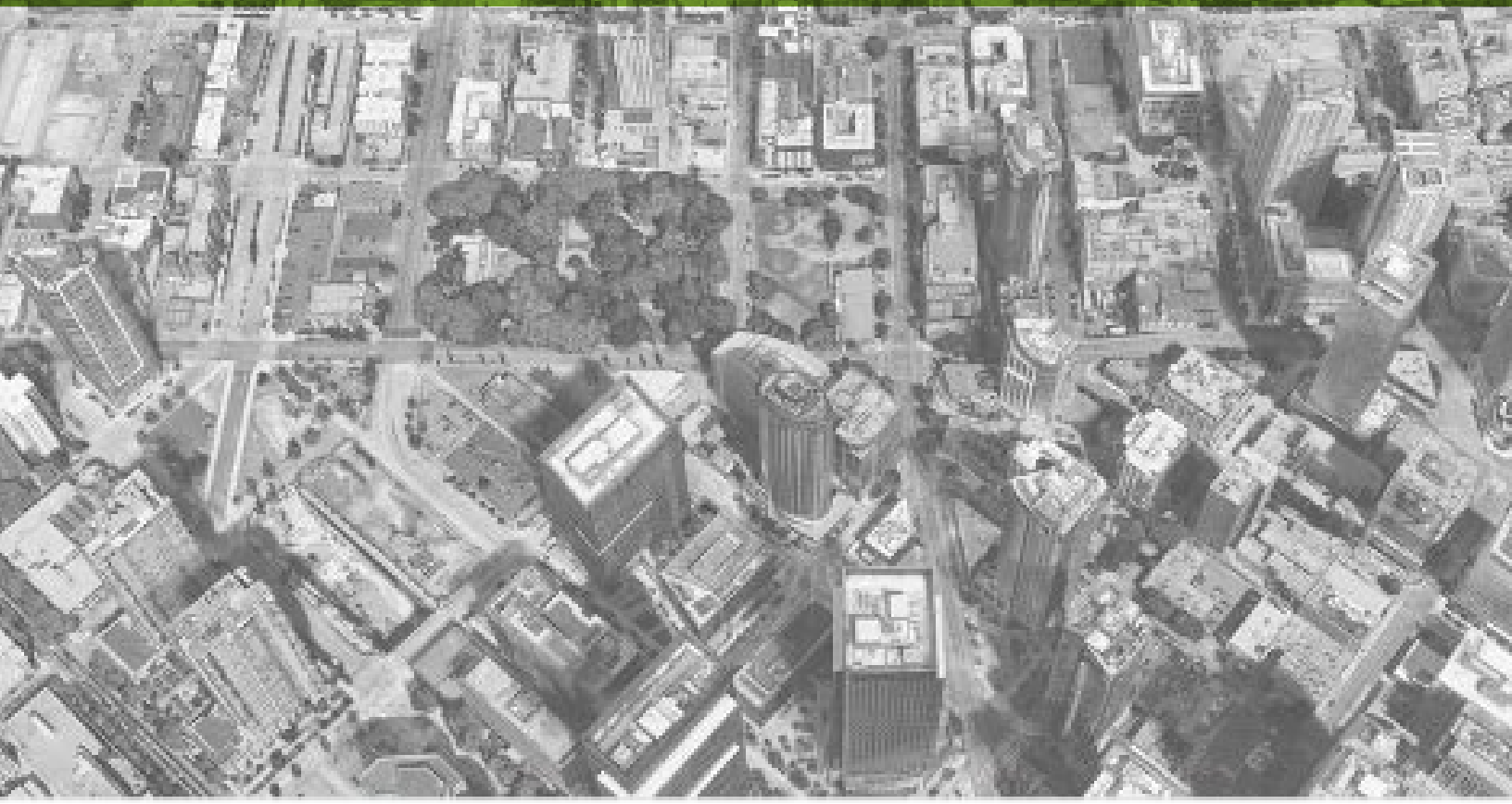
ULI Northwest

DENNY STATION TAP

Sound Transit Joint Development Opportunities



TECHNICAL ASSISTANCE PANEL REPORT | July - August 2024

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ULI Advisory Services: National and Global Programs

Since 1947, the ULI Advisory Services program has assembled over 700 ULI-member teams to help sponsors find creative, practical solutions for complex land use challenges. A wide variety of public, private, and nonprofit organizations have contracted ULI's advisory services. National and international panelists are specifically recruited to a panel of independent and objective volunteer ULI member experts with the skills needed to address the identified land use challenge. The program is designed to help break through obstacles, jump-start conversations, and solve tough problems that need outside, independent perspective. Three- and five-day engagements are offered to ensure thorough consideration of relevant topics.

ULI Advisory Services: District Council Programs

The goal of the ULI Advisory Services program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 2006, ULI Northwest's technical assistance panel (TAP) program has assembled over 30 ULI-member teams in service of ULI's mission to provide leadership in the responsible use of land in creating and sustaining thriving communities worldwide. Drawing from its local membership base, ULI Northwest conducts one-and-a-half-day TAPs offering objective and responsible advice to local decision-makers on a wide variety of land use and real estate issues ranging from site-specific projects to public policy questions. The TAP program is intentionally flexible to provide a customized approach to specific land use and real estate issues. In fulfillment of ULI's mission, this technical assistance report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

About the Urban Land Institute

The Urban Land Institute (ULI) is a global, member-driven organization comprising more than 48,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 84 countries.

More information is available at uli.org. Follow ULI on X, Facebook, LinkedIn, and Instagram.

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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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 advanced planning and design of the two extensions, which include 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 scaling up its emergent Joint Development practice by 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). While Sound Transit is not empowered to build Transit-Oriented Development (TOD) itself, near-term design and project delivery decisions by Sound Transit could greatly affect the feasibility and desirability of integrated TOD. The TAP process includes sponsor briefings, site tours, stakeholder interviews, deliberation, and presentation and discussion of recommendations.

This TAP report concerns the BLE Preferred Alternative for Denny Station, located below-grade at Westlake Avenue North and Denny Way. This area has experienced substantial development in the past fifteen years, with many office and residential buildings—both mid-rise and towers—constructed within a ten-minute walk of the future station.

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.

Sound Transit posed key questions for the panelists:

1. What is the best approach to **subdividing the project into manageable phases** of delivery to maximize development? Include thoughts on partnering approaches and delivery methods best suited for each building. In addition, what is the **best mix of uses** for the buildings given market dynamics and surrounding site conditions, including interface with the underground station?

2. What **enabling investments** should Sound Transit consider to maximize development outcomes?

3. Is the City of **Seattle's regulatory framework and entitlement process in alignment** with the proposed joint development options? If not, what are possible next steps?

BLE EXTENSION MAP. SOURCE: SOUND TRANSIT. FOR DISCUSSION PURPOSES ONLY.

Site Recommendations:

The TAP panel focused first on how to subdivide the project into manageable phases, as well as identifying the best mix of uses on the site, recognizing market dynamics and site conditions for delivery. Enabling investments, such as structural enhancements to the station box, could be made by Sound Transit to maximize development outcomes. The City of Seattle's regulatory framework and entitlement process could be improved to align with joint development. Stakeholders highlighted a need for coordinated governance, clear agreements, and strategic planning to address development and affordable housing challenges, while also recognizing community and stakeholder interests. Sound Transit should establish a strong advisory group and carefully manage the project's RFP process and phased development to align with market conditions and stakeholder needs.

For subdividing the project and phasing, the parcels could be divided into four areas: the east side of the site could be affordable housing above the headhouse on the northeast corner, and workforce or market rate housing on the southeast corner. For the west side, across the alley, two towers would be ideal, and could include residential on the northwest corner and residential or hotel on the southwest corner. The approach offers use and phasing flexibility, and eliminates the need for a whole-site, below-grade parking garage. This four-site concept would result in successful TOD that would maximize financial return for Sound Transit.

Implementation Recommendations:

For enabling investments, the panel identified a critical path of 1) a Memorandum of Understanding (MOU) between Sound Transit and the City; 2) incremental design investments; 3) incremental structural investments; and 4) a development agreement, with a senior Sound Transit project manager, together with City ombudsman/ facilitator. For regulatory framework and entitlement concerns, the panel recommended not seeking an alley vacation, while on the southwest corner, a right-of-way vacation might be considered to allow for a more rational, orthogonal floor plate above a diagonal at-grade plaza. This plan would require a code amendment or developer agreement to allow for more than one tower per block front.

Briefings

- Sound Transit briefed the panel on the Denny Station site and ST TOD approach.
- City of Seattle briefed the panel on zoning and station area planning.

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 (2021), and Lynnwood (2024). The agency opened the 2 Line service in Bellevue and Redmond in 2024, which extends to Downtown Redmond in 2025 and to downtown Seattle in 2026, 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. 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. Earlier this year, ULI Northwest published the Alaska Junction Station TAP Report.

Stakeholder Interviews

Stakeholders included neighborhood organization leaders, housing and commercial developers, downtown/South Lake Union employers, transportation experts, and business organizations. They highlighted the need for coordinated governance, clear agreements, and strategic planning to address both development and affordable housing challenges while balancing stakeholder interests and community needs.

In terms of **governance and coordination**, a "czar-like" figure in the mayor's office could drive projects and align departments for TOD. An MOU between the City, key partners, and Sound Transit would be crucial for consistency through changes in government or personnel. Development agreements aligned with Sound Transit timelines would provide greater certainty. Given that the City is looking to make processes faster and more efficient, this could be an actionable path.

For affordable housing, there are several concerns including the timeframe for site development, the lack of effectiveness of the Multifamily Tax Exemption (MFTE) for small units, and the current market driven competition with market-rate units creating an unfriendly environment for development of workforce housing (60% AMI and above). Meanwhile, there is great need for family-sized affordable units that could warrant exploration of leveraging both public and private funding sources.

Regarding regulatory and development considerations, potential for design review exemptions and SEPA (State Environmental Policy Act) exemptions for TOD would be ideal. Consider using a large-scale developer who can handle both the station and TOD towers.

For programming, a mix of housing types, as well as high quality construction and amenities would be desirable. Consider parking needs, activation and diversity of uses, and mitigating disruption caused by construction. Integrating childcare, educational facilities, and services into the development could enable 18-hour activation and mitigate a "back wall" appearance. As this area develops as a community where people both work and live, stakeholders felt that connections to other transit modes beyond rail are critical, particularly to healthcare, like Fred Hutchinson Cancer Research Center, and other essential services.

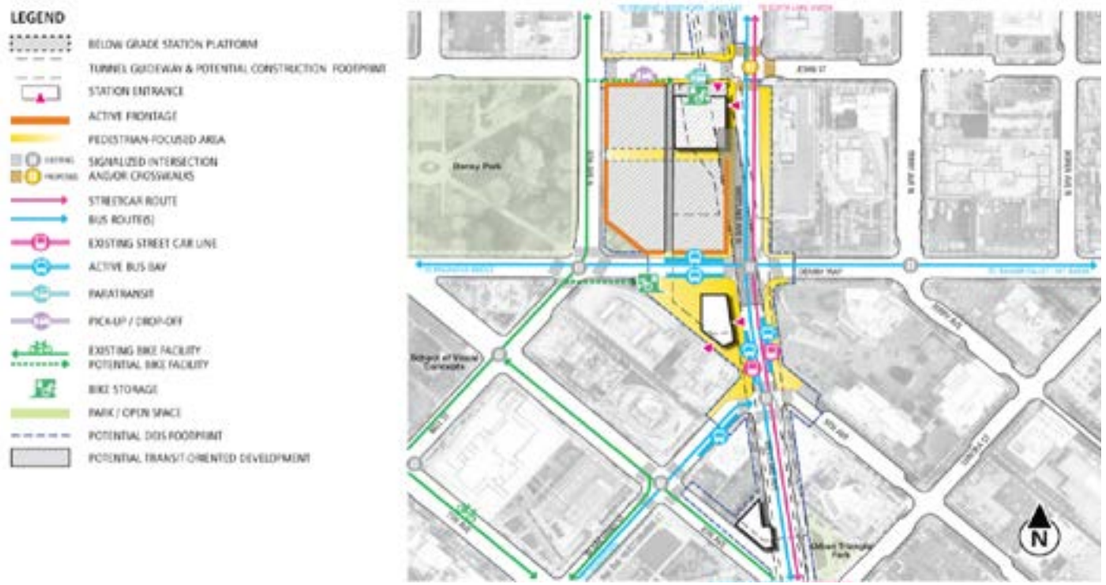
Developer stakeholders recommended that Sound Transit establish a strong advisory group, to manage the project's RFP process and phased development. Key considerations included recognizing that **integrating a transit station with a mixed-use development is complex and amplifies risks**, especially concerning financial markets, permitting certainty, and timing. Also, the project is impacted by long timelines (the current schedule indicates BLE service starting in 2039), uncertainty about future market conditions, and the need for upfront detailed planning and design. There could be potential misalignment between public agency goals and private developer interests, particularly concerning cost-sharing, operational easements, and design preferences.

Sound Transit should acquire the site, commit to a phased development plan and engage in detailed structural and design work before issuing an RFP for mid- and high-rise development. Federal regulations (FTA involvement) will play a role in the timing of this. The project will need to accommodate future changes in the market and use, requiring flexibility and careful planning. **Sound Transit should introduce as much certainty and clarity as early as possible.**

THE ASSIGNMENT

Site Identification

The BLE Preferred Alternative includes Denny Station located below grade at Westlake Avenue North and Denny Way. The station entrances are located on the southwest corner of John Street and Westlake Avenue and on the southwest corner of Denny Way and Westlake Avenue. The entire block bounded by Westlake Avenue, Denny Way, John Street, and 9th Avenue North is within Sound Transit's planning footprint and is bisected north to south by an unimproved alley right-of-way. The site presents significant opportunities for TOD integrated with the station.

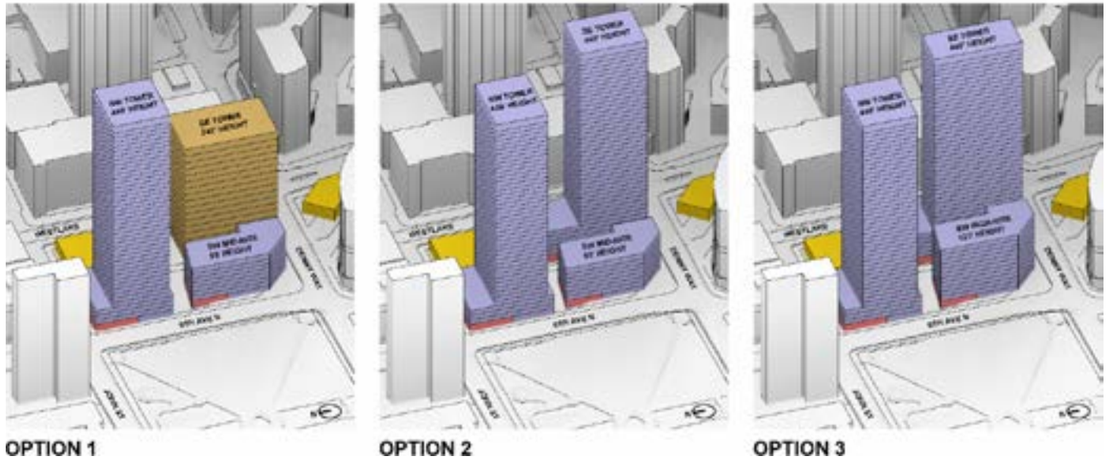


DENNY STATION ENVIRONMENT CONCEPT PLAN. SOURCE SOUND TRANSIT. DESIGN IS NOT FINAL AND SUBJECT TO CHANGE.

Note: The preferred alternative identified by the Sound Transit Board in 2022 is not a final decision or obligation, but is an indication of the direction the project is likely headed. Following publication of the Draft EIS in 2022, Sound Transit decided to refine and add new alternatives to the project and expects to publish a new Draft EIS in 2025. The Sound Transit Board will then confirm or change the preferred alternative and pursue a Final EIS.

Sound Transit posed key questions for the panelists:

1. What is the best approach to **subdividing the project into manageable phases** of delivery to maximize development? Include thoughts on partnering approaches and delivery methods best suited for each building. In addition, what is the **best mix of uses** for the buildings given market dynamics and surrounding site conditions, including interface with the underground station?
2. What **enabling investments** should Sound Transit consider to maximize development outcomes?
3. Is the City of **Seattle's regulatory framework and entitlement process in alignment** with the proposed joint development options? If not, what are possible next steps?



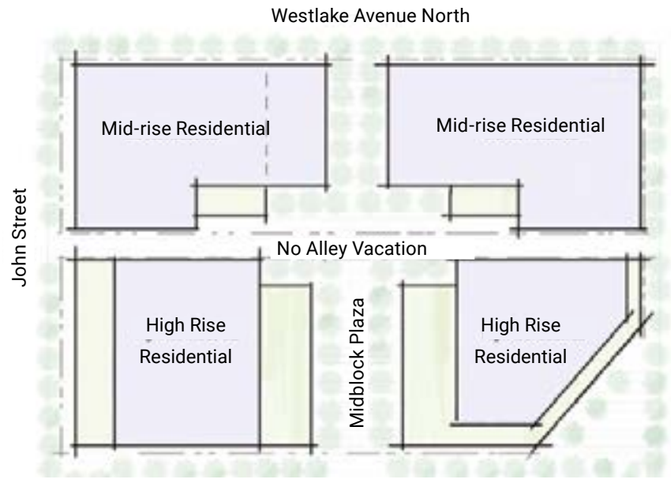
TOD CONCEPT OPTIONS OVERVIEW. SOURCE: SOUND TRANSIT. FOR DISCUSSION PURPOSES ONLY.

PHASED DEVELOPMENT AND BEST MIX OF USES

What is the best approach to subdividing the project into manageable phases of delivery to maximize development? Include thoughts on partnering approaches and delivery methods best suited for each building. In addition, what is the best mix of uses for the buildings given market dynamics and surrounding site conditions, including interface with the underground station?

TOD Site Summary Recommendations

TOD on this site lends itself to great neighborhood amenities with open space and active floor uses, including retail and station access. On the east side of the alley right of way, mid-rise affordable housing could be integrated with the headhouse on the northeast corner, while the southeast corner could accommodate midrise workforce housing. West of the alley right of way, consider two residential towers, with possible hotel use at the southwest corner. This approach would allow for four development sites, instead of three, and would not require a full-site below-grade parking concept, thereby allowing the west side to develop in a separate phase or phases from the east side. While this concept would require a code amendment to allow two towers on a single block face, it avoids an alley vacation and incorporates a required mid-block crossing from Westlake Avenue to 9th Avenue.



Panel recommendation for Phased Development and Mix of Uses. Site plan with two mid-rise and two tower residential buildings, no alley vacation, and mid-block plaza. Source: TAP. ***For discussion purposes only.***

The panel recommended phased development and mix of uses with station and retail ground floor uses, publicly accessible sidewalks, cross-site paths, and proposed an idea to make this section of 9th Avenue North a Festival Street. The southwest corner building, chamfered at grade, could have a rectangular floor plate above. Source: TAP. ***For discussion purposes only.***

Urban Design Considerations

The panel recommended that the headhouse at the northeast corner be integrated into a TOD development with integrated circulation, including clear mid-block connectors, with a visible, walkable east-west path and wider plaza on the west side. This approach also calls for retail on the southeast corner, with a chamfered street edge at Westlake and Denny to reduce the building massing. The building at the southwest also could have a chamfered corner at grade, allowing for an open plaza, potentially with parking below and orthogonal overbuild above. The panel proposed the idea of converting 9th Avenue N into a curbless Festival Street between Denny and John Streets, as in existing Seattle Department of Transportation (SDOT) guidelines, allowing it to be closed for periodic community events and better linking the TOD to Denny Park. In addition, the site's urban design could enhance the Market to MOHAI Corridor, through wayfinding along its Denny Way and Westlake Avenue edges or moving through the site's pedestrian paths and open space.

ENABLING INVESTMENTS FOR JOINT DEVELOPMENT

What enabling investments should Sound Transit consider to maximize development outcomes?

A Critical Path

For enabling investments, a critical path could be:

1. A Memorandum of Understanding (MOU) between Sound Transit and the City
2. Incremental design investments
3. Incremental structural investments
4. A development agreement

Facilitation:

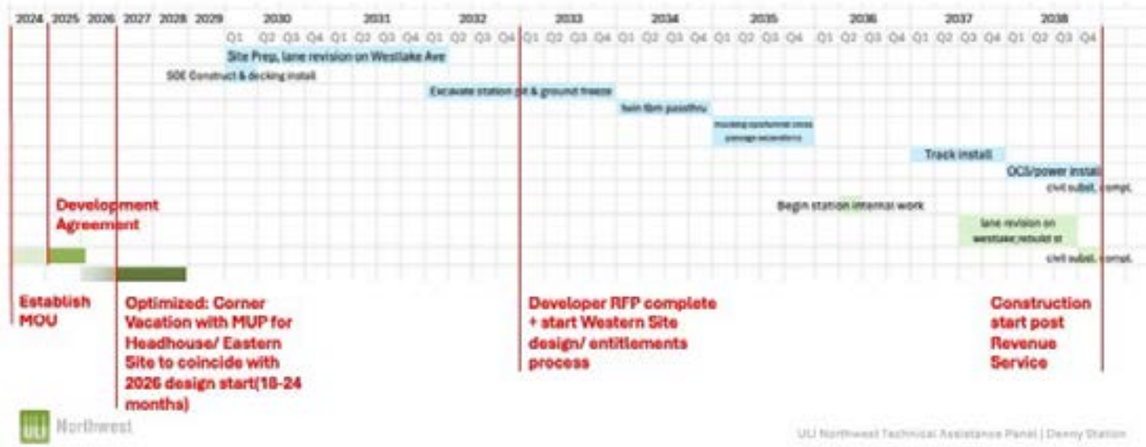
To facilitate this process, the panel suggested Sound Transit appoint a senior project manager for both capital sourcing and TOD delivery. The panel also recommended that the City appoint a senior ombudsman to serve as a facilitator and expeditor.

Ballard Link Extension Project Timeline

BLE PROJECT TIMELINE. SOURCE: SOUND TRANSIT. FOR DISCUSSION PURPOSES ONLY.

Integrated Development Timeline

An integrated timeline will be necessary to coordinate agreements, RFPs, entitlement processes, construction, and delivery.



Example Integrated Development Timeline. Source: TAP. Specific dates and timing to be determined. For discussion purposes only.

Milestones:

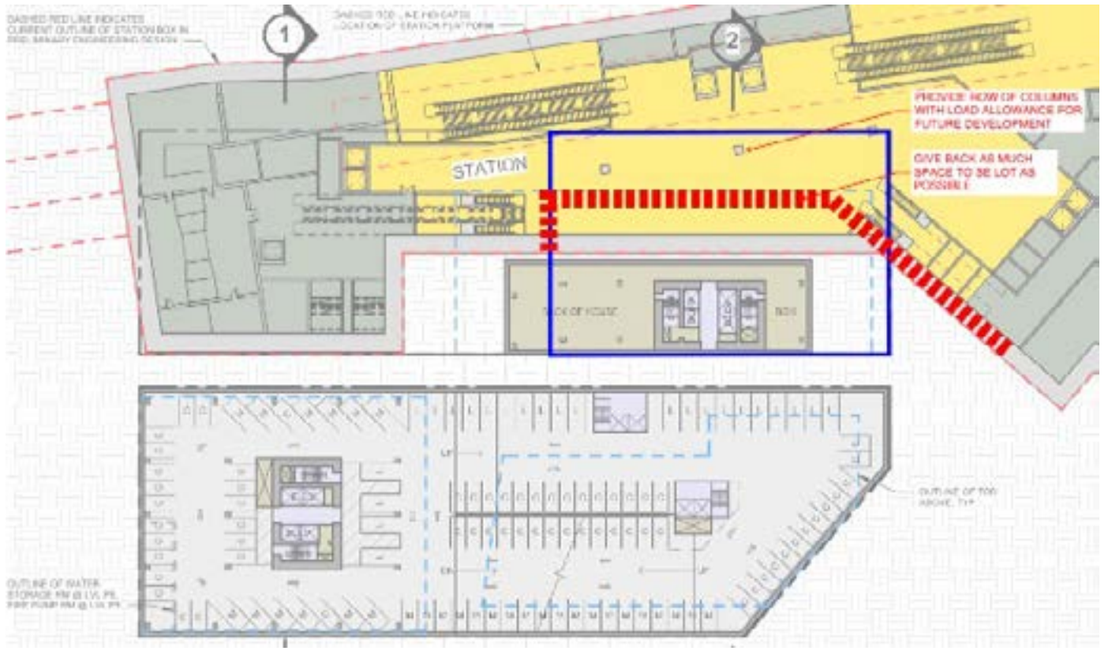
This timeline demonstrates sequencing for key milestones leading to sequential TOD construction, including:

- Establish MOU and development agreement with the City prior to procuring the transit project final designer
- Develop an 'optimized' TOD site plan/scheme to be completed prior to start of final design in 2026
- Issue TOD developer RFP and complete selection process by approximately 2032
- This scenario assumes that site handover to TOD developer and construction begins after the start of transit revenue service in ~2039

Design & Development

In a concurrent delivery scenario, it could be difficult to sell the west side sites before most of the east side was completed. On the east side, housing could be occupied prior to the station operating and concurrent opening could be possible and even preferable. For the affordable housing on the east side, midrise construction would work above the headhouse, while the southeast site could possibly be 125-foot high-rise mass timber construction.

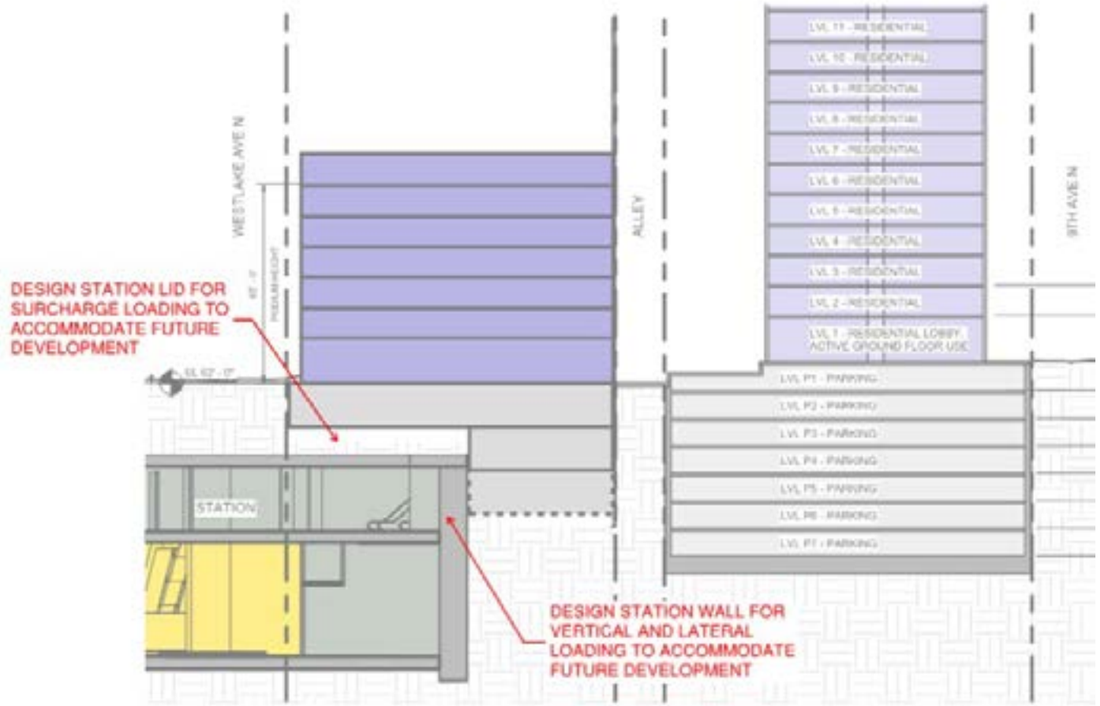
As for strategies to address capital costs, mid-rise construction on the east side, rather than towers, would lower the spatial and structural demands for station investments to enable overbuild. This could open up space for more below grade parking or other building uses. Potential structural enhancements could include designing the station lid for surcharge loading, the station wall for vertical and lateral loading to accommodate future development, and the column pattern needed to support future structure above.



TAP Panel suggested approach for below grade structure to support overbuild. Source: TAP overlay on ST below grade concept plan. For discussion purposes only.

Below Grade Structure:

While it is a very small percentage of overall station costs, there is still the remaining question of who will pay for the below grade structure at the time of construction? If Sound Transit pays for the additional structure, it will seek to recoup costs from a development partner, per board policy.



TAP Panel suggested approach for below grade structure to support overbuild. Source: TAP overlay on ST concept section. For discussion purposes only.

REGULATORY FRAMEWORK

Is the City of Seattle's regulatory framework and entitlement process in alignment with the proposed joint development concepts? If not, what are possible next steps?

Strategies for Development Feasibility

As in the recommendations for subdividing and assigning uses to different sites, the panel was generally against pursuing an alley vacation. Instead, using the alley for service and as part of an integral pedestrian circulation path throughout and around the site could be optimal. Instead, however, a possible street right of way (ROW) vacation for the southwest corner of the site which, while keeping a diagonal setback at grade as a plaza and entrance for the tower, would maximize development with a rectangular building envelope for the tower above and parking below.

The two mid-rise and two tower approach would require a Code Amendment to address the limit of one tower per block face in the Seattle Municipal Code. A Development Agreement between Sound Transit and the City could yield several benefits, including potentially securing extended vesting to provide certainty for future TOD developers, addressing SEPA, and streamlining review processes/times (such as exemption from Design Review). Securing extended vesting would be very attractive to developers, as would significant SEPA work being completed prior to the Master Use Permit (MUP).

There are a variety of options under the Seattle Land Use Code that can address joint or integrated development. Sound Transit should work with the City of Seattle to determine, based on its objectives for the Denny Station joint development, the best regulatory framework that would provide the clear incentives for the private sector to achieve a superior urban design outcome, along with a favorable value capture for the agency. Sound Transit should consider which of the following regulatory frameworks would facilitate the best opportunity for a successful partnership and how that would affect their ongoing NEPA/SEPA documentation:

- SEPA Planned Action
- Major Phased Development or Planned Community Development
- Station Area Overlay
- Property Use and Development Agreement

For example, a Master Use Permit with a Major Phased Development or Planned Community Development component can be approved for a 15-year expiration date.

CONCLUSION

If executed with intention and strong leadership, the Denny Station site can become a national model for transit-integrated development that delivers housing, placemaking, and mobility benefits to the broader region. Successful implementation will depend on early and well-defined agreements between Sound Transit and the City of Seattle, thoughtful site preparation, and a flexible, market-responsive development framework. Creating a baseline policy, for this station and more generally for Sound Transit stations, to build over the station, including headhouses, with a preference for residential use, would be useful for realizing integrated development. Efforts to mitigate the time, cost, and uncertainty risk for both Sound Transit and a prospective TOD developer are of primary importance. The outlined approaches would help maximize land value by maximizing development potential across Sound Transit sites, maximize flexibility in potential uses, and simplify delivery contracting and design. This would also help address a critical housing shortage.

Notes on Terms Used

Sound Transit: Affordable Housing & TOD:

Sound Transit has an established practice and experience in delivering 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 offered first 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.

Mass Timber:

Panelists discussed Mass Timber as an innovative building paradigm recognized for reduced carbon emissions, lighter weight, and increased construction efficiency that might work for TOD sites. Because mass timber buildings are lighter, they can be built without the need for massive core structures below grade, which is an advantage for integration with transit structures. Mass timber policy continues to evolve at the state and local level.

Note: Community Roots Housing recently completed what as of 2025 was its tallest mass timber building, 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. Regional municipalities, including Vancouver, Washington, in 2024, have passed zoning allowing greater height for mass timber structures.

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