



Northwest

FINANCING INFRASTRUCTURE INVESTMENTS

for Integrated Joint Development



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ON THE COVER: Sound Transit. Integrated TOD Opportunities. Illustrative concept image for discussion purposes only.

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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.

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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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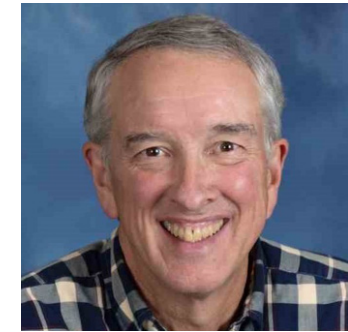
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Gateway Building above U District Station, completed 2024. Source: Sound Transit

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EXECUTIVE SUMMARY

As part of the West Seattle Link Extension (WSLE) and Ballard Link Extension (BLE), Sound Transit partnered with the Urban Land Institute Northwest (ULI) to conduct a Technical Assistance Panel (TAP) focused on Joint Development Infrastructure Finance. Through the opportunities arising from these two capital projects, the Agency is expanding into a new program area: integrated joint development. These unique opportunities for highly integrated development bring new methods and challenges in implementation for Sound Transit, and the TAP is an opportunity to learn from the development community what finance methods will have the greatest potential for success. The TAP process includes sponsor briefings, site tours, stakeholder interviews, deliberation, and presentation and discussion of recommendations.

The Financing Infrastructure Investments TAP focused on three critical issues identified by the Sound Transit:

1. Strategies for investments in TOD-enabling infrastructure
2. Strategies to assemble and use capital funding
3. Entities with capacity to partner with Sound Transit

Stakeholders interviewed for the TAP included public sector infrastructure and transportation leaders, housing policy and finance experts, private developers, and planners. These interviews highlighted key points including: identifying potential resources ranging from state commerce department grants for TOD entitlement consultation, to “linear” Tax Increment Finance (TIF) districts, as well as Transportation Infrastructure Finance and Innovation Act (TIFIA) loan financing. TIFIA is already a part of Sound Transit’s financing, but conceivably it could be combined with TIF or Local Improvement District (LID) revenues, which could pay back the loan. Also, stakeholders emphasized that Sound Transit should actively engage developers early in the process.

Panel Recommendations

The panel’s overarching observation was that integrated TOD above light rail stations is a once-in-a-hundred-years opportunity and Sound Transit should commit to building the infrastructure necessary to support successful overbuild TOD. It would be irresponsible to not enable overbuild TOD, because if stations are built without the necessary structural components, future development opportunities above the stations would be precluded in highly urbanized areas. Additionally, Sound Transit would not benefit from real estate value capture and increased ridership. Moreover, without overbuild the city would also lose potential tax revenue and density in a developed urban area. The opportunity for a creative business partnership with the City of Seattle could be a model for TOD throughout Sound Transit’s service area.

For investment in TOD-enabling infrastructure, the panel outlined several strategies including a financing and management model in which Sound Transit could take on the costs of enabling infrastructure as an integral station building expense, while the city or county could address placemaking amenities which would otherwise be a Sound Transit expense (e.g.,

Sound Transit would focus on rail, the city would focus on placemaking). Fundamentally, the timelines of Sound Transit’s light rail projects are not aligned with typical real estate development timelines which are sensitive to market conditions. This underscores the need for Sound Transit to plan for sequential delivery of transit and TOD, including designing the transit infrastructure to support future TOD overbuild.

There are a series of actions that would provide developers with incentives to assemble capital funding and partner with Sound Transit on station overbuild projects, including:

- Completing required Washington State and federal environmental reviews (including projected placemaking and development assessments),
- Expediting process for TOD permitting,
- Obtaining TOD entitlements or agreements at the same time as transit facility entitlement,
- Securing a commitment for a development team early enough to participate in final design decisions and possibly to manage the integrated entitlement process, and
- Confirming that Sound Transit would have the opportunity to extend the life of a permit that a developer does not have.

Regarding the ability to secure potential partners for Sound Transit, the panel noted that the Agency does not currently have sufficient capacity to realize the significant value capture for such an ambitious series of TOD projects. In-house capacity building or exploring a city or county public development authority (PDA) or public facilities district (PFD) model could be solutions for both financing and capacity issues. Extending the maximum debt term for Sound Transit would also help to address the flexibility Sound Transit needs for successful partnerships.

BACKGROUND

Sound Transit Link light rail system

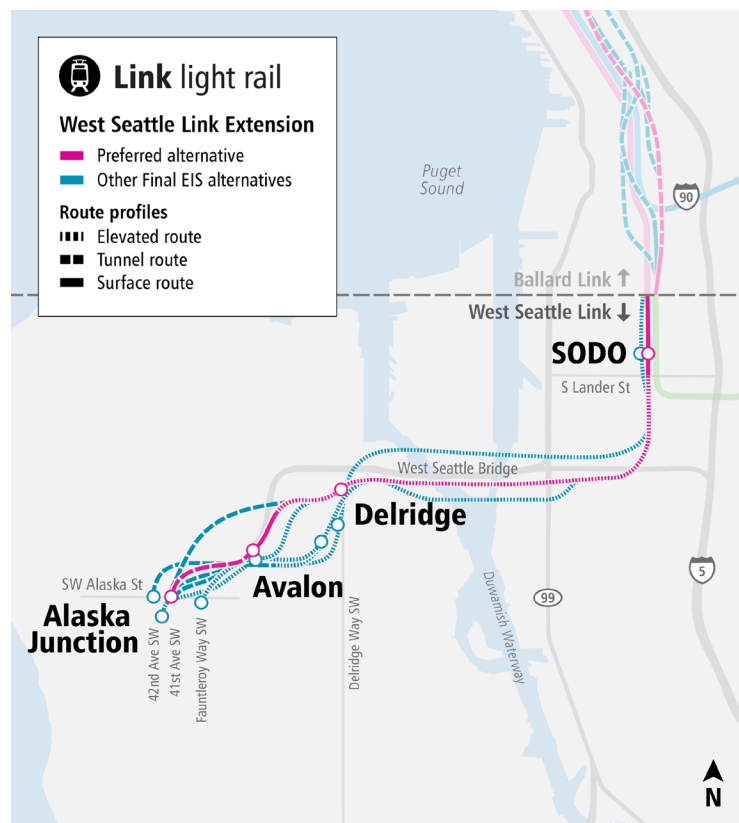
Sound Transit completed the first phase of the Link light rail system connecting Downtown Seattle to Seattle-Tacoma International Airport in 2009 and subsequently expanded that operating line to the University of Washington (2016), Northgate (2021), and Lynnwood (2024). The agency opened the 2 Line service in Bellevue and Redmond in 2024, which extends to Downtown Redmond (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 under ST3, including WSLE and BLE, are set to expand the light rail system to 116 miles.

Sound Transit TOD and integrated development experience

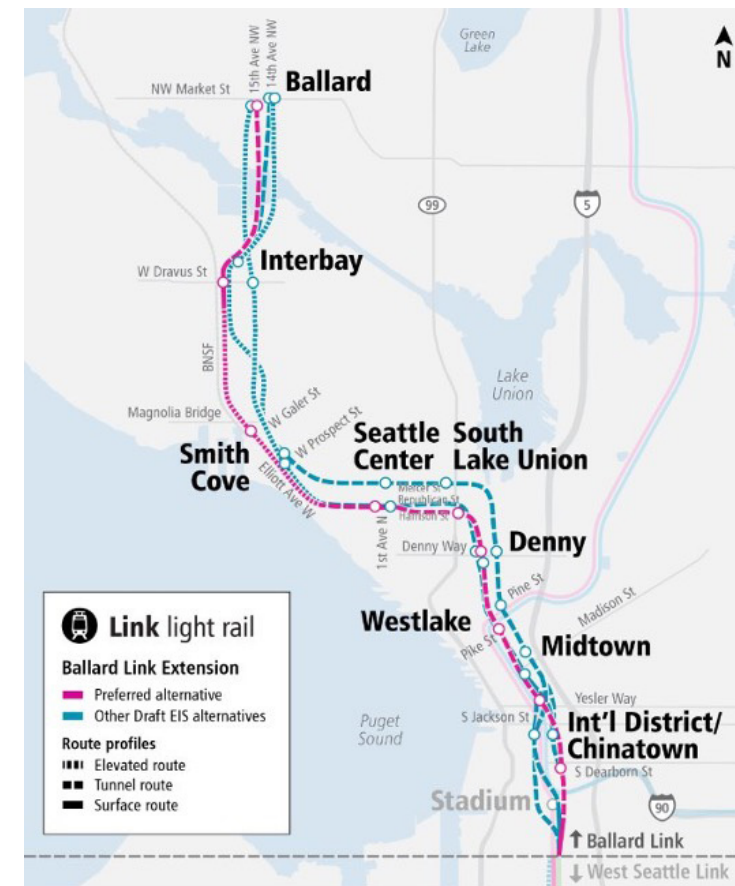
Sound Transit has an established practice of delivering TOD at stations. The Community Development Office (CDO) has numerous completed and in-progress TOD and joint development projects, with nearly 3,500 housing units built, under construction, awarded to developers, or in negotiations; of these, nearly 2,700 are income restricted affordable housing. The Agency also has experience with integrated development, exemplified by the U District Station, where Sound Transit and The University of Washington partnered on a 12-story commercial building overbuild, structurally integrated with the underground station.

TOD and integrated development opportunities

Sound Transit initiated project development on WSLE and BLE in 2017. After several years of alternatives development and environmental review, the Agency is now poised to advance design and construction work on locally preferred alternatives for



West Seattle Link Extension (WSLE) Proposed Map. For discussion purposes only. Source: Sound Transit



Ballard Link Extension (BLE) Proposed Map. For discussion purposes only. Source: Sound Transit

Agency Financial Plan

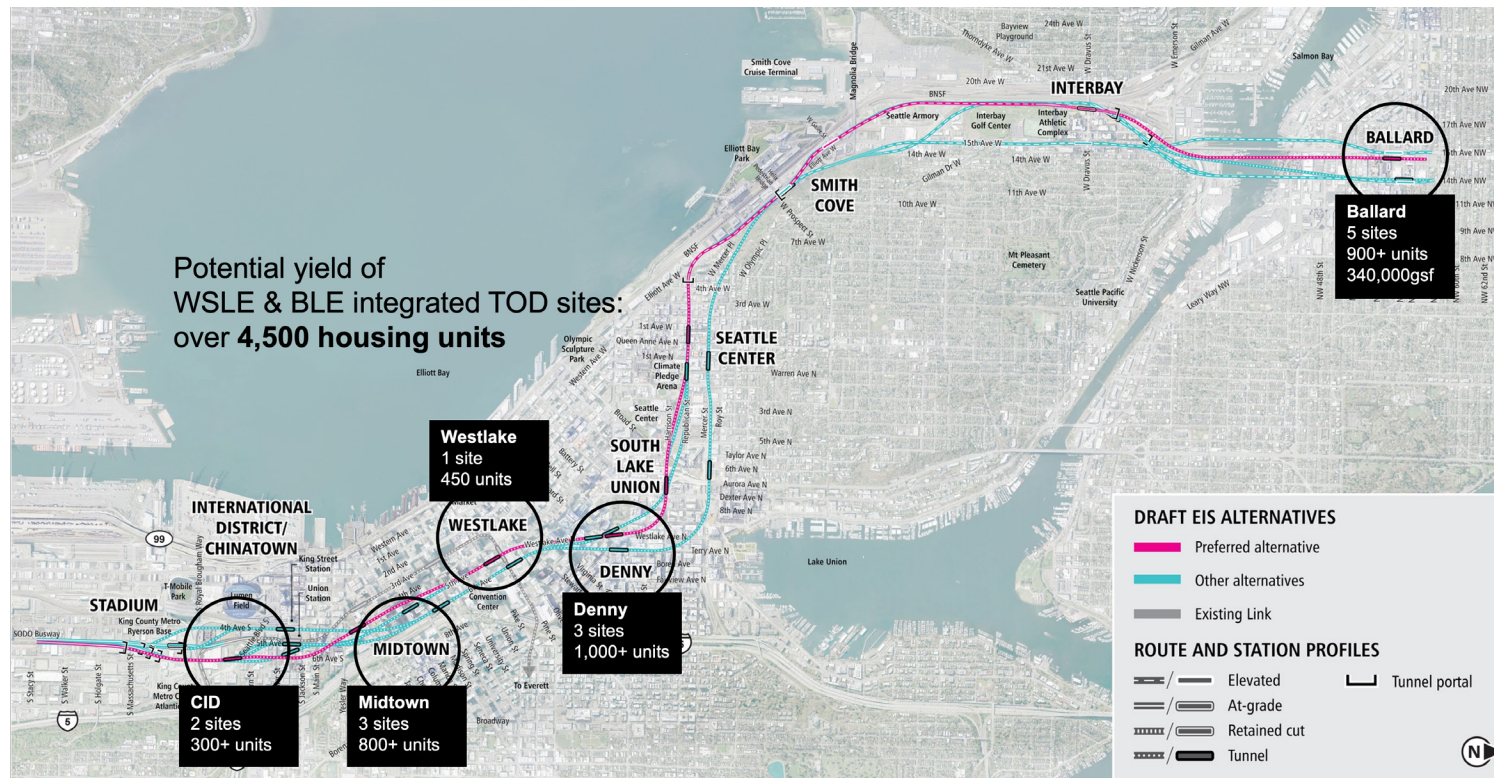
Sound Transit briefed the panel on key aspects of its long-range financial plan, including its debt capacity, which is limited by state statute (1.5% of assessed value of real property in the Agency's taxing district), and its minimum debt service coverage ratio (DSCR) of 1.5%, which is established by Agency policy. Sound Transit has determined that while the current financial plan (2025 Proposed Budget and Financial plan) projects sufficient debt capacity to deliver the capital program, in the 2030s and early 2040s, the principal balance rises faster than the debt capacity. Agency financial projections are sensitive to both program cost increases and changes in the Agency's revenues over time. Any increased costs or reduced revenues will intensify the "pinch points" for debt capacity and DSCR, underscoring the importance of planning for the timing, resources, and financing strategies for TOD overbuild.

the projects, which will add 13 new light rail stations to the urban core and inner-ring neighborhoods of Seattle. Opportunities for transit-oriented development were considered from the outset of project development, following Sound Transit's Equitable TOD Policy update in 2018. As preferred alternatives for both extensions were refined, potential TOD opportunity sites were defined, which allowed Sound Transit to do a test fit and feasibility study on those potential sites. Sound Transit identified six potential stations where overbuild looked feasible. For those six stations, Sound Transit advanced overbuild TOD conceptual designs.

From this work it became clear that to realize integrated development, the transit project would need to plan and provide for future overbuild development in the design and construction of the stations.

The conceptual design work identified the structural impact to the station as the need to strengthen station walls, lids and foundations and in some instances relocate columns and other structural support elements within the station envelope.

The key to unlocking development of TOD above stations is designing and constructing the enabling infrastructure as part of the transit project. Sound Transit undertook a cost comparison exercise to quantify the incremental investment to the core transit project. This work revealed a total additional investment premium of \$100 million to \$150 million to accommodate potential overbuild sites at all six station areas. While this additional investment represents a very small fraction of the WSLE and BLE project costs, it is not reflected in Sound Transit's financial plan, which is already facing significant cost pressures.



Integrated TOD Opportunities. Illustrative concept image for discussion purposes only.

Key findings from previous TAPs

In 2024 and 2025, ULI convened four TAPs on Sound Transit's behalf. The TAPs focused on individual overbuild opportunities at Alaska Junction, Westlake, Denny and Ballard stations. At each TAP, site-specific questions focused on partnering, phasing the overbuild in relationship to the transit project, market grounding and regulatory changes. Consistent themes emerged from these TAPs:

- Opportunities to partner exist.
- Consider bringing on a development consultant team, rather than a development partner, during early design.

- Reduce risk and complexity for development partners to maximize value.
- Work with the City to clarify expectations, pursue zoning and code changes, extend life of entitlements to include both the station and private development, and increase predictability in permitting.
- **Sequential delivery of station and development offers flexibility and opportunity for value capture.**

THE ASSIGNMENT

Sound Transit sees significant potential for integrated TOD at multiple stations as part of WSLE and BLE, particularly four sites in Downtown Seattle. Unlocking these opportunities requires upfront investment in the station to support the overbuild, which must be made in the context of rising costs and financial constraints. Sound Transit posed three primary questions to the panel.

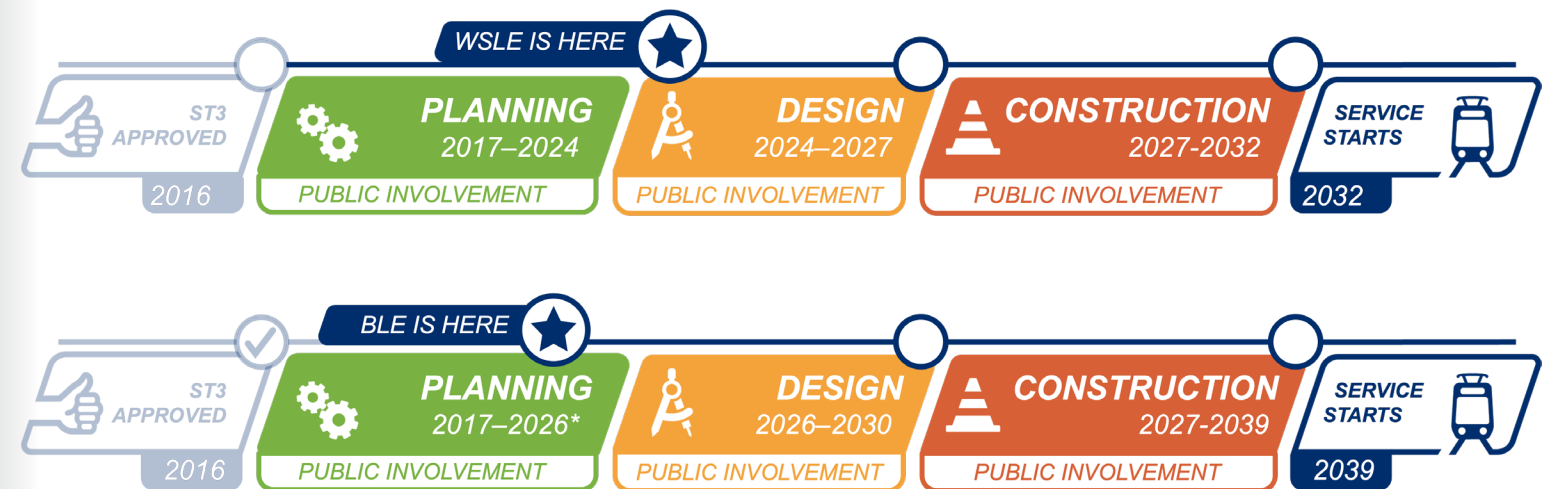
One: Based on the funding sources presented by Sound Transit and your professional knowledge, what are viable strategies for funding up-front investments in TOD-enabling infrastructure during station construction? Identify any challenges that need to be addressed and the timing and availability of the recommended resources.

Two: What does Sound Transit need to do to get ready to assemble and use the capital funding strategies identified in the response to the first question?

Three: What types of actors/entities (e.g., developer, investor, public partner) have the expertise, ability, and financial capability to partner with Sound Transit and which specific entities should be engaged?

- Consider a scenario where federal resources are available.
- Consider a scenario where federal resources are curtailed or unavailable.
- Consider a scenario where there is a capable and willing private developer partner.

- When would partnerships ideally be assembled, and what form would they take?
- What should the role of each entity be?



Timeline for WSLE and BLE expansion at time of discussion. For discussion purposes only. Source: Sound Transit

What We Heard from Stakeholders

Stakeholders interviewed by the panel included public sector infrastructure and transportation leaders, housing policy and finance experts, private developers, and planners. Stakeholders identified several opportunities including: state commerce department grants for TOD entitlement consultants; creation of a “linear” Tax Increment Financing (TIF) district; and a city-led Transportation Infrastructure Finance and Innovation Act (TIFIA) financing, with a TIF or a Local Improvement District (LID) to pay back the loan.

While Washington State has increased opportunities for TIF since 2023, the current limit on assessed valuation for TIF districts needs to be scaled to meet the current costs in the Seattle market. Currently, in Washington State a local government (e.g. a city or county) can only have two active TIF increment areas that cannot overlap, and the assessed value of the increment areas cannot exceed \$200 million combined. A LID could finance placemaking amenities surrounding the station. Philanthropic equity investments, related to placemaking or housing, merit exploration, as does the capacity of private equity to take on station and related construction.

In all cases, stakeholders emphasized that Sound Transit should engage developers actively and early in the process, so planning was realistic for future development.

There was resounding sentiment that Sound Transit should commit to the overbuild and “just pay for it” because the upfront costs are minimal compared to the significant value capture opportunities and increased property tax revenues. That said, the stakeholders surfaced a range of funding ideas for covering costs related to station overbuild. These included Federal grant programs, such as the Expedited Project Delivery Grant which could be bundled with other projects and combined with TIFIA loans-TIFIA loans offer flexibility in drawing funds,

potentially covering overbuild costs of TOD. They considered the creation of an entity to facilitate TOD, a type of land bank, while conversely, they raised concerns about inserting another bureaucracy into the production of housing. Existing entities, including housing authorities, could be more empowered to act as mixed-income housing developers. They noted that Seattle and King County’s respective housing authorities, for example, have bonding authority, which could be another financing source for investment in TOD. They also looked at other possible models, such as a special purpose entity (non-profit or governmental) that could be created to deliver the station, and air-rights development, that could then lease the station back to Sound Transit.

They noted that legislative changes might be crucial, such as state bonding guarantees for housing agencies and revisions to TIF statutory provisions, e.g., increasing limits on the number, size, and assessed value limits of TIF districts. They also stressed the importance of streamlining the permitting process, including entitling the TOD on top of a station at the same time as the station, rather than in two or more phases. This may require granting longer entitlement life than a typical project, due to the sequential build. They also suggested exploring the use of existing tools including a community renewal approach to TOD districts.

They observed that the value of TOD to local governments could lead to pivotal changes that simplify and/or combine environmental review processes, including State Environmental Policy Act (SEPA) and National Environmental Policy Act (NEPA). They pointed to the possibility of revising some current restrictions for federal TIFIA and Railroad Rehabilitation and Improvement Financing (RRIF) that could unlock preferable financing for mixed-use development. Finally, they stressed the profound and timely opportunity for TOD—a once-in-a-hundred-years chance to offer choices for housing, retail, transportation, and quality of life that will have a positive impact for decades.

RECOMMENDATIONS

One: Strategies for Investments In TOD-Enabling Infrastructure

Question: Based on the funding sources presented by Sound Transit and your professional knowledge, what are viable strategies for funding up-front investments in TOD-enabling infrastructure during station construction?

1. Cost Redistribution Between Agencies

- One recommendation was to reallocate typical station-area costs.
 - **Sound Transit** would cover enabling infrastructure as part of station construction (e.g., structural support for air rights/overbuild).
 - **Cities or counties** would take on **placemaking investments** (e.g., public realm improvements), which are often funded by transit agencies.
 - This partnership model aligns with agencies’ core competencies—Sound Transit focuses on rail infrastructure, while local jurisdictions invest in the surrounding station environment.

2. Tax Increment Financing (TIF)

- TIF is a common model for capturing increased property values to fund infrastructure.
- **Washington State’s TIF law**, enacted in 2023, has limitations:
 - **A \$200 million assessed value cap** for all TIF districts per jurisdiction (combined).
 - **A maximum of two districts per jurisdiction.**

- These constraints may **not align with development costs** in dense urban centers like Seattle.
- **Policy reform** to raise these limits could unlock greater potential.

3. Local Improvement Districts (LIDs)

- Jurisdictions could create LIDs to finance placemaking and infrastructure, repaying loans over time using assessments on benefitting properties.
- Cities would determine the finance mechanism and could layer LID revenue with TIF to back infrastructure bonds.

4. Direct City or County Investment

- Local jurisdictions could **front-load infrastructure investments**, reimbursed later through TIF or LID revenues.
- Cities are encouraged to pursue financing for pedestrian plazas, wider **sidewalks, festival streets, and other adjacent improvements.**

5. Philanthropic and Private Capital

- **Philanthropic equity** may be available for public benefit components (placemaking or affordable housing), though such funding is uncertain.

- The potential for **private equity investment** in station and overbuild construction should be explored further.

6. Public Match and Overlay Opportunities

- Federally funded grants require a transit agency to secure local/state matching funds which can come from a variety of sources including land donations, public bond/levy revenues, and related infrastructure investments.
- **Betterment funding** for enhanced infrastructure beyond basic scope of transit work (direct investment from a third-party jurisdiction) could be a powerful partnership tool.
- Overlay mechanisms like **Mandatory Housing Affordability (MHA)** and the **Multifamily Tax Exemption (MFTE)** could support affordability.
- Cities could tap **levies** (e.g., SDOT) for public infrastructure near stations. Some Washington municipalities have successfully provided such local matches, though **Seattle has not yet done so.**

7. Additional Debt Authority

- The value capture revenue potential from overbuild is so significant that it overshadows the small challenge of the upfront investment.
- Legislative approvals to allow maximum use of TIFIA (benefiting from the available 75-year TIFIA debt term for borrowing instead of the existing Sound Transit maximum debt term of 40 years for general obligation and revenue bonds) would help to relieve “pinch points” for Sound Transit debt capacity.
- The City or County could be a TIFIA borrower, to address infrastructure and/or placemaking

amenities and repay the loan through TIF, LID, ground lease or property sale. City borrowing would not be subject to Sound Transit debt capacity pinch points.

In terms of environmental review requirements for a project with federal financing, the NEPA process should cover not only the station, but also the overbuild. This could consolidate early reviews if it can cover the maximum development opportunity, saving time for the developer later and facilitating use of federal funding sources. The NEPA process should address aspects of the city entitlement process. The panel also discussed Community Renewal Area designation as another approach that could allow for greater flexibility in TOD implementation near stations. This tool, while requiring careful policy consideration, would need to be implemented by the city, who could work in partnership with Sound Transit to realize TOD opportunities.

District-Based Financing (TIF, LID)

District-based financing could fund transit facilities infrastructure. The panel noted that a city would need at least a de minimis ownership interest (potential condominium) to qualify station-area TOD for a TIF. This could be very limited and not allow for any control of station infrastructure. The TIF district could also take on a more linear outline, especially suited to a transit/mobility initiative, as at the Atlanta BeltLine Project. Panelists raised concerns about the timing gap of several years before revenue is realized, and potential competing interests for tax revenues between agencies, which would need to be addressed before forming a TIF of this kind. Additionally, Washington State would need to raise the \$200 million cap for assessed valuation in a TIF District; the statute should be amended to make the cap scalable for larger jurisdictions with high property values.

The Local Improvement District (LID)

A LID could be considered for placemaking amenities surrounding the stations, freeing up other funds for the enhanced TOD infrastructure – this could be attractive given that property values are very likely to increase. Challenges for LIDs, however, include that a LID can be protested by assessed property owners (dissolution threshold is 60%). If a LID is pursued, it should be established as soon as possible after the Federal Transit Administration (FTA) Record of Decision (ROD). There is a potential tie in for the LID with a Community Renewal plan.

Private Equity Investment

Private investment needs to make sense within a traditional development schedule; delivery of the shell or enhanced infrastructure equivalent will incentivize earlier investment and development. Sound Transit might be able to get a TIFIA loan and assign it to a private developer. Note that further reform of TIFIA/RRIF could better incentivize private use. The federal Build America Bureau is looking at legislative changes to the program to improve its use for TOD financing, but this is outside the immediate scope of the TAP.

Philanthropic Equity Investment

It would be useful to explore philanthropic investment to complement public placemaking enhancements, not infrastructure. Stations such as Denny Station and Westlake could be the best station areas for this type of investment. The panel suggested conducting initial feasibility studies and/or workshops with civic leaders and/or major employers. There is some local precedent for philanthropic contributions, including the Seattle Waterfront program.

Consider a scenario where Federal resources are curtailed or unavailable

For Sound Transit, federal funding is not as high of a percentage of revenue as at other transit

agencies. A complete shut-off of federal funds would be painful but not necessarily apocalyptic. Value capture of TOD could be a potential strategy if there are limited federal funds available. In this scenario, Sound Transit could consider the option of a private entity delivering the station. The Agency would still construct the tunnel, while the developer would construct the station and the overbuild, then deliver the station to Sound Transit. Private development of the station is not a typical solution that Sound Transit would consider under normal circumstances due to numerous factors (i.e., risks). However, the Agency could investigate and validate whether this solution could relieve some of the high costs associated with a federal project.

Consider a scenario where there is a capable and willing private developer as partner

Finding a developer to fund the overall project might not be likely, but the Agency could issue Requests for Expression of Interest (RFEIS) for early investment. An early phase Request for Qualifications (RFQ) for a development consultant/partner (as early as the 30% design stage) would help to ensure value capture option in the future. With this model, it would be crucial to ensure the final development opportunity is competitive for multiple developers, not just the original development consultant.

Two: Strategies to Assemble and Use Capital Funding

Assignment: What does Sound Transit need to do to get ready to assemble and use the capital funding strategies identified in the response to the first question?

- Expedite TOD permitting
- Get TOD agreements at the same time as transit facility entitlements
- Work with the city to extend the life of permits for TOD development.

- Procure a development team early in the process
 - to manage the integrated entitlement process and
 - ensure overbuild capacity.

Three: Actors/Entities with Capacity to Partner with Sound Transit

Assignment: What types of actors/entities have the expertise, ability, and financial capability to partner with Sound Transit and which specific entities should be engaged? When would partnerships ideally be assembled, and what form would it take? What should the role of each entity be?

The Agency does not currently have sufficient capacity to achieve value capture for an ambitious series of TOD projects. It should create in-house capacity or explore a city or county public development authority (PDA) or public facilities district (PFD) model.

If the capacity is to remain within the Agency, there is a need for an expanded, **dedicated team to have its complete focus on overbuild**. If the PDA or PFD route is pursued, the city or county government could guarantee it but generally the PDA/PFD would have to stand on its own financially. The panel noted local examples of inter-governmental entities including Lumen Field and T-Mobile Park, Everett Event Center, and Lynnwood Convention Center. Place-based entities include the Pike Market PDA, the Seattle-Chinatown International District PDA and the South Downtown PDA. One challenge noted was the slow growth trajectory of a PDA before it is fully effective.

Four: Additional Considerations. Challenging Aspects of Legislation

Sound Transit has the authority to entitle the TOD and must do so to ensure its own value capture. In order to maximize its value capture, Sound Transit should focus their overbuild sites on market rate development. Affordable housing is significantly less likely to be able to fund overbuild costs and would be better suited for adjacent or surplus TOD sites.

There are potential regulatory environment opportunities, in part due to the housing crisis. Additional NEPA process can present challenges for TOD. Is it necessary for TOD sites to perform separate SEPA and NEPA assessments, or could NEPA preclude an additional SEPA assessment?

The TIFIA program has a credit rating requirement, which limits private sector access to TIFIA. Working with the Build America Bureau, barriers to TIFIA usage could be eliminated and/or replaced with alternative underwriting criteria. Other hurdles include Buy America requirements and Davis Bacon wages, which can add to costs.

In addition, Sound Transit's debt capacity limit of 1.5% of assessed value of real property within the Sound Transit taxing district could be legislatively revised, as could the Sound Transit debt term limit of 40 years, which could be raised to the 75-year limit now available through TIFIA. At the time of writing, a bill in the Washington State legislature to raise the 40-year limit to 75 years has passed the Senate and is in discussion in the House. The panel is not advocating use of 75-year financing, but it is appropriate to provide options to the Agency.

FINAL THOUGHTS

It is vitally important to increase Sound Transit's capacity to realize TOD overbuild. It would be irresponsible to not enable overbuilding, especially in an uncertain federal environment.

To ensure maximum value capture, in general, affordable housing could be located on adjacent TOD, while market rate housing or commercial buildings should be located on overbuild sites. Market rate development has public benefits including short- and long-term tax value, as well as the public benefits on sites with Mandatory Housing Affordability requirements.

In summary, integrated overbuild TOD will increase ridership, fare revenue, and value capture. Spending money on TOD now will unlock funds for future light rail expansion with recaptured value from TOD.

NOTES ON REFERENCED TERMS AND POLICIES

City and Sound Transit Coordination

In February 2025, Seattle Mayor Harrell signed an executive order "[supporting and expediting Sound Transit 3 Investments](#)." These included creating the Office of Waterfront and Civic Projects & Sound Transit, with dedicated staff, addressing land use changes and supportive property transactions, and improved rider experience, including support of Equitable TOD.

Equitable Transit Oriented Development

City of Seattle Equitable Transit Oriented Development ([ETOD](#)). City briefings to panelists included the City of Seattle's strategy and implementation plan for community-driven outcomes.

Improved Federal Financing for TOD

US DOT 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, US DOT announced changes for easier access to [financing for qualifying TOD projects](#), including financing for related residential and commercial programs, not exclusively public infrastructure. TIFIA for TOD features include financing up to 49% of eligible project costs, requirement for investment grade credit rating, long-term repayment options (35 years, or up to 75), 5-year repayment deferral following construction, interest accrues as projects as funds are drawn, not before, no penalty for pre-payment, and providing a non-federal match for grants.

TIFIA borrowers can be government entities and government-sponsored authorities, private corporations and/or developers with public sponsorship, business or transportation improvement districts, and state infrastructure banks (SIB).

Mixed-Use Joint Development Case Studies

TIFIA financed projects cited during the TAP include the completed **Denver Union Station redevelopment**, which transformed a train station into a multimodal hub and included over 22 acres of TOD, with a mix of federal grants, transportation district sales tax revenue, and private development. The Purple Line in Maryland, now under construction, is a light rail project that utilized TIFIA financing and is a **public-private partnership (P3)** with state funding, private equity, and federal financing.

While there are no precise matches for fully integrated development in United States practice, the discussion at this and earlier TAPs has also turned to several key examples in Toronto (the future King and Bathurst Station, a TOD that will be part of Toronto's Ontario Line) 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.

Public Development Authority (PDA)

Chartered public corporations used to administer specific projects or programs. PDAs can issue bonds, transfer and hold real estate, but do not have taxing authorities. Cities and counties can form PDAs.

Sound Transit and Affordable Housing

While state law requires Sound Transit to offer at least 80% of surplus property that is suitable for development as housing first to qualified entities to build affordable housing, the Agency does have some flexibility to pursue market-rate development on a portion of its station and surplus property. The Agency's TOD policy requires that the cost of enabling investments to facilitate joint development be recovered, which may exceed what affordable housing funders would be willing to subsidize. Sound Transit anticipates there will be adjacent TOD opportunities along the WSLE and BLE alignments that will be more cost-effective sites to build affordable housing.

Special Assessment Districts

- LID: Local Improvement District. Common tool for making special assessment to pay for improvements; assessments can be bonded. Owners of 60% of the property may block the LID.
- TIF: Tax Increment Financing. Washington State allows for use to fund public infrastructure. Cities, counties and ports can form TIF districts. Currently only two TIF Districts per jurisdiction.
- "Linear" TIF: The panel referenced the Atlanta Beltline, a linear network of trails and public transit, established as a Tax Allocation District (TAD) used to finance redevelopment and economic development in proximity to the Beltline. The strategy could allow for an extensive TIF, rather than station area by station area.



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