

Kingsgate Park and Ride Transit Oriented Development Pilot Report Addendum

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This is an addendum to WSDOT's report to the Legislature on the Kingsgate Park and Ride Transit Oriented Development Pilot dated January 2020.

The Kingsgate pilot project is the first transit-oriented development (TOD) planned on a WSDOT owned park and ride. As anticipated, the department is learning important lessons as the project progresses. In the January 2020 report to the Legislature, the executive summary contained the following sentence: "The legislative actions summarized below could be taken separately or in combination and address different types of barriers to TOD at WSDOT owned park and ride lots." This statement requires revision, as we now understand that implementing just one or two of the recommended actions would be insufficient. Instead, an integrated suite of legislative solutions is required to remove interrelated barriers to success for TOD projects.

The report also identified several statutes with the potential need for revision. For example, several statutes dealing with "highway purpose" were identified as barriers to making changes to park and ride use. Upon further consultation with our AAG, it is simpler and clearer to carve out TOD in specific statutes and leave other RCW sections intact to eliminate the possibility of contradiction.

Aside from the \$350,000 appropriation with the proviso, WSDOT lacks a funding source for transit-oriented development. A TOD must, at minimum, break even financially for WSDOT to consider pursuing such a project.

Each transit-oriented development depends on the participation of one or more developers. Developers require sufficient revenue from a project to sustain operations. The potential to generate significant revenue will attract a wider range and larger number of developers. A high level of uncertainty will potentially reduce or even eliminate interest from potential developers.

Under current law, WSDOT is typically required to maintain the total number of parking stalls provided in a park and ride. To address this at Kingsgate and free up space for TOD elements, this parking must be moved from surface stalls to structured parking, which is expensive to build and maintain.

Reflecting the current legal framework, the conditions for a financially successful WSDOT TOD program can be summarized in the following way. For WSDOT, the total of revenues from the sale or lease of land plus (yet to be identified) additional financial resources must exceed the cost to relocate or replace surface parking with structured parking. For developers the calculation is more complex. The total of revenue from housing and commercial development plus (yet to be identified) additional financial resources must exceed the cost to construct housing and commercial development, plus cost to construct parking, plus cost to construct site improvements, plus the cost of the lease or purchase of land.

Two primary project costs that do not typically pay for themselves are the cost of affordable housing and the cost of structured parking. The greater the number of affordable housing units and the greater the number of parking stalls, the greater the need for (yet to be identified) additional financial resources.

Rather than having independent utility, the set of identified changes to state law in the January 2020 report (summarized in the Executive Summary) work in concert with each other. Together, they could create the conditions for the financial pre-requisites for a successful TOD project to be met at more WSDOT-owned park and ride sites. They would also reduce the level of uncertainty and attract the attention of a greater number of developers to pursue TOD at

WSDOT-owned park and ride lots. Perceived risk will likely be high given the complexities of transitioning WSDOT-owned land to other uses while maintaining federal and state requirements and the involvement of multiple government entities in these projects. Reducing perceived risk is an important factor in being able to attract a competitive level of interest from developers.

The actions that can be taken at the state level to increase the viability of TOD at more WSDOT-owned park and ride lots would provide a valuable reduction in barriers. However, it is important to note many WSDOT lots also have a federal nexus. For park and ride lots with federal funding, any changes to use requires FHWA approval. A supportive legal framework at the state level would be beneficial for securing any necessary approvals from FHWA but would not guarantee approvals. This factor would be site specific.

This addendum also serves to correct any reference to RCW 47.46. The correct RCW reference is 47.29, which superseded 47.46 at the completion of constructing the Tacoma Narrows Bridge.

WSDOT appreciates the continued support of the Legislature and the enthusiastic partnership of local jurisdictions as we work together to pursue development of a program to convert expansive surface parking in prime locations near transit to higher and better uses.

This report will be reviewed annually until at least 2023 and additional addendums will be added as necessary to reflect the most current information.