Commercial Real Estate

Major mixed-use development opens near future Seattle light rail station

Tahoma Valley is part of South Seattle's Grand Street Commons residential complex, which is opening with a ceremony on Jan. 23. A partnership between developer Lake Union Partners and nonprofit Mount Baker Housing is bringing 775 homes to a previously environmentally contaminated site near the future Judkins Park light rail station. The development will also include over 60,000 square feet of retail and office space, a public plaza with a water feature, and some pedestrian improvements.

ANTHONY BOLANTE | PSBJ

By Marc Stiles – Senior Reporter, Puget Sound Business Journal
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See Correction/Clarification at the end of this article.

A five-year effort to clean up a contaminated South Seattle property and build 775 units of mixed-income housing that's a five-minute walk from a future light rail station has been completed, bringing big changes to the Judkins Park neighborhood.

Lake Union Partners and Mount Baker Housing developed Grand Street Commons, one of the region's largest transit-oriented projects. It has turned three blighted blocks into a mixed-use community with a public plaza along Rainier Avenue South at South Grand Street.

The retail is filling up, with 25,000 square feet leased to active park operator Sky Zone. A local, independent grocer is eyeing 12,000 square feet. The nearest grocer is a QFC that's about three-quarters of a mile to the south.

"We're making good progress on (the grocery store lease), but we're not quite ready to make an announcement yet," Lake Union Partners' Patrick Foley said Tuesday, two days before the formal opening of the project, including LUP's 569 units in the Grand Street Commons East and West buildings and Mount Baker Housing's 206-unit Tahoma Valley building.

Around 45% of the units are affordable at various levels.

"That's probably the No. 1 thing that we're most proud of," Foley said. "That and that we were able to clean up a dirty site." A dry cleaner and machine

manufacturer operated on the property decades ago, complicating redevelopment efforts.

The proximity to Sound Transit's Judkins Park Link station already is having an impact. Foley said some tenants have indicated they're moving in, or plan to, to be there for when cross-lake light rail service to Bellevue and Redmond starts.

"We don't have a firm date set yet for the opening across Lake Washington. It will be in the latter part of this year," an agency spokesperson said Wednesday.

Through a state Department of Ecology cleanup program, the project team remediated the site, and made an otherwise financially infeasible project pencil.

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This was reported six and a half years ago. At the time, the schedule was to start construction in 2021 and open the development in 2023.

That plan, like most everyone else's, was disrupted by the pandemic and the Teamsters' concrete delivery strike. Grand Street Commons faced another delay when some contamination was discovered buried deep on the site. The delays totaled six months, though Foley said contractor W.G. Clark Construction "clawed back" some of the time on the project that Runberg Architecture Group designed.

The Schuster Group managed development of Tahoma Valley for Mount Baker Housing.

Bryon Gongaware, MBH's interim executive director, said Cultural Space Agency is under contract to buy a 1,500-square-foot Tahoma Valley commercial space.

According to its website, Cultural Space Agency is a “cultural real estate development company chartered by the city of Seattle" that secures affordable space for the arts. The agency did not respond to a Business Journal inquiry about how much it’s paying for the space.

Foley and Gongaware declined to say how much their respective developments cost.

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LUP's equity partner on the project, which is the company's largest, is HAL Real Estate. Umpqua Bank is the lender. Grand Street Commons is the second HAL/LUP project after Midtown Square in the Central District.

Gongaware said Citibank provided the construction and permanent loan for Tahoma Valley, with PNC Bank the tax credit equity investor. Amazon's Housing Equity Fund was what he called "a significant contributor." The city Office of Housing also provided capital, with MBH providing some additional equity.

Market-rate rents average around $3.50 a square foot, according to Foley, who said up to 38% of the units have been leased. Gongaware said Tahoma Valley is 26% leased. Tahoma Valley units are set aside for people who make 50% to 60% of area median income.

Correction/Clarification
This story has been updated to correct the average per square foot rent for market-