

# The Kelsey

## A Development Proposal

Portland State University  
Masters of Real Estate Development

**NAIOP**  
COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION

NAIOP Pacific Northwest  
Real Estate Challenge 2016



# 130<sup>th</sup> Station in Bel-Red Area

- ▶ Planned as major mixed-use neighborhood
- ▶ **Between active submarkets, but not within active submarket**
- ▶ Currently industrial
  - ▶ 50% of Bellevue's light industrial uses are here
- ▶ No recent redevelopment; no residential; and limited residential amenities
- ▶ Concrete plant is neighbor to west
- ▶ ***Challenging local context today***



Bel-Red Subarea

130<sup>th</sup> Station Area Today Rendering





# The Surrounding Pipeline:

*Big and Full  
But at Higher Quality Locations*



**Downtown Redmond**

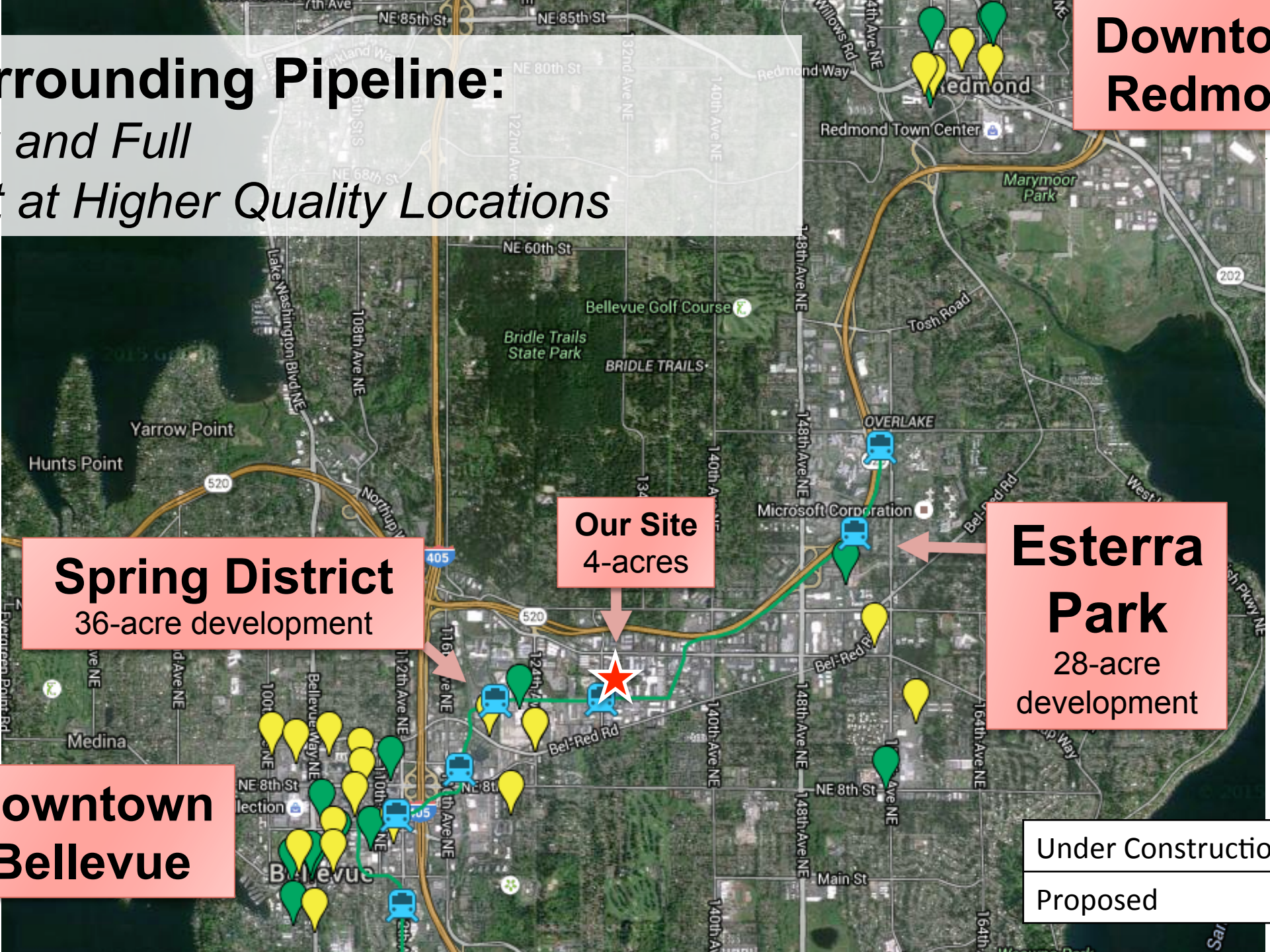
**Spring District**  
36-acre development

**Our Site**  
4-acres

**Esterra Park**  
28-acre development

**Downtown Bellevue**

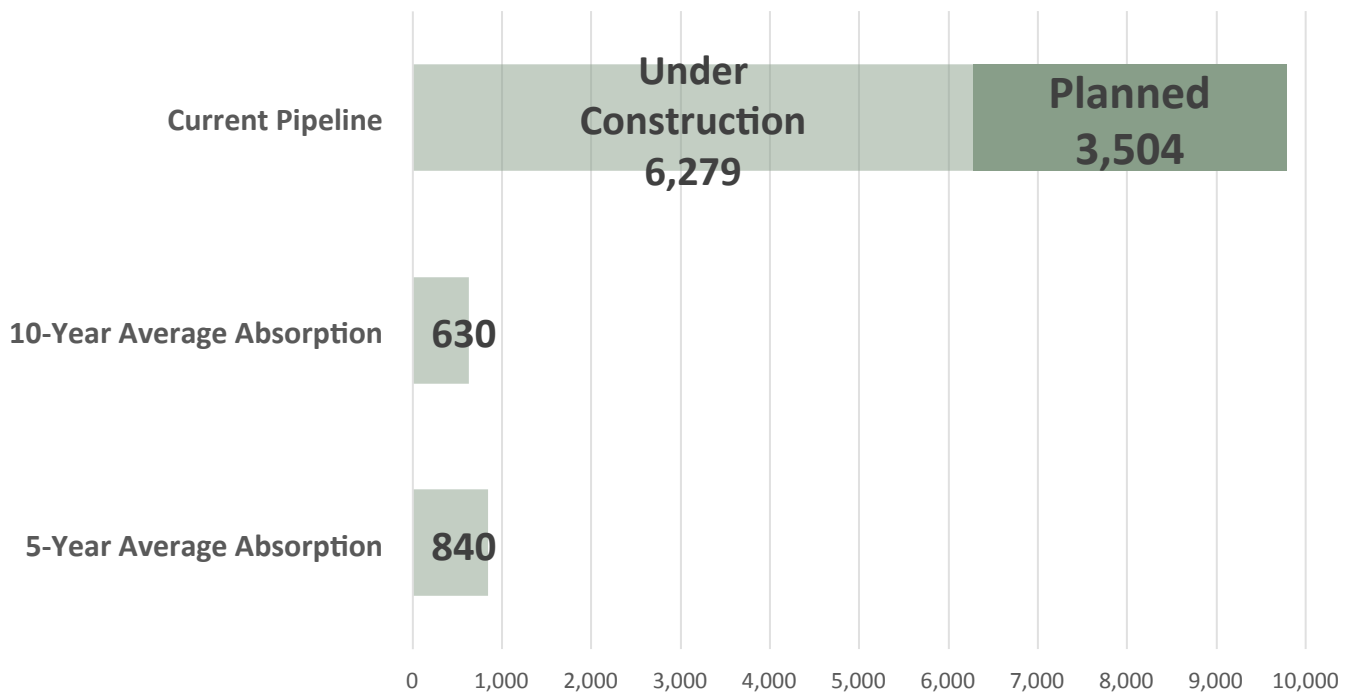
Under Construction	
Proposed	





# Market Analysis – Market Rate Housing

## Bellevue/Issaquah and Redmond Submarket Apartment Pipeline and Historic Absorption



**7.5 – 10 Years**  
of Absorption in  
Pipeline Under Construction

### Closest Comparable Developments (Market Rate)

- LIV Bel-Red - \$2.67 /Sq. Ft.
- Avalon Esterra Park - \$2.51 /Sq. Ft.

Source: REIS, Dupre+Scott



# Market Analysis – Affordable Housing

## *Strong Demand; Limited Supply*



Eastside | Local News | Real Estate

### **Bellevue affordable-housing plan up for discussion**

Originally published May 3, 2008 at 12:00 am | Updated May 3, 2008 at 11:01 am

LOCAL GOVERNMENT

THURSDAY 17, JULY 2014

### **Bellevue abandons affordable housing in shiny Spring District**

### **Demand for Affordable Units in Bellevue**

- 42% of households are renters
- 31% of renters earn less than \$50,000
- 68% of renter households are 1 and 2-person households

### **Long Waiting Lists**

- 6,000 families on King County Housing Authority waiting list alone

### **Limited Supply**

- 4,000 affordable units built in Bellevue

### **Few Available**

- Vacancies are below 2%



# Profile of Residential Tenants at 60% AMI

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- ▶ Seattle-Bellevue: high median incomes: **\$89,600** 2015
- ▶ Local Occupations with 60% AMI Incomes: **\$37,000-\$43,000**
  - ▶ Medical Assistants
  - ▶ Office and Administrative Support Workers
  - ▶ Customer Service Reps
  - ▶ Aircraft Cargo Handlers
  - ▶ Teachers
  - ▶ Human Resources Assistants
- ▶ 60% AMI: Moderate-Income Rent
  - ▶ 1 person household: \$37,680: **\$941 / mo = \$2.21 / sq ft**
  - ▶ 2 person household: \$43,020: **\$1,075 / mo = \$2.01 / sq ft**





# Development Objectives and Goals

*"POLICY S-BR-41. Promote owner and rental affordability in Bel-Red's new housing stock."*

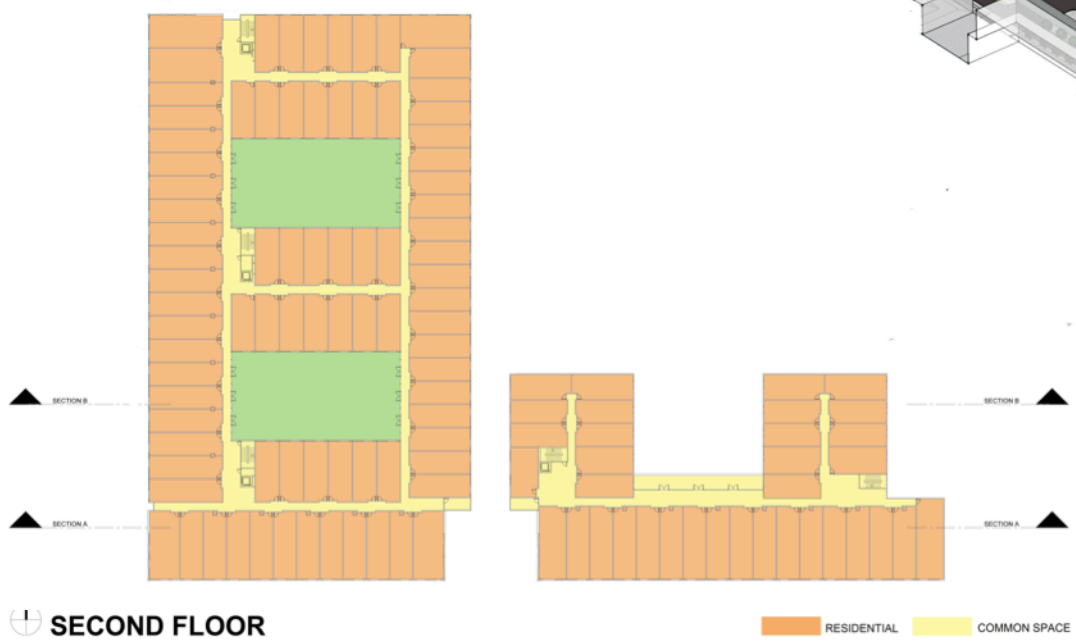
- Bel-Red Subarea Plan

- ▶ Mitigate site and market risks
  - ▶ Affordable units in high demand and meets policy goals of Bel-Red Subarea
  - ▶ Optimize FAR allowance and construction type efficiencies
- ▶ Enable City to catalyze the station area at no local cost
  - ▶ Establish residential and retail market comps
- ▶ Activate the street with retail and over 900 new residents
- ▶ Leverage public investment in light rail
- ▶ Accommodate Sound Transit parking ride
  - ▶ Target transit-supportive tenants; shared parking
- ▶ Place-make with plazas and restore Goff Creek

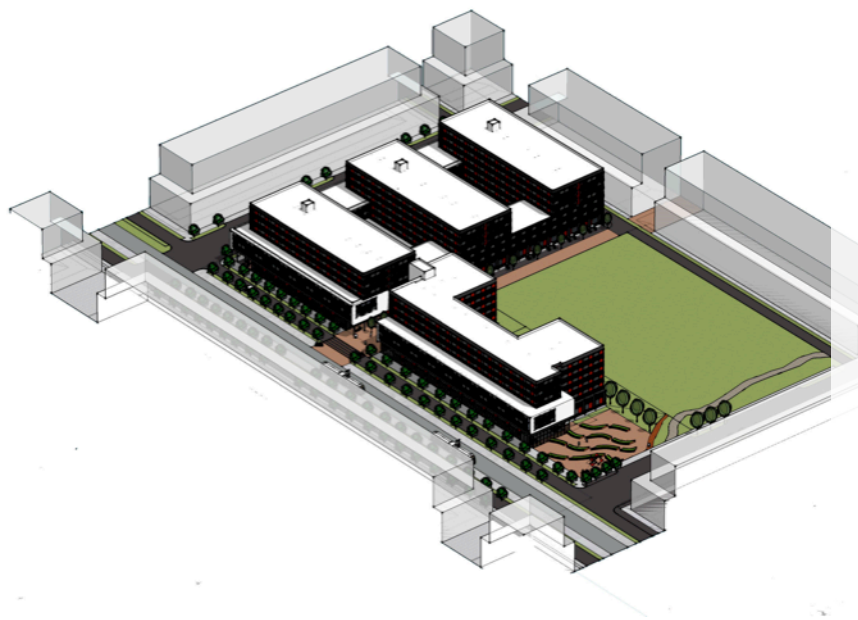




# Residential Design



⊕ SECOND FLOOR



## The Right Tenant Mix

- 662 affordable residential units
- Compact unit sizes meet market need
- 1 and 2-person households
- Target low or no-car owner households
- West building (three towers) are efficient, double loaded
- Ground floor units are larger, loft style

## High Amenity Building

- Light rail access
- Private courtyards for residents
- Two public plazas
- Goff Creek Trail
- Active retail spaces; outdoor seating
- Bicycle parking
- Car share on-site

Unit Type	Mix	# Units	Unit Size		
			(Net S.F.)	Rents	/ Sq Ft
Studio	40%	265	425	\$ 941	\$ 2.21
1 Bed	40%	265	535	\$ 1,075	\$ 2.01
2 Bed	20%	132	775	\$ 1,210	\$ 1.56
Tot/Avg	100%	662	539		





# Retail Design & Strategy



## Design

- Flexible design; easily demisable spaces; can evolve with market
- Garage doors for indoor-outdoor spaces; large, convenient loading bays
- 50' depth bays appealing to small and large tenants
- 20' podium ceiling heights
- Ample chasing allows food service throughout
- Signature retail end-cap fronting Goff Creek Plaza in creek setback

## Rent

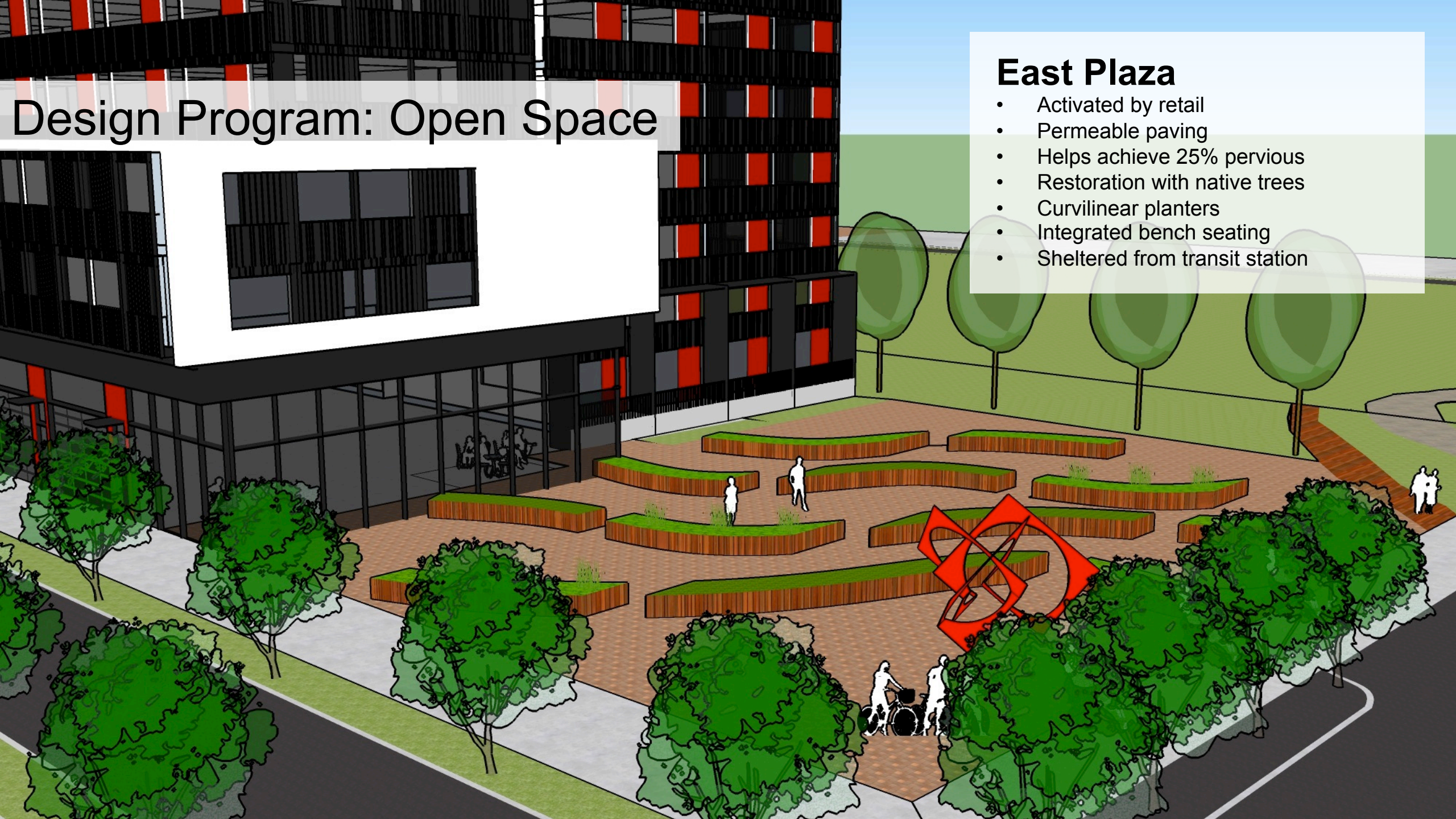
- Rents attractive to established, proven tenants within trade area; or tenants priced out elsewhere
- Conservative achievable rents on low end of market analysis: \$21.96 / sq ft NNN



# Design Program: Open Space

## East Plaza

- Activated by retail
- Permeable paving
- Helps achieve 25% pervious
- Restoration with native trees
- Curvilinear planters
- Integrated bench seating
- Sheltered from transit station

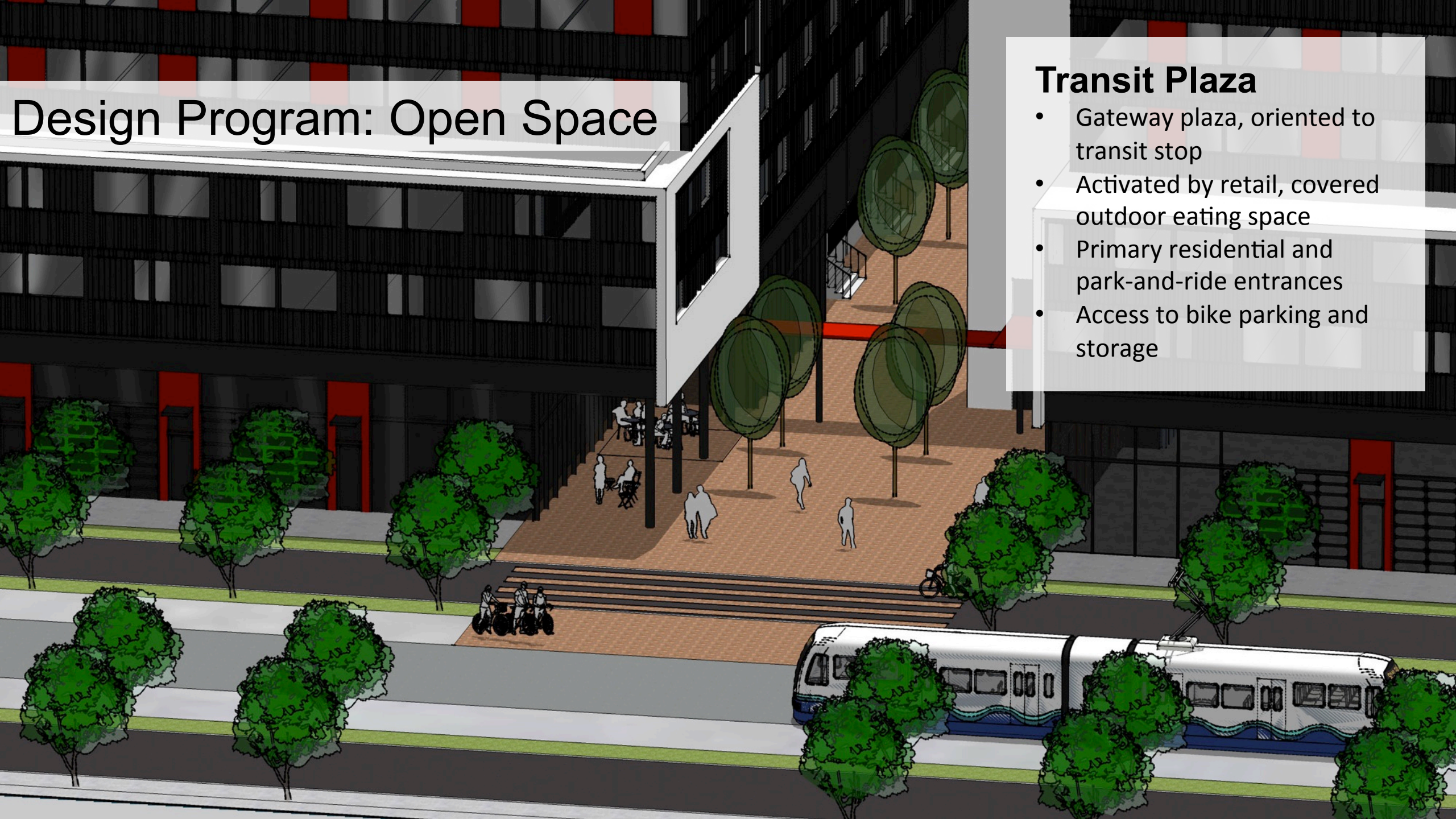




# Design Program: Open Space

## Transit Plaza

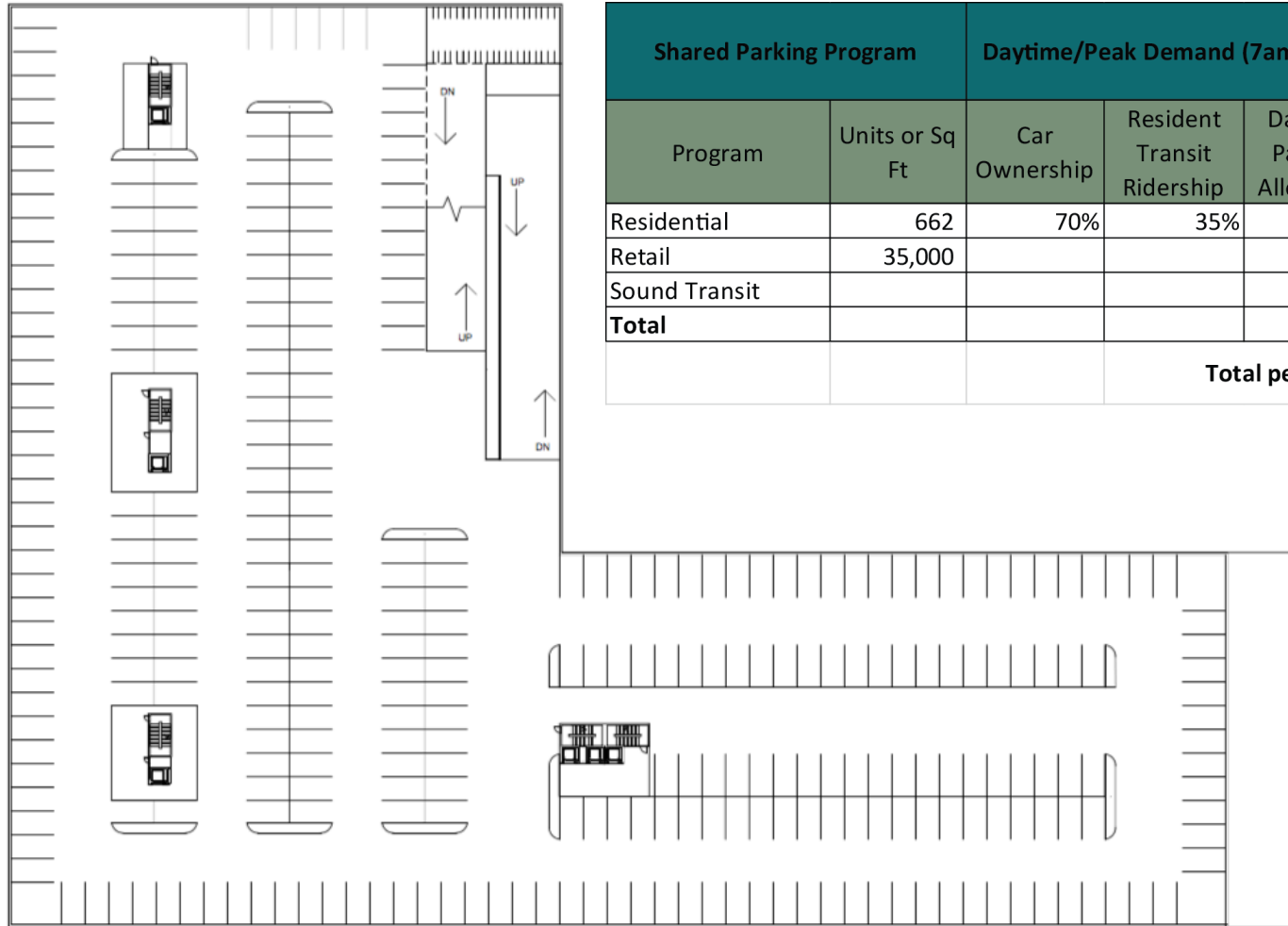
- Gateway plaza, oriented to transit stop
- Activated by retail, covered outdoor eating space
- Primary residential and park-and-ride entrances
- Access to bike parking and storage





# Parking Design & Management

## Efficient Floor Plates & Actively Managed, Shared-Parking



Shared Parking Program		Daytime/Peak Demand (7am-6pm)			Nighttime/Off-Peak Demand (6pm-7am)		
Program	Units or Sq Ft	Car Ownership	Resident Transit Ridership	Daytime Parking Allocation	Effective Daytime Rate	Nighttime Parking Allocation	Overnight Effective Rate
Residential	662	70%	35%	162	0.25	432	0.65
Retail	35,000			63	1.80	63	1.80
Sound Transit				300		30	-
<b>Total</b>				<b>525</b>		<b>525</b>	
				<b>Total peak demand</b>			

- Accommodate peak Park-and-Ride needs
- Utilize off-peak parking for residential and retail







Questions?

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