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Developer says north lot project ready, but capital markets aren't

By JON SILVER
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If Kevin Daniels had his way, he'd begin building his 1.5 million-square-foot development on Qwest Field's north parking lot as soon as he got the building permits.

The city of Seattle has just granted a 15-year master use permit for the mixed-use project, which includes four towers of 10 stories or more, but groundbreaking could still be a long time away.

Banks aren't lending so projects without funding aren't getting built.

“We need national capital markets to return to normal,” Daniels said.

Local office, retail, hotel and residential markets need to rebound, too. Daniels said he expects that to happen relatively quickly, and he wants to be the first one to bring his product to market when the economy recovers.

Until recently, Daniels Development Co. was in a joint venture with Opus Northwest to develop the site. Opus is no longer directly involved, Daniels said, so his firm has taken the lead in the project and owns the right to purchase the site from King County.

Another development partner, the Seattle Housing Authority, was not part of the purchase-and-sale agreement.

The 3.85-acre site, with its proximity to Pioneer Square and transit stops at King Street and the International District/Chinatown, offers a unique transit-oriented location, Daniels said. The next challenge will be to figure out what to develop first.

The permit allows for a 20-story office building and 668 units of housing in three towers of 10, 20 and 25

stories that will share a podium. The residential structure could hold 21,800 square feet of ground-level retail and 399 above-ground parking stalls.

The 424,000-square-foot office building could have another 11,800 square feet of ground-level retail and above-ground parking for 502 vehicles.

The project will be built in phases, matched to the needs of the market, Daniels said. Housing could begin first, though he didn't know whether that would mean building affordable, market rate or luxury units.

The shared parking and retail podium for the three residential towers is under design. The site's high water table doesn't allow for easy below-grade construction.

“We'll build out each of the towers when the market suggests it's time,” Daniels said. “It's just a little early given what all the markets in Seattle are going through right now.”

A planner at the Seattle Department of Planning and Development said the project only requires construction permits to go forward now, but Daniels sees other hurdles. His firm, for example, has been working with the state Department of Ecology to clean up contamination on the site.

In a letter to the Metropolitan King County Council last year, he wrote, “It is our opinion that we would have no chance of obtaining the necessary equity and lending required to start construction of this project” without a consent decree from Ecology.

That work is still in progress, he said yesterday. He says there is “a lot work to do before work can start.”

Still, he's raring to go.

“Recovery is quicker than anyone thinks,” he said.

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