

# With \$112M loan in hand, Nitze-Stagen begins Seattle apartment project

*Marc Stiles*

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Seattle development company Nitze-Stagen on Monday announced the start of construction on a nearly 400-unit, mixed-income apartment community at the north end of the Rainier Valley.

The groundbreaking of the eight-story 900 Rainier project, named for its Rainier Avenue South address, coincided with the closing of a \$112 million construction loan from an affiliate of Mack Real Estate Credit Strategies LP.

Lining up financing has become more difficult in this era of high inflation and economic uncertainty. [Jake Leibsohn](#) and [Ron Peterson](#) of Northmarq's Bellevue office arranged the loan.

Financing work started in the second quarter of last year, Nitze-Stagen President [Daniel Gallagher](#) said in an interview, and it ended up taking twice as long as initially anticipated.

"We worked hand-in-hand on it with (Mack). Every time there was a shock or dislocation in the capital markets, we had to refigure the budget," said Gallagher, who added Mack proved to be flexible.

Located about a five-minute walk from the future Judkins Park light rail stop, 900 Rainier is part of Nitze-Stagen's multifamily portfolio of transit-oriented, mixed-income rental housing.

The firm launched the multifamily portfolio to meet the sky-high demand for attainably priced rental housing. All privately funded, the portfolio includes more than 2,000 apartment units in development.

Among the projects are [one near the Othello light rail station](#), another [about 10 blocks south of 900 Rainier](#) and [a third](#) in the Chinatown-International District.

The 900 Rainier project is in a designated opportunity zone, a federal program that gives investors tax breaks for investing long term in lower-income areas.

"The construction loan from (Mack) coupled with investments by our local Opportunity Zone investors is a testament that private development, with a range of tools, can help meet our

city's housing affordability gap," [Riley Coleman](#), Nitze-Stagen's director of acquisitions, said in a news release.

Pinnacle Partners, a Seattle-based opportunity zone investment company, assisted Nitze-Stagen in raising equity from investors.

The 900 Rainier development is rare in that the city's mandated affordable housing will be developed on-site. Most developers pay a fee in lieu of building low-income units as part of projects.

The project will include 41 apartments developed under Seattle's Mandatory Housing Affordability program and another 81 units developed under the city's Multi-Family Tax Exemption program. There will be a mix of studio, one- and two-bedroom units with starting rents affordable to people who make 40% of area median income.

Jackson Main Architecture designed 900 Rainier, and Venture General Contracting is building it.

Other project team members are Raftery Suver, Karen Kiest Landscape Architects; DB Engineering; Bush, Roed & Hitchings; CT Engineering; PanGeo; BEE Consulting; McKinney Engineering; Emerald City Engineers; and Counterbalance Studio.

Around 2,000 square feet of retail is planned along Rainier Avenue South, with courtyards. Internationally recognized artist [Fulgencio Lazo](#) has been selected to develop the project's art installations, which reflect the area's history.

Public records show Nitze-Stagen paid \$28.25 million for the nearly 1.5-acre development site in 2020. The property is home to the former Darigold headquarters building, a historic landmark that will be preserved. The farmer-owned cooperative [moved its headquarters to another Seattle location in 2017](#), and today engineering company Gray & Osborne Inc. occupies the building.