

December 14, 2011

Group Health site in Overlake gets OK for redevelopment

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By Keith Ervin Seattle Times staff reporter

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The City Council approved a development agreement Tuesday that allows a hotel and conference center, 1,400 apartments or condos and 1.2 million square feet of offices and stores on the site of Group Health's former Eastside hospital.

Located adjacent to Microsoft's main campus and a planned Sound Transit light-rail station, the project — even if built by more than one developer — will be "an iconic development for Overlake that will set the pace and style" for other high-density projects in the area, Redmond Planning and Community Development Director Rob Odle said Wednesday.

The plan for the property southeast of Highway 520 between 152nd and 156th avenues northeast is consistent with existing city plans to turn Overlake Village into a second urban center, along with downtown.

"There are a number of 20-acre parcels that are under single ownership in the Overlake area that would be prime candidates for redevelopment in the future," Odle said. "What is unique with Group Health is it's ready to go right now."

Buildings on the Group Health site could be up to 12 stories high. The developers will be required to donate a 2.7-acre park site and plant more than 3,000 trees to replace 1,000 trees that will be cut down.

Group Health struck a deal in 2008 to sell the property to Trammell Crow, but the Dallas-based developer backed out of the agreement when it lost its funding partner amid the financial crisis.

That led the health-care cooperative to negotiate a development agreement with the city rather than leaving that up to a buyer.

"The reason we did what we did was to enhance the marketability of the site and get the ability to sell it off in components," said Bill Biggs, Group Health's vice president for administrative services. "We think we've done that. The market is beginning to shift. It's not quite there yet."

Biggs said financing for residential projects "is loosening up" and the market might be ready for a hotel next to Microsoft.

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