

DOWNTOWN REDEVELOPMENT OPPORTUNITY



1103-1107 Railroad Ave. Bellingham, WA
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REDEVELOPMENT

Sale Price: \$2,700,000

CBA #: 41674136

NWMLS #: 2320049

AVT Consulting was hired to provide a Development Feasibility Report. The full report is available upon request.

The property is located within the Urban Village area of the City Center Neighborhood and offers highly flexible redevelopment opportunities due to favorable zoning regulations. Key advantages include:

- **Zoning & Land Use:** Ground floor commercial use is not required, and there are no special shoreline regulations applicable to the site.
- **Parking:** No minimum parking requirements for existing or new uses.
- **Height & Setbacks:** No height limits or setback requirements due to the absence of adjacent residential single-use zoning.
- **Open Space & Landscaping:** No open space or lot coverage requirements. Landscaping must comply with general city standards, including street trees every 50 feet.
- **Design Review:** All new projects must go through Bellingham's standard design review process.
- **Environmental:** No critical environmental areas are present on or near the site.
- **Impact Fee Credits:** Redevelopment may benefit from traffic impact fee credits totaling \$107,776.31, and water/sewer system development credits of \$107,610.00.
- **Utilities & Infrastructure:** Existing infrastructure is sufficient; no major utility upgrades or additional hydrants anticipated.
- **Street Improvements:** No frontage improvements are expected to be required.

These conditions make the site an ideal candidate for streamlined redevelopment with minimal regulatory or infrastructure constraints. The property benefits from three significant development incentives beyond standard impact fee and utility credits:

1. **Federal Opportunity Zone:** Located within a designated Opportunity Zone, the property qualifies investors for favorable federal tax treatment on capital gains, making it attractive for long-term investment.
2. **Multi-Family Tax Exemption (MFTE) Program:** Eligible for either an 8-year or 12-year property tax exemption on residential improvements:
 - **8-year exemption:** Applies to fully market-rate housing.
 - **12-year exemption:** Requires at least 20% of units to be designated as affordable (per AMI standards). This incentive reduces property tax costs significantly for residential development.
3. **Business & Occupation (B&O) Tax Reduction:** New businesses in commercial spaces within the Downtown Urban Village can receive a graduated B&O tax credit—90% in year one, 75% in year two, and 50% in year three—encouraging business occupancy and commercial activity.

These incentives enhance the property's redevelopment potential and investment value.

SURROUNDING AREA

FOOD & DRINK

La Fiamma	Neko Cat Café
Fiamma Burger	Tadeo's Mexican
Horseshoe Café	Aslan Brewing Company
Juxt	Goat Mountain Pizza Co.
Camber Coffee	Mt. Baker Café
Storia Cucina	Little Cheerful Café
Bayou on Bay	Wood's Coffee
Bagelry	Sweet As Waffles
AB Crepes	Café Rumba

SHOPPING & ENTERTAINMENT

Backcountry Essentials	Wild Buffalo
Bellingham Bay Runners	The Ranch Room
Fringe	The Blue Room
Beck's Shoes	BAAY Theater
Mt. Baker Theater	Ruckus Room
Pickford Film Center	WTA Center
Bay Street Village	Bellingham's Farmers Market
Whatcom Museum	Rumors Cabaret
SPARK Museum	Waypoint Park

CURRENT & FUTURE HOUSING PROJECTS



URBAN VILLAGE DEVELOPMENT

Bellingham Opportunity Zones:

Portions of Bellingham's downtown and waterfront have all been designated as federal Opportunity Zones. Investments in these areas qualify for substantial tax incentives under this federal program.

Multi-family Tax Exemption Program:

Get an 8-12 year property tax exemption on the residential value of new multi-family construction.

B & O Tax Reduction:

New businesses and branches that locate in Downtown, Old Town, Waterfront, Samish Way or Fountain are eligible for a graduated tax credit of 90% for the first year, 75% for the second year, and 50% for the third year of operation. Contact the Business License Services / Tax line at 360-778-8012 for more information.

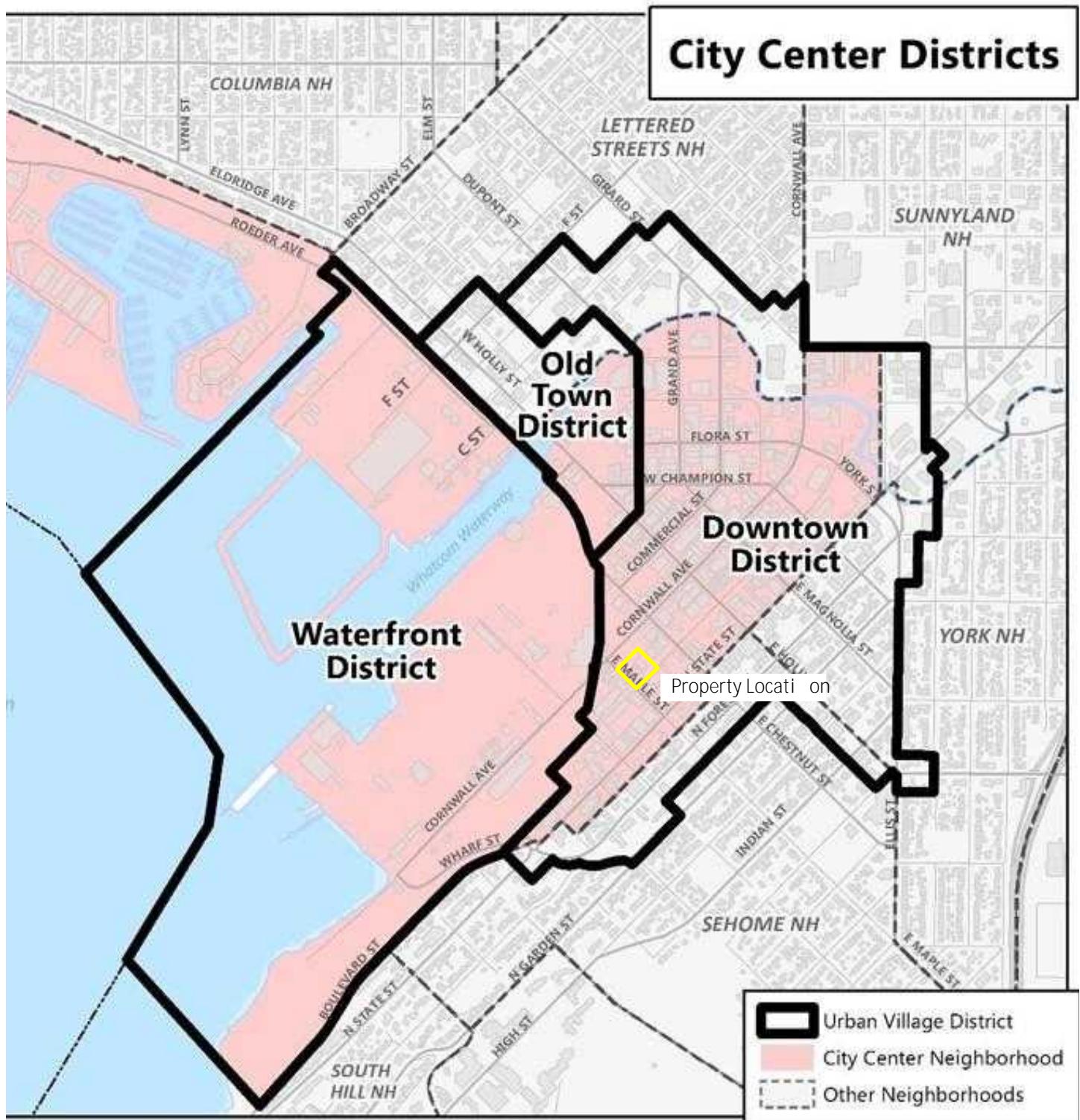
Transportation Impact Fee (TIF) Reduction:

Take advantage of automatically-reduced Transportation Impact Fees (TIF) in these areas. The less transportation impact your project has, the better. Check out this program's FAQ's for details.



ZONING MAP

Portions of the Downtown District and Old Town District, along with the Waterfront District and Squalicum Harbor, comprise the City Center Neighborhood. The City Center Neighborhood Plan unites the three districts under a common planning umbrella, while the goals, policies, and regulations for each are contained within the plans and development codes for each individual area. The Downtown District also includes portions of the four neighborhoods abutting the City Center.



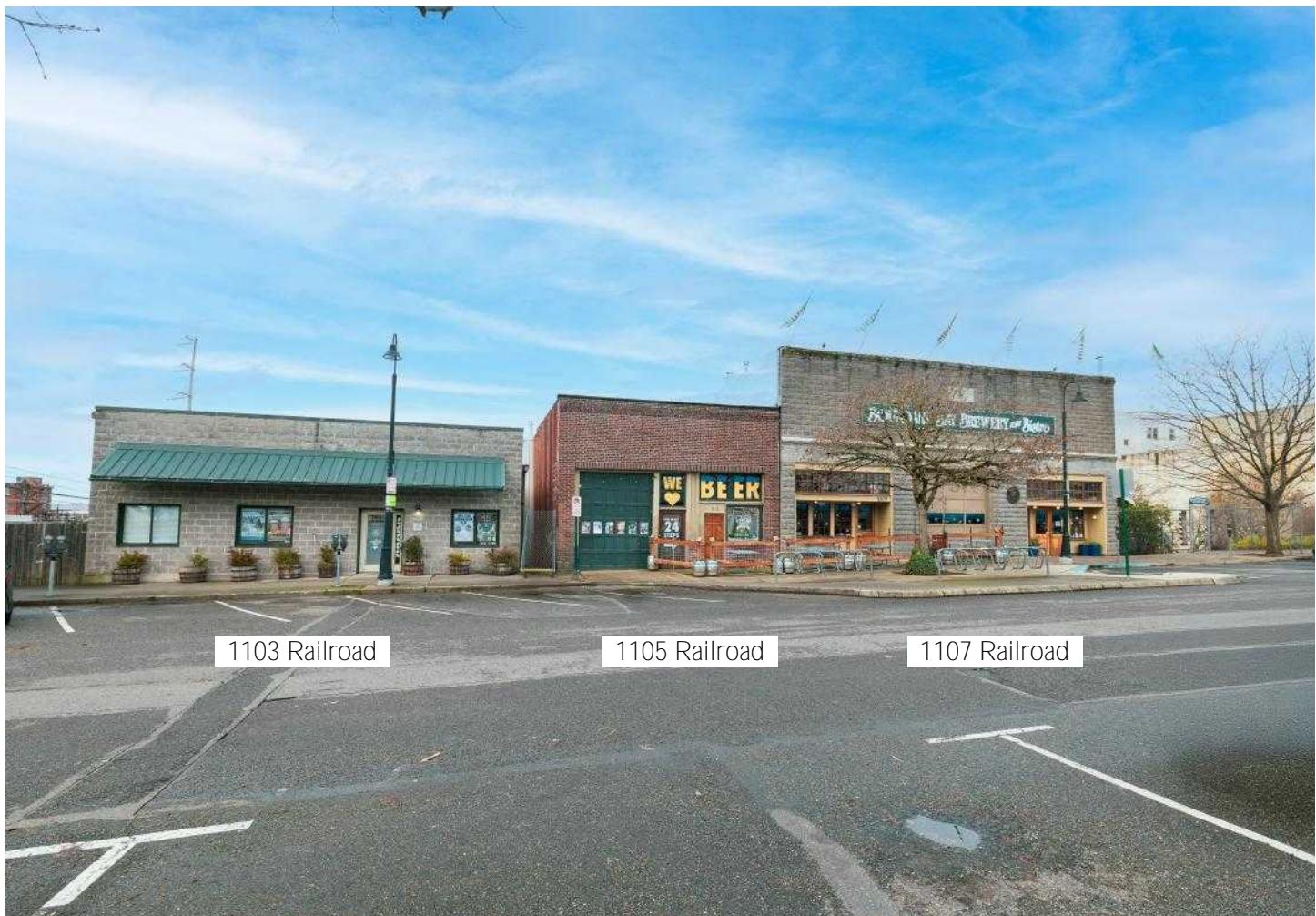
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AERIAL PHOTO



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— EXISTING BUILDING —



1103 Railroad

1105 Railroad

1107 Railroad

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Boundary Bay Brewery originally opened on the Railroad Level of 1107 Railroad with a brewery, kitchen, bar and dinning room. Other spaces were occupied with other tenants and over time Boundary Bay Brewery expanded into the entire property creating a beautiful beer garden and providing the community with a landmark location.

The expansion into the lower-level of 1107 Railroad included creating more brewing space, an expanded kitchen, and the beer garden with a stage. The 1107 building is the Landmark location that the public associates with Boundary Bay Brewery.

1105 Railroad is the oldest building, currently being used for storage. Brick that has had some settling and was reinforced about 25 years ago with I beams.

1103 Railroad is the newest building, built as office/retail on the railroad level with clean, high ceiling warehouse use on the lower level. This building also has a fenced yard.

FINANCIALS

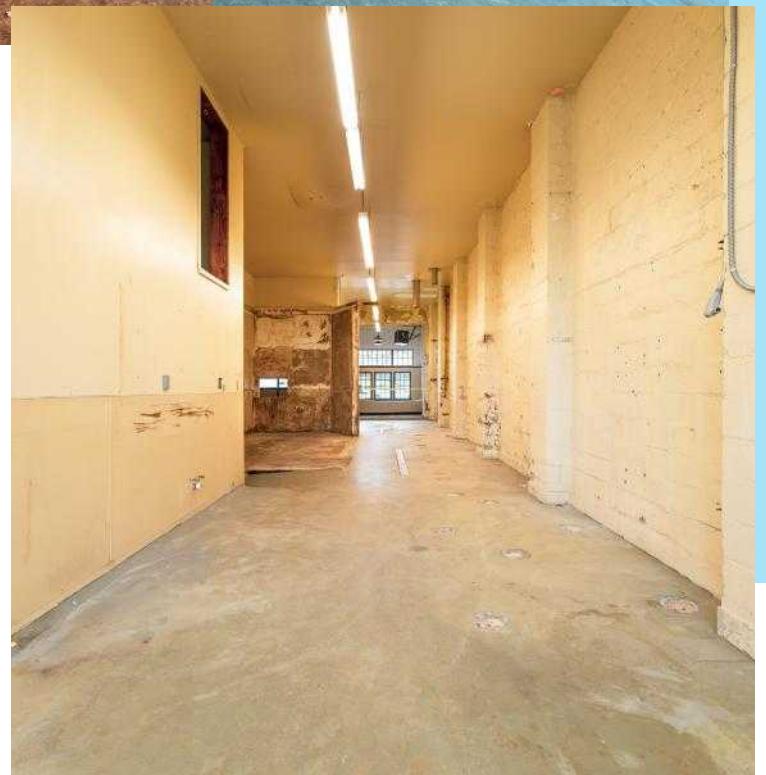
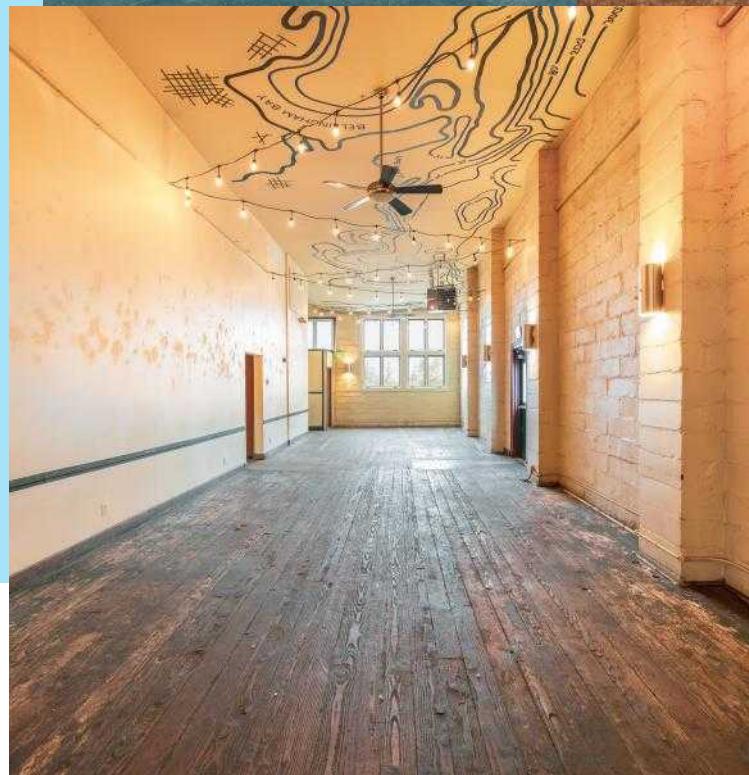
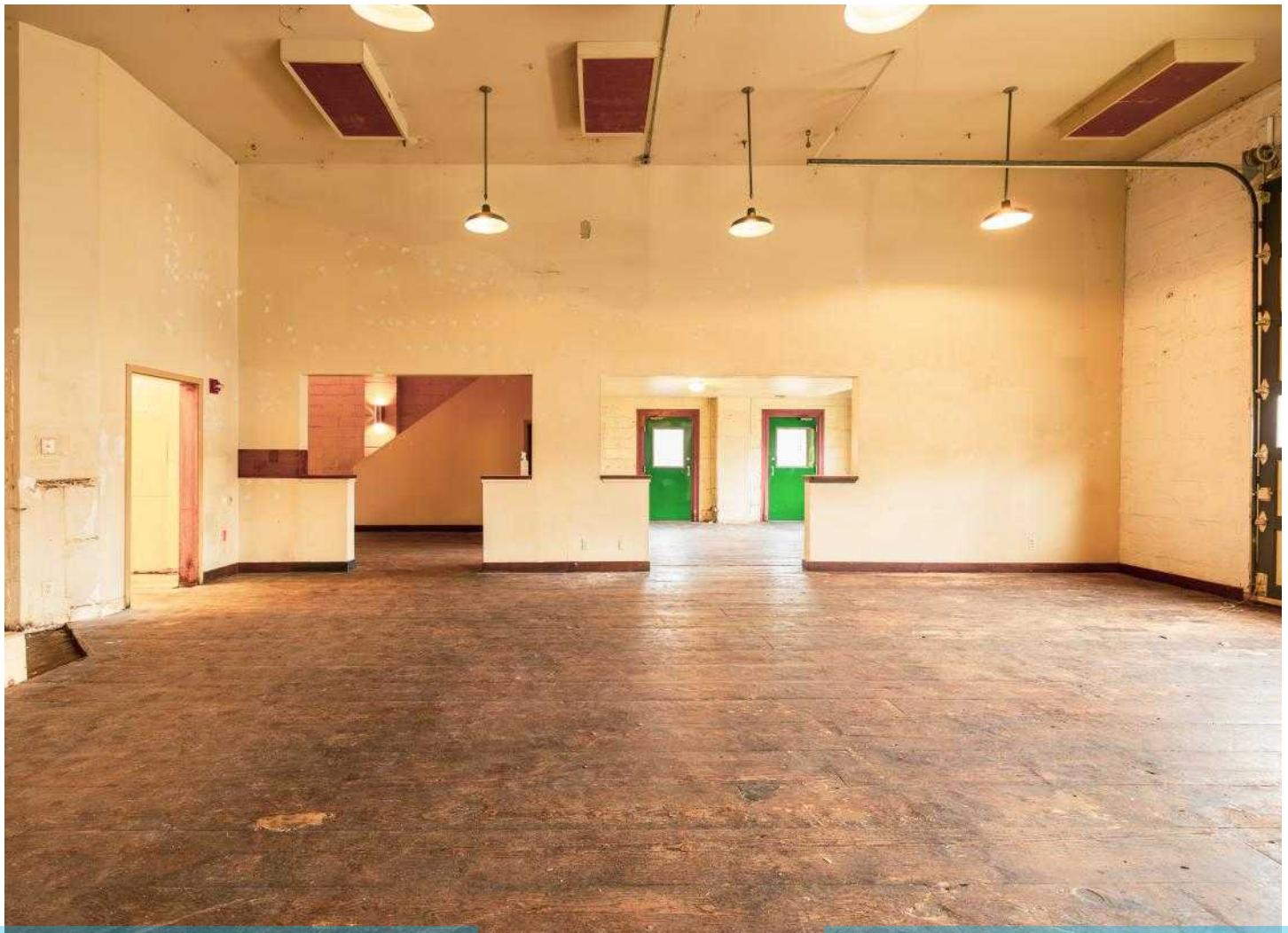
Year Built	Street Address	Building Description	Square Feet	Current Market Rent	Annual Market Rent
1920	1107	Railroad Level	4,500	\$18.00	\$81,000.00
		Lower Level	4,500	\$10.00	\$45,000.00
1999		Deck	910	\$8.00	\$7,280.00
		Restroom Below Deck	312	\$15.00	\$4,680.00
1920	1105	Railroad Level	2,475	\$12.00	\$29,700.00
		Lower Level	2,475	\$8.00	\$19,800.00
1999	1103	Railroad Level	1,000		\$16,000.00
		Lower Level	3,000		\$39,000.00
		Unbuilt Land	13,593		
		Beer Garden (including area below deck)	6,910	\$4.00	\$27,640.00
		Storage at South End	5,000	\$4.00	\$20,000.00
		Service Area Behind Buildings	1,683	\$ -.-	\$ -.-
		Building Footprint	10,599		
		Total Rentable Square Feet	19,172		
		Land	24,192		
		Building Footprint	10,599		
					\$290,100.00

VALUATION

Vacancy & Credit Loss	5%
NOI	\$275,595.00
Cap Rate	7.00%
Value	\$3,937,073.43

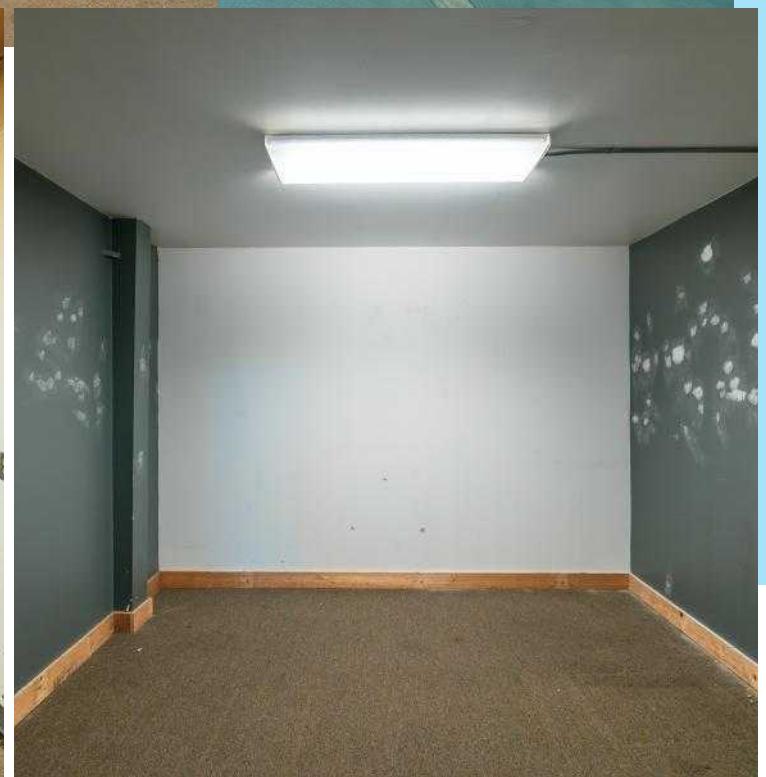
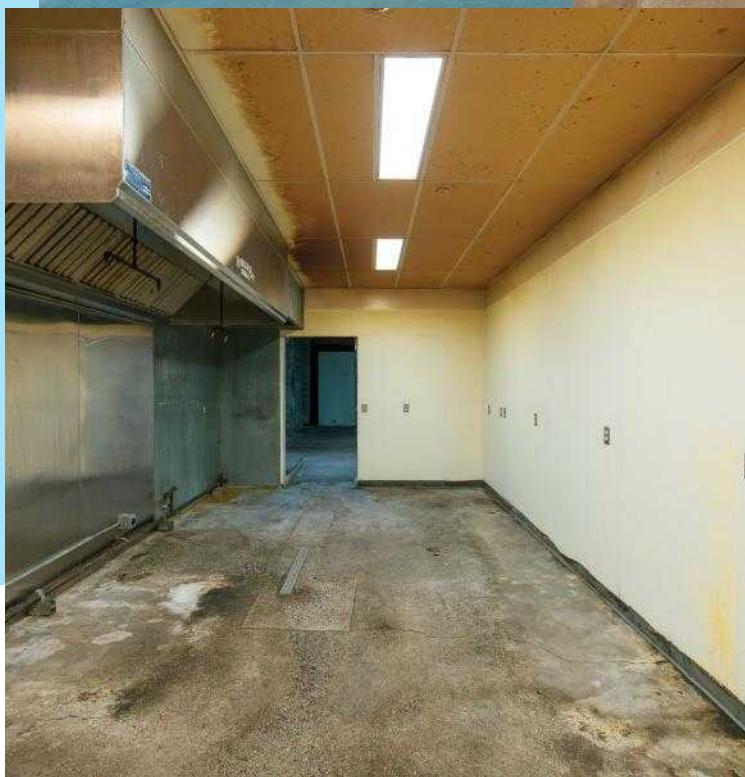
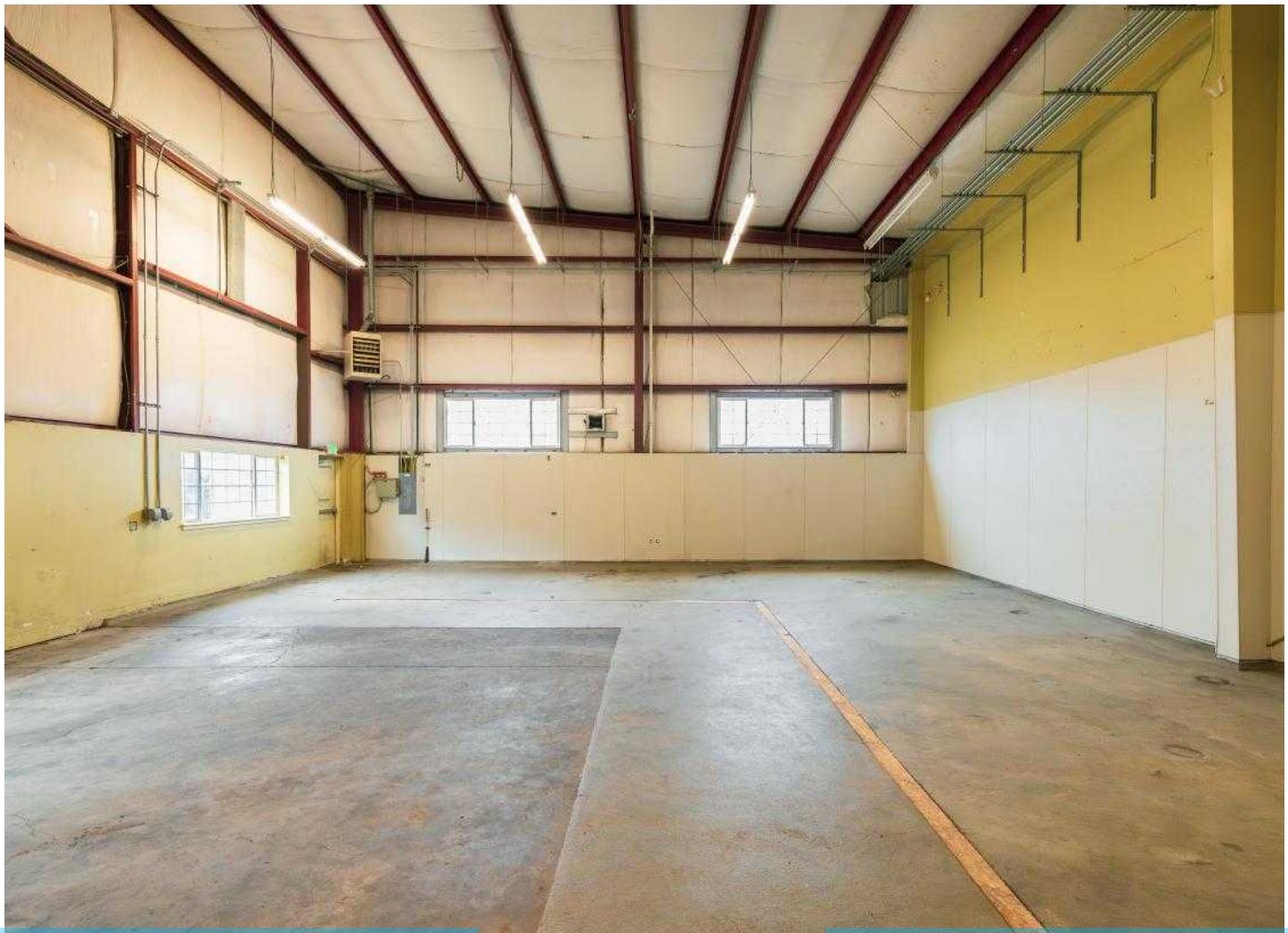
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PHOTOS



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MARKET AREA

The Pacific Northwest scarcely gets more peaceful than unspoiled Bellingham, a bustling city nestled in the Bellingham Bay. Nature abounds in all directions surrounding this coastal paradise. Bellingham can be conveniently accessed by land, air, rail, and sea. With easy transportation to both Canada and the international hub of Seattle, Bellingham offers a great middle point. While the Canadian market offers a diverse economy for the local businesses, continually businesses are migrating north to the area in order to find a new and better home. The waters of the Pacific offer opportunities for whale watching, cruising to Friday Harbor or visiting the Canadian city of Victoria. To the east, Mt. Baker beckons skiers and snowboarders to its slopes. The city itself is alive with vibrant theater, historical museums, gourmet restaurants and fine arts.



NATURAL BEAUTY

The dominating Mt. Baker towers over the city, with its staggering beauty. The deep expansive blue of the ocean carries our sight to the San Juan Islands. All the while you are hugged by the soft green of thunderous trees that decorate land for as far as the eye can see.



STRATEGIC LOCATION

The prosperous city Vancouver, Canada only sits 55 miles north. And the technological hub of Seattle resides 88 miles to the south. Bellingham provides an essential middle point for those looking to operate within both expanding districts.



HIGHER EDUCATION

Within Whatcom there are five different institutions of higher education that cover a vast array of different focuses. Western Washington University, Whatcom Community College, Bellingham Technical College, NW Indian College, and Trinity University all provide qualified and skilled workers.

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DEMOGRAPHICS



Population

Whatcom County: 230,077

Bellingham: 93,910



Average HH Income

Whatcom County: \$80,569

Bellingham: \$80,709



Median Age

Whatcom County: 39

Bellingham: 37.5