Vertical Mixed-Use
Development Analysis

Alternatives Presentation
Land & Shore Committee
March 2, 2017
Anticipated Next Steps

Discussion Goal:

• Discuss Alternatives
• Gather input to develop recommendation(s)
• Present to full Council at Work Session on April 10
Findings

What market conditions are needed for vertical mixed-use (VMU)?

• Strong multi-family rents and lower construction & land costs needed to support VMU
  • VMU is primarily a housing product – housing rents determine financial feasibility
  • Parking drives construction costs and site efficiency – need to find opportunity for right-sized parking

• Challenges
  • Higher construction costs
  • Different tenant/leasing environments
  • Parking
  • Locational needs

• Attributes needed for success
  • Density
  • Rental rates
Do market conditions support VMU now? If not, when?

- Current Issaquah retail and residential rents do not support VMU products
- High-density, single-use residential are most financially feasible and preferred for the current property stock in Central Issaquah
- Current rent gap and trends suggest mixed-use viability in the future (5-10 years)
Peer City & Developers interviews

- VMU projects need to be market driven/supported
- City needs to focus area for pedestrian-oriented, retail environment
- City investment helps to catalyze, encourage and enhance development
# Potential Alternatives

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td>No Action</td>
<td>Allows Market forces to determine development</td>
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<tr>
<td>Accelerate VMU</td>
<td>Allows City to most directly influence outcomes</td>
<td>Requires public incentives or investments; No guarantee</td>
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<td>Deter Non-VMU</td>
<td>Minimizes “lost” properties</td>
<td>May stifle redevelopment</td>
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<td>Acceleration &amp; Deterrence tools</td>
<td>Dependent on tools selected</td>
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Alternative: Accelerate Mixed-Use

Possible Incentives:
1. Build Infrastructure
2. Suspend Density Bonus req’t
3. Waive Fees
4. Help assemble properties
5. Development or Partnering Agreements
Possible Regulations:
1. Increase FAR
2. Require multi-story
3. Require structured parking (all or some)
4. Require VMU in defined nodes or everywhere
5. Require minimum sq. ft. or % of ground floor retail
6. Restrict uses