

## MEMORANDUM

TO: Planning Commission  
FROM: Tom Rogers, AICP, Planning Manager  
DATE: December 10, 2020  
SUBJECT: December 17, 2020 PLANNING COMMISSION MEETING

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The Planning Commission will hold its regularly scheduled meeting at 7:00 p.m. on Thursday, December 17, 2020. The meeting will consist of an update on the Mill Creek Subarea Plan, and a discussion on Growth Management Act (GMA) Planning, including an update on some work being done by Snohomish County.

Due to the COVID-19 pandemic, the City of Mill Creek Planning Commission meeting will be held remotely. Instructions for participating in the meeting will be emailed to you and posted on the City's website on the Planning Department page no later than Tuesday, December 15, 2020. If you have any questions regarding participating in the meeting, please contact Sherrie at 425-984-3897 or via email at [sherrier@cityofmillcreek.com](mailto:sherrier@cityofmillcreek.com).

### Mill Creek Boulevard Subarea Plan Update

Work on the Mill Creek Boulevard Subarea Plan has resumed after a stoppage created by the Pandemic. The Planning Advisory Committee (PAC) for the project, which includes three Planning Commissioners) met via Zoom last Wednesday evening (12/9/2020). Staff will present the revised schedule and provide some of the information that was provided to the PAC.

### Growth Management Planning

Some background information about GMA Planning and some of the growth issues that the City will need to address in the 2024 Comprehensive Plan Update will be presented by staff. Included in the presentation is information about Snohomish County Comprehensive Planning underway that will have an impact (positive and negative) on the City.

If you are unable to attend the meeting, please contact Sherrie at (425) 984-3897 or at [sherrier@cityofmillcreek.com](mailto:sherrier@cityofmillcreek.com). We look forward to meeting with you on line next Thursday evening.

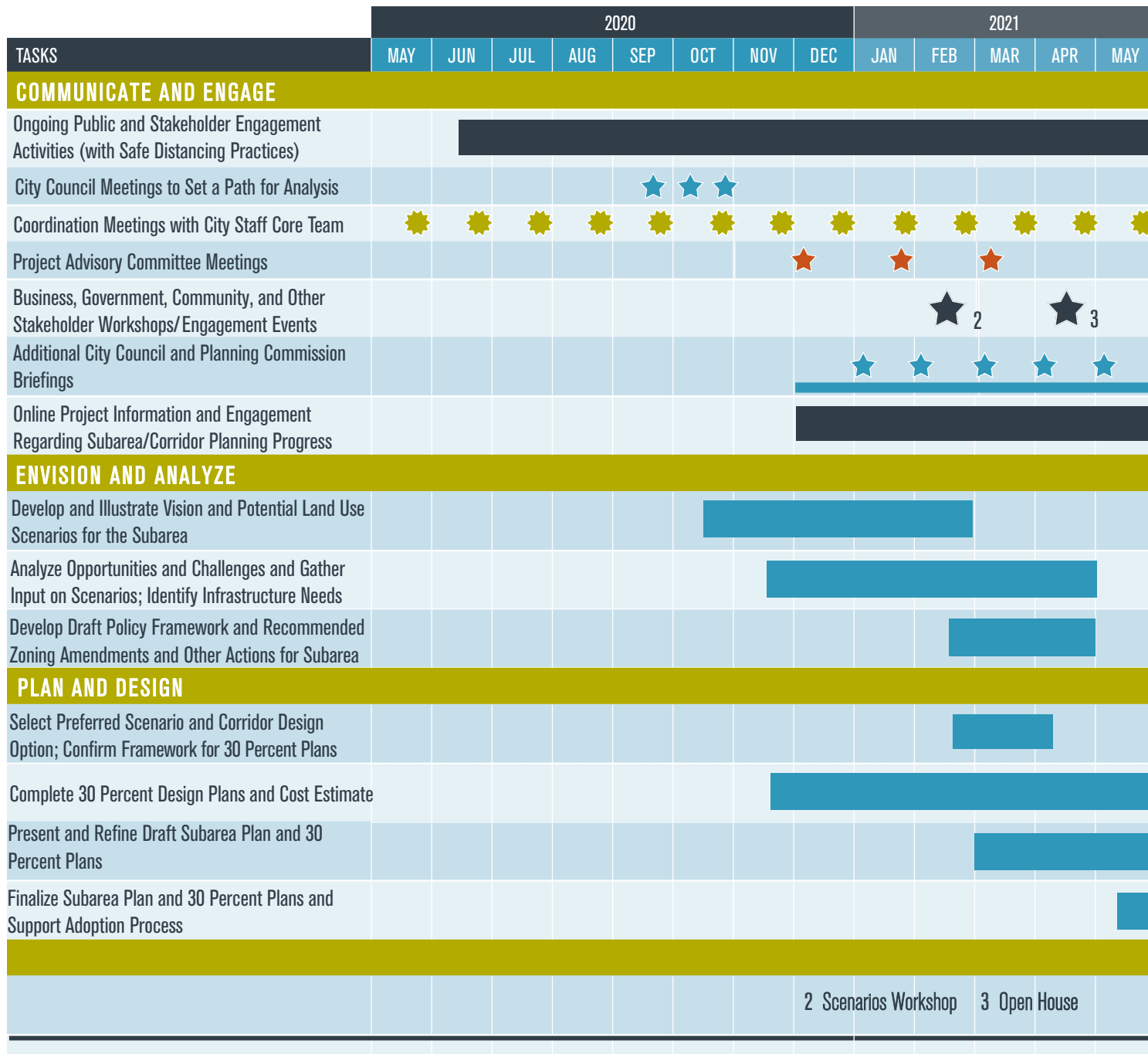
# MILL CREEK BOULEVARD SUBAREA PLAN TIMELINE

Attachment 2a



Project Schedule for Analysis of Land Use Scenarios and Completion of the Subarea and Corridor Plan

October 23, 2020



**City Council - Provide Direction on Scenarios Analysis:**

- November 3, 2020

**Project Advisory Committee Meetings:**

- December 2, 2020
- January 27, 2021
- March 3, 2021

**Public Engagement Meetings:**

- Mid February 2021
- Mid April 2021



# Mill Creek Boulevard Subarea Plan Market Analysis and Alternatives Evaluation

**Date** October 16, 2020 | DRAFT  
**To** Tom Rogers, Planning Manager, City of Mill Creek  
**From** Brian Vanneman, Leland Consulting Group and  
Mandi Roberts, Principal, Otak, Inc.

## Introduction

In 2019, the City of Mill Creek initiated the Mill Creek Boulevard Subarea Plan, in order to define the community’s vision for an approximately 78-acre subarea located south of the Mill Creek Town Center, and the implementation actions to realize that vision.

Leland Consulting Group (LCG) completed this market analysis and alternatives evaluation as a component of the Subarea Plan. The intent of this report is to inform the plan’s advisory committee and other stakeholders regarding development context—relevant demographic and economic drivers of development; the development of several town centers located nearby in the Puget Sound region; and evaluate several potential development alternatives for the subarea.

This report document (Section 1) is accompanied by a closely related presentation (Section 2, September 2020), and makes numerous references to figures and tables in that presentation. The two sections should be read together. More information about the Subarea Plan can be found [here](#).

This report is organized into the following sections:

- Context..... 1
- Nearby Town Centers..... 5
- Subarea Alternatives ..... 11
- Covid-19 Considerations..... 16
- Conclusions ..... 17

Most of this analysis was completed prior to the Covid-19 pandemic. Some efforts have been made to update the analysis and adjust them to recognize the impacts that the outbreak may have on real estate development and place making (pages 5-14). However, it is not possible at this time to know or fully understand how Covid-19 and ongoing related health and social practices will impact our communities. And, in many cases, our baseline view is that over the long term, there will be a return to a new “normal;” the development dynamics identified in this report will remain relevant; and that Covid-19 likely will accelerate but not change the underlying course of many trends that were already in place in 2019.

## Context

### Retail Development

During the subarea planning process, participants have asked what the role and extent of retail and other ground floor commercial uses should be in the subarea in the future. Participants have asked whether the character of the Mill Creek Town Center (north of the subarea) could be extended through the subarea; and whether retail and ground floor commercial uses could line Mill

Creek Boulevard along most or all of its half-mile length through the subarea.

The chart on page 3 provides some context for these questions. It shows the square footage of retail space built each year in the Puget Sound region since 2006. The trend is striking. After peaking in 2008, retail development decreased dramatically, despite some upticks in 2015 and 2017.

The consensus among real estate professionals is that there are several reasons for this sharp downturn in development. First, the great recession, which began in late 2007, reduced consumer spending and was a reminder to developers and lenders that retail in many locations was overbuilt. Second, online shopping has increased steadily over the past decade, and now may account for as much as 25% of all spending. Online shopping has impacted many of the retailers with the largest traditional footprints, such as home goods, appliances, books, electronics, and video stores. Finally, even successful “bricks and mortar” retailers have found they need less space to warehouse goods due to just-in-time shipping.

### **Retail: Thriving and Declining**

The Retail Formats shown on page 4 underscore the types of shops that are thriving and declining. Two formats were particularly resilient between 2010 and 2020, as online shopping increasingly asserted itself. One is food and drink, including restaurants, brewpubs and bars, coffee shops, grocery stores, food halls, etc. While people can get these goods online, the experience of sharing food with friends cannot be replicated. The other is “experiential” retail. While this can be difficult to define, it is something that provides a special experience as opposed to offering a grab-and-go commodity, must be done in-person, and is something people often do with friends or family. One example

is the Starbucks Reserve Roastery in Capitol Hill, Seattle. While the “product” could be thought of as a cup of coffee, in reality it is much more; visitors are treated to the experience of smelling, seeing, hearing, and ultimately tasting the process of coffee being ground, roasted, and brewed. It’s an experience that cannot yet be matched online. Spas, yoga, wine tasting, and many other stores can be in this experiential category.

It is also notable that much of what we traditionally think of as “retail” may fit better within the category of “ground floor commercial” or general commercial. For example, yoga and neighborhood-scale health clinics now occupy many ground floors but are not providing retail goods in the traditional sense.

### **Takeaways**

The takeaways of this analysis are that retail development is not what it once was, pre-recession. Its footprint is smaller, and the most successful formats are related to food and beverage, experience, and other goods and services that must be completed in-person. We expect these trends to be applicable in the Mill Creek subarea.

### **Demographics**

Page 15 shows the Puget Sound Regional Council’s (PSRC) forecast for which age groups will grow and shrink as a share of the region’s population, between 2015 and 2040.

The big change will be the significant increase in residents aged 65 and older, which is expected to double and increase from about 10 to 20 percent of the population. Meanwhile, the share of children (aged 0 to 19), and adults (aged 20 to 64) will decrease slightly. Planning for the 2020 to 2040 timeframe should consider this increasing senior population.

Page 17 shows some of the preferences of baby boomers, based on studies conducted nationwide. Many boomers want to age in place—in other words, remain where they are. Those who move, however, talk about “rewinding”—doing new things—as opposed to winding down. They are living longer than any previous generation and want to stay mentally and physically active. Some may continue working part or full time. As a result, there is a great attraction to mixed-use, walkable places with many amenities in close proximity.

**Neighborhood Preferences.** Page 16 shows the results of a survey conducted by the National Association of Realtors. When asked where they would most like to live, the greatest number of participants said it would be in a “suburban neighborhood with a mix of houses, shops, and businesses”—an option that was nearly twice as popular as the next most popular option. This underscores the popularity of mixed-use places, and shows it is a nationwide phenomenon that is not confined to a single generation. The Mill Creek Town Center fits in this category.

**Millennials / Gen Y.** Now in their late 20s through early 40s, Millennials (or Generation Y) are like the Boomers, a large demographic cohort, and have had a significant impact on housing and real estate markets throughout the past decade.

Page 18 shows how they have chosen a new set of products and cultural references than previous Americans. For example, Millennials are more interested in owning a smart phone than a car, and they use their phones to navigate the internet, social media, and the sharing economy. One study indicated that 39% of millennials either do work while riding on transit, or see others doing so.<sup>1</sup> College-educated millennials have clustered in eclectic, mixed-use, urban areas over the last two decades. Their cultural references—beginning with Seinfeld and Sex and the City and

continuing to How I Met Your Mother—are more urban than suburban.

### **Regional Context**

The City of Mill Creek and the Subarea Plan take place within many “layers” of regional and subregional context. A few of pieces of context are shown here. While most residents of Mill Creek will continue to drive for most trips, transit will have a growing role in the subarea.

Community Transit’s SWIFT green line is already in operation. The orange line is expected to be operating in 2024; the region’s light rail network is also expanding, with service to Lynwood and the orange line also beginning in 2024. Together, these lines could have a significant impact on the study area. The green line’s connection to the Paine Field commercial air terminal—with service to destinations around the west—and the surrounding employment area, should have a positive impact on Mill Creek, and particularly on the housing market, as residents can easily get to and from the airport. The Mill Creek Town Center and surrounding areas are the most attractive, mixed-use environment along the green line. This connection could also have a more subtle but positive impact on the office and lodging markets. Canyon Park business center is another significant employment center, at the other end of the green line. In the long-term future, the green line could be extended to downtown Bothell and UW Bothell.<sup>2</sup> The orange line will connect travelers to LINK light rail at 164<sup>th</sup> St. and Ash Way, Alderwood Mall, and Edmonds Community College. Via LINK, transit users can ride to Downtown Seattle and many other regional destinations, though these trips will require a transfer and therefore take longer.

Transit’s impact on district development can range from being transformative to negligible, particularly in suburban locations

where driving is the norm, distances are longer, and the “first and last-mile” trip from transit to home is also longer. That said, these transit investments are significant. In LCG’s view, few if any other Snohomish County locations will have the same combination of high-quality transit service that connects travel origins and some high-use destinations, an attractive mixed-use environment (Town Center and surroundings), and general community desirability. Mill Creek can leverage this combination to encourage “transit-oriented development,” if desired.

### **The Subarea**

The subarea itself is today a collection of office, light-industrial, and general retail/commercial uses, with building heights ranging from between one and three stories. Four streets connect through the subarea: Main Street, Mill Creek Boulevard, and 161<sup>st</sup> Street SE, and 164<sup>th</sup> Street SE. The Bothell-Everett Highway (State Route 527) is the subarea’s eastern boundary.

Compared to the Town Center to the north, the building stock generally appears to be older and not as carefully maintained. There is a sense among some stakeholders that the area is “underutilized”—again, this is likely to be in relation to the Town Center, which is attractive and visibly bustling with auto and pedestrian activity. However, one of the goals of this planning process is to determine what the desired type of future use is. Other aspects of the subarea are described in greater detail in other documents related to the Subarea Plan.

LCG’s view is that the Subarea is a special opportunity. Two reasons for this—the success of the adjacent Town Center and high-capacity transit—are described above. The reputation, desirability, and demographics of Mill Creek is another reason. As covered in more detail later in this report, Mill Creek has strong demographics—for example, high levels of income and education

when compared to other “competitive” communities, in North King County. All other factors equal, developers and businesses seek out locations in communities like Mill Creek. During conversations with developers and planning professionals conducted as part of this market analysis, we have heard positive impressions of the City.

The presence of three grocery stores (Safeway and QFC in the study area, Central Market just north in the Town Center) in or adjacent to the study area, is a unique feature, and will create interest in housing development. Lastly, North Creek, surrounding natural areas, and connections to the North and South, are a great natural amenity.

### **The City’s Return on Investment**

When real estate developers and business owners make investments, achieving a financial return on investment is critical, though they often take other things into account, such as reputation, social responsibility, and corporate standards.

Cities must also consider the fiscal impacts of investment, but typically make investments in order to achieve a broader set of goals. Cities also have a longer time horizon, since it is safe to assume they will be “in business” for decades to come.

For this Subarea Plan, LCG together with lead consultants Otak and City staff, believe that the City’s return on investment is reflected by participants answers to the question “What is most important to you in the subarea?” Achieving these things (while balancing fiscal considerations) offer *returns* on City investments (efforts; Council, staff, and consultant time; studies; and capital investments).

Participants in the Subarea Plan’s first workshop series (which was conducted in November 2019 and included more than 100

residents) identified nine different categories of goals they felt were important for the subarea. The most popular five goals, in order of the number of votes received, were:

- Thriving Businesses
- Places for Events and Festivals
- Placemaking (creating places that attract people and businesses)
- Parks and Green Spaces, and
- Stronger Civic Core

Other goals also received some votes and are shown below. These goals may need to be refined further (or replaced) by City Council, Project Advisory Committee, or others, however, they provide a starting point against which to test alternative futures for the study area.

## Nearby Town Centers

In this section, we compare recent town center/subarea redevelopment in three nearby cities: Woodinville, Kenmore, and Bothell. We discuss the goals of each city, some of the key actions taken, the results, and certain metrics that enable us to compare the comparable subareas to Mill Creek and the Mill Creek Boulevard subarea.

### Woodinville

Over the past five years, the City of Woodinville has focused on several significant projects in its downtown and adjacent areas. These include the Downtown Illustrative Guide (design guidelines), Woodin Creek Village mixed-use project, and the Schoolhouse District/Civic Campus project (pages 25 and 26). This section

focuses on the Schoolhouse District project, as it is the most recent and City Council and staff were intimately involved.

The Schoolhouse District project focuses on a 3.3 acre, formerly City-owned site, within a larger (20+ acre) set of City owned properties. The larger area includes City Hall, ball fields, parking lots, and Sammamish Riverfront parks. As of 2017, the Schoolhouse site was occupied by the vacant, early-20th-century, brick Old Woodinville Schoolhouse, and a recreation center built in the 1960s and 1970s that housed a YMCA/rec center. Both buildings required significant reinvestment in order to fulfill their potential. For nearly 20 years, the City has been actively seeking to redevelop the Civic Campus site.

The City's goals for the site were to renovate the schoolhouse; retain and expand the recreation center/YMCA; create community gathering places on the site; be a model for the City's new downtown design guidelines; and be financially feasible for the City and any private developers.

The City released a developer request for qualifications for the site in 2017, and in 2018 selected a preferred developer. Following negotiations and design, the parties agreed to a project that includes renovation of the Schoolhouse; renovation and expansion of the YMCA to include day care, renovated gyms, and outdoor play spaces; 30,000 square feet of commercial space including a "wine walk" featuring local wine producers; 30,000 square feet of plazas and open space overlooking the City's ballfields where public events can be held; 260 apartments; and underground private and public parking. The City's investment comprised approximately \$5 million in direct investment, and transfer of the land to the selected developer (though the City will have access to and control certain parts of the site including the YMCA and open

spaces). The project is now under construction with expected completion in 2021.

In late 2017, LCG led marketing of the property to potential developers. With City staff and Council, LCG selected Main Street Properties of Kirkland, Washington, as the preferred developer. In early 2018, Council approved a memorandum of understanding with Main Street for the development of this \$80+ million project, including the features described above. During 2018 and 2019, LCG worked with the City and Main Street to negotiate and sign a series of agreements including a Development Agreement, Purchase and Sale Agreement, and public-use agreement (for plazas and public open spaces), and supported the City in its lease negotiations with the YCMA, will lease space from both the City and developer. The project broke ground in June 2019. The project consists largely of five-story buildings over a two-story parking garage. However, the project may seem lower in scale due to the grade of the site and the fact that the two-story parking garage is largely hidden below ground.

## Kenmore

Kenmore's downtown revitalization has been guided by an intentional "vision of downtown Kenmore as a walkable place with a public square where Kenmore-area residents and workers can meet their daily needs and see one another face-to-face."

The city's efforts began in the late 1990s to early 2000s, when the city acquired just under 10 acres of property at the northwest corner of 68th Avenue NE and NE 181st Street—a former park and ride lot and shopping center. Unlike Mill Creek, there was little sense of place that Kenmore had to build on in the 1990s—to many passersby on Highway 522, it was just another intersection on the road, with Kenmore Camera serving as one notable draw.

Between 2006 and 2012, the City worked with a developer to build out the sites consistent with the City's vision, but the parties were unable to finalize a workable deal.

The City built a new City Hall in 2010, and a new library followed the next year. Both are attractive, modern buildings that serve as civic anchors.

Since the mid-2010s, Kenmore has successfully worked with private developers to build out a series of residential and mixed-use projects on formerly City-owned property. This includes the Spencer, LINQ, and Flyway projects; and new ground floor tenants such as EvergreenHealth.

These projects put people and "eyes" on the street. They also set the stage for the City to complete several "crown jewels" of downtown between 2016 and 2018: the Town Square (a city-owned plaza with fountain, open space, bike maintenance station, landscaping, and heated rocks); The Hangar building (a publicly owned hang-out space with roll up doors and coffee shop); and upscale restaurant Seaplane Kitchen + Bar, which opens onto the square.<sup>3</sup>

According to Kenmore Mayor David Baker, "you can't force things to happen. But what you can do is plan, and you can put the policy framework into place to allow it to happen. That's what we have been trying to do for the last 19 years."<sup>4</sup>

## Bothell

The City of Bothell's downtown redevelopment has undoubtedly been one of the most dramatic and transformational projects in North King or Snohomish Counties over the past decade (see images on pages 32 through 35). And like most dramatic changes, the process has had both strong supporters and detractors.



In 2005, the City began work on the Bothell Downtown Subarea Plan, which ultimately contained a vision, development regulation, City action plan, and other components. Part of the vision was to “give the community “A Place to Go” in the heart of the City—one that is meaningful to community members, provides for daily needs as well as special events, and appeals to families and Bothell citizens of all ages.” Bothell has benefitted from a committed citizenry and leadership, connection to the regional transportation network via SR 522, and the presence of a number of regionally-significant institutions such as the UW Bothell campus, Northshore Performing Arts Center, library, and nearby tech and biotech employment.

A number of key projects accelerated the community’s vision into action: the Crossroads Project/realignment of SR 522; Wayne Curve (western gateway, also on SR 522); the Bothell Way multiway boulevard—downtown’s main north-south artery; and the City’s purchase of 18 acres of land from the Northshore School District. Together, the dramatic reshaping of downtown’s transportation infrastructure to be better-functioning, far more friendly to pedestrian and bicycle traffic, more attractive, while also creating large parcels of developable land that could be sold by the city, proved to be a game changer. The cost of the transportation projects combined easily exceeded \$100 million, and the City was aggressive about partnering with numerous county, regional, state, and federal agencies to fund and build them. The funds came from both transportation and economic development sources.

The first public-private development success was the Anderson School, the adaptive reuse of a former junior high school into an eclectic collection of hotel, restaurants and pubs, movie theater, meeting spaces, and community pool by McMenamins. The project was made possible by the City selling part of its school

district property, under conditions of ongoing public access to the pool, meeting areas, and other School facilities.

Numerous “mid-rise” mixed use and residential projects have followed, adding hundreds of housing units and new commercial tenants including restaurants, a coffee shop, bike store, daycare, and others. The earlier projects were generally 5 to 6 story buildings with rental apartment above ground floor commercial space (such as the Junction and Mercantile on pages 33 and 34), which have been followed by three-story owner-occupied townhomes to the west. Between 2010 and 2020, more than 3 million square feet of development was built in the greater downtown area. The primary frontage for new commercial spaces has been the west side of the new Bothell Way, a pleasant promenade that leads from the Anderson School to the Park at Bothell Landing and Sammamish River.

While the “new downtown” boomed, the City also sought to maintain the health of its historic Main Street, a much smaller and more intimate thoroughfare than Bothell Way, lined by historic buildings. The City rebuilt the main street right of way, including new sidewalks, gathering places, crosswalks, trees, and lighting. After a fire that caused damage to several buildings, storefronts are now full again.

Daylighting and other improvements to Horse Creek and adjacent riparian areas, shown on page 35, are an important part of the downtown Bothell story. By reducing the setback requirements from the creek and improving the creek’s capacity to handle stormwater, the City allows developers to discharge their stormwater directly into the creek rather than build stormwater management vaults on site—a cost and logistical savings. Developers pay a fee to take advantage of the creek’s capacity.

In 2020, downtown Bothell's development continues, as the City looks to sell some of the final available blocks. In many regards, the efforts appear to be a success. Retail and restaurants on old Main Street are thriving and connected to the new, mixed-use "Bothell Landing." The community has certainly created a "place to go" in the heart of the City."

### Similarities and Differences

Each of the above "subarea" redevelopments is different, in ways highlighted above and in other ways that cannot be captured in a short summary that covers more than 10 years. And, each location is different from the Mill Creek Boulevard subarea.

But the Woodinville, Kenmore, and Bothell projects do share a number of similarities. All began with a *vision*, developed by either the public, Council, or both. Elements of that vision include mixed-use redevelopment that creates a unique place where members of the community can meet and interact. All prepared plan documents of varying kinds to document the vision, goals, and actions to be taken. Zoning and regulation then changed to match the cities' vision. Bothell's subarea plan is probably the most extensive. All have been successful in the eyes of most participants (not all), though that success in all cases took many years.

The redevelopment in all cases includes shared community open space, including redesigned streets, hardscape plazas, and green and park space. Two of the areas were formerly retail/commercial (Kenmore and Bothell).

All three used publicly owned land to achieve their goals.

While all the cities relied on some public investments, Bothell most clearly used *transportation infrastructure* as a catalyst for change, ranging in scale from SR 522 to Bothell Way to Main Street.

These precedents show that district change takes time. It is reasonable to expect that significant, district wide change will take at least a decade. Moreover, both Woodinville and Kenmore experienced at least one time-consuming, failed attempt to get their proposed redevelopment off the ground.

The areas show that both planned and unplanned redevelopment will take place. Bothell has probably seen the most unplanned redevelopment: While many projects were shepherded by the City, others were the result of private developers buying and redeveloping private sites without any specific guidance from the City (except suitable regulation).

### Comparing the Areas

Pages 37 and 38 show some demographic data—incomes and education—comparing the area near the Mill Creek Boulevard Subarea and the comparable cities. Data for the areas within 1, 3, and 5 miles of the Subarea and the other city centers are shown. Income and education, of course, are only two of many data points that planners and real estate developers look at when considering future actions and investments. However, in our experience, they are among the first data points that developers look at. And other data for the cities that we have reviewed show similar dynamics. Developers also often look at 1, 3, and 5-mile rings from subject sites, since cities vary in size and therefore looking at citywide data force a comparison of apples and oranges.

**Household Incomes.** Within a half-mile of the subarea, median household incomes are \$86,700; within 3 miles they are \$106,000. These are very competitive with the other cities reviewed, and in most cases, higher. This indicates that, all things equal, developers will seek out opportunities to invest in Mill Creek. The half-mile

incomes are the highest of all areas except for Bothell. The 3-mile incomes are the highest of all areas except Woodinville.

Interestingly, three of the four cities share a pattern in which incomes increase as one moves away from the center. Bothell is the exception, with lower incomes overall and the highest incomes closest to the center. This may be because of all of the recent development, and because of there are many students at UW Bothell and recently graduated young professionals living in the new apartments there.

**Education.** Within a half-mile of the subarea, 52.4% of residents have a bachelor's degree or advanced degree (masters, doctorate, or other); within 3 miles 54.3% of residents have a bachelor's or advanced degree. These education rates are much higher than Bothell, just slightly higher than Kenmore, and just slightly lower than Woodinville.

In any case Mill Creek has a very highly educated population, and since education correlates strongly with incomes, consumer spending, and overall economic vitality, this is another indicator that developers will seek out opportunities to invest in Mill Creek.

### **Development, 2010 to 2020**

The chart on page 39 shows the total square feet of new, ground-up development within one mile of the Mill Creek subarea and each of the comparable city locations during the past decade.

Different land uses—office, industrial, multifamily (rental apartments), retail, specialty, health care, and hospitality (hotels)—are shown in different colors.

Several takeaways are striking from this chart. First, compared to the other locations, there has been very little new development (just under 20,000 square feet of retail) in and near the Mill Creek

subarea. Bothell has seen the most development, about 3.4 million square feet of development. Kenmore and Woodinville have seen significantly less than Bothell, and far more than Mill Creek.

Measured by occupied square footage, apartments have comprised the vast majority of all development built in the three comparable city center areas. In Bothell, apartments comprise more than 90% of all development space.

LCG expects this trend to remain consistent during the study time frame (2020 to 2045). This is partly because of the trend for retail space illustrated shown on page 3: consumers simply need less retail space. The same is true for office space: as more people work from home, space-consumptive systems such as filing cabinets are digitized, and more employers move towards open floor plans with fewer enclosed offices, less office space is needed.

Cities seeking to effect redevelopment should expect that a large share of new, infill development will include a housing component. They should allow housing as part of redevelopment plans. The alternative may be little or no new development.

### **Acres of Development, 2010 to 2020**

The chart on page 40 shows another way to look at development in the comparison areas over the last decade: by the acreage (i.e., site area) occupied by new development.

Viewed this way, Mill Creek's modest amount of development (2 acres of retail) becomes more visible. Woodinville appears to have experienced three or four times the amount of development as Bothell, with significant areas of new retail and industrial development.

There are several reasons for the difference between this chart and the one on the preceding page. The first and most significant is

the fact that mixed-use and residential development tends to be much denser than retail, office, and industrial development. In other words, mixed-use and residential projects put much more square footage on smaller pieces of land. By contrast, commercial development tends to consume a large amount of *site area* with small amounts of *building area*. This is primarily because commercial development usually requires large surface parking areas; setbacks and landscaping are also factors. Woodinville's developed area is inflated by several retail and industrial projects that happened early in the last decade and now seem "old;" also, some of Woodinville's industrial developments are occupied by wine tasting and wine-related tenants and therefore could be classified as retail/commercial as much as industrial.

#### **Kenmore and Bothell Project Comparison**

Page 41 compares two "infill" projects—one each in Kenmore and Bothell—along with an average of several projects recently completed in central Bothell.

The Spencer 68 (Kenmore) and Junction (Bothell) projects are typical of two different development "prototypes." Some developers conceptualize potential projects in terms of prototypes, and each has a corresponding construction/structural type, parking type, rent revenue target, density and height, and other features.

The **Spencer 68** project is typical of a wood frame apartment project, which is usually 3 or 4 stories, but can sometimes reach five stories. As shown by the chart, the project includes 51,000 square feet of apartment space; no commercial space; its density is 53 units per acre. Projects that are wood frame and have surface or "tuck under" parking are generally less expensive than podium projects (below). However, because parking is not fully structured, it occupies more site area and limits the overall density of the

project. The wood frame construction limits the amount of retail and often such projects include no retail space.<sup>5</sup>

**The Junction** in Bothell is a larger and denser project. It is just over 120,000 square feet in total size. Two thirds of this space is residential, and the remaining 38,500 square feet is commercial and includes restaurants, retailers, and a health care clinic. The Junction is a "podium" or "mid-rise" project, with four floors of wood-frame housing over a two-floor concrete podium of commercial space and structured parking. This parking podium introduces a significant new expense, but also enables the project to be denser, and makes it easier for developers to include retailers and restaurants at the ground floor. Podium projects usually range from 5 to 7 stories; recent revisions to the state building code now allow 8 story podium projects.

Podium projects are more expensive to build on a per square foot basis than wood frame projects, and therefore rents need to be higher to justify the extra cost. For this reason, podium projects are built in desirable locations where many professional, one- and two-person households want to live and tend not be built in lower demand locations such as in suburbs near the edge of the region.

The Junction is reasonably representative of the average project in central Bothell. The average Bothell project has about 17,000 square feet of commercial space, 90 units per acre, and is a 5 or 6 story podium project. The average project is a bit smaller in terms of overall square footage.

Therefore, one can think of mid-rise projects as "pulling in" ground-floor retail, restaurants, and other commercial space along with the housing above. If the housing above is not built, the new commercial space often does not materialize.

And, if designed right, people perceive and remember the bottom 20 feet of a building rather than the upper floors. This is one reason that the ratio of housing to commercial space in such buildings is often a surprise.

### **Retail Follows Rooftops**

Retail developers have said for decades that “retail follows rooftops.” In other words, where housing development goes, retail and commercial development will follow to serve the new residents. In the 20<sup>th</sup> century, this was true for new single-family home development.

It is also true where new, “infill” projects such as the ones in Bothell and Kenmore have been completed. The chart on page 42 shows one reason that retail follows rooftops: each new household spends a considerable amount on a range of goods and services, including groceries, restaurants, healthcare, apparel, etc. These expenditures are based on data collected by the Bureau of Labor Statistics Consumer Expenditure Surveys (CEX) and ESRI Business Analyst and show the average spending for each household currently living within 1 miles of the subarea.

New residents in the subarea have the potential to support new ground-floor commercial space in the subarea itself, and also to support existing commercial space, particularly in the Town Center.

### **Subarea Alternatives**

In collaboration with Otak, the lead planning consultants for the subarea plan, and using Mill Creek staff input, LCG prepared three to four preliminary alternatives representing the future of the subarea, shown on pages 44 and 45 of the presentation.

These are *preliminary alternatives* that intended to illustrate some of the options and trade offs in the subarea. We expect the Project Advisory Committee, City Council, and citizens to provide input that will shape and potentially eliminate some alternatives.

The alternatives are:

1. Baseline
2. 4 to 5 Stories, Mixed Use; and
3. Mixed Use TOD – “Some” (3A) and “More” (3B)

### **Summary of Alternatives**

The Baseline alternative assumes that there are no “significant” zone changes. None of the subarea would be rezoned, and housing would not be a permitted use. Nonetheless, for currently allowed employment and commercial uses, 4 to 5 stories of height would continue to be allowed.

One “model”—in terms of uses, appearance, and height—for this alternative is the Mill Creek Boulevard subarea as it looks today.

The 4 to 5 Stories, Mixed Use alternative would rezone about half of the subarea to allow housing as well as the employment and commercial uses that are already allowed. Four and 5 story buildings would be allowed, potentially with some conditions on the latter. One “model”—in terms of uses, height, and appearance—for this alternative is downtown Kenmore.

The Mixed Use TOD alternative would rezone between 30 and 50 percent of the subarea to allow housing as well as the employment and commercial uses that are already allowed. Six and 7 story buildings would be allowed. One model for this alternative is downtown Bothell.

### **Envisioning the Alternatives: Baseline**

The Baseline alternative is represented by images (of the subarea today) on pages 46 and 47.

Because of the dynamics of real estate development feasibility, we expect that most of the buildings in the subarea would remain the same during the study time frame (2020 to 2045). A significant proportion of the buildings might also undergo substantial renovations, modifications, and improvements, while still maintaining their existing structure and footprint.

An example of this is the MOD Pizza shown on page 36, which was previously a Shari's and then was renovated and "reskinned" with an attractive brick façade. Another example of a significant renovation is Mill Creek Square (page 47) including Mud Bay pet supplies. In some cases, "infill" buildings are possible, such as the Starbucks shown on page 46, which replaced a Round Table Pizza.

These renovation and adaptive reuse projects can introduce new tenants and enhance the functionality and appearance of the subarea, but they are unlikely to add significant new square footage because the majority of the sites are needed for parking (and circulation and landscaping) and unless parking demands change dramatically, these areas will still be needed in the future.

### **Alternative 2: 4 to 5 Story Mixed Use**

Images that are representative of Alternative 2 that have been completed in downtown Kenmore are shown on page 48.

Pages 49 through 54 show a key challenge for Alternative 2. Page 49 shows the Snohomish County Assessor's estimate for property values (building and land values combined) in the subarea.

These values are important since they represent the cost for a developer to acquire an existing property in the subarea, prior to

demolishing the existing building and building a new building. The cost of acquisition has a significant impact on the feasibility of development; if it is too high, developers cannot afford it and new development will not take place. Note that this is a development challenge that developers of other earlier "greenfield" projects, for example, the Mill Creek Town Center, did not have to face. The cost to acquire undeveloped, formerly agricultural or otherwise undeveloped land is usually much less than to acquire already developed and occupied properties.

The assessor estimates that the value of many of the retail/commercial properties in the subarea is between \$60 and \$80 per square foot of site area, including Mill Creek Plaza (Safeway-anchored center) and Mill Creek Square (QFC-anchored center). Several multistory office/medical office properties in the center of the subarea are valued at \$77 and \$97 per square foot. Office/industrial properties are valued at between \$20 and \$30 per square foot. In the Town Center to the north, several properties are valued at \$129 (Central Market) and \$158 per square foot.

LCG's estimates are shown on page 50 and are based on asking rents, cap rates, floor area ratios, and other metrics observed in and near the subarea. Our estimates for property values and acquisition prices are higher than the Assessor's estimates, and range between about \$60 per square foot for office/industrial/light distribution to \$130 to \$180 per square foot for mid to high end retail spaces. The higher the rent paid by the tenant, the more expensive the property will be to acquire. LCG's estimates may also reflect the fact that property owners may want a "good offer" to motivate them to sell and potentially relocate or experience a taxable event.

The chart on page 51 illustrates a general principal: In general, the denser a residential building is (the more units per acre), the more

the developer is able to pay for land. In general, based on the recent transactions that took place in King and Snohomish Counties (each represented by a blue dot), developers can afford a bit less than \$1 per square foot of land for each 1 unit they build. There a developer building a 50-unit-per-acre project could pay a bit less than \$50 per square foot for land.

Page 52 shows that developers building four story wood frame projects have paid \$20 to \$40 per square foot for land, while developers building 6 and 7 story podium or mid-rise projects have paid \$60 to \$100 per square foot for land.

The chart on page 54 compares the likely cost to acquire various types of properties in the subarea with the housing/mixed use project transactions.

This shows that the economics of podium projects should enable developers to acquire some of the light industrial, general employment, and office buildings (particularly older and lower scale office buildings) in the subarea. It is less likely that podium projects would be able to pay an adequate amount to acquire retail or medical office properties, whose values we estimate would start at about \$100 per square foot and go up from there.

### **Alternative 3: Mixed Use TOD**

Images of downtown Bothell, which are representative of Alternative 3, are shown on page 55.

### **Development Forecast**

A development forecast for each of the alternatives is shown on page 56.

These forecasts are largely based on projections for the amount of the subarea that would redevelop under each alternative, and the development "prototypes" (e.g., downtown Kenmore for

alternative 2 and downtown Bothell for alternative 3A and B) for each alternative.<sup>6</sup>

Alternative 1 assumes the continuation of the small amount of commercial infill development that has taken place over the past decade. The forecast for Alternative 3B is about 2,500 new housing units and 433,000 square feet of combined retail, restaurant, office and commercial space. This is similar to the amount of development that has occurred in downtown Bothell in the past *decade*. (LCG does not expect that redevelopment of the subarea could occur as quickly as downtown Bothell, even if desired, partly because there are so many different properties that would be costly to acquire and are owned by many different property owners.

Alternative 3A assumes that less of the study area is rezoned and less redevelops. This would result in a total amount of development that is more than what has occurred in central Woodinville and less than central Bothell.

Alternative 2 assumes that about 150 new housing units and 5,000 square feet of commercial and employment space are added to the study area over the next 25 years. This modest amount of activity is largely because of the cost of land and development feasibility issues described above.

### **ROI: Fiscal Impact**

New housing, commercial, and/or mixed-use projects will generate new taxes and fees for the City of Mill creek, as well as other public agencies such as Everett School District, Snohomish County, Community Transit, the State of Washington, and other agencies.

The chart on page 58 shows the amount of new taxes and fees (the fiscal impacts) that would be generated by each of the

alternatives in an “average” year, between 2020 and 2045, for example, the year 2033.

We chose to show estimates for an average year, since the cumulative amount of development, and most of the associated taxes and fees, will increase over time, with modest City revenues in the beginning of the time frame and large revenues towards the end. The City’s revenues will also be “lumpy” and unpredictable. For example, the real estate excise tax (REET) is paid when properties are bought or sold, and while we can estimate how often this is likely to happen over the 25 year study period, it is impossible to know which properties will transact in which years.

LCG evaluated six major City revenue sources. The first three are “one time” sources of revenue that occur during project construction: Transportation Impact Fees, Parks Impact Fees, and Retail Sales Tax during Construction. However, since redevelopment will involve the construction of many new projects, these “one time” revenues will be generated numerous times during the 25-year study period. The REET takes place upon sale of a property, which we estimate occurs once every 7.5 years for the average property. Property and sales taxes are collected annually by the City.

The charts also shows Stormwater Impact Fee, which is not currently levied by the City but could be imposed in order to offset the cost of any regional or district level stormwater infrastructure required for redevelopment (e.g., a stormwater detention vault shared by some or all property owners in the district). This revenue source is included as a place holder since LCG believes it would be wise to consider implementing a stormwater assessment similar to those implemented in Bothell and Redmond Overlake if the City pursues a strategy like alternative 3A or B, but the amount of that fee is unknown.

Largely because the amount of development increases significantly when moving from alternative 1 to 3B, City revenues also increase significantly. Annual City revenues for alternative 1 are projected at about \$33,000 (or \$0.03 million), for 2 revenues are \$130,000. Projected revenues for alternative 3A are \$1.8 million, about 14 times more than alternative 2. Projected revenues for alternative 3A are \$3.0 million.

As stated on page 59, LCG did not evaluate some aspects of the total fiscal impact to the City. We did not evaluate the impacts of redevelopment on the City’s operating costs. For example, redevelopment might require new staff in some City departments. Forecasting a realistic impact on City costs would require additional work with the City’s finance department and is beyond the current scope of work. Redevelopment may have impacts such as contributing to additional traffic congestion. Lastly, as mentioned above, a stormwater fee, and associated City stormwater improvements (e.g., a district vault) may be appropriate.

### ROI: Goals

Generating additional City revenues is a good outcome, as cities need to be fiscally healthy in order to continue to provide services to citizens. However, for the Mill Creek Boulevard Subarea, city stakeholders may decide to measure the return on investment of subarea planning and redevelopment against the project stakeholder’s desires and goals, shown again on page 50. On pages 63 through 67, we compare the alternatives against these goals.



### **Thriving Businesses**

There are a number of ways to interpret the goal of “thriving businesses.” On the one hand, alternatives 1 and 2 should limit displacement of and keep rents low for existing businesses, because little redevelopment is expected to occur in these alternatives and older buildings tend to charge lower rents.

On the other hand, alternatives 3A and B are expected to introduce far more new ground floor commercial tenants, and to bring in more residents who will support new businesses in the subarea and existing businesses in the Town Center.

The capacity for the alternatives to meet this goal are shown on page 63. The greener the box below the alternative, the more we believe the alternative will meet the goal.

### **Placemaking - Creating special places**

#### **Places for Events and Festivals**

#### **Stronger Civic Core**

#### **Parks and Green Spaces**

Page 64 summarizes two metrics that can be used to assess the alternatives’ ability to meet the above goals: annual fiscal impacts, and total (private sector) construction costs.

LCG believes that fiscal impacts are positively correlated with the above goals because taxes and fees can be used to make capital improvements and if desired, enhanced operational/maintenance activities. For example, parks impact fees could be used to improve parks and green spaces including the North Creek area, and transportation impact fees could be used to transform Mill Creek Boulevard or Main Street into more special, pedestrian oriented places. Mill Creek should have discretion about how to spend new property and sales taxes; these sources could be used to manage additional events or strengthen the civic core.

Private construction can also help to achieve the above goals. As private developers redevelop, they can be required to make frontage improvements. Most redevelopment projects will also bring buildings and ground floor commercial space up closer to the sidewalk and street’s edge, creating a stronger sense of place. Some (though not all) developers are likely to provide additional plazas and a gathering places within their projects, since if done right they will realize benefits in terms of higher residential and commercial rents. The City can also provide impact fee credits when developers build a transportation or park-related public improvement.

In general, the process of significant redevelopment opens up the opportunity for the City or developers to redesign and rebuild special places, streets, and even parks, and the additional cost of “doing things right” becomes an increasingly small percentage of the parties overall costs (for example, \$803 million developer costs in alternative 3B).

### **Stronger Civic Core**

#### **Parks and Green Spaces**

While more City revenue and private investment create an *opportunity* to build a stronger civic core and improved parks and green spaces, accomplishing these goals will also require City planning, resolve, and action. Revenue alone will not accomplish these goals, as indicated on page 65. In addition, if not designed properly, the taller buildings likely in alternatives 2 and 3 could shade open spaces. This is an issue that can be addressed in City zoning or design review processes.

### **Other Goals**

Several other potential goals are listed on page 66. These reflect comments that LCG has heard from community members—during

stakeholder interviews and meetings—that were not captured in the November 2019 workshop survey. In general, LCG believes that Alternatives 3A and B would make it easier for the subarea and City to achieve these goals.

*More employment space for 21st century jobs.* As described above, mixed-use development has the capacity to “pull in” new commercial space along with new residents, who are often employed in professional service industries. Some of this new commercial space could be office space, which could expand Mill Creek’s job base. Mixed-use redevelopment also has the capacity to redesign and remake districts, which are appealing to talented professionals. Employers seek locations with an educated and skilled population base.

*Improved likelihood of attracting hotels.* In some ways, hotels are like retail—they are a “following use.” Typically, hotels follow other development and locate near major employment hubs and activity centers (downtowns, suburban office campuses, hospitals) to capture business travelers; tourist destinations; and/or high-volume travel routes to capture ambient travel. In the past decade, hotels have gravitated towards mixed-use, pedestrian oriented places. The Anderson School in downtown Bothell and several new hotels in central Everett are examples.

Mill Creek today is not a major employment center or tourist destination. The City’s transportation infrastructure is probably adequate if not exceptional for lodging: Bothell Everett Highway and 164<sup>th</sup> Street carry significant traffic volumes, and the SWIFT line to Paine Field is a plus. If the subarea redeveloped with a mix of uses and was connected to the Town Center and transit, it would make a more compelling location for hotel development.

*More transit users, more transit investment.* When more people are located within a mixed-use, walkable place that is adjacent to high

quality transit, transit ridership at that location should increase. And transit agencies are sometimes willing to make additional investments (e.g., in stations amenities and service frequency) to serve the additional ridership. With alternatives 3A and B, the City creates an opportunity to work with Community Transit to enhance transit service over time.

## Covid-19 Considerations

Trends related to the 2020 Covid-19 pandemic are shown on pages 5 through 14 in the presentation attached as Section 2 of this report. While the demand for office space has steeply declined, housing demand levels and values continue to increase. No one has a crystal ball that will show us what the new normal will be in the wake of the pandemic and as people return to previous patterns of working and community. However, we can anticipate there will be changes. There will be a transitional recovery period that starts as the pandemic begins to subside, such as with the availability of a vaccination. Then, eventually, there will be a return to a new “normal.” During the recovery period, some types of businesses will continue to struggle while others may stay strong. Restaurants, for example, may continue to struggle. Once we reach a new normal stage, restaurants should rebound and there may even be an increase in business.

During the pandemic, most people have become accustomed to remote working from home and technological resources have improved to support web conferencing and online communications. More public meetings and community engagement events are being held online. While restrictions during the pandemic have heavily affected many retail establishments and restaurants, many grocery stores, office

supplies, and other types of retail and services have seen increases in business and revenue.

Travel and vacation patterns have changed dramatically, and it is difficult to predict what the long-term changes may be. Currently, more people are staying close to home, but when they do venture out, it has been to the outdoors-trails and parks and open spaces within close proximity or driving distance to/from home. Many parks and trails experienced very high use during the summer months of the pandemic.

Overall, we anticipate that the trends experienced prior to the pandemic—high demand for all types of housing, lower demand for office and commercial, declining retail from previous decades, and increasing emphasis on creating public amenity spaces and experiential retail and dining will continue, if not accelerate.

There are some patterns of change showing related to people wanting to move from large urban cities to suburban cities and smaller towns. This could increase the demand for a variety of housing types in Mill Creek. People have been able to increase the amount of time they work remotely, another trend that may continue. As such there may be more demand for live/work types of housing units, and when a vaccine becomes available and social distancing restrictions are reduced and eventually lifted, we may see more demand for remote working centers close to home/in neighborhoods that provide services such as meeting rooms, printing/copying, and access to technology to support new patterns of working.

Access to groceries, goods, services, medical care, and other essential needs close to home/neighborhoods will also continue to be important. Placemaking and creating opportunities for community amenities and social engagement as part of redevelopment will continue to be important. People are looking

forward to opportunities to gather again with family and friends and be an active part of their communities.

## Conclusions

Development has changed from the time that the Mill Creek Town Center was built. Prior to the recession, many community centers were focused primarily on retail and commercial development; in the last decade, the development of special community places has been led by housing and mixed use development that pulls in restaurant, retail, office, and lodging development.

Looking ahead—because of surveys that show community preferences; the preferences of Boomers, Millennials, and others; and the economic health of the Puget Sound region—we anticipate continued demand for community-oriented, mixed-use development, once the danger of the Covid pandemic has been brought under control via therapeutics, a vaccine, and other measures.

The Mill Creek Boulevard Subarea is a special area and opportunity for the City of Mill Creek due to its proximity to the Town Center (a unique address in Snohomish County), the desirability of the community, North Creek, and bus rapid transit that connects to Paine Field and other significant locations.

The subarea also offers the City a set of choices and alternatives. The Baseline alternative is a viable choice. Leaving the zoning and other regulation as-is would likely result in the subarea remaining physically more or less as it is for the coming decades, though individual tenants will change. Unfortunately, our analysis indicates that alternative 2—rezoning to allow four and five story mixed use buildings—will result in a change to regulations but little development because of development economics—particularly the

cost to acquire occupied buildings and land. Alternatives 3A and B show that there may be a way to find the “right” amount (e.g., 30, 50, or another percent) of change in the subarea that results in new mixed-use development, new City revenue, and if executed thoughtfully and carefully, the realization of the goals identified thus far: place making, places for events, a strong civic core, and parks and green spaces.

If only a portion of the area is rezoned, the most logical areas would include some of the northern, western, central, and southern areas, particularly where property values are lower (more likely to redevelop) and properties are closest to the Town Center and transit. The City-owned properties, though not discussed extensively here, could provide the City with an asset to catalyze redevelopment. However, alternatives 3A and B imply significant changes to allowed heights and uses that may not be acceptable to the City.

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<sup>1</sup> <https://www.apta.com/wp-content/uploads/Resources/resources/reportsandpublications/Documents/APTA-Millennials-and-Mobility.pdf>

<sup>2</sup> <https://seattletransitblog.com/2018/12/24/swift-green-line-is-90-days-from-launch/>

<sup>3</sup> <http://www.kenmorewa.gov/downtown>

<sup>4</sup> <https://seattletransitblog.com/2018/03/15/kenmore-casting-off-industrial-past/>

<sup>5</sup> In addition to several wood-frame housing projects, one mixed-use podium project has been built in downtown Kenmore, the LINQ. However, this project was completed on formerly City-owned land, transferred to developers at less

than the cost of acquiring an occupied commercial site, and therefore we do not consider it to be a “market” transaction or development representative of what could happen in the subarea without more significant City intervention.

<sup>6</sup> For all the alternatives, LCG and Otak’s calculations are that there is a total of 77.3 acres located within privately or publicly owned tax lots in the subarea. There is also a considerable amount of publicly owned right of way (streets, sidewalks, etc.) that is not considered for the purposes of redevelopment. Of the 77.3 total tax lot area, about 25.4 acres are assumed to be undevelopable. This includes properties in the flood plain, the stormwater pond, and not fully within the subarea. This leaves about 52 acres that are potentially developable. If 50% of all potentially developed area is redeveloped (alternative 3B), 26 acres would be redeveloped.



# Mill Creek Boulevard Subarea Plan

## Market Analysis & Alternatives Evaluation



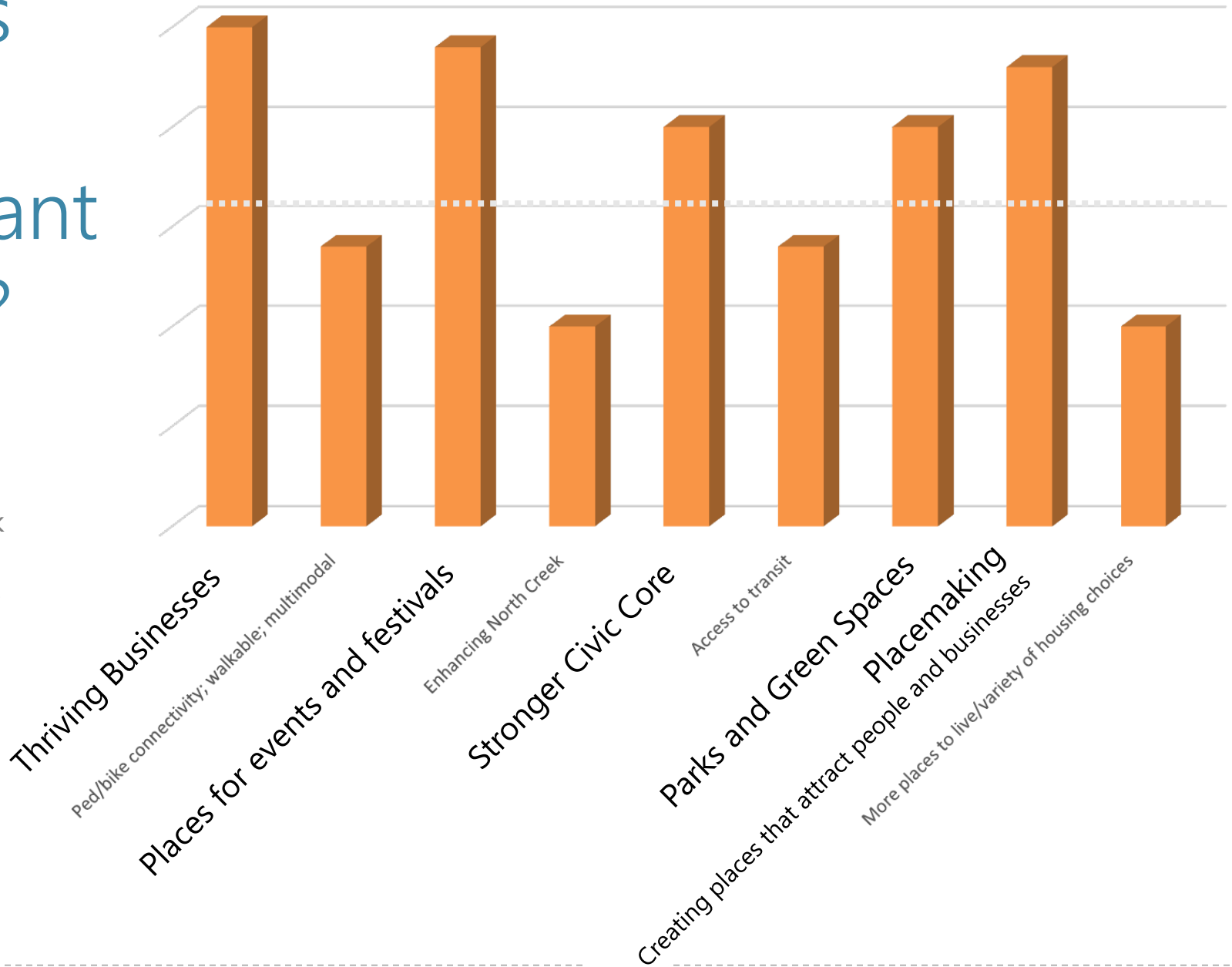
PREPARED BY



MAY 2020 | **DRAFT**

# What is most important to you? (ROI)

Results of feedback from Subarea Plan Workshop Series 1, during November 2019, which included more than 100 participants.



# Mill Creek Boulevard Subarea

- A special opportunity
- Mill Creek: A desirable community
- Town Center:  
A great pedestrian- and community-oriented place, including restaurants, coffee, and three grocery stores nearby.
- Bus Rapid Transit, connecting to Paine Field airport and jobs, jobs at Canyon Park, higher ed, light rail
- North Creek



# Woodinville



# Kenmore



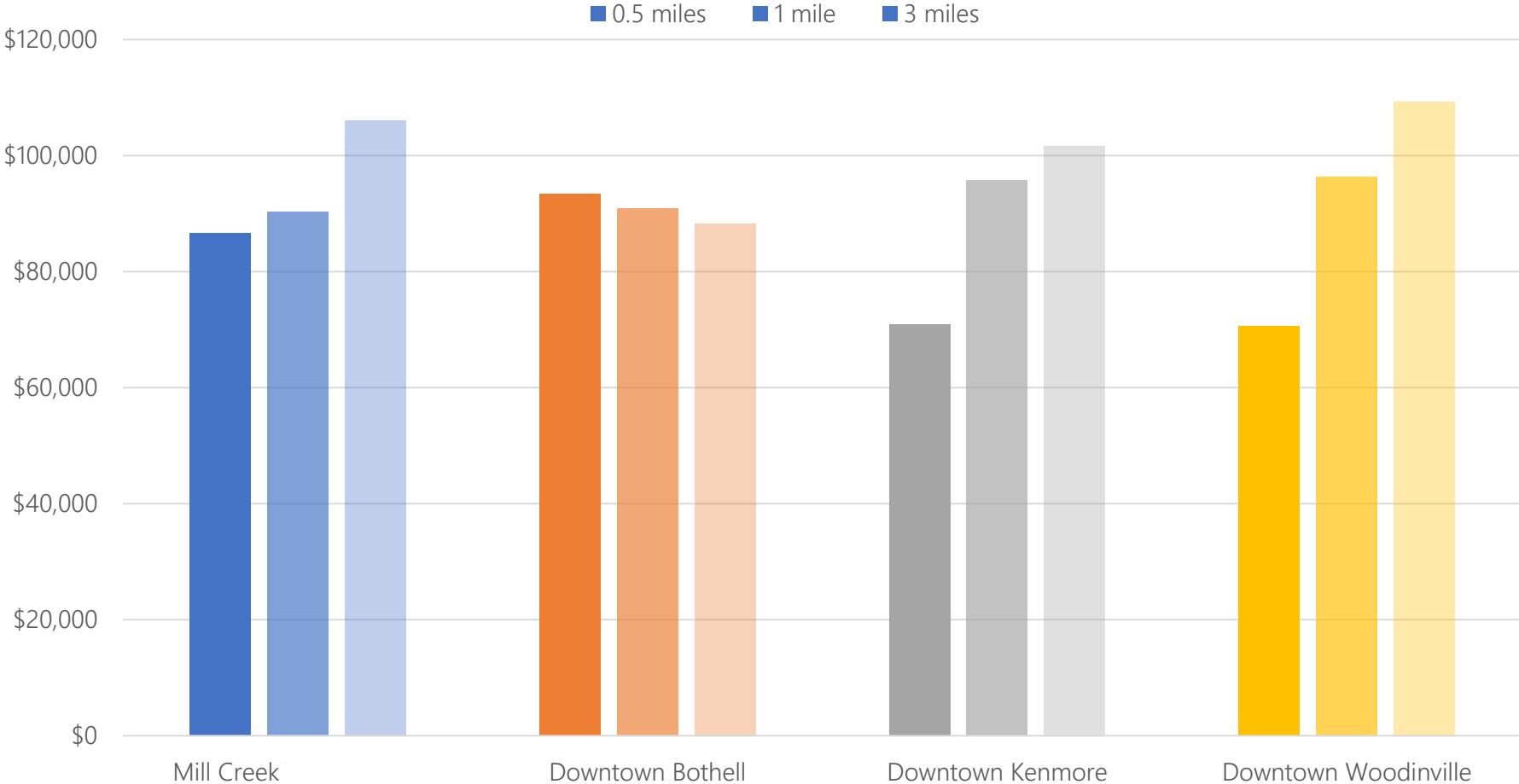
# Bothell





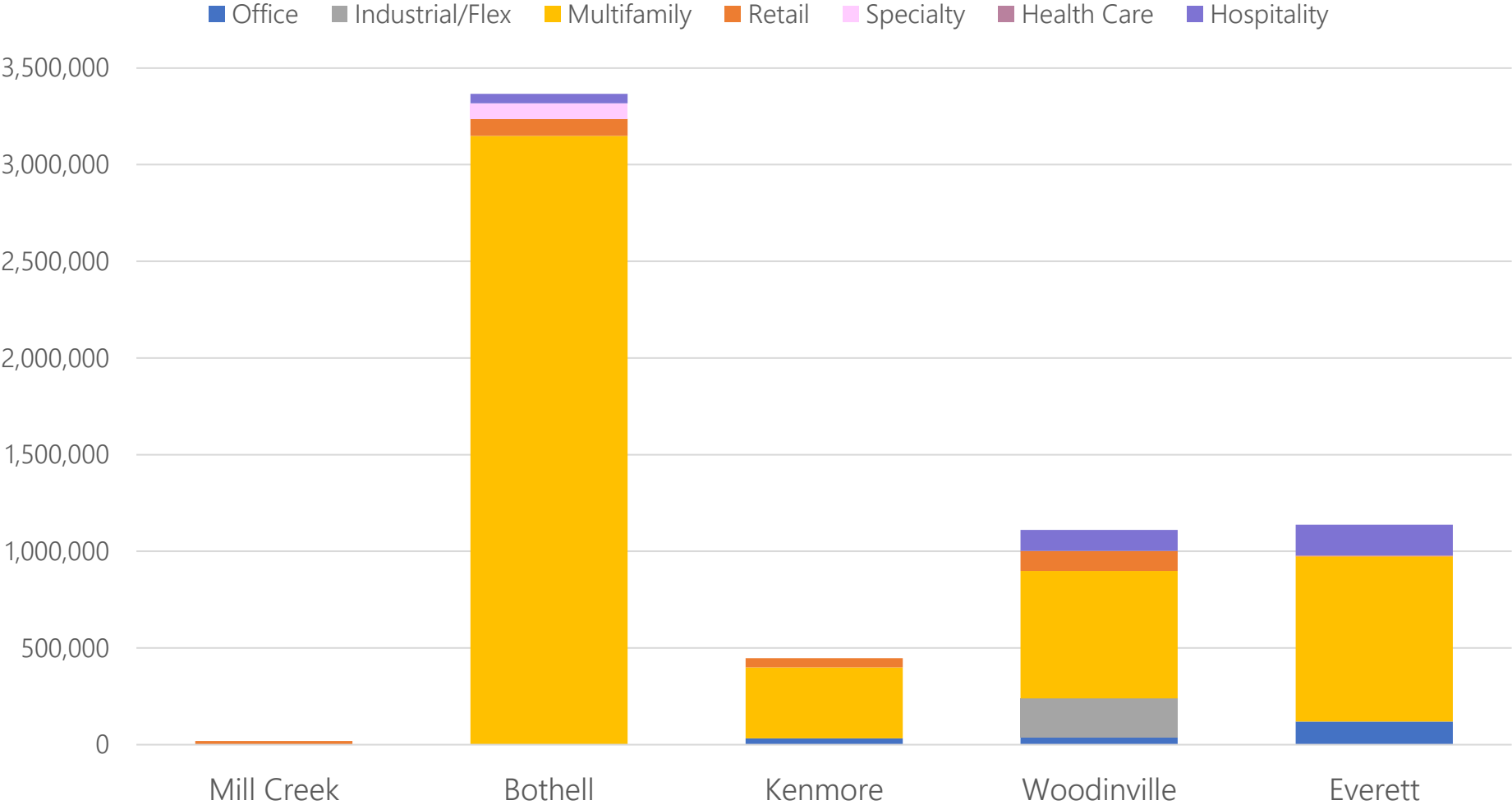
# Median Household Income

Mill Creek compares well on key demographic metrics and therefore should be able to capture a comparable share of development, if desired.



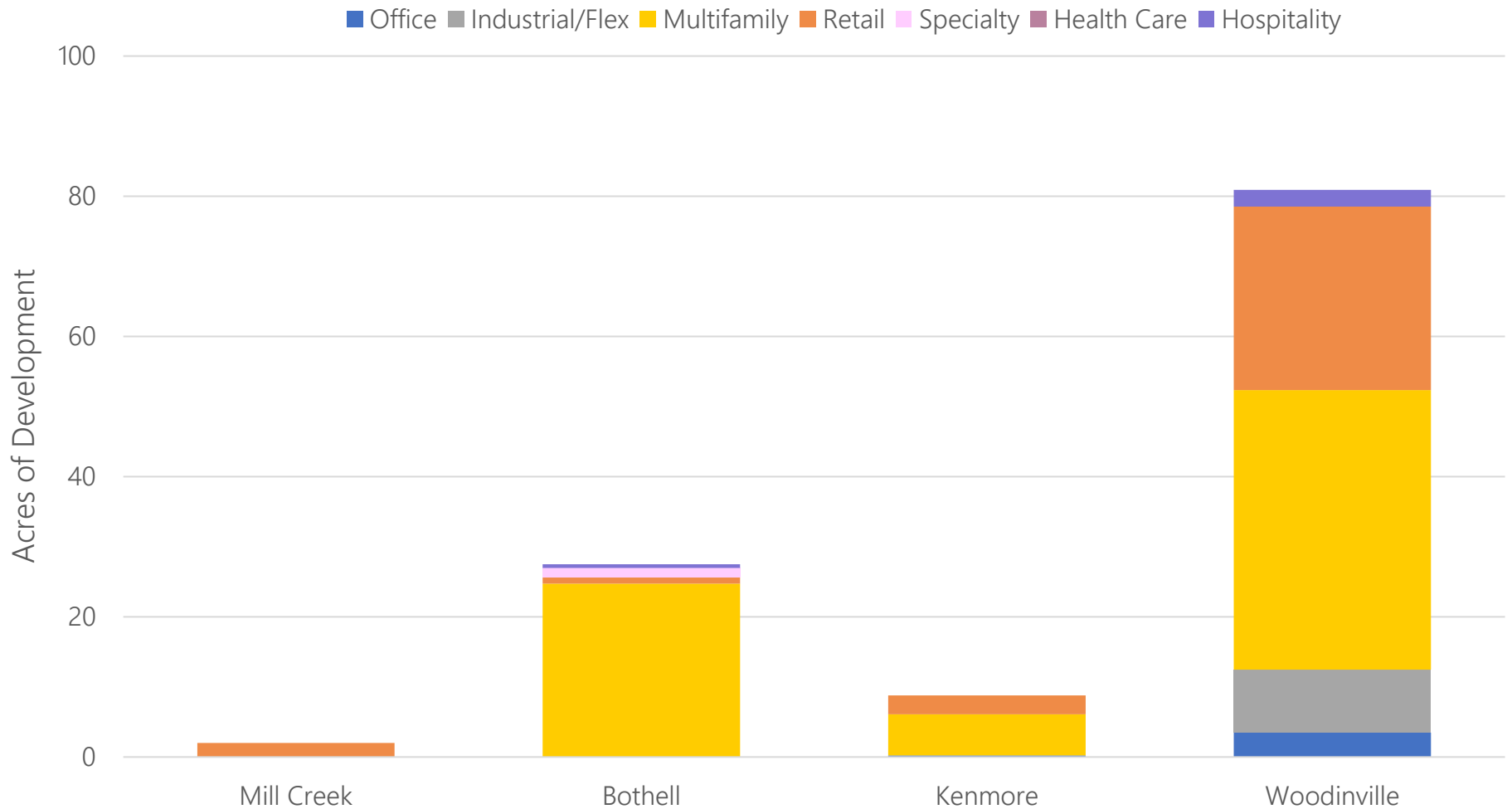
Source: US Census, Leland Consulting Group

# Development (Building Square Feet), 2010 – 2020



Source: CoStar, Leland Consulting Group. Built since 2010 by Building SF One-Mile Market Area Commercial and Multifamily Development

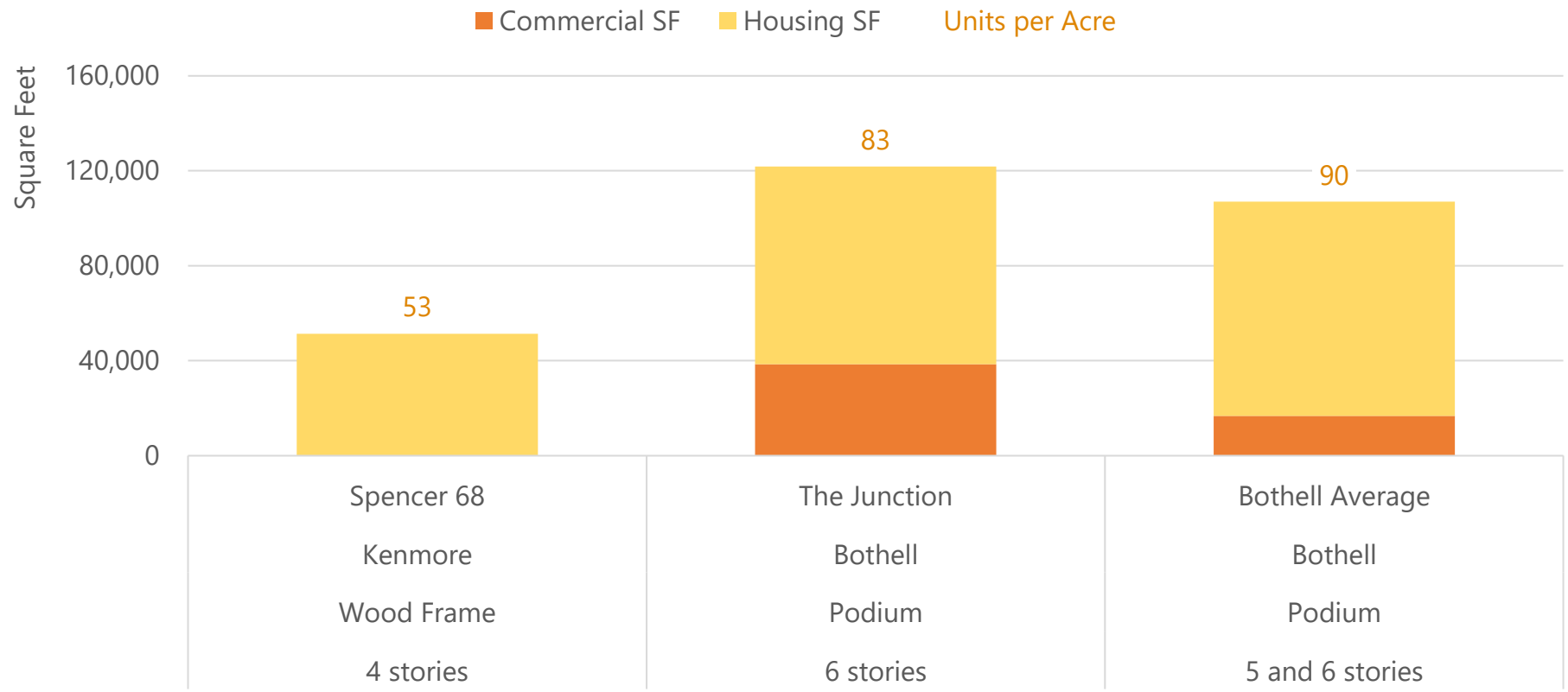
# Acres of Development, 1-mile radius, 2010 to 2020



Source: CoStar, Leland Consulting Group.

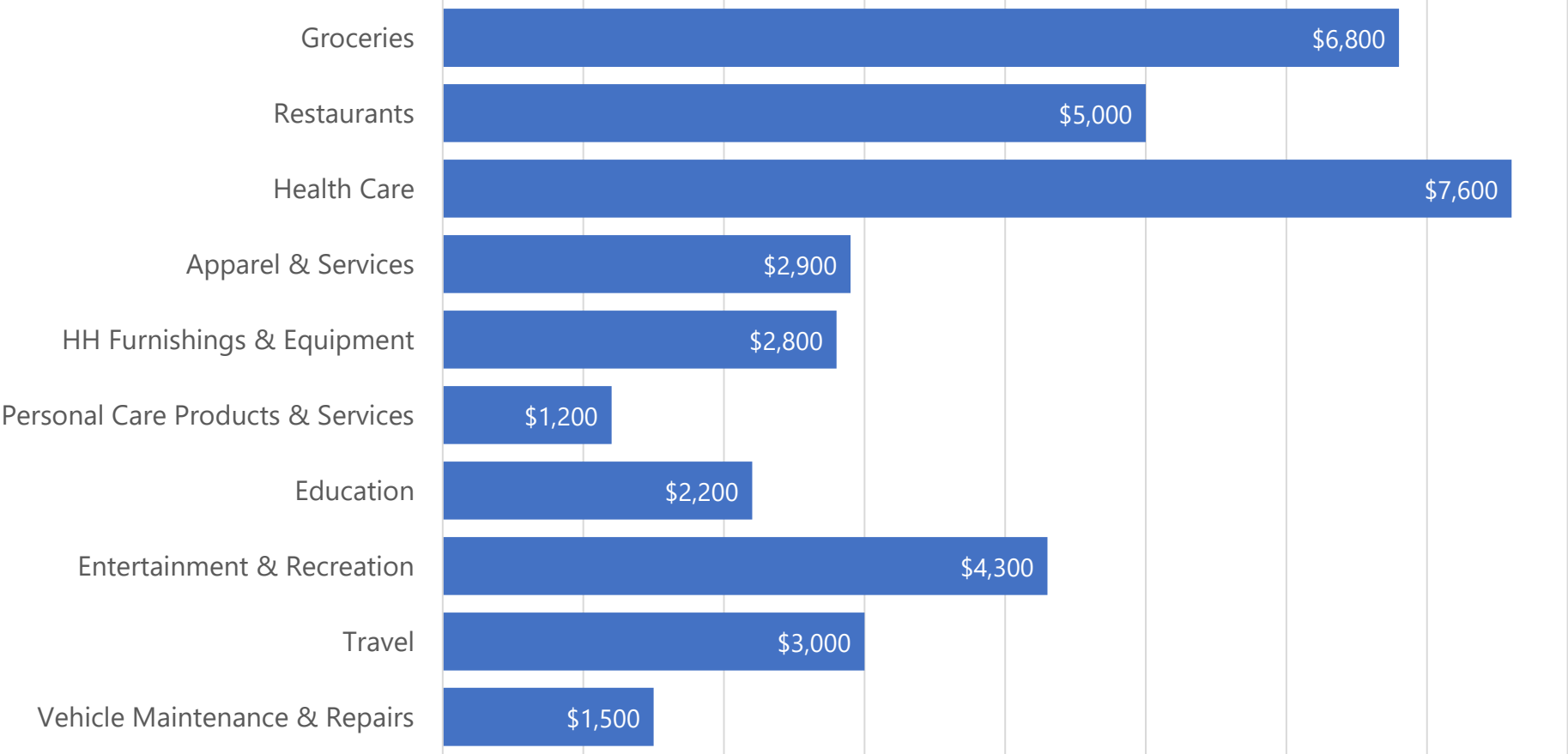
Built since 2010 by Land Area (Acres) One-Mile Market Area Commercial and Multifamily Development

# Kenmore and Bothell Project Comparison



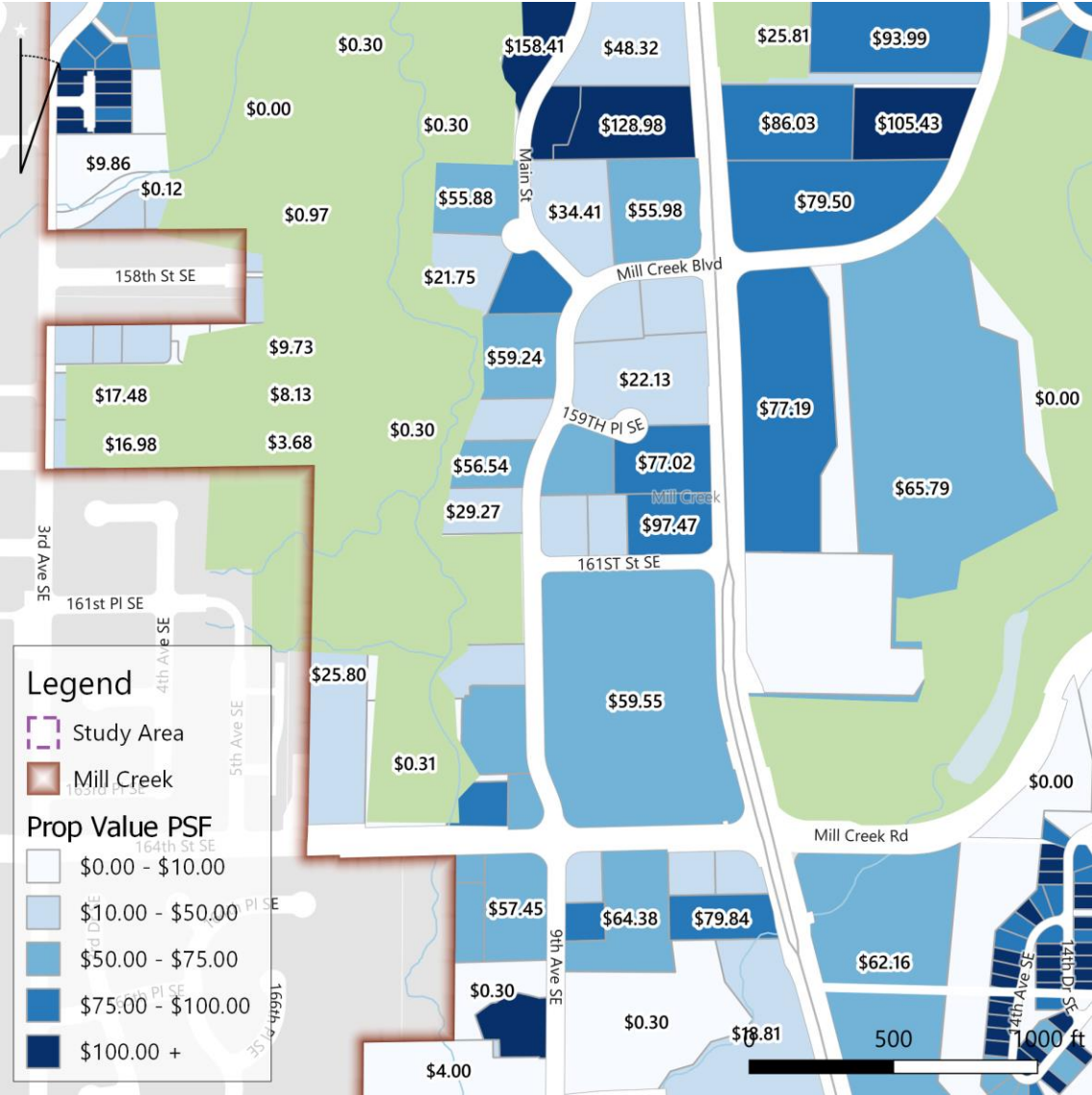
# “Retail Follows Rooftops”

Annual Spending per Household, within 1 mile of MCB Subarea, 2019



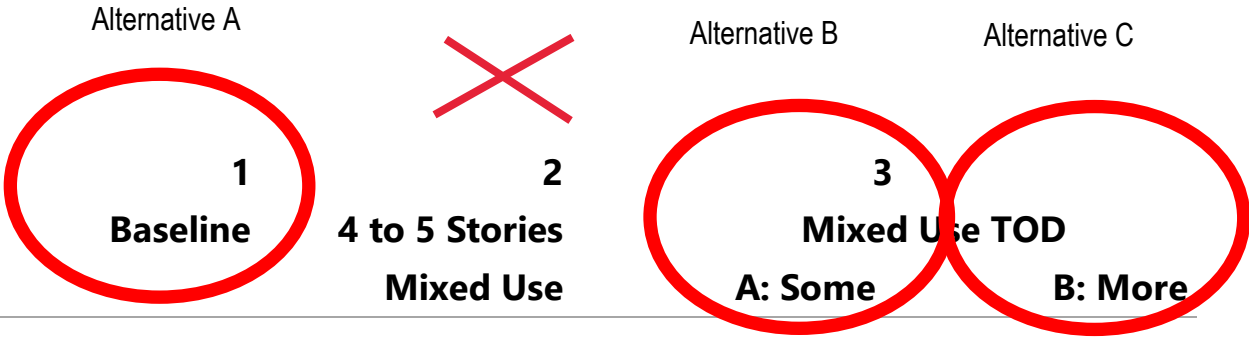
Source: ESRI Business Analyst, Leland Consulting Group

# Supply: Property Acquisition Cost



# Alternatives

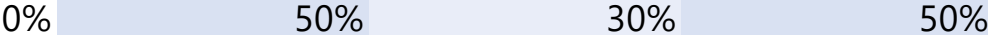
**Variables**



Significant Zoning Changes?

No Yes Yes Yes

% of Subarea Rezoned



Housing Permitted?

No Yes Yes Yes

Maximum Building Height (Floors)

Must be 4 to 5 4 6 6

Optimum Now allowed 5 7 7

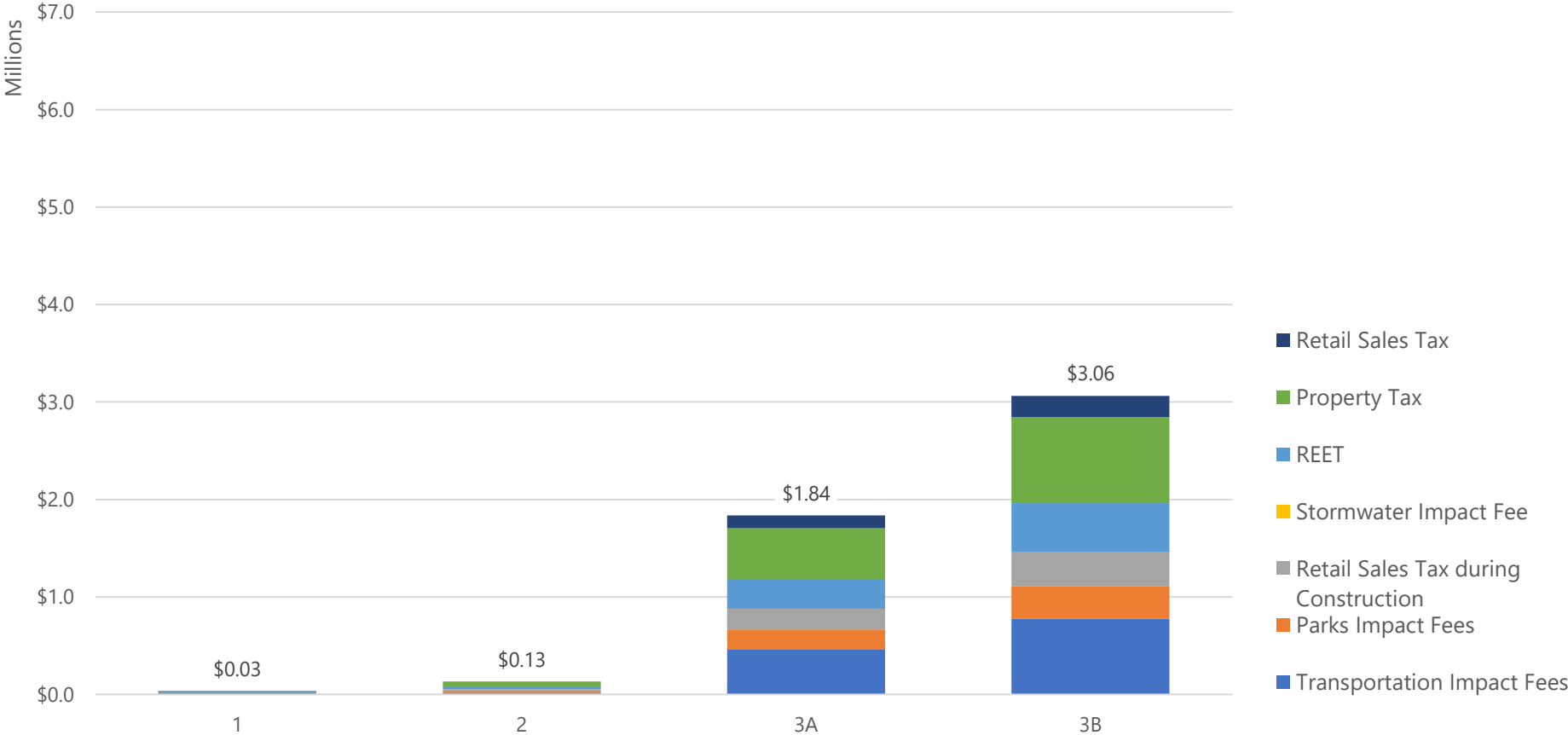
Building Type No change Urban Garden Mid Rise Mid Rise  
Apt. / Wrap (Podium) (Podium)

Model

MCB Downtown Downtown Downtown  
Subarea Kenmore Bothell Bothell

# Alternatives: ROI - Fiscal Impact

City Tax and Fee Revenue, Average Year, 2020 Dollars



Source: Leland Consulting Group, City of Mill Creek.  
 All figures in 2020 dollars. Escalation to future years, discounting to present, and comparison to additional City operating costs have not been evaluated.



# Alternatives Evaluation

	1 Baseline	2 4 to 5 Stories Mixed Use	3 Mixed Use TOD	
			A: Some	B: More
<b>Thriving Businesses</b>				
Limits Displacement (Area that redevelops)	0%	5%	30%	50%
Keeps Rent Low for Existing Businesses	0%	5%	30%	50%
Brings new ground floor commercial tenants		✓	✓	✓
Brings addt'l households & discretionary income		✓	✓	✓
<b>Placemaking - Creating special places</b>		✓	✓	✓
<b>Places for Events and Festivals</b>		✓	✓	✓
<b>Stronger Civic Core</b>		✓	✓	✓
<b>Parks and Green Spaces</b>		✓	✓	✓
Annual Fiscal Impacts	\$0.0	\$0.1	\$1.8	\$3.1
Total Construction Cost	\$0	\$41	\$482	\$803
<b>Stronger Civic Core</b>				
Requires City Action	TBD	TBD	TBD	TBD
<b>Parks and Green Spaces</b>				
Building height could shade green spaces	2.0	4.5	6.5	6.5
<b>Other</b>				
More employment space for 21st century jobs		✓	✓	✓
Improved likelihood of attracting hotel		✓	✓	✓
More transit users, more transit investment		✓	✓	✓



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Strategic Advisors to Public and Private Development



# Growth Management Act Planning/Population Growth

March 3, 2020

# Agenda

- Background
- GMA Planning
- GMA Implementation - City and County Perspectives
- Mill Creek
  - Existing Population Capacity
  - Creek Existing Housing Types
- Next Steps



# Background

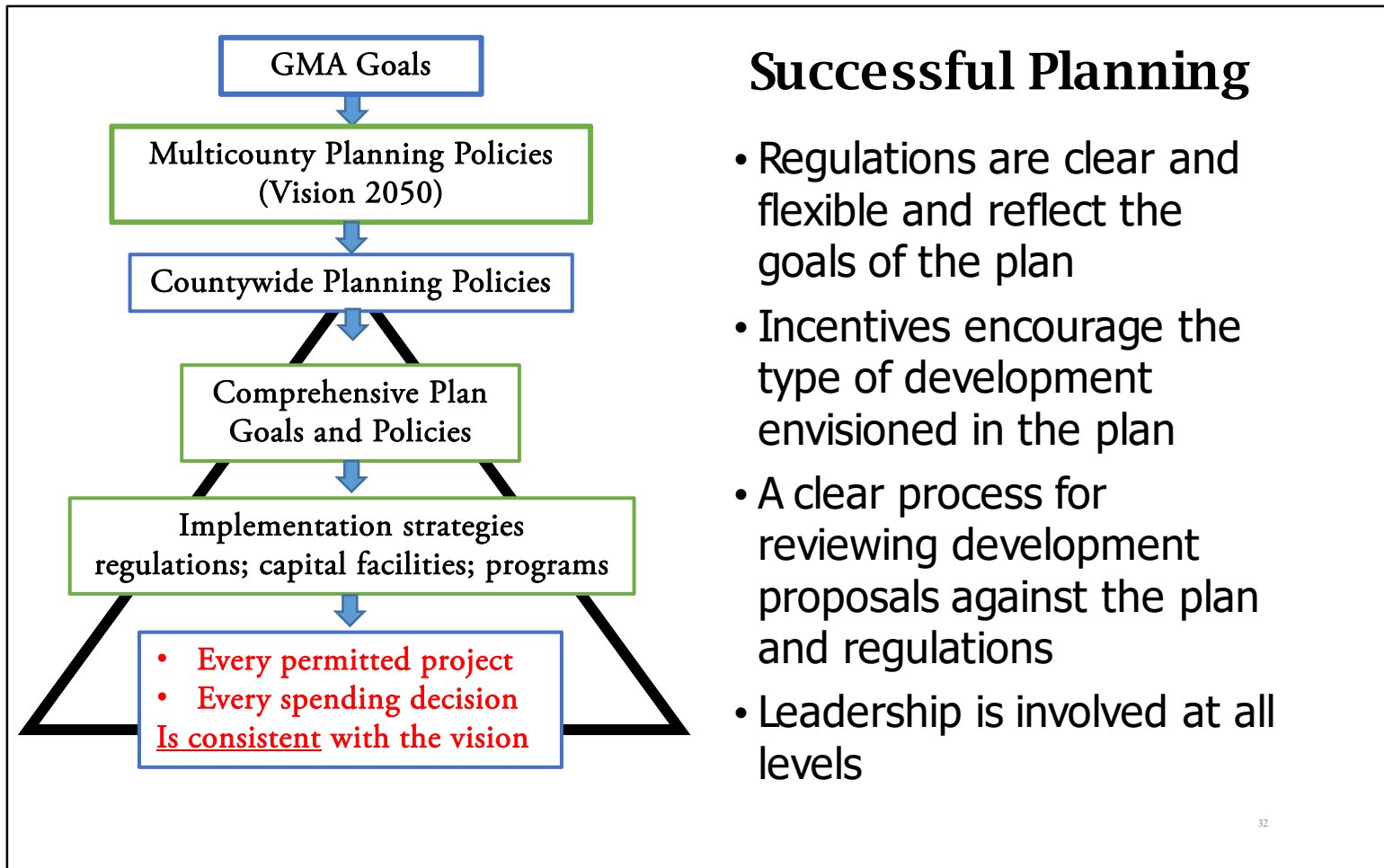
- Vision 2050
- How Much Growth Will The City be Required to Accommodate?

# GMA Planning - Why is Planning Important?



- Protect the good things about your community
- Agree on a shared vision for the future of your community
- Identify community needs
- Identify strategies to implement the vision and meet needs
- Agree on local spending priorities
- Build your sense of community
- When you plan you get better results

# GMA Planning



# GMA Implementation

## Population Targets Allocation



# GMA Implementation

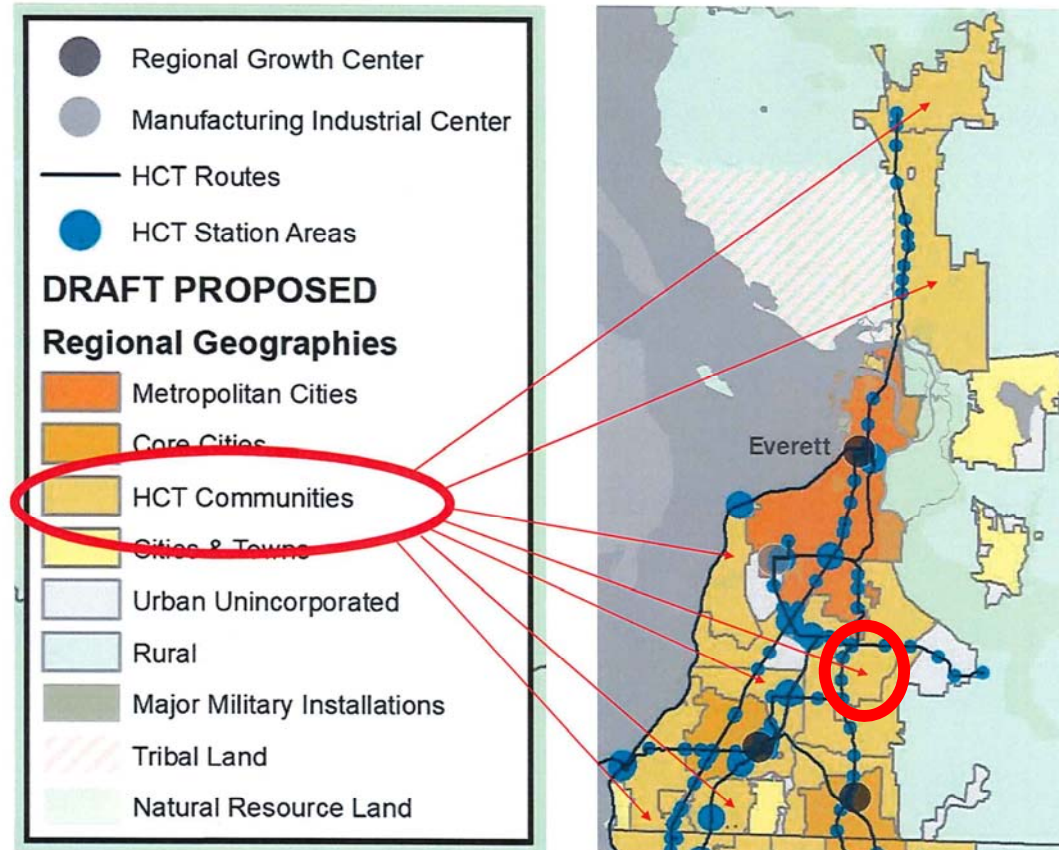
## Overall Growth projections 2017 to 2050

- For HCT Communities

210,000 population gain

- 68,000 job gain
- Ratio job gain / Pop. gain = 0.32

- **HCT Communities =** Arlington, Marysville, Mukilteo, Mill Creek, Edmonds, ML Terrace, & most of Unincorp. SWUGA

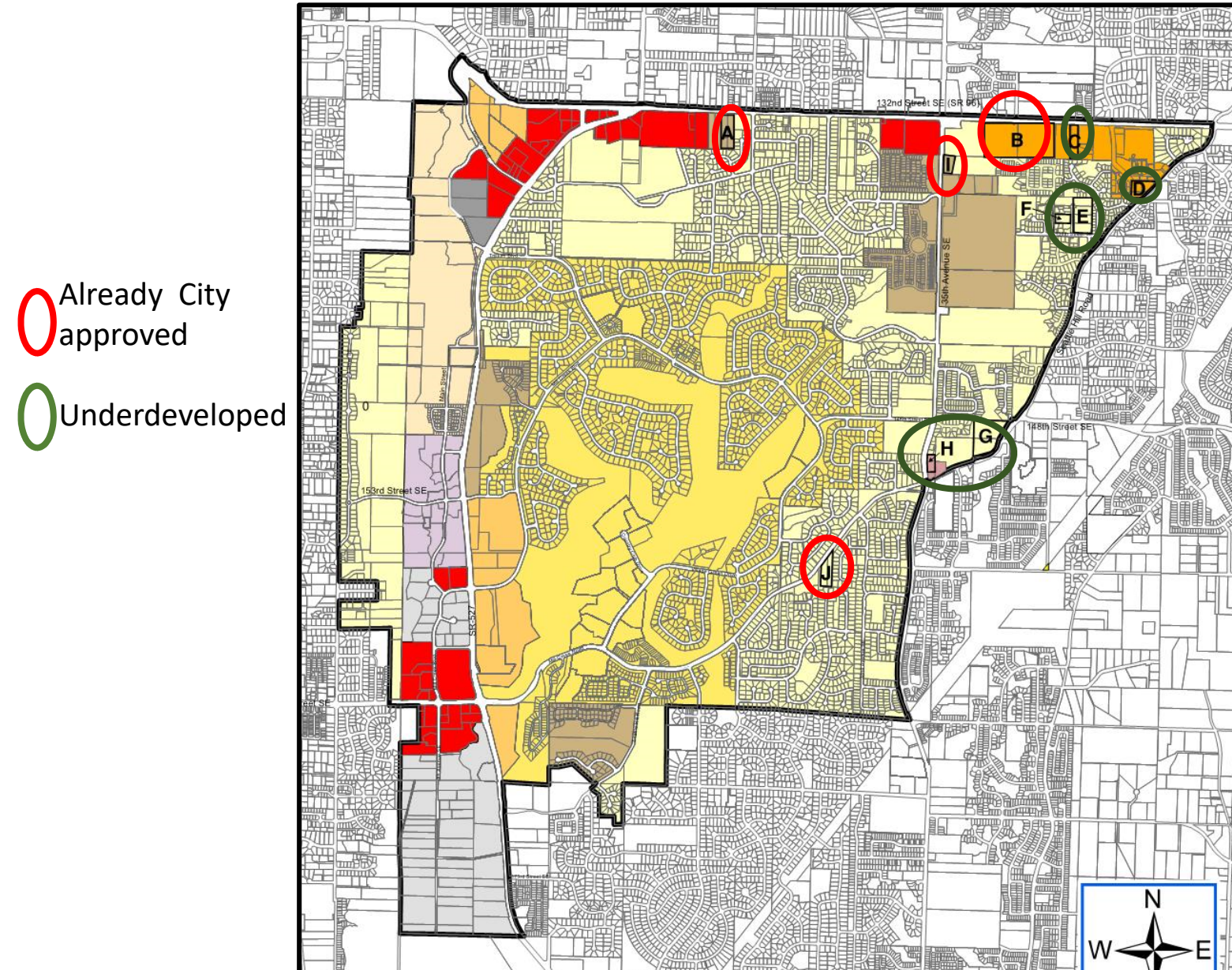


210,000 Additional People = 10 Mill Creeks

# Mill Creek Population Capacity

<b>Existing Population (2020 OFM )</b>	<b>20,590</b>
<b>Existing Additional Capacity</b>	<b>1362</b>
<b>Total Existing Capacity</b>	<b>21,952</b>

# Mill Creek Population Capacity



# Residential Product Types in Mill Creek

<b>Total Housing Units</b>	<b>7,602 (100%)</b>
<b>Single Family Attached and Detached</b>	<b>4,052 (53%)</b>
<b>Apartments (Rental)</b>	<b>3,550 (47%)</b>

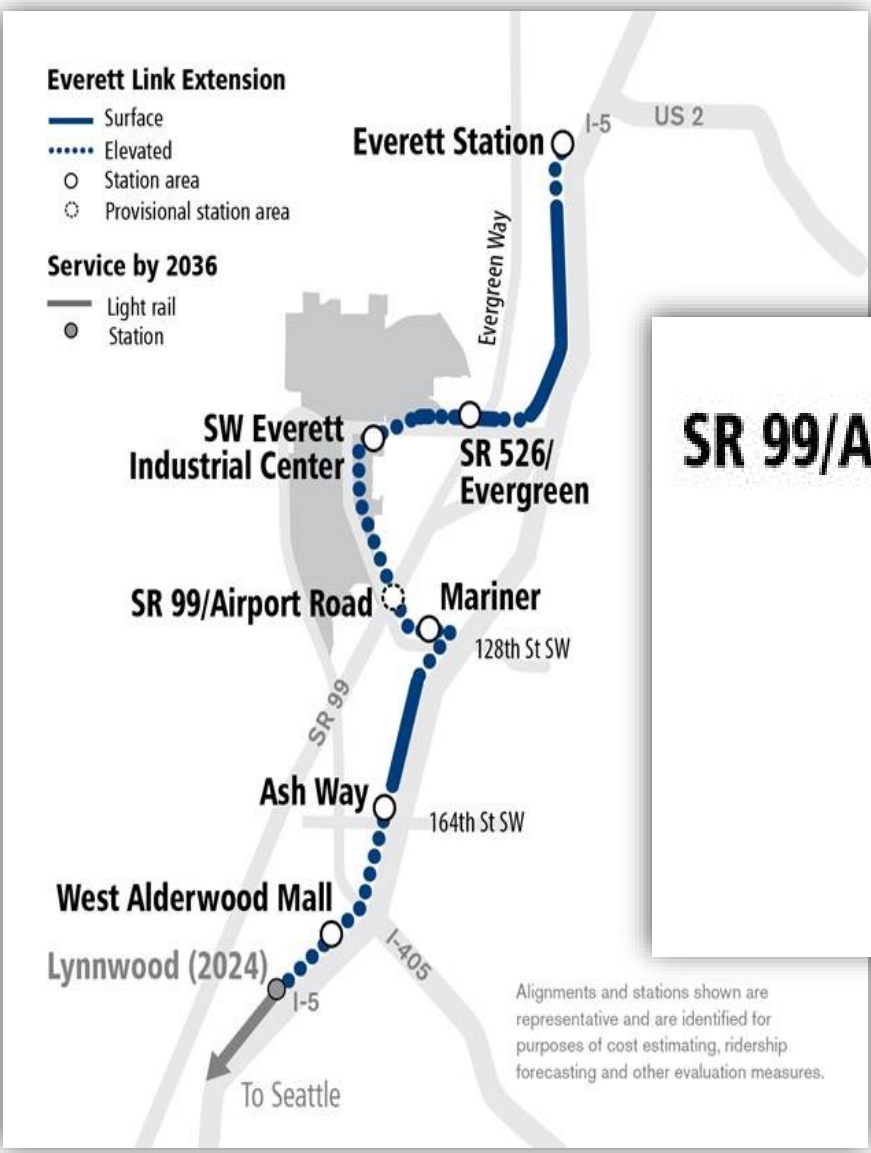
# Residential Product Types in Mill Creek

<b>Total Housing Units</b>	<b>7,602 (100%)</b>
<b>Detached</b>	<b>3,708 (48%)</b>
<b>Attached Apartments/Condos</b>	<b>3,894 (52%)</b>

# 2024 GMA Update Project Timeline

#	Project/Task	2020	2021	2022	2023	2024
1	Vision 2050 Update	■				
2	Buildable Lands Report	■	■			
3	Countywide Planning Policy Update	■	■			
4	Set the 2044 Initial Growth Targets		■	■		
6	Office of Financial Management Issues 2024-2044 Forecast			●		
7	Set the Initial Docket		■	■		
8	GMA Compliance Review			■	■	
9	Comprehensive Plan Policy and Element Review			■	■	
10	State Environmental Policy Act (SEPA) Review			■	■	■
11	Planning Commission Briefings and Hearings				■	
12	County Council Briefings and Hearings					■
13	Public Participation	■	■	■	■	■

*Timeline subject to change*



Snohomish County is proactively planning to create an environment that supports the realization of full-service communities around future light rail stations.

Attachment 4a

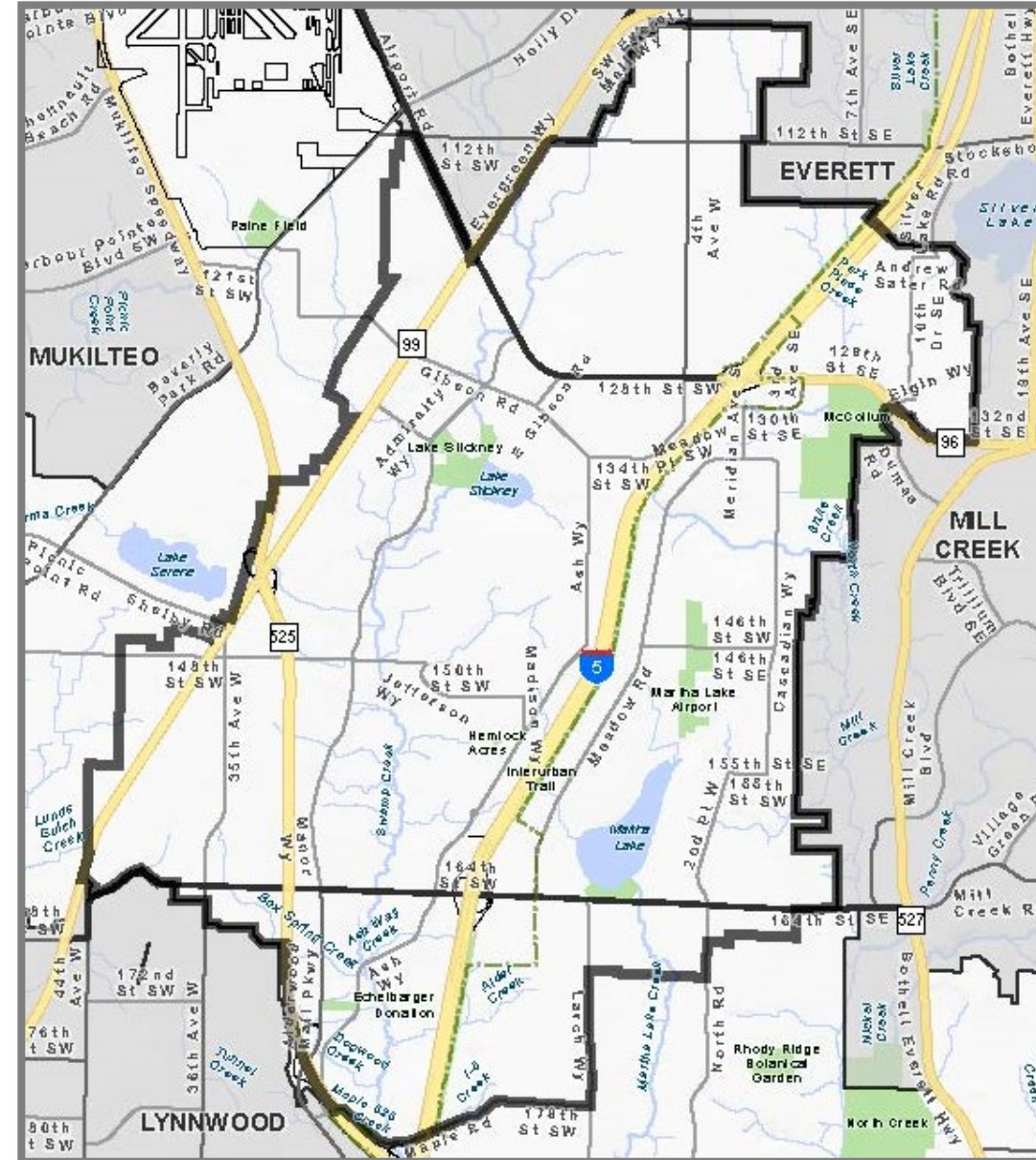
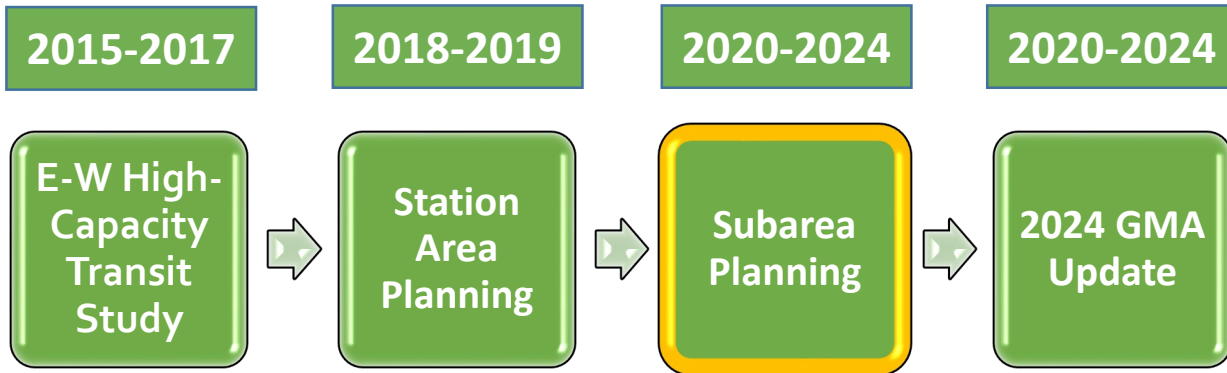


*Snohomish County's planning does not include the design of the station itself, construction, mitigation, operation or maintenance of light rail; those are the responsibility of Sound Transit. Final decisions on the actual station location and alignment will be made by Sound Transit.*



# Urban Core Subarea Plan

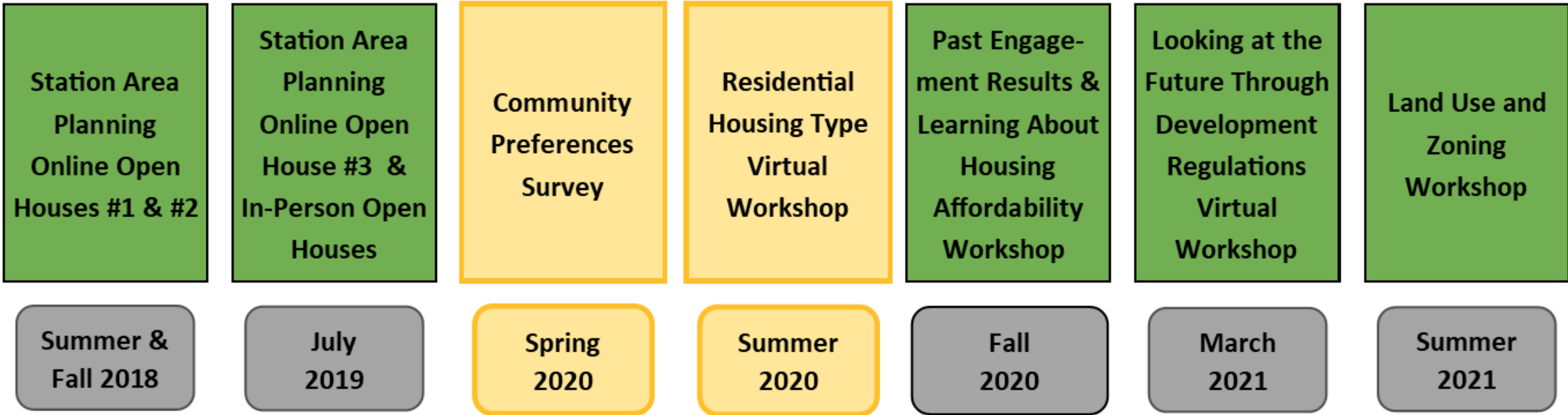
- More detailed planning is underway for the unincorporated area between Everett, Lynnwood, Mill Creek and Mukilteo.
- A new subarea plan element will be incorporated into Snohomish County's GMA Comprehensive Plan.





# Progression of Public Engagement

Fall 2020

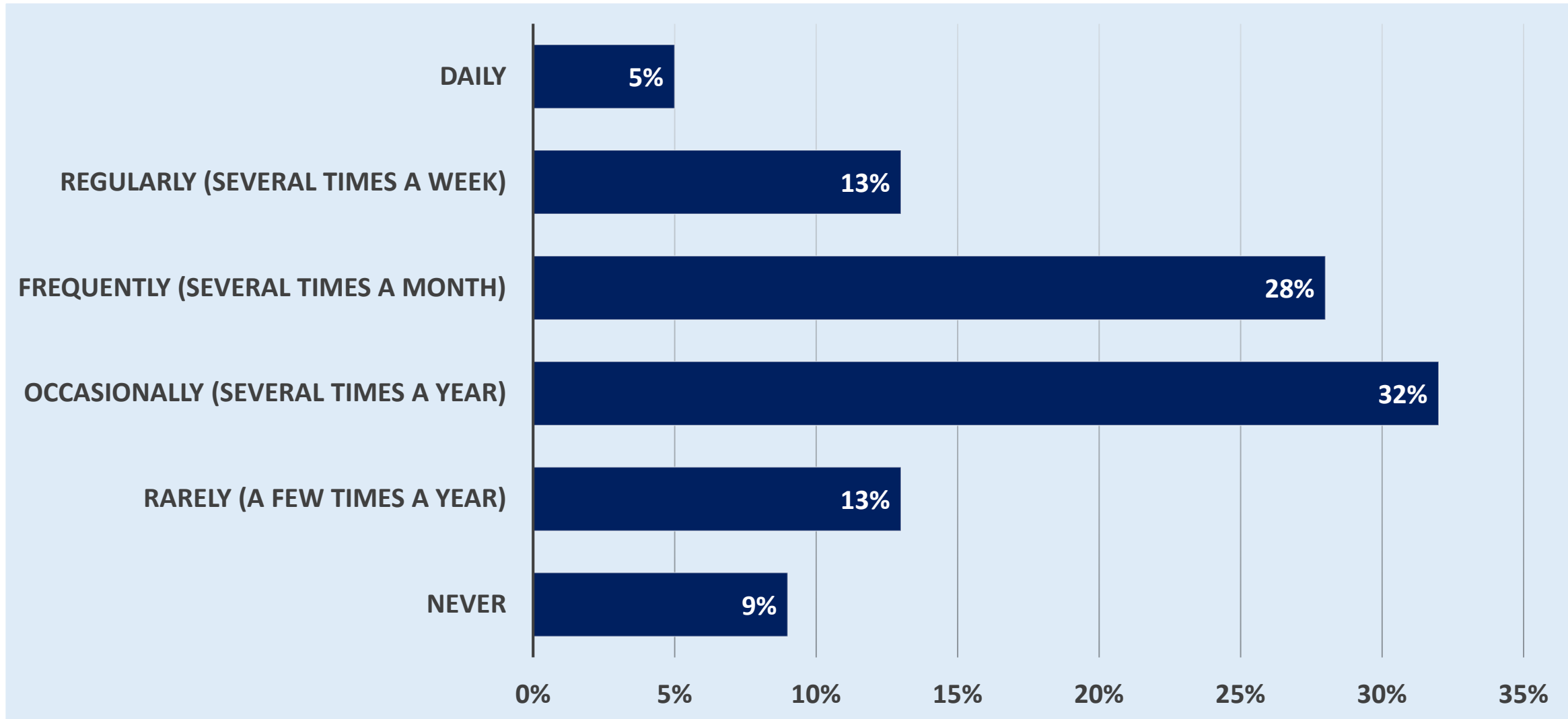


## Light Rail Communities



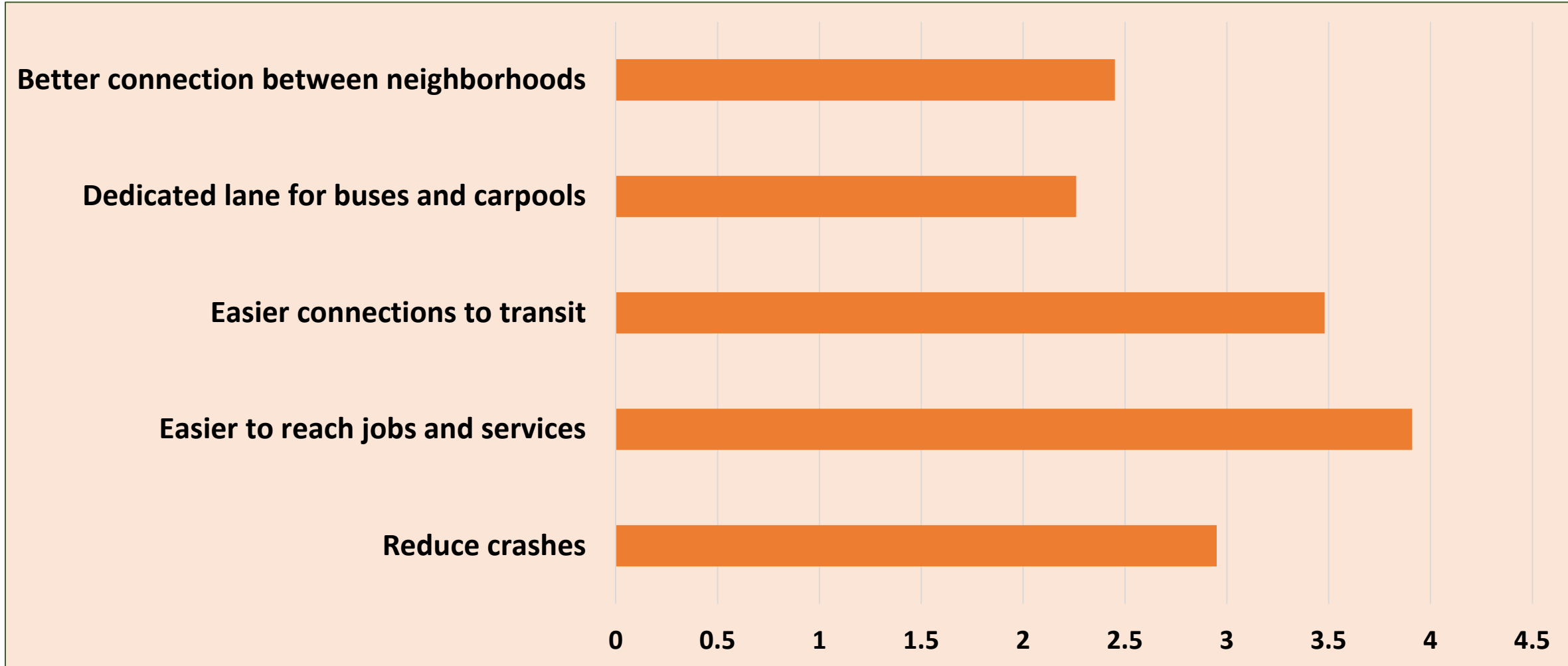
# Q4: How often do you expect to use light rail when it comes to Snohomish County?

- Answered: 1,642 Skipped: 15



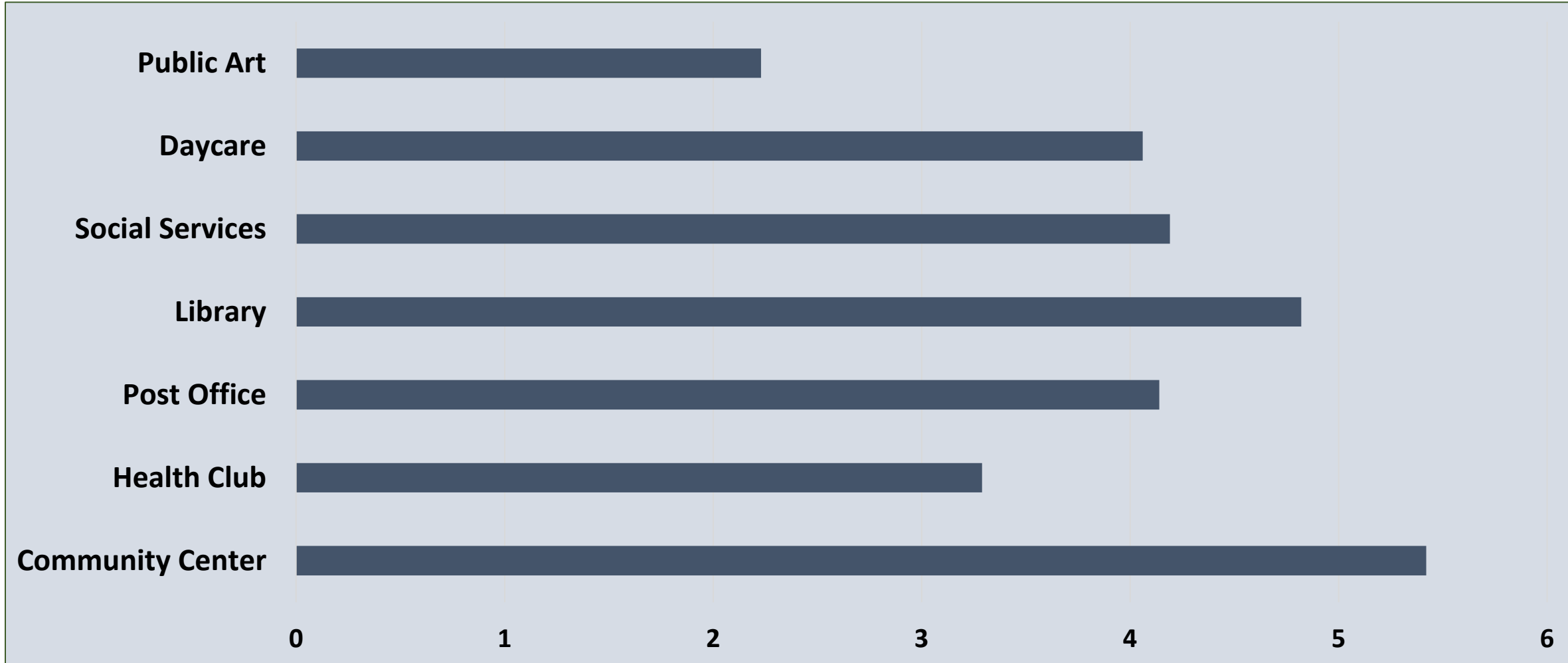
# Q11: Imagine it is the year 2050. Within the blue oval area, what do you feel is most important for the county to prioritize when considering automobile transportation? *(graph depicts composite score)*

Answered: 998 Skipped: 659



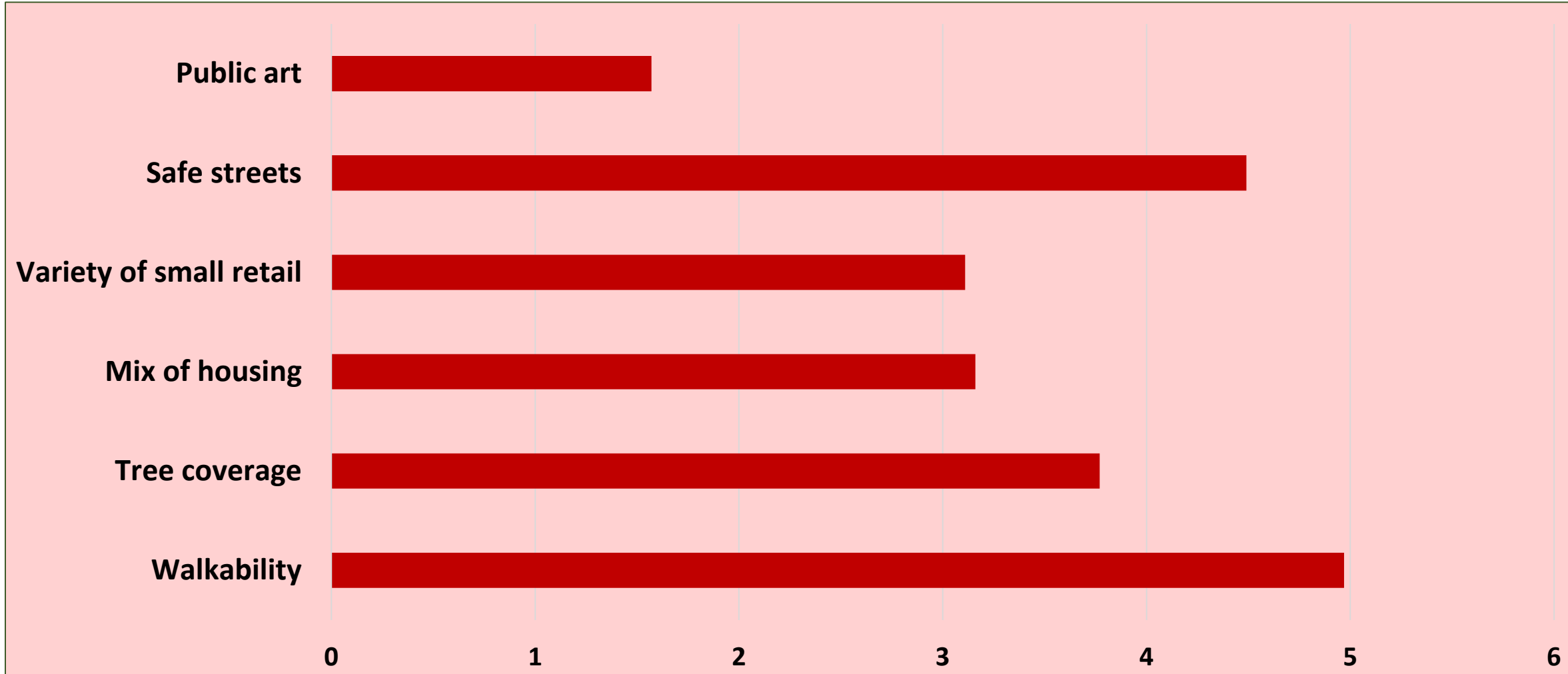
# Q14: What do you feel is most important for the county to prioritize when considering community facilities? *(graph depicts composite score)*

Answered: 992 Skipped: 665



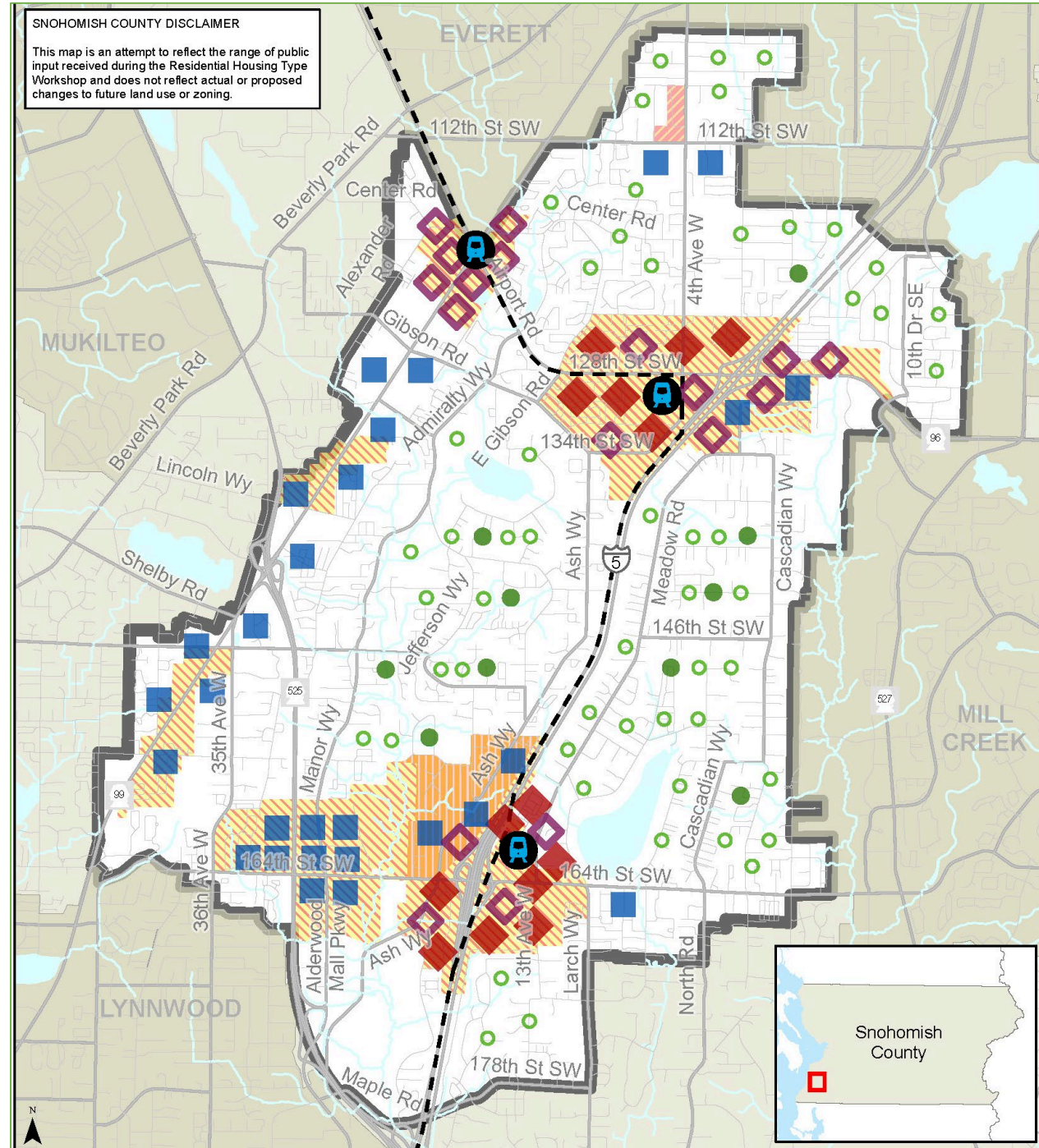
**Q15: Imagine it is the year 2050. Within the blue oval area, what do you feel is most important for the county to prioritize when considering neighborhood characteristics? (*graph depicts composite score*)**

Answered: 986 Skipped: 671



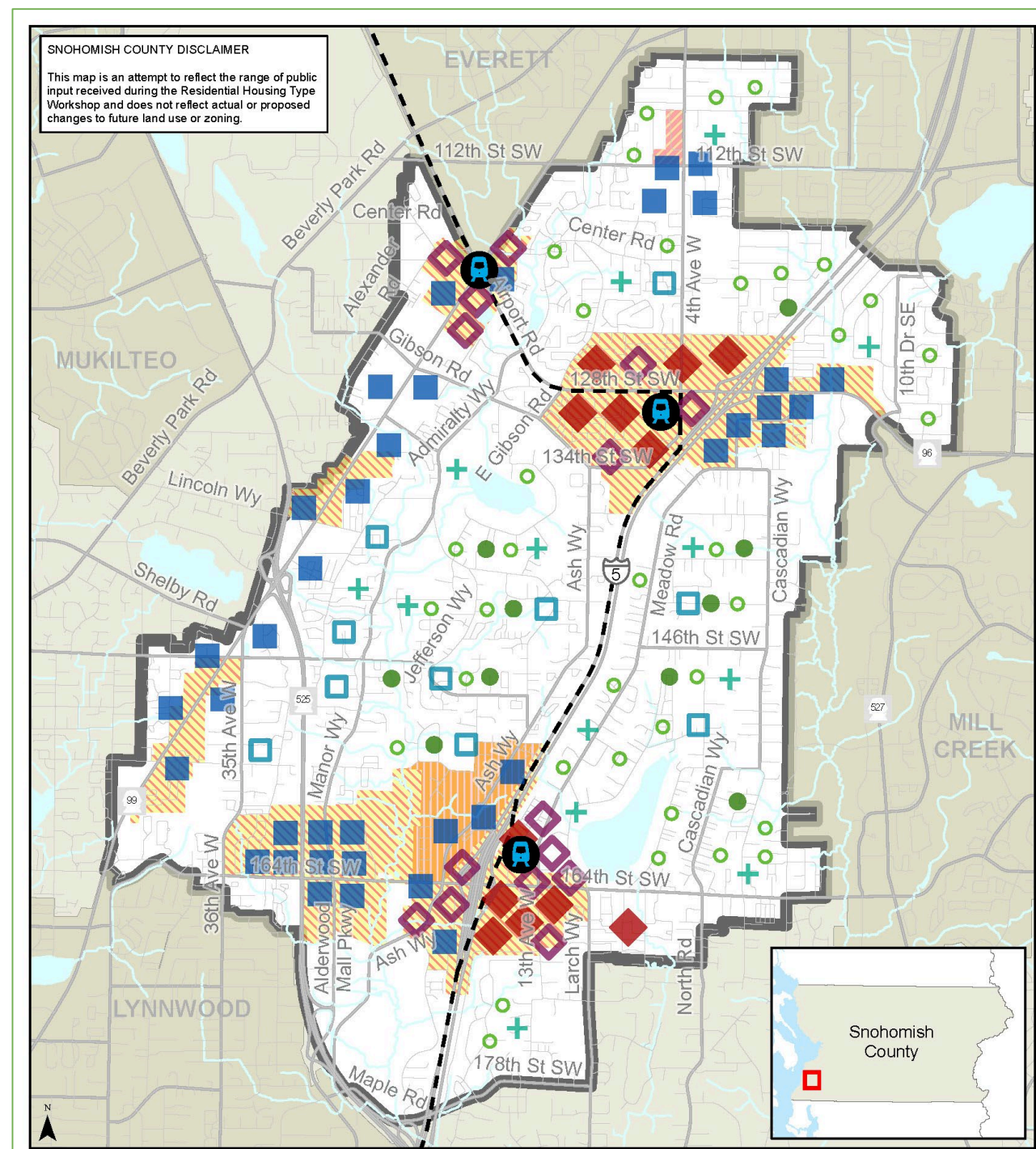
# Theme 1: Concentrate Highest Residential Density Near Light Rail Stations

- 20+ story buildings concentrated around the Ash Way and Mariner “locally favored” light rail stations.
- 10-20 story buildings concentrated around the Airport Road provisional station.
- 3 to 6 stories along State Route 99.
- Balance of subarea remains single family detached and duplexes.



## Theme 2: Moderate Residential Density Patterns

- Mix of 20+, 10-20, and 3-6 story buildings concentrated around the Ash Way and Mariner “locally favored” light rail stations.
- 10-20 and 3-6 story buildings concentrated around the Airport Road provisional station.
- 3 to 6 stories along State Route 99.
- Balance of subarea is a mix of single family detached, duplexes, townhomes and 3-story walk-ups.



## Theme 3: Least Concentrated

- Mix of 10-20 and 3-6 story buildings concentrated around the Ash Way and Mariner “locally favored” light rail stations.
- 3-6 story buildings concentrated around Airport Road provisional stations.
- 3 to 6 stories along State Route 99.
- Balance of subarea is a mix of single family detached, duplexes, townhomes and 3-story walk-ups and 3-6 stories.

