

ECONOMIC VITALITY ELEMENT

Market Study

To ensure economic vitality, many communities have assessed their opportunities for economic development and put strategies in place to achieve it. In 1999, an economic development market analysis was completed for Mountlake Terrace. It concluded that Mountlake Terrace had both challenges and opportunities in being able to attract economic development.

Challenges included:

- Limited vacant, developable land;
- Small parcels – making it difficult to assemble land for large projects;
- Community vision vs. property-owner vision;
- Low “visual quality” of many buildings and streetscapes;
- Transportation and access issues; and
- Development regulations/building requirements.

Opportunities included:

- New development and renovation projects currently underway;
- Major property owners;
- Good location with access to major transportation arterials and modes of transportation;
- Access to quality residential areas and major employment centers;
- Diverse community;
- Small spaces that could accommodate start-ups and provide valuable incubation space; and
- City and community interest in maintaining the vitality and quality of the community.

The 1999 market study summarized commercial development potential for the City, as follows:

The types of commercial uses that could generally be supported within Mountlake Terrace include neighborhood-scale retail development (e.g. small shops that provide goods and services to meet the everyday shopping needs of local residents) and small, professional offices or offices for expanding home-based businesses.

The potential for retail development is limited to this smaller scale due to the large concentration of retail development within close proximity to the City (e.g. Alderwood Mall, Aurora Village Mall and Northgate Shopping Center), lack of significant forecast population growth in the City, and limited available development capacity. While the City is centrally located and provides good freeway access, the potential for office development is similarly constrained by available development capacity.

The potential for additional residential development is good and is reflected by infill development already occurring within the City. Mountlake Terrace has a good central location along the I-5 corridor, and is proximate to arterials and freeway access, concentrations of retail development, and major employment centers – all attractive characteristics for residential development. As a result, Mountlake Terrace should see

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increased demand for higher density housing, which could potentially be converted to or combined with mixed use development in and around the downtown. It also means the City may continue to see developers expressing an interest in higher density infill development projects.

Currently, the most likely short-term opportunity for new commercial development within Mountlake Terrace is on vacant and underutilized parcels in the downtown commercial area. There are few vacant and underutilized parcels within the City with zoning designations that would support additional commercial development. Infill is already occurring on vacant parcels in those areas. Most of the existing commercial buildings within the City are of an age and condition that precludes near term redevelopment (i.e. current market rents would not support the costs of redevelopment).

In general, higher residential densities in the downtown core would be required to support additional commercial development. In particular, higher densities and compact, mixed uses would be required to foster a more pedestrian-friendly environment. The Community Business-Downtown (BC/D) zone allows a greater variety of uses than other commercial zones within the City. Mixed-use developments are permitted within the BC/D zone, which allow a mix of residential and commercial uses (e.g. ground floor retail with residences above) or, alternatively, a mix of commercial uses (e.g. ground floor retail with offices above). Single-purpose commercial uses are also allowed.

Several requirements of the zone and existing development, however, could limit near-term development potential. Small allowable lot coverage, limited building heights and requirements for structured parking as a condition of increasing lot coverage may make near-term development financially infeasible. The maximum structural coverage in the BC/D zone (35%) is quite low, restricting the size of development. While the provision of structured parking can increase the amount of allowable coverage (up to 60%), this requirement significantly increases the cost of development and may prove to be a disincentive. The allowable height limit (35 feet) is quite low and may render new development economically infeasible, particularly if structured parking is required to achieve workable lot coverage.

The pattern of existing development could also limit near-term development potential in the downtown commercial area. Much of the core commercial area, around the intersection of 56th Avenue West and 232nd Street SW, is utilized by a tax-exempt use that occupies the former antique mall. Much of the development in the remaining area zoned BC/D consists of single-family residential lots. Future development may be hindered in that small parcel size may be inadequate to accommodate required parking and parcel assembly may be difficult. In addition, the shallow lot depth of many parcels may make development infeasible. Land assembly, demolition and redevelopment is a longer and more complicated process than development of vacant land.

An additional, longer-term development opportunity exists at the existing Snohomish County Community Transit park-and-ride lot. The park-and-ride lot is located at 23502 60th Avenue West and is approximately 6.91 acres in size and is owned by the State of

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Washington. The site is zoned Public Facilities and Services (PFS) and would require rezoning for commercial or multi-family development. The limitation placed on co-development of this site is the requirement that the State be compensated at “market rates” for an underlying lease.¹

The study included recommendations for economic development strategies and specific actions. These can be summarized, as follows:

- Focus on attracting selective office and housing development;
- Make the permitting process work smoothly;
- Improve the circulation system (i.e., provide better transportation access to businesses);
- Encourage retail activity in existing business districts;
- Increase potential for building on sites in key areas;
- Explore joint-use opportunities for the park-and-ride lot at 236th and I-5;
- Encourage attractive buildings and landscaping throughout the city;
- Use a redevelopment specialist to help interested land-owners.

¹ Economic Development Market Analysis Study, Bucher, Willis & Ratliff, p. Chapter 1-11 & 1-12