

City of Mountlake Terrace

July 12, 2018 Developers Panel Discussion

Major/Key Factors that May Inform Town Center Plan and/or Code Update (background, vision, policies, development code, etc.):

1. Successful development projects generally occur through the coordination of public and private investments.
2. Vibrancy of downtowns can be achieved through a combination of density, placemaking, activating public and private spaces, enhancing the public realm (street edges) and a design philosophy committed to the overall community.
 - a. Distinguish an area with its own character
 - b. Need a place, a “there there”, that people want to live.
3. Light rail is a catalyst project for:
 - a. Near term development project opportunities.
 - b. A strong design commitment between the TOD, light rail station and the downtown core (236th) is essential to stimulate growth.
 - c. Creating an increase in demand
 - d. Framing how things will shift
 - e. 520 corridor is where the gravitas wants to be regarding employment, i.e., along light rail line
4. Understand and commit to the vision with proper public and private investments.
5. Be aware of the demographic shifts occurring. Value the exchange (get ahead of this) between tradeoffs such as limiting parking versus more gross leasable floor area (GLFA).
6. Be cognizant of how people experience and value the urban elements such as light rail, intimate plazas and gathering places. The modified vision focus may be on “surban” that conjures up more dense, livable and walkable places instead of just suburban that conjures up lower density and sprawl.
7. What do we want to be in the near-term future? Target the trade area beyond the people who live here now.
8. Think outside the box and be creative in what the City could attract to emphasize interest such as art, cultural amenities and other uses and activities that are not here and emphasize those that are, i.e., the MLT aquatic center.
 - a. There is demand for more office and medical clinics that are seeking properties outside of the Seattle Metro area.
 - b. Adaptive Reuse
 - c. Create a cool destination
 - d. Arts and Culture cannot be ignored (venue for performance art, public art, etc.)
 - e. People want to be in the know, “have you been there”?
 - f. Retail is a critical element of what draws people to an area

9. Building height in “surban” markets is a function of the IBC and economics. The current IBC allows 4 wood frame stories over one concrete pedestal. Amendments to the IBC are necessary to allow four or five over two to create 7 stories buildings. Flexibility and 7-8 stories should be embraced. *(Note: Confirm what version of the IBC MLT has adopted)*. Achieving building height between 7 and 14 stories may be problematic related building codes and economic efficiency. Over 8 stories means you’re into a high rise, i.e., concrete and steel, a more expensive building type (more costs). Typically, developers have to go 12-16 floors to amortize costs. Height between what’s allowed in the code and 14-16 stories is typically called no man’s land.
 - a. Allow flexibility in terms of building height. Maximize podium development is a term for the number of stories over concrete.
 - b. Having a building code that allows for more economical development is important.
 - c. Building heights change as communities change from suburban towards “surban”.
 - d. Seattle recently considered the cost of construction or construction type as a part of zoning. Areas of Belltown allowed up to 85 feet, but the building code was only economical for up to 70 feet.
 - e. City could have conversations, e.g., what is financially feasible, perhaps ask developers to show what is your underwriting. Cost of construction, what rents need to be to make a project pencil.
10. Understanding the parking demand and matching the code requirements to the developers cost of providing parking should be explored. This is an area where tradeoffs between lower parking ratios and more GLFA should be discussed in the code through perhaps enabling an administrative modification to achieve a building/space that meets the Plan’s vision.
 - a. Parking ratios have been going down
 - b. As parking demand goes down, flexibility is key
 - c. It all starts with parking - Cost studies and parking studies are key
 - d. Some cities are starting to let the market decide
 - e. Unit sizes are shrinking. Burien, Redmond, Bellevue – 1 parking stall per unit
11. Incentives for the development community:
 - a. Provide more code transparency by publishing code requirements such as impact fees on the website (Portland Oregon).
 - b. Reinststitute MFTE while explaining the revenue benefits to the City from other sources (new construction/retail sales tax, commercial property tax, etc.). This is a huge incentive for the residential development community.
 - c. Avoid imposing an affordable housing requirement but encourage the provision of work force housing. The demographic shift is pointing toward more opportunities for work force housing in multi-family projects.
 - d. Public investment in infrastructure is a major incentive such as street improvements and storm water facilities. These are examples that MLT already has and should be emphasized as we market the plan and code revisions: IE “little nuggets” that are attractive to the development community since it lowers there cost.
 - e. Employers are wanting to be closer to, not further from, the urban core.
 - f. Efficient Permitting process – streamline as time is money (attractive for investment)

- g. Treat brokers of commercial / retail as concierges – ambassadors for city.
 - h. Land assemblage - Have a plan for land assemblage plan to attract investors. Get parties to the table.
 - i. Understanding the market and who the property owners (inventory) are important.
 - j. Need to start creating an area of critical mass.
 - k. Zoning Code alone does not do it; infrastructure helps attract investment.
 - l. Amenities are natural attractors for investment.
12. Property assemblage is important to the future development of the Town Center. The City could play a role in assisting the private sector with assemblage proposals.
 13. City Promotion: MLT needs to tell its “new story” of opportunities. What are the three key things you could put in a Sunset magazine that tell a story? The Terrace Station TOD will be a visual well-designed project that will be a catalyst for other projects and is symbolic of a rising tide of development opportunities. MLT can be a “livability refuge”. The city can create value in an image that it does not yet have but are actively pursuing. The timing is right for branding the City; there is a window for this.
 14. Tip development towards residential first, then commercial. Important for mix of uses.
 15. Mountlake Terrace could be a refuge for affordable housing.
 16. Barriers to investment and developing within the City of Mountlake Terrace.
 - a. Many people are wanting to leave Seattle due to many constraints and burdens developments must face.
 - b. One area to overcome is getting the message out; there is a good story to tell. Pursue next.
 - c. Need to put Mountlake Terrace on the map.
 17. What are the attributes are in Mountlake Terrace that really need to get out there to the market?
 - a. Trying to find the value, or future value, in what we’re building. How much income is projected for whatever that product is?
 - b. New projects provide another data point that can be used by future investors/developers. There is a rising tide as projects are added.
 - c. Look at competitive advantage. See more value in something that is growing and shows promise.
 - d. Northwest may be a climate and livability refuge.
 18. What factors should investors take into consideration when a., identifying development opportunities, b., choosing a location to invest or develop/re-develop, and c., planning and implementing projects?
 - a. Excited for the 2020 census. This may change the numbers.
 - b. Look at competitive advantage. Zoning heights, potential tenants, etc.
 - c. Some of the emerging markets can be the most exciting in which to invest.
 - d. Development will go wherever capital and or a lender will allow it to go. Must have the nuts and bolts of a financial pro-forma (will it work financially). Comparing value, i.e., what your product will rent or sell for and comparing that to something else. On the cost side, you have to have a disciplined approach and a basis for that; but this varies

less by geography than most think. You have to prove how you can get to revenue and have that be compelling. You also need to have the right color of money, i.e., many lenders look at the existing market to make sure it is already working. If lenders see something working, they will more likely invest.

19. Place making – who drives this?

- a. Starts with business owners. Look at Diamond Knot, DD Meats, etc. Gets people talking and helps create identity.
- b. More civic led public investments can balance density and growth.

20. Flexibility

- a. Can't change the building code; buildings need to adhere to certain standards. Cities can change the height as this relates to zoning.