City of Kenmore

Economic Development Strategy

Appendix A: Market Profile Update

Appendix B: Commercial Lands Analysis

July 2018

cai community attributes inc

KENMORE BY THE LAKE

City of Kenmore

Economic Development Strategy

Appendix A: Market Profile Update

July 2018

Contents

Project Background

2009 Economic Development Plan Update

Background:

The purpose of this Economic Development Strategy for the City of Kenmore is to update strategies for economic growth for the next *5 to 10 years*. Since the 2009 Economic Development Strategy, the City has succeeded in achieving some of its goals, while experience an increase in development activity in terms of both commercial and residential uses? In 2013, a Regional Business Zone Market Analysis was conducted to evaluate whether changes should be make to the City's Regional Business (RB) zone to better support its economic development goals. Specific goals included expanding employment opportunities, creating a mixed-use and walkable downtown, and better connecting the community to the waterfront.

The Economic Development Strategy update will expand on the 2009 strategies, summarizing accomplishments and identifying opportunities for future economic development strategies. This update will also coordinate implementation of strategies for economic growth with recommendations in the more recent RB Zone market analysis.

Approach: What is the sub-regional story/context for Kenmore, Bothell, Lake Forest Park, Woodinville?

Comparison City Framework
Kenmore compared to:
Neighbors: Bothell, Lake Forest Park, Woodinville, Kirkland
Market Comparisons: Mill Creek, Edmonds, Issaquah
Regional: King County, Snohomish County

Summary of Tasks

> Market Profile Update

> Commercial Lands Inventory

> Stakeholder and Community Engagement

> Goals, strategies and implementation

2009 Economic Development Plan Update

Key goals established:

Goal 1: Establish Kenmore's Image by Promoting its High Quality of Life and Many Assets

Goal 2: Support Existing Businesses and Pursue Opportunities to Expand Employment

Goal 3: Create a Multi-Use, Vibrant and Walkable Downtown

Goal 4: Advance the Community's Connection to the Waterfront

What has been accomplished since 2009? Are these goals still appropriate? What has changed since then?

2013 Regional Business Zone Market Analysis

Key findings:

> There are some regulation issues within the RB zone that may limit potential development opportunities in the future, particularly around the size and scale of multi-family residential development.

> Restrictions on light manufacturing may preclude smaller artisanal manufacturers from locating in the RB zone, where the City's commercial uses are concentrated.

> In order to maximize development potential in the RB zone, residential parking requirements may need to be revisited.

> **Strengths of RB Zone:** location, community, proactive City government

> **Weaknesses of RB Zone:** not a regional commercial center, SR 522 lacks curb appeal

> **Opportunities of RB Zone:** good value, upside potential, early successes with economic development initiatives, Lakepointe potential

> **Challenges of RB Zone:** Key vacant parcels, strong retail centers in neighboring cities, lack of critical mass downtown, parcel ownership and assembly issues

Kenmore Profile Update

2018 Kenmore Profile Update

To inform the market and industry assessment update, CAI developed a series of questions about Kenmore and its local economy. These questions will help to inform development of goals and strategies for the City.

Guiding Questions

I. What are the key demographic trends in the City over the last 5 years?

II. Where do people work and what do they do for a living?

III. What are the key or emerging industry clusters in the City and surrounding area?

IV. How is office and commercial space performing in the City?

V. What and where are the City's assets?

V. What's happening along the 522 corridor? What are the biggest challenges/opportunities?

I. WHAT ARE THE KEY DEMOGRAPHIC TRENDS IN THE CITY OVER THE LAST 5 YEARS?

Exhibits

> Exhibit 1. Population Growth, Kenmore, 2010-2017

> Exhibit 2. Population Growth Rate, Kenmore and Regional Cities, 2010-2017

> Exhibit 3. Population Growth Net Increase, Kenmore and Regional Cities, 2010-2017

> Exhibit 4. Employment and Housing Growth Forecast, Kenmore, 2000-2040

> Exhibit 5. Projected Growth in Households and Employment, Kenmore and Comparison Jurisdictions, 2010-2040

> Exhibit 6. Household Composition, Kenmore, 2010-2017

> Exhibit 7. Household Composition, Kenmore, 2010-2017

> Exhibit 8. Family Households, Kenmore and Regional Cities, 2010-2017

> Exhibit 9. Family Households, Kenmore and Regional Cities, 2010-2017

> Exhibit 10. Household Size, Kenmore and Regional Cities, 2010-2017

> Exhibit 11. Educational Attainment, Kenmore, 2010-2016

> Exhibit 12. Educational Attainment, Kenmore and Regional Cities, 2010-2017

> Exhibit 13. Age Distribution, Kenmore, 2010-2016

> Exhibit 14. Population Year over year Change, Kenmore, 2010-2016

> Exhibit 15. Age Distribution, Kenmore and Regional Cities, 2016

> Exhibit 16. Median Age, Kenmore and Regional Cities, 2016

> Exhibit 17. Median Household Income, Kenmore and Regional Cities, 2016

> Exhibit 18. Housing Tenure, Kenmore and Regional Cities, 2016

> Exhibit 19. Housing Units by Type, Kenmore and Regional Cities, 2016

> Exhibit 20. Jobs to Housing Ratio, Kenmore and Regional Cities, 2016

I. POPULATION GROWTH

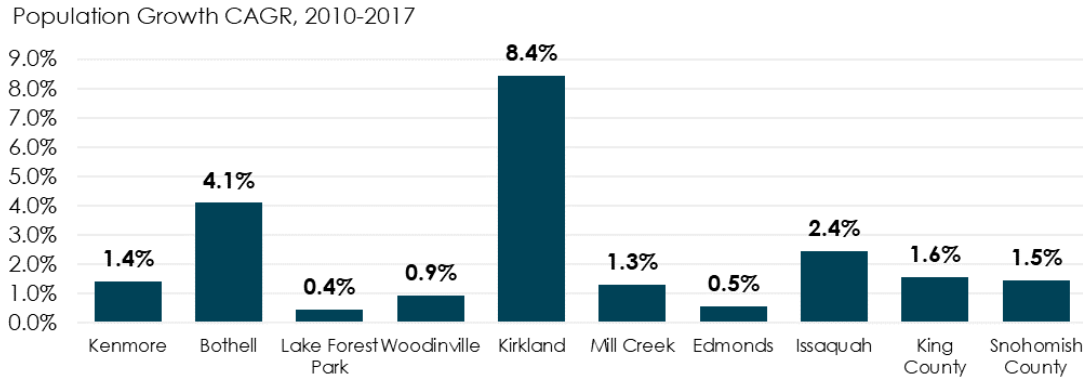Exhibit 1. Population Growth, Kenmore, 2010-2017

Population, Kenmore
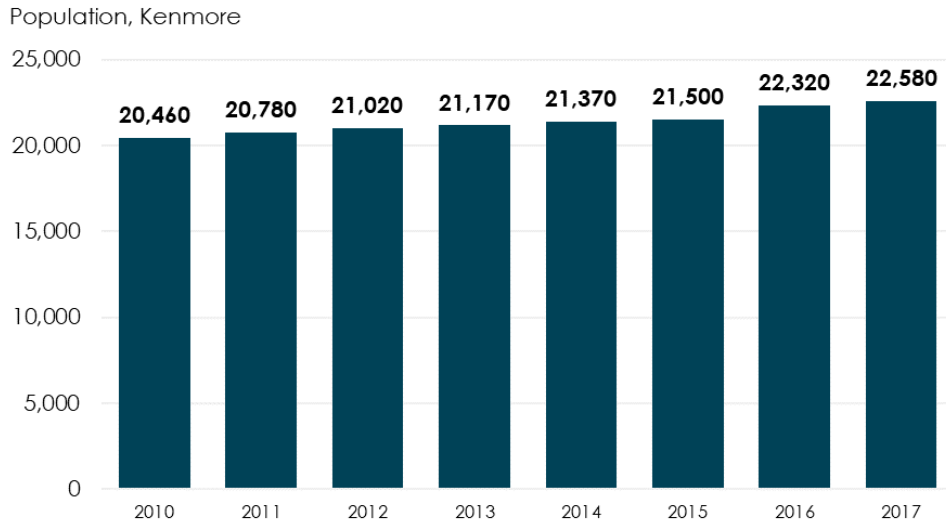
> Since 2010, population growth has been low but steady in Kenmore, increasing by 2,120 residents

Source: Washington OFM, 2018

I. POPULATION GROWTH

Exhibit 2. Population Growth Rate, Kenmore and Regional Cities, 2010-2017
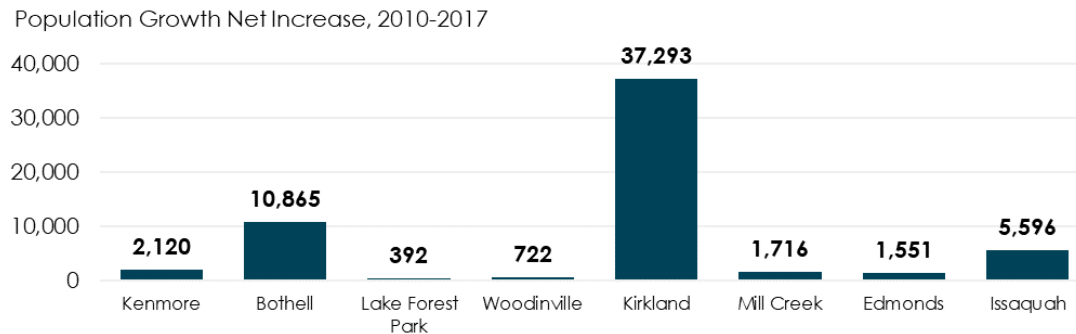

Population Growth CAGR, 2010-2017

Source: Washington OFM, 2018

> Kenmore's population growth rates have been similar to regional averages, but above rates in nearby Lake Forest Park, Edmonds and Woodinville

Note: Kirkland and Bothell's growth rates reflect Kirkland's 2011 annexation of approximately 31,000 residents and Bothell's annexation of approximately 6,800 residents

Exhibit 3. Population Growth Net Increase, Kenmore and Regional Cities, 2010-2017
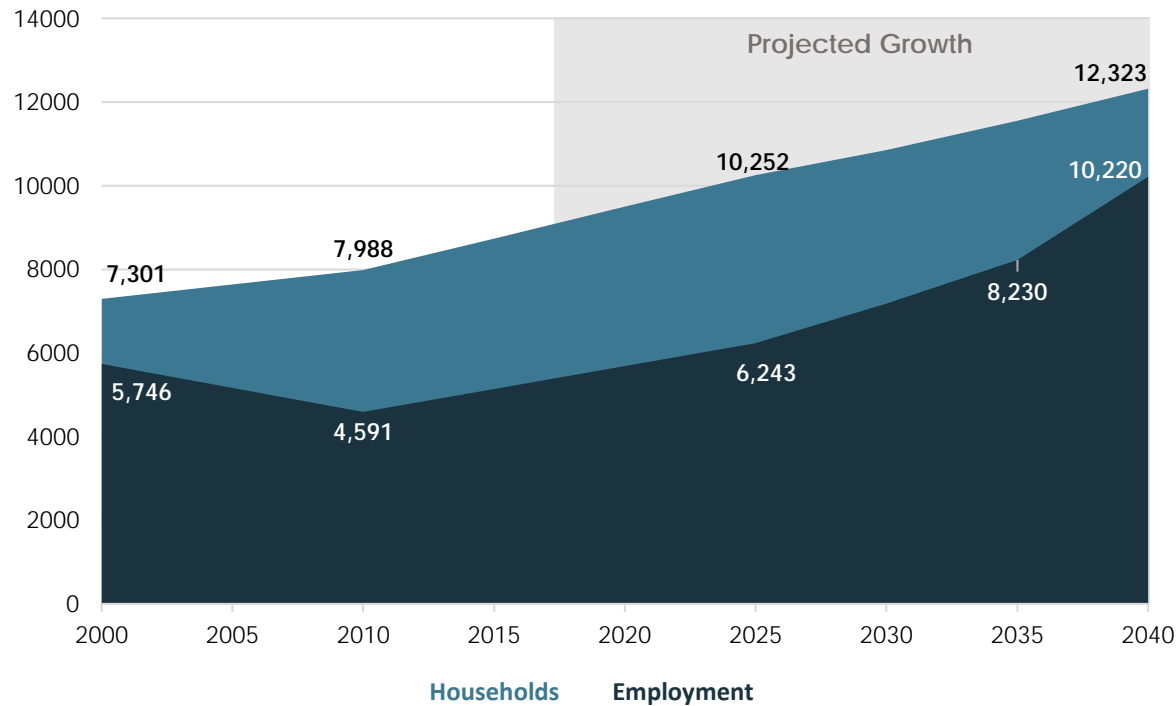

Population Growth Net Increase, 2010-2017

Source: Washington OFM, 2018

Demographics: Housing & Jobs

Exhibit 4. Employment and Housing Growth Forecast, Kenmore, 2000-2040

> - Through 2040, employment growth is projected to be greater than household growth for Kenmore.
> - Kenmore's projected employment growth rate through 2040 is higher than any of the other comparison cities
> - Kenmore's projected population growth rate is slightly less than those of Bothell and Woodinville

Exhibit 5. Projected Growth in Households and Employment, Kenmore and Comparison Jurisdictions, 2010-2040

| CAGR, 2010-2040	Kenmore	Bothell	Lake Forest Park	Woodinville	Kirkland	Mill Creek	Edmonds	Issaquah	King County
Households	1.2%	1.8%	0.5%	1.6%	0.8%	0.6%	0.7%	1.0%	0.8%
Employment	2.7%	1.3%	0.8%	2.5%	2.1%	0.8%	0.6%	2.8%	1.6%

Exhibit 6. Household Composition, Kenmore, 2010-2017
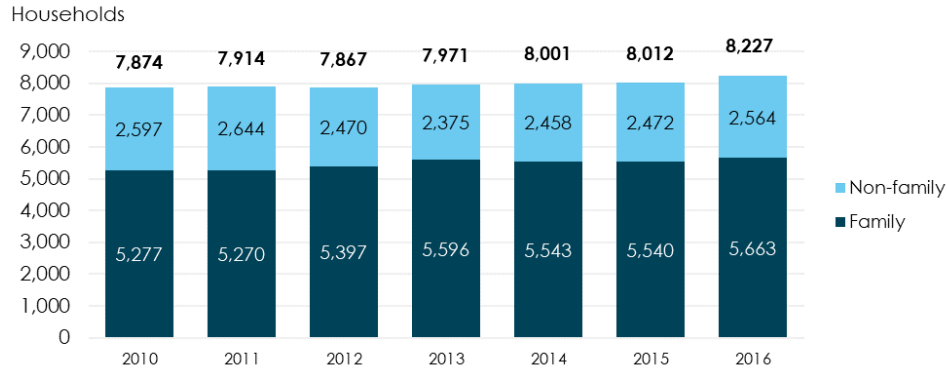
Source: American Community Survey, 2016 5 Year Estimates

> Kenmore has a high share of families, including families with children.

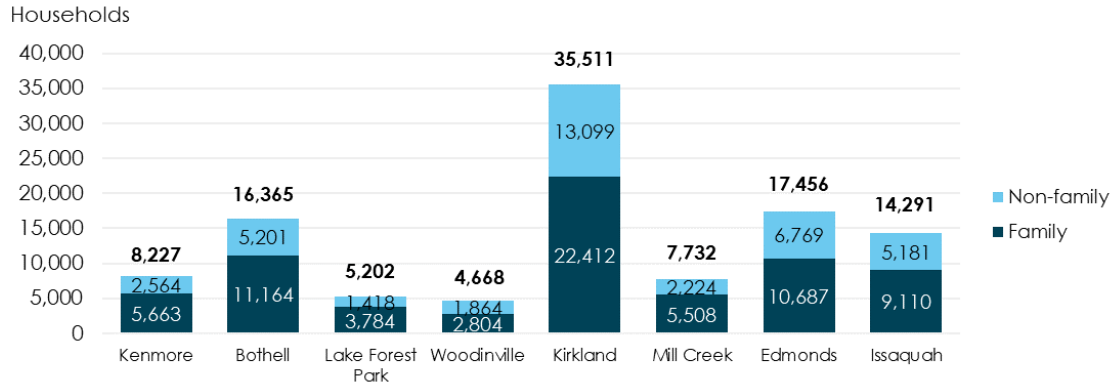> The portion of nonfamily households decreased from 2010-2015, and then had a slight increase in 2016.

Exhibit 7. Household Composition, Kenmore, 2010-2017
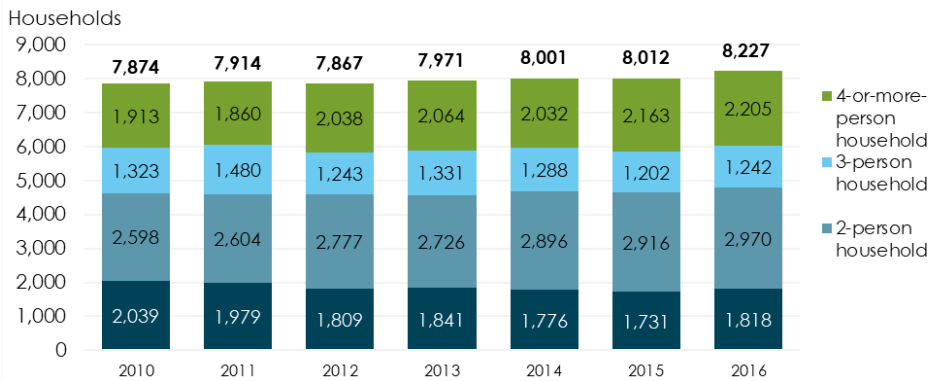
Source: American Community Survey, 2016 5 Year Estimates

Exhibit 8. Family Households, Kenmore and Regional Cities, 2010-2017

Source: American Community Survey, 2016 5 Year Estimates

> Kenmore's share of families is comparable to other suburban cities, but still higher than several.
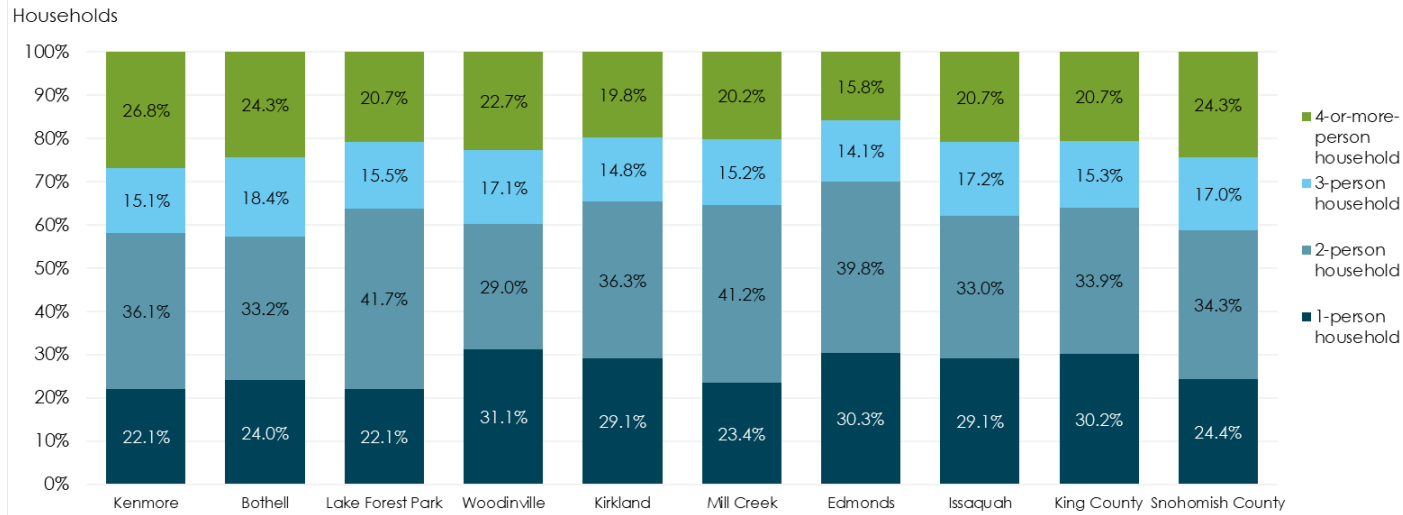
Exhibit 9. Family Households, Kenmore and Regional Cities, 2010-2017
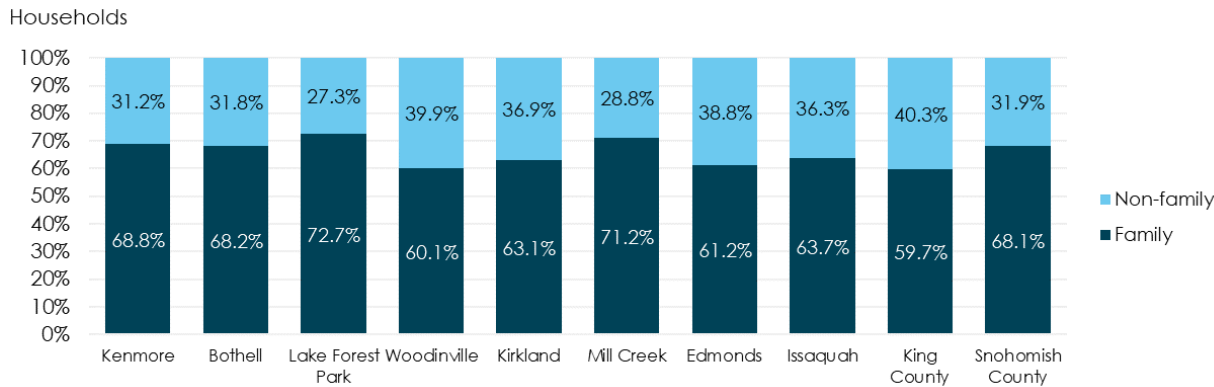
Source: American Community Survey, 2016 5 Year Estimates

Exhibit 10. Household Size, Kenmore and Regional Cities, 2010-2017

Source: American Community Survey, 2016 5 Year Estimates

> Kenmore has a particularly high share of households with four or more people compared to other cities in the region.

Exhibit 11. Educational Attainment, Kenmore, 2010-2016

Source: American Community Survey, 2016 5 Year Estimates
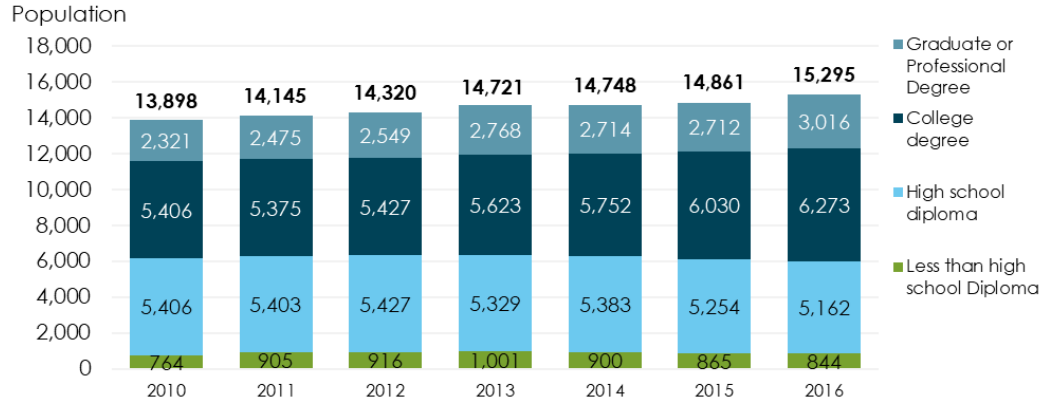
> Kenmore is well-educated, and in recent years has seen an increase in the number of people with college degrees or higher.

Exhibit 12. Educational Attainment, Kenmore and Regional Cities, 2010-2017
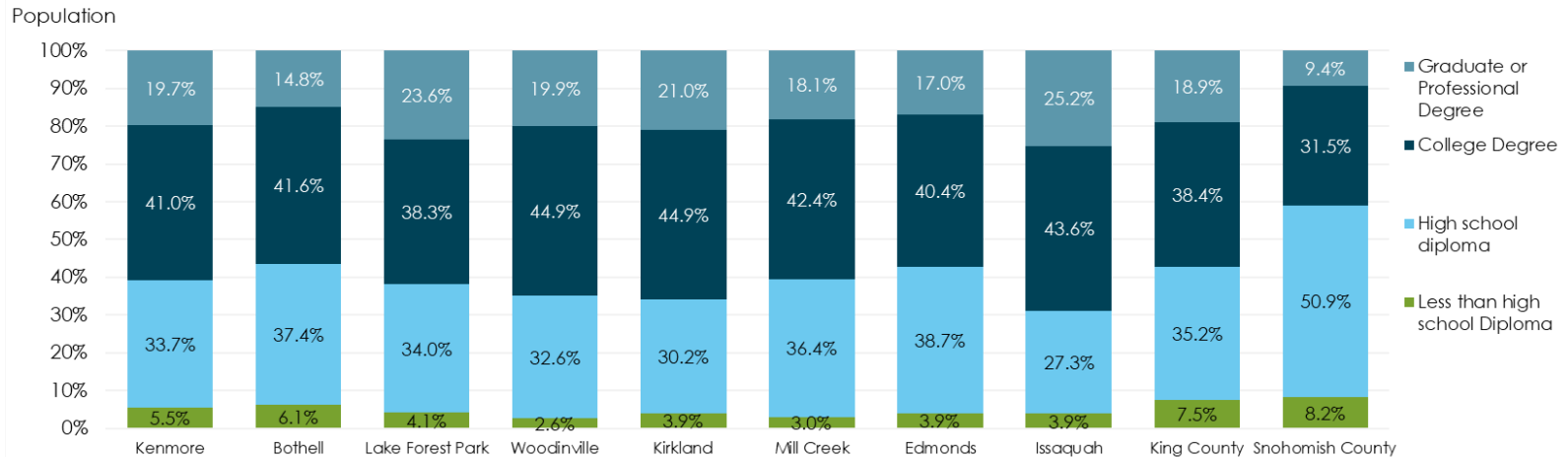
Source: American Community Survey, 2016 5 Year Estimates

I. How is Kenmore aging?

Exhibit 13. Age Distribution, Kenmore, 2010-2016

Source: American Community Survey, 2016 5 Year Estimates
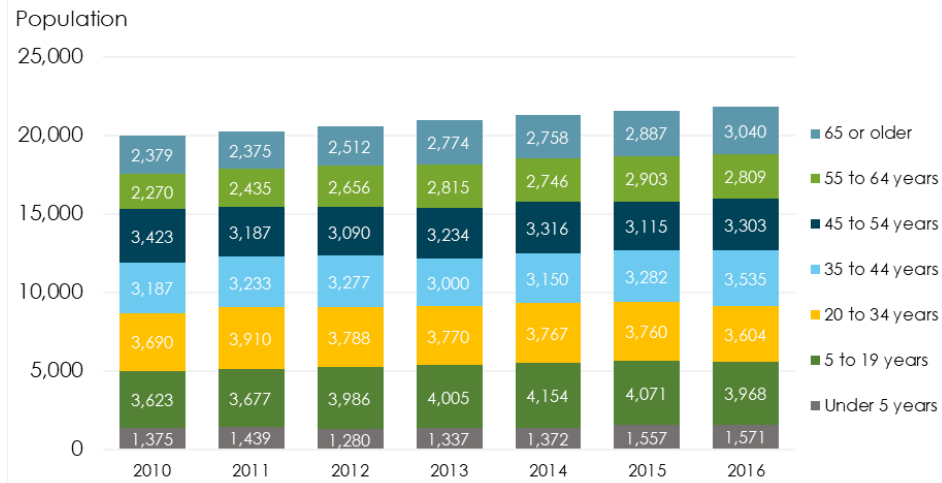
> The population of the City 55 years or older increased by 1,200 people from 2010 to 2016

Exhibit 14. Population Year over year Change, Kenmore, 2010-2016
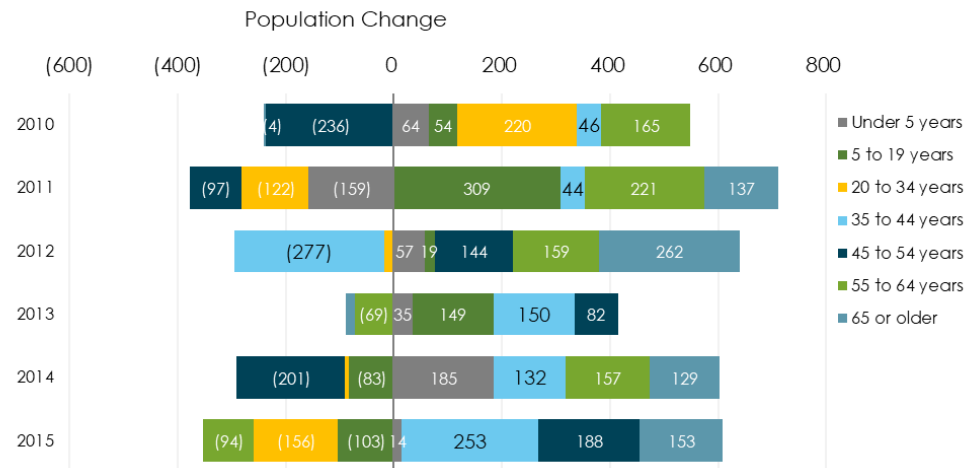
Source: American Community Survey, 2016 5 Year Estimates

I. How is the region aging?

Exhibit 15. Age Distribution, Kenmore and Regional Cities, 2016

Source: American Community Survey, 2016 5 Year Estimates
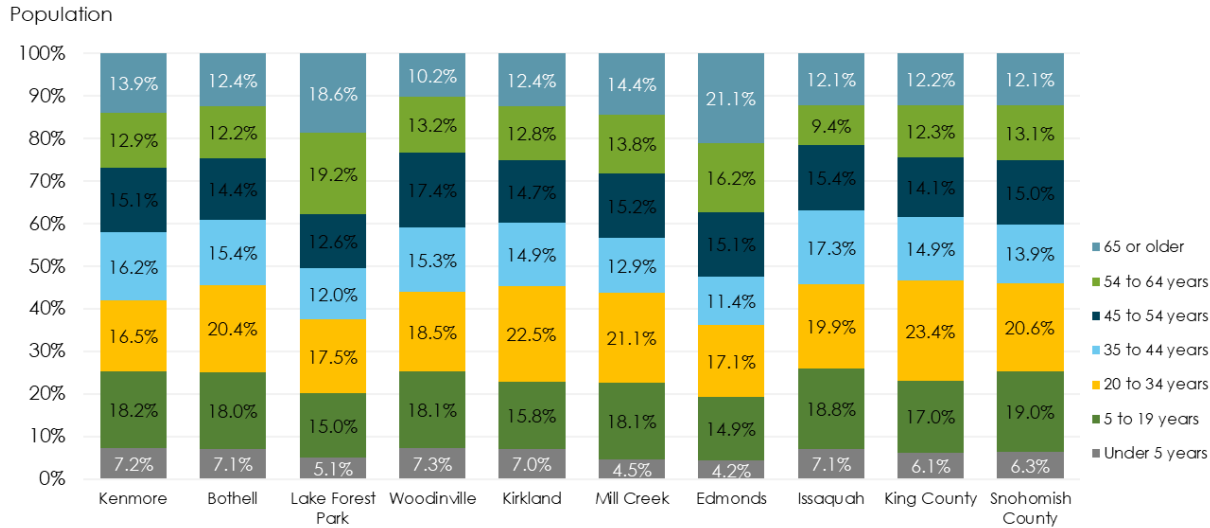
> Kenmore has a similar age distribution as other cities in the region, with a slightly higher median age than neighboring Bothell, but substantially lower than Lake Forest Park or Edmonds

Exhibit 16. Median Age, Kenmore and Regional Cities, 2016
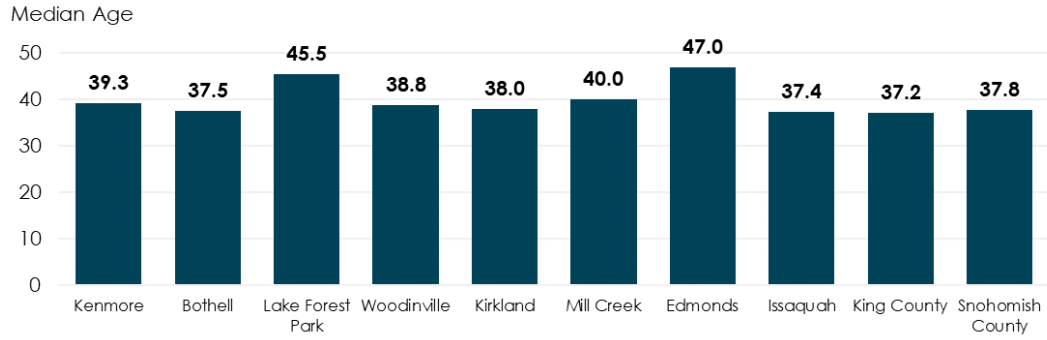
Source: American Community Survey, 2016 5 Year Estimates

Exhibit 17. Median Household Income, Kenmore and Regional Cities, 2016
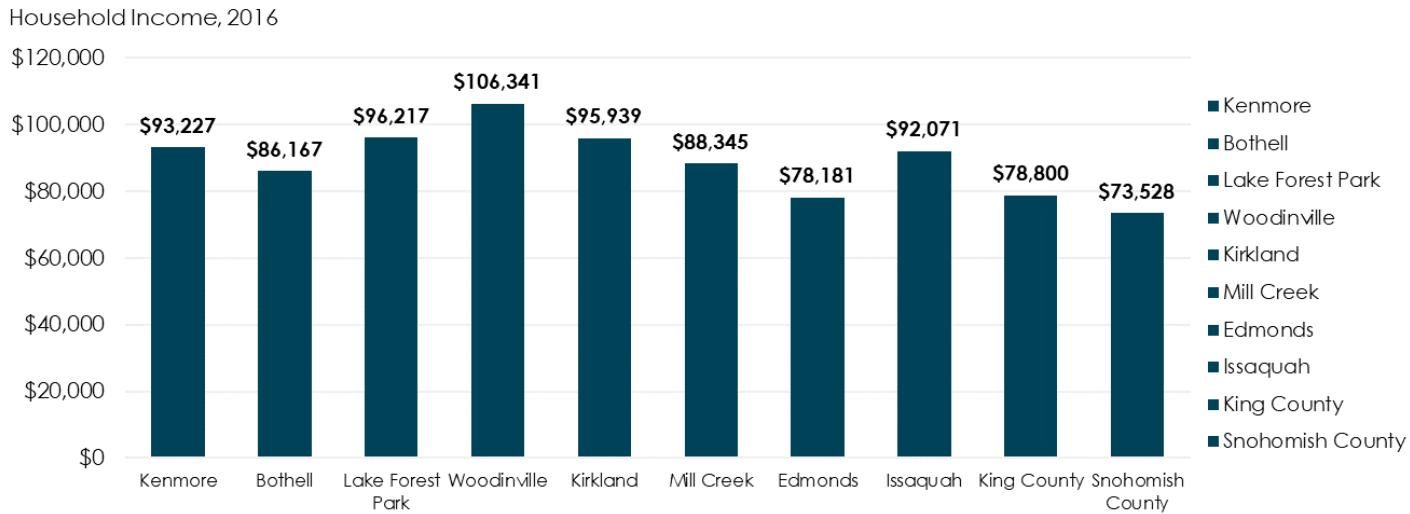
Source: American Community Survey, 2016 5 Year Estimates

> Kenmore's median household income is higher than found across the region

> At $93,000, the median household income is similar to incomes found in Lake Forest Park and Kirkland

Exhibit 18. Housing Tenure, Kenmore and Regional Cities, 2016

Housing Tenure, 2016

Source: American Community Survey, 2016 5 Year Estimates

Exhibit 19. House Units by Type, Kenmore and Regional Cities, 2016
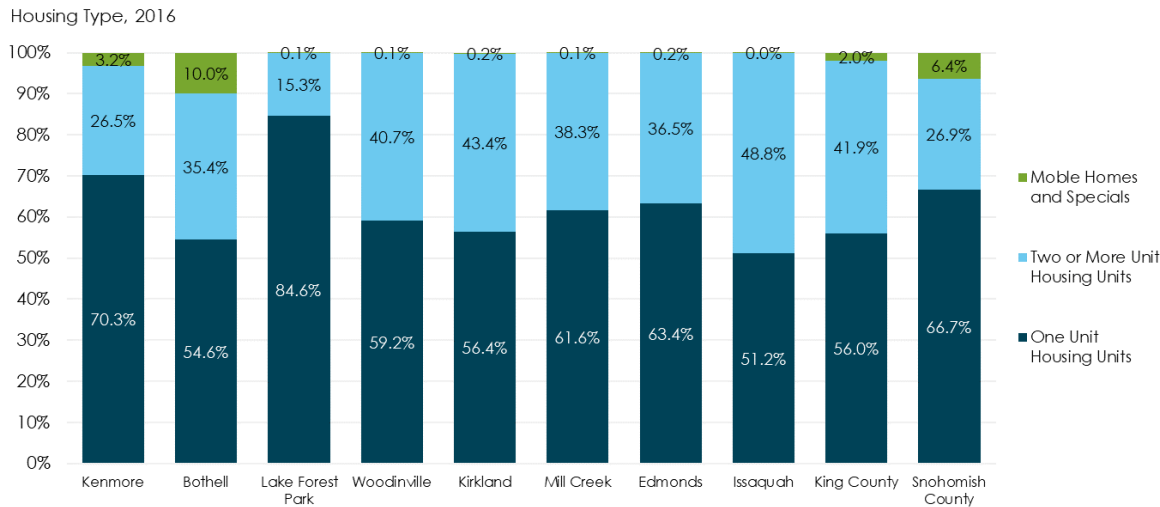
Housing Type, 2016

Source: American Community Survey, 2016 5 Year Estimates

> Kenmore residents predominantly live in owner occupied units with a relatively small share of renters

> The City's housing stock is predominantly single family, more so than all other comparison communities with the exception of Lake Forest Park

> With recent multifamily developments the City's housing mix is evolving but remains largely single family

Exhibit 20. Jobs to Housing Ratio, Kenmore and Regional Cities, 2016

Jobs to Housing Ratio, 2016
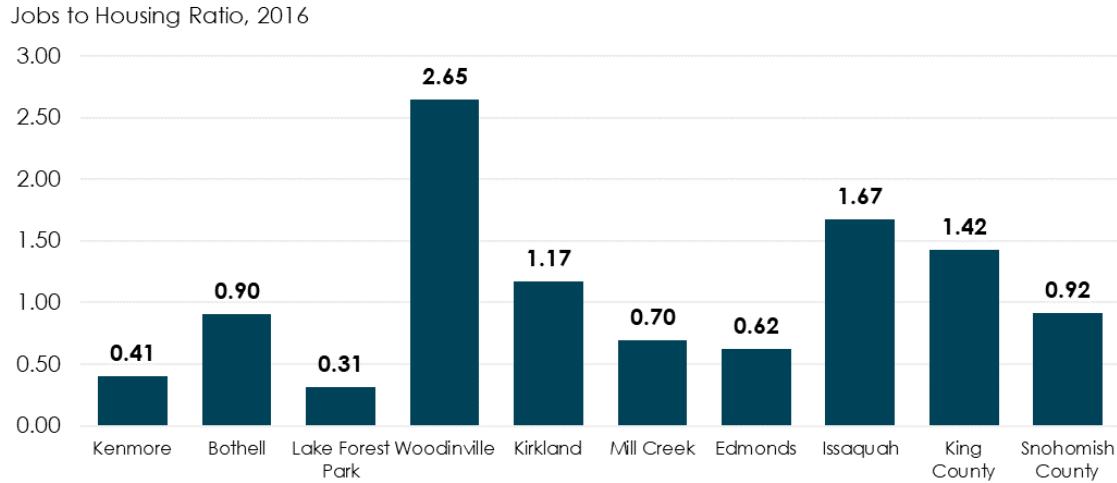
Source: Washington OFM, 2018; PSRC, 2018.

> With a jobs to housing ratio of .4, Kenmore is largely a bedroom community where most people commute to jobs outside the City.

> Nearby Bothell represents a more balanced mix while Woodinville and Issaquah represent employment centers

II. WHERE DO PEOPLE WORK AND WHAT DO THEY DO FOR A LIVING?

Exhibits

> Exhibit 21. Commuting Inflow & Outflow, City of Kenmore, 2015

> Exhibit 22. Commuting Inflow & Outflow, Comparison Jurisdictions, 2015

> Exhibit 23. Where else do Kenmore residents work?

> Exhibit 24. Where else do Kenmore workers live?

II. WHERE PEOPLE LIVE AND WORK

Exhibit 21. Commuting Inflow & Outflow, City of Kenmore, 2015

2,883   **289**   **10,235**

Work in Kenmore, Live Elsewhere   Live and Work   Live in Kenmore, Work Elsewhere
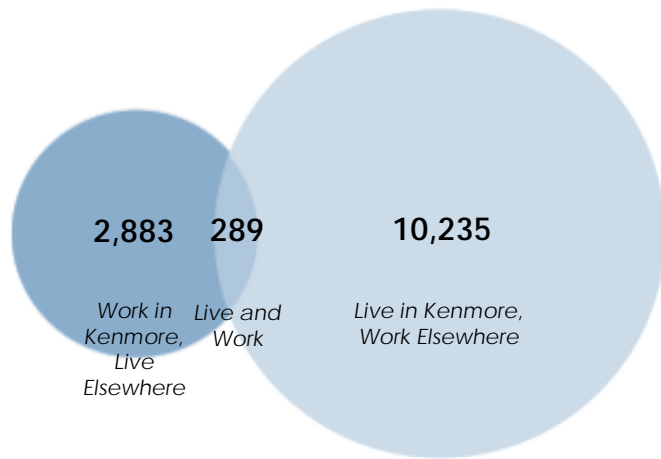
> Only 3% of Kenmore's employed residents live and work in the City

> In Lake Forest Park, only 1.4% of employed residents live and work in the City while in Bothell the percentage is higher at 11.7%

There are **10,524** workers in Kenmore.
 10,235 of these commute outside the City
 289 of these live and work in the City

Another **2,883** live elsewhere and work in Kenmore for a total of **3,172** jobs in Kenmore.

Exhibit 22. Commuting Inflow & Outflow, Comparison Jurisdictions, 2015

Lake Forest Park

1,417 **92**   **6,445**

Bothell

26,545 **2,139** **18,221**

Woodinville

11,408 **354** **5,675**

Snohomish County

13,488 **2,123**   **23,340**
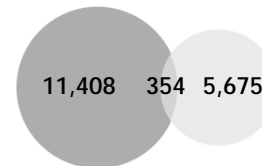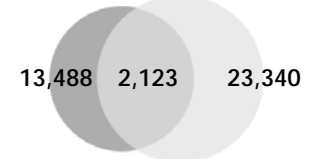
Source: US Census LEHD, 2015

Inflow & Outflow

Exhibit 23. Where else do Kenmore residents work?

Seattle	3,407 people	32.4%
Bellevue	1,203	11.4%
Redmond	876	8.3%
Kirkland	713	6.8%
Bothell	631	6.0%
Everett	456	4.3%
Kenmore	289	2.7%
Lynnwood	255	2.4%
Shoreline	209	2.0%

Source: US Census LEHD, 2015

Exhibit 24. Where else do Kenmore workers live?

Seattle	465 people	14.7%
Kenmore	289	9.1%
Bothell	181	5.7%
Kirkland	146	4.6%
Shoreline	125	3.9%
Everett	91	2.9%
Mountlake Terrace	75	2.4%
Bellevue	68	2.1%
Bothell West CDP	60	1.9%

> A high share of Kenmore's employed residents work in Seattle
> The most common place of residence for people commuting into Mountlake Terrace is also Seattle

III. WHAT ARE THE KEY AND EMERGING INDUSTRY CLUSTERS IN THE CITY AND SURROUNDING AREA?

Exhibits

> Exhibit 25. Kenmore Business Inventory, 2018

> Exhibit 26. Covered Employment by Industry, Kenmore, 2008-2016

> Exhibit 27. Covered Employment Distribution by Industry, Kenmore, 2008-2016

> Exhibit 28. Covered Employment by Industry, Kenmore and Regional Cities, 2016

> Exhibit 29. Covered Employment Distribution by Industry, Kenmore and Regional Cities, 2016

> Exhibit 30. Workforce Occupations, Kenmore and Regional Cities, 2016

> Exhibit 31. Workforce Occupations Distribution, Kenmore and Regional Cities, 2016

Exhibit 25. Kenmore Business Inventory, 2018
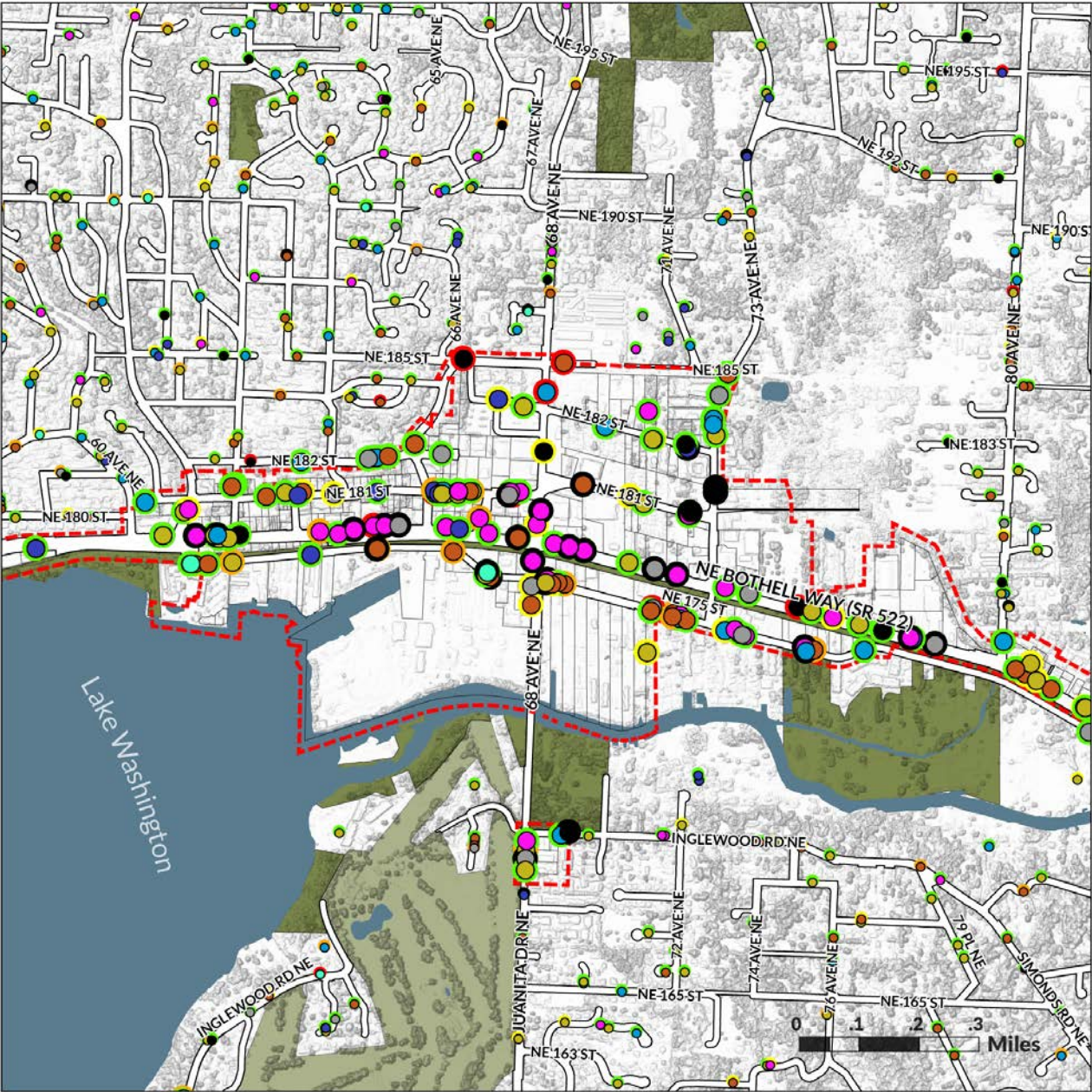
City of Kenmore
Businesses & Year Founded

Parks, Trails & Open Space
Golf Course
Commercial & Mixed Use Zones

Business by Industry
Comm'l/ MU Zones   Resd'l Zones

Finance, Insurance & Real Estate
Consumer Services
Transp., Construction & Industrial
Healthcare & Education
Arts, Entertainment & Recreation
Retail & Hospitality
Business Services
Government & Non-Profit

Year of Founding (Outer ring color)
N/A
- 1973
1974 - 1993
1994 - 2006
2007 - 2018

Source: Community Attributes; Hoovers, 2017

Exhibit 26. Covered Employment by Industry, Kenmore, 2008-2016

Covered Employment in Kenmore, 2008-2016
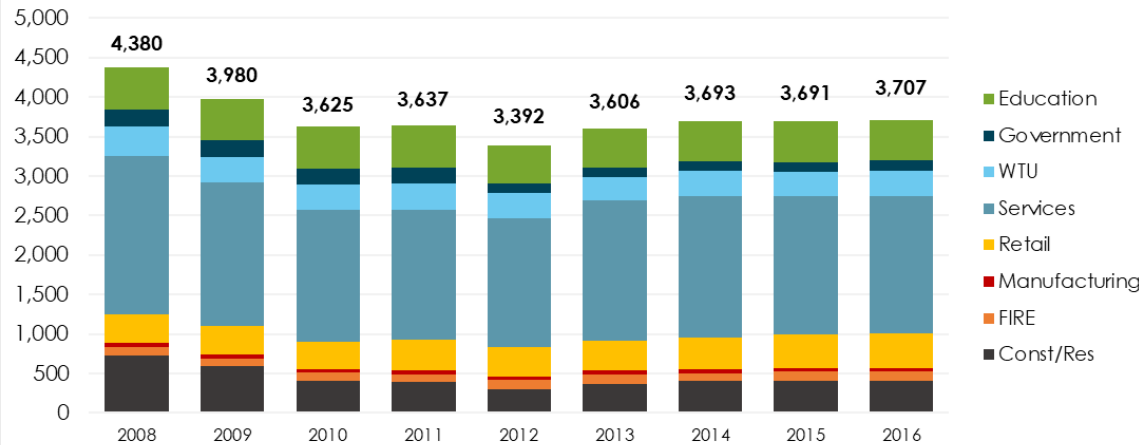
Source: PSRC, 2018.

> Kenmore has experienced a net decrease in employment (more than 600 covered jobs) since 2010

> The City has experienced rising employment in the retail sector as well as education

> Employment in construction/resources has decreased since 2010

Exhibit 27. Covered Employment Distribution by Industry, Kenmore, 2008-2016
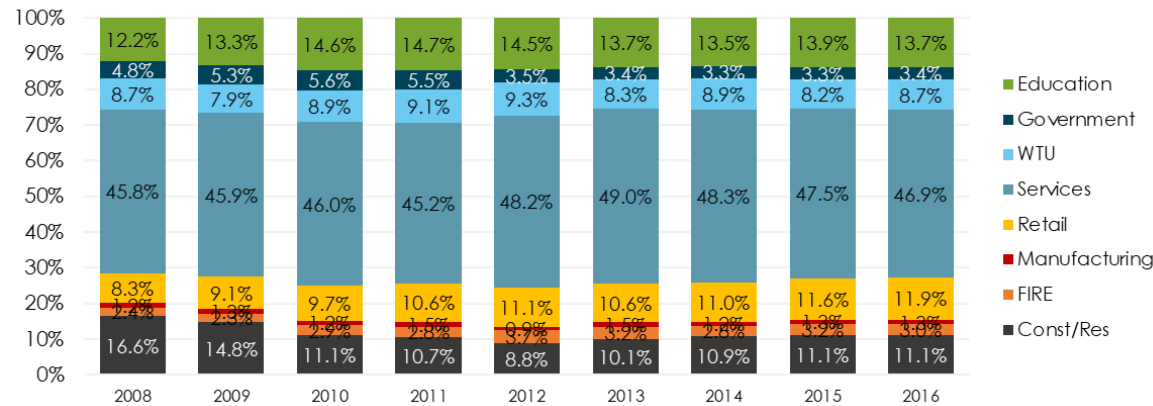
Covered Employment in Kenmore, 2008-2016

Source: PSRC, 2018.

Exhibit 28. Covered Employment by Industry, Kenmore and Regional Cities, 2016
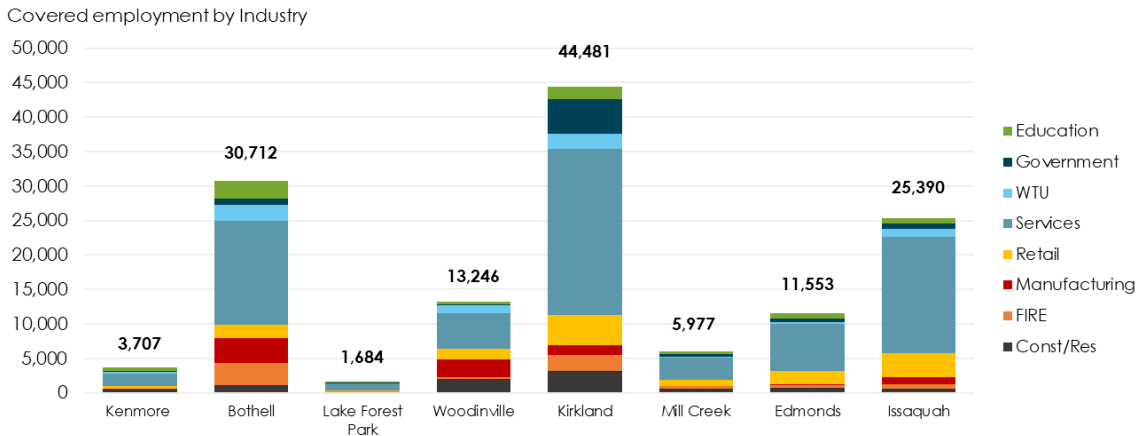
Source: PSRC, 2018.

> > Compared to other cities, Kenmore has a higher share of jobs in the Education sector
>
> > Nearby Bothell has a significant share of jobs in the FIRE and manufacturing industries

Exhibit 29. Covered Employment Distribution by Industry, Kenmore and Regional Cities, 2016
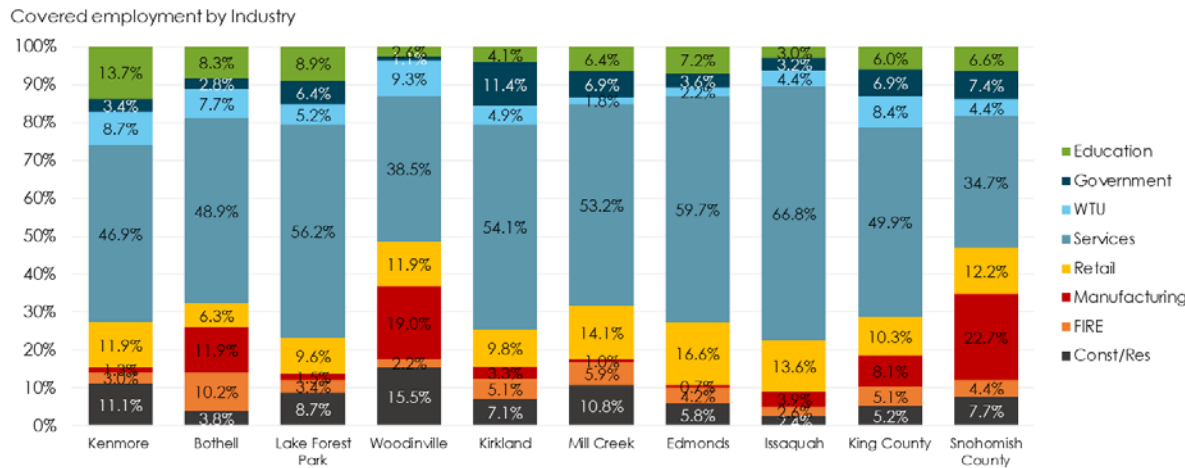
Source: PSRC, 2018.

Exhibit 30. Workforce Occupations, Kenmore and Regional Cities, 2016
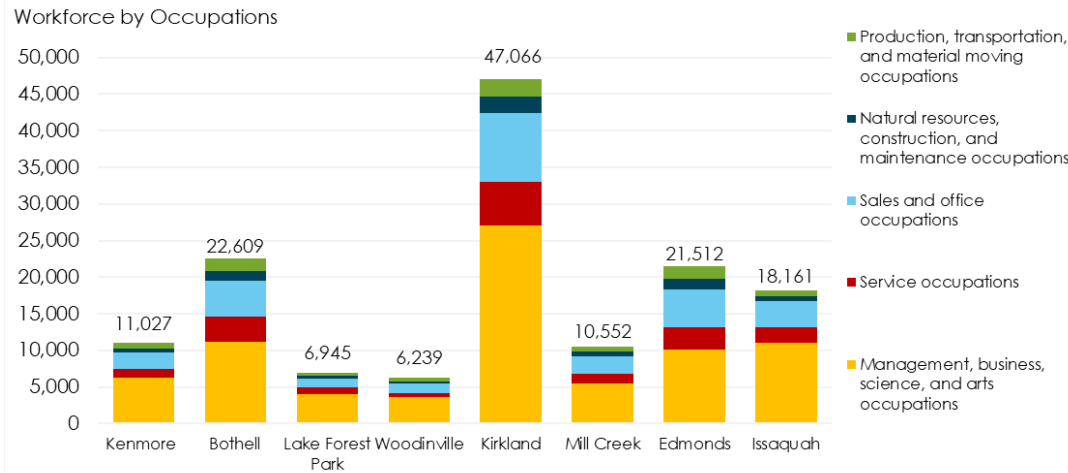
Source: American Community Survey, 2016 5 Year Estimates

> More than half of Kenmore residents with jobs have occupations classified as Management/Business/Science/Arts

> A lower share of residence work in retail than other cities and the region

Exhibit 31. Workforce Occupations Distribution, Kenmore and Regional Cities, 2016
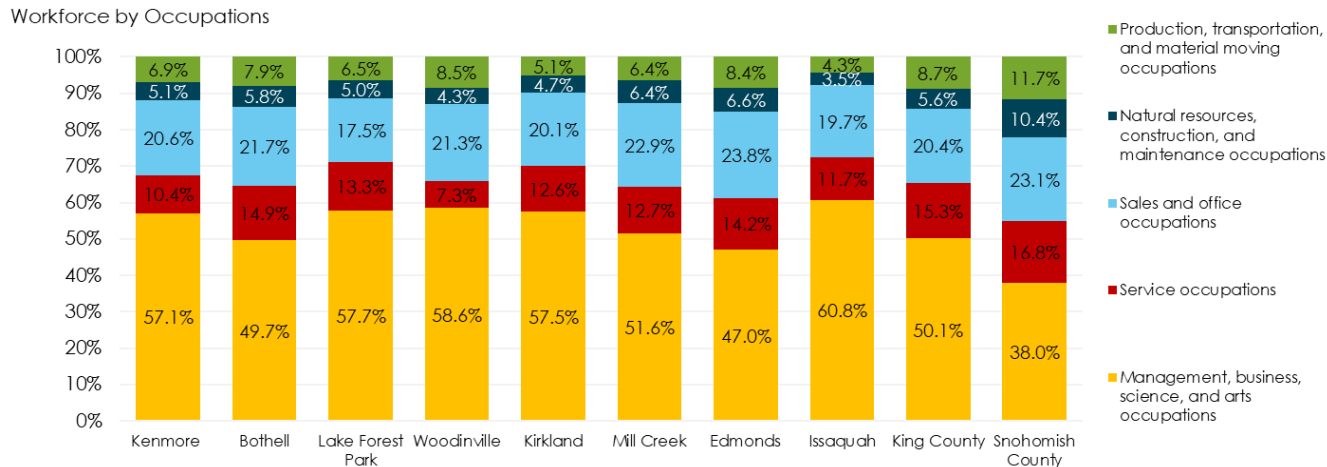
Source: American Community Survey, 2016 5 Year Estimates

Real Estate and Commercial Lands

IV. How is office, commercial and multifamily performing in the City?

Exhibits

> Exhibit 32. Commercial Development and Pipeline, Kenmore

> Exhibit 33. Office Vacancy, Kenmore, 2000-2018

> Exhibit 34. Office Rent/NSF, Kenmore, 2000-2018

> Exhibit 35. Net Office Absorption, Kenmore, 2000-2018

> Exhibit 36. Retail Vacancy, Kenmore, 2000-2018

> Exhibit 37. Retail Rent/NSF, Kenmore, 2000-2018

> Exhibit 38. Net Retail Absorption, Kenmore, 2000-2018

> Exhibit 39. Multifamily Vacancy, Kenmore, 2000-2018

> Exhibit 40. Multifamily Rent/SF, Kenmore, 2000-2018

> Exhibit 41. Select Taxable Retail Sales (Millions), Kenmore, 2016

> Exhibit 42. Retail Pull Factors, Kenmore and Comparison Jurisdictions, 2016

> Exhibit 43. Potential Target Sectors/Industries, City of Kenmore

Commercial Development History

> A high portion of Kenmore's commercial development took place in the 1960s and 1970s. There was more development from 2010-2016 than in all of 1990-2009.

> Additional projects are listed in the pipeline for Kenmore, but square footage is not provided.

Exhibit 32. Commercial Development and Pipeline, Kenmore

New Comm Sq Ft
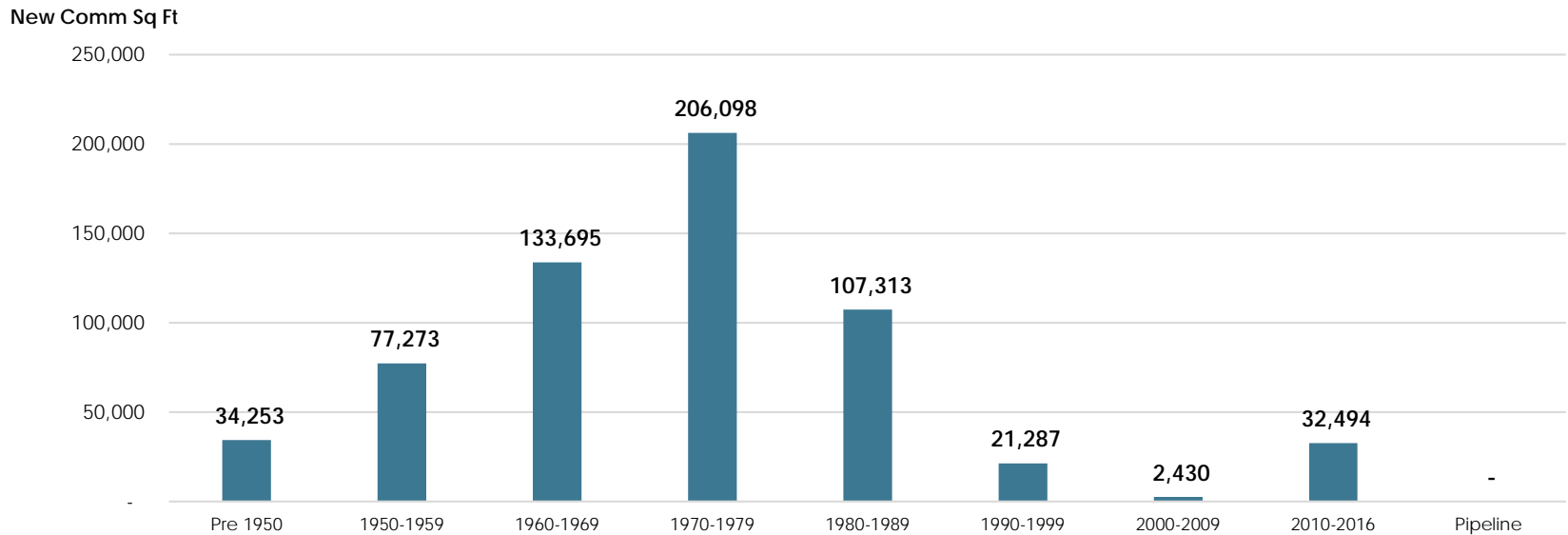
Source: CoStar, 2018

Office Vacancy and Lease Rates

Exhibit 33. Office Vacancy, Kenmore, 2000-2018

Exhibit 34. Office Rent/NSF, Kenmore, 2000-2018
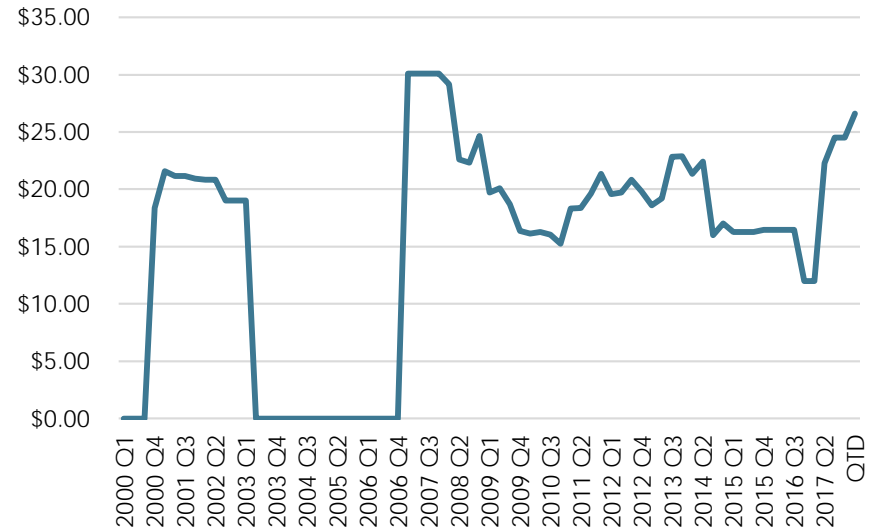
Exhibit 35. Net Office Absorption, Kenmore, 2000-2018
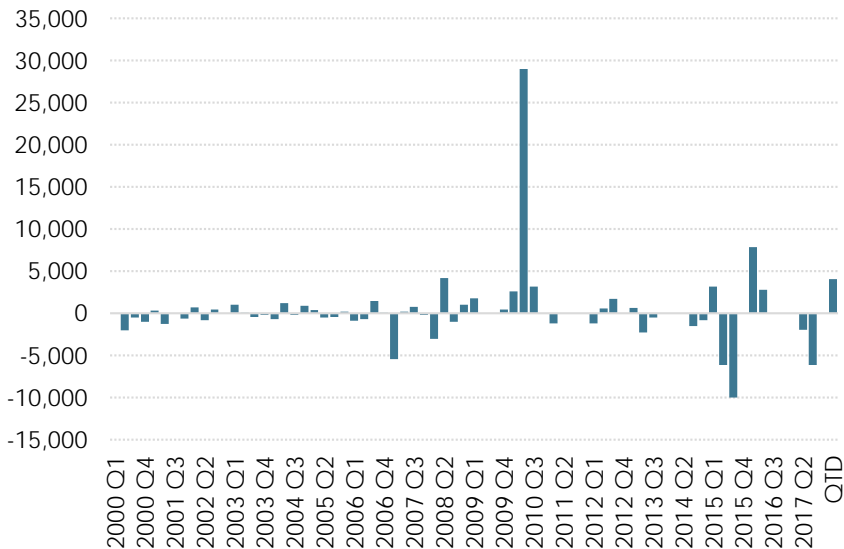
> With the exception of some short term spikes, office vacancy has been generally low in Kenmore since 2000.

Source: CoStar, 2018

Retail Vacancy and Lease Rates

Exhibit 36. Retail Vacancy, Kenmore, 2000-2018

Exhibit 37. Retail Rent/NSF, Kenmore, 2000-2018
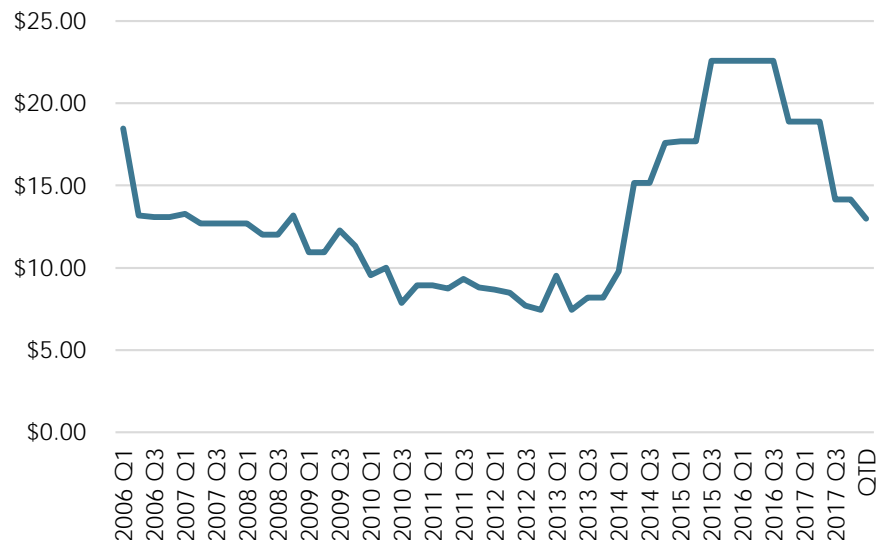
Exhibit 38. Net Retail Absorption, Kenmore, 2000-2018
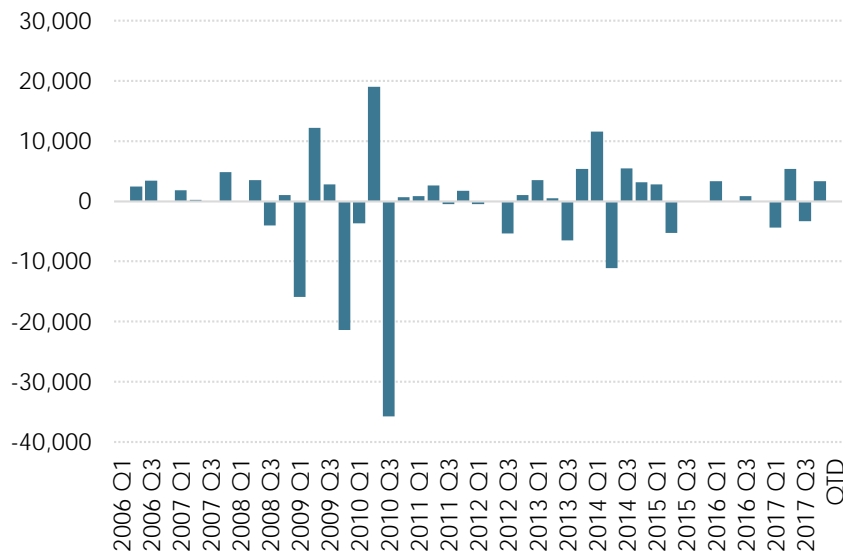
> Retail vacancy was high from 2010 to 2016, and then abruptly dropped to a very low level. Rents have also been dropping since 2016.

Source: CoStar, 2018

Multifamily Vacancy and Lease Rates

Exhibit 39. Multifamily Vacancy, Kenmore, 2000-2018
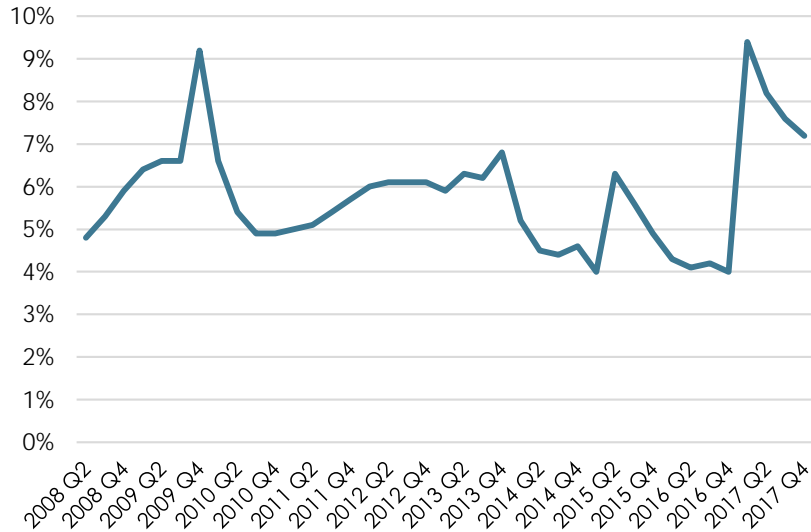
Source: CoStar, 2018

Exhibit 40. Multifamily Rent/SF, Kenmore, 2000-2018
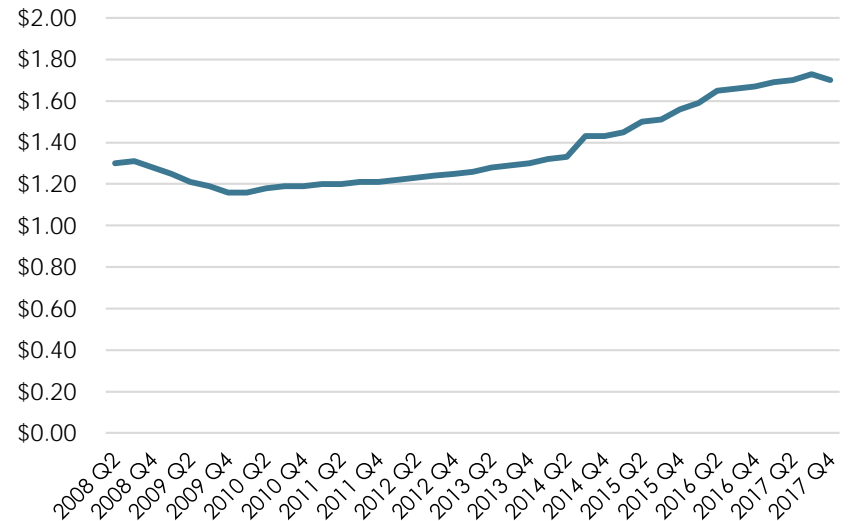
> Multifamily rents have been rising gradually since 2010 in Kenmore. Vacancy has spiked irregularly, and today vacancy is relatively high for the region.

Taxable Retail Sales: Pull Factors

PULL FACTORS

> Pull factors describe the relative concentration of taxable retail sales per capita made in a given geography

> A pull factor above 1 indicates that an area is drawing retail spending from outside the city boundary while a pull factor below 1 indicates that retail spending power is leaving the City

Exhibit 41. Select Taxable Retail Sales (Millions), Kenmore, 2016

NAICS	Description	Kenmore
452	General Merchandise Stores	$3.3
448	Clothing and Clothing Accessories Sto	$2.6
443	Electronics and Appliance Stores	$12.8
446	Health and Personal Care Stores	$8.3
442	Furniture and Home Furnishings Stores	$4.4
451	Sporting Goods, Hobby, Musical, and	$4.6
447	Gasoline Stations	$1.5
444	Building Material and Garden Stores	$5.7
445	Food and Beverage Stores	$12.6
441	Motor Vehicle and Parts Dealers	$17.7
721	Accomodation	$0.4
722	Food Services and Drinking	$19.8
	All Other Taxable Retail Sales	$173.8
	All Taxable Retail Sales	$267.6

Source: Washington Department of Revenue, 2016

Exhibit 42. Retail Pull Factors, Kenmore and Comparison Jurisdictions, 2016

NAICS	Description	Kenmore	Bothell	Lake Forest Park	Woodinville	Kirkland	Mill Creek	Edmonds	Issaquah
452	General Merchandise	0.10	0.77	0.23	3.09	1.38	0.33	0.20	4.76
448	Clothing and Clothing Acc.	0.13	0.27	0.09	2.42	0.33	0.18	0.68	0.59
443	Electronics and Appliance	0.83	1.22	0.24	1.07	0.59	0.24	0.43	1.82
446	Health and Personal Care	0.85	0.74	0.57	1.33	1.18	0.68	0.64	1.86
442	Furniture and Home Furnishings	0.43	1.05	0.40	2.67	1.02	0.81	0.62	1.86
451	Sporting, Hobby, Musical, and Books	0.48	0.56	0.82	2.03	0.51	0.58	0.22	3.85
447	Gasoline Stations	0.36	0.58	0.32	1.88	0.84	0.94	0.53	1.33
444	Building Material and Garden	0.31	2.34	0.53	3.68	0.49	2.20	0.30	3.23
445	Food and Beverage	0.99	0.64	0.47	3.33	1.05	1.68	1.31	1.59
441	Motor Vehicle and Parts Dealers	0.33	0.25	0.01	0.71	2.64	0.16	2.11	1.42
721	Accomodation	0.02	1.31		2.11	0.72		0.19	0.81
722	Food Services and Drinking	0.36	0.94	0.37	2.70	0.88	1.13	1.02	1.50

Source: Washington Department of Revenue, 2016

IV. POTENTIAL TARGET SECTORS/INDUSTRIES

Exhibit 43. Potential Target Sectors/Industries, City of Kenmore

Sector	Opportunities	Challenges
Retail	Current retail leakage to other retail centers; opportunity to capture spending from nearby communities	Suitable locations for future retail; format/type of retail and compatibility with City goals; changing retail environment (bricks and mortar challenges)
Medical/Health Care	Existing demand; relative small scale development type; existing presence in Kenmore; Bastyr University	Available property for development; Rising construction costs
Professional Services (office space)	Demand for locally serving office space; low vacancy rates; lack of supply of office space nearby; potential for coworking office development	Financing of speculative office space; available locations within the City
Restaurants/ Breweries/Wineries	Rising costs in Seattle and other markets i.e. relative affordability of commercial space; strong local demographics and growth; underserved market	Available space (existing or for new construction); rising rents in Kenmore; nearby competition
Tourism and Recreation	Build upon success of the Lodge at Saint Edward; Burke Gilman linkages; Unique lakefront amenities; Kenmore Air	Linkage between downtown and lake access points; growth in nearby offerings; Highway 522 environment
Information & Communications Technology (ICT)/Tech Sector	Potential for satellite offices on certain properties in long term (Lakepointe for example); improving transportation linkages; Regional growth in sector; regional demand	Site suitability and availability; regional competition; long odds strategy

IV. What is the Capacity of the City for Commercial Development?

Exhibits

> Exhibit 44. Zoning, Kenmore, 2018

> Exhibit 45. Vacant and Redevelopable Land, City of Kenmore

> Exhibit 46. Commercial Lands Summary Table, Kenmore, 2018

Exhibit 44. Zoning, Kenmore, 2018

City of Kenmore
Zoning & Publicly-Owned Lands

Publicly-Owned Parcels
Downtown Commercial & Mixed Use Zones

Zoning

Regional Business
Urban Corridor
Waterfront Commercial
Downtown Commercial
Downtown Residential
Community Business
Neighborhood Business (Not Shown)
Public/Semi-Public
Parks
Golf Course
R-1 (Residential 1 Dwelling Per Acre)
R-4 (Residential 4 Dwellings Per Acre)
R-6 (Residential 6 Dwellings Per Acre)
R-12 (Residential 12 Dwellings Per Acre)
R-18 (Residential 18 Dwellings Per Acre)
R-24 (Residential 24 Dwellings Per Acre)

Source: Community Attributes, 2017; Kenmore, King County, 2017

Exhibit 45. Vacant and Redevelopable Land, City of Kenmore

> **Exhibit 45** illustrates the draft redevelopable areas as well as vacant areas as defined in the map legend

City of Kenmore
Commercial Redevelopable Land Supply (DRAFT)

- Publicly-Owned Parcels (All)
- Downtown Commercial & Mixed Use Zones
- Merged Critical Areas*

Redevelopable Lands by Type

- Vacant ($>$.001 Impr. Value / SF)
- Vacant, Surface Parking Lot
- Underutilized - Tier A ($.001-$2.50 Impr. Value / SF)
- Underutilized - Tier B ($2.50-$5.00 Impr. Value / SF)
- Underutilized - Tier C (SFR in COM/MU/IND zones)
- Current or Recent Construction
- Preliminary Project Development

* Critical areas merged and mapped include: landslide hazard areas, floodways, floodplains, and mapped wetlands.

Source: Community Attributes, 2018; Kenmore, King County, 2017

Capacity– Vacant and Underdeveloped Parcels

> Exhibit 46 summarizes the buildable lands analysis of commercial lands in Kenmore. The table includes a summary land supply and employment capacity by vacant and underutilized parcels. Also included is a summary of capacity within lands categorized as Pipeline (lands with project planned or underway.

Exhibit 46. Commercial Lands Summary Table, Kenmore, 2018

Type	Land Supply		Capacity	
	Gross Land Supply (acres)	Net Land Supply (acres)	Capacity Floor Area (Square Feet)	Capacity Employees
Vacant	15.89	11.4	303,275	867
Underutilized				
Tier A	*52.29*	*NA*	*NA*	*NA*
Tier B	*17.91*	*NA*	*NA*	*NA*
Tier C	*4.18*	*NA*	*NA*	*NA*
Subtotal	*74.373*	*43.37*	*893,517*	*1,299*
Total	90.27	54.8	1,196,792	2,165
Pipeline	51.43	41.1	572,866	1,519

City of Kenmore

Economic Development Strategy

Appendix B: Commercial Lands Analysis

July 2018

This research and report was funded in part by the Port of Seattle Economic Development Partnership Program.

Commercial Lands Capacity Analysis - Background

2018 Commercial Lands Purpose

As part of the 2018 update of the Kenmore Economic Development Strategic Plan CAI is evaluating the overall capacity of commercial lands within the City. The approach taken is similar to the methodology employed by King County in past buildable lands reports. It is based on a parcel level analysis of existing built improvements, zoning and critical areas as well as public uses that impact future use of a given parcel. The following details the methodology and assumptions used for the analysis.

2014 Buildable Lands Review

The 2014 buildable lands analysis conducted by King county included the following key attributes:

1. Land Supply (in acres)

2. Land Capacity (in jobs, for commercial lands)

3. 2014 KC BLR compares 2012 capacity (Jan. 2012 being adopted benchmark) with housing and jobs targets for 2006-2031 (adopted in 2009)

4. 4 Types of Cities: Metropolitan (RED), Core, Larger, and Small (also, unincorporated). Kenmore is a Larger City.

Many cities brought forward their 2007 capacity numbers (most Small Cities representing about half of King County) as the capacity estimates were sufficient to absorb new growth targets. Kenmore is a GREEN city in the 2014 KC BLR and reported sufficient capacity in the 2007 BLR (both jobs and housing) to absorb new targets extending to 2031.

In the 2014 analysis, Kenmore appears to have brought forward it's capacity analysis numbers (same 3,048 total - comprised of same 1,633 in pipeline, 1,369 in Mixed Use zones, and same 46 in industrial zones). Kenmore shows all capacity in MU zones and industrial, none in commercial.

2014 Kenmore Summary

- In Kenmore's 2007 BLA, total capacity of 3,048 jobs slightly exceeded remaining job target (2006-2022) of 2,800

- In Kenmore's 2014 BLA, total capacity of 3,945 (3,048 + 897 adjustment) jobs still slightly exceeded remaining target (2012-2031) of 3,897 ((2006-2031 target of 3,000 was adjusted up to add 897 jobs lost in recession)

Commercial Lands Capacity Analysis – Methodology and Assumptions

Initial Zoning Considerations

Exhibit 1 illustrates the City of Kenmore commercial zoning classifications examined for the analysis and compares them to past buildable lands reporting.

Exhibit 1. Zoning Classifications, Commercial Lands Analysis, City of Kenmore

Kenmore Commercial Zones for Analysis:		Considered, for purposes of 2014 KC BLR:	Considered, for this study:
Neighborhood Business	NB	Mixed Use	Mixed Use
Community Business	CB	Mixed Use	Mixed Use
Downtown Residential	DR	Mixed Use	Mixed Use
Downtown Commercial	DC	Mixed Use	Mixed Use
Regional Business	RB	Mixed Use	Mixed Use
Waterfront Commercial	WC	NEW	Mixed Use
Urban Corridor	UC	NEW	Mixed Use

Commercial Lands Capacity Analysis - Methodology and Assumptions

Inventory Method

Exhibit 2 consists of a series of tables illustrating key initial methodological assumptions and initial exclusions conducted for the analysis. Note that for underutilized lands the methodology employed differs from past buildable lands reporting by King County.

Exhibit 2. Methodology Steps, Commercial Lands Analysis, City of Kenmore

Basic Inventory:

Vacant Lands: $.001 Improvement Value / Square Foot (land)

Underutilized Lands: $.001-$5.00 Improvement Value / Square Foot (land) + SRF on MU / IND

*Flag lands that could be vacant but don't calculate as such, and review on Ortho

Initial Exclusions:

Existing ROWs

Built Schools, Fire Stations, Libraries

Slivers (but flag and show on assemble-able map)

**SFR on mixed use/ industrial to be considered redevelopable

Results:

2 ROWs removed - both Burk Gillman parcels through center of town

Columbia Crest Montessori (private) removed (eastern half residential zone, split zoned)
No slivers (smallest parcel .04 acres)
35 parcels coded SFR - need to confirm these

Commercial Lands Capacity Analysis - Methodology and Assumptions

Additional Deductions

Exhibits 3 and 4 further detail assumptions and methodologies utilized for the commercial lands analysis. This include a review of key critical areas deductions and the assumptions leveraged for assuming commercial floor area ratios.

Exhibit 3. Assumptions, Commercial Lands Analysis, City of Kenmore

Further Assumptions:

Critical Areas: Acreage deduction based on GIS area. Hazard layers combined and deducted where co-incident with parcel area:

- landslide hazard
- floodway
- floodplain
- wetlands

*seismic hazard area NOT deducted. Can add this - would remove most of Lake Point parcel.

*shoreline designation NOT deducted

*erosion hazard area NOT deducted (somewhat co-incident with landslide hazard)

Right of Way:	5% (reflects King County report)
Anticipated / Planned Public Purpose:	5% (reflects King County report)
Market Factor:	10%/15%

Exhibit 4. Commercial FAR and Space Utilization, Commercial Lands Analysis, City of Kenmore

Commercial FAR & Space Utilization Assumptions:

Assumed residential/commercial split for mixed use parcels in Kenmore is built into and adopted from FAR calculations in 2012 PSRC Final Summary of Land Use Capacity Information for 2014 KC BLR Update

Vacant Parcels & Parking Lots:
69% of parcels described as Vacant in this analysis (by acreage) consist of single-purpose surface parking lots. While these lots do provide clear and necessary economic benefit, this analysis tests their utility with regards to additional employment possible with infill development or redevelopment of these sites.

Commercial Lands Capacity Analysis

Land Supply – Vacant Parcels

Exhibit 5. Non-Residential Land Supply – Vacant Parcels, City of Kenmore, 2018

Round 1 - no manual exclusions

Vacant Parcels

				Deductions				
	Type	**Number of Parcels**	**Gross Vacant Supply (ac)**	**Critical Areas**	**Public Facilities**	**ROWs**	**Market Factor (10%/15%)**	**Net Vacant Supply (ac)**
Neighborhood Business	MU	1	0.28					
Community Business	MU	17	4.22					
Downtown Residential	MU	8	10.72					
Downtown Commercial	MU	13	10.16					
Urban Corridor	MU	16	5.62					
Waterfront Commercial	MU	1	0.28					
Regional Business	MU	8	14.54					
		64	45.82					

Round 2 - with manual exclusions and alterations

Kenmore Non-Residential Land Supply - Vacant Parcels

				Deductions				
	Type	**Number of Parcels**	**Gross Vacant Supply (ac)**	**Critical Areas**	**Public Facilities & ROWs (5%)**	**Market Factor (10%/15%)**	**Net Vacant Supply (ac)**
Neighborhood Business	MU	1	0.28	0	0.01	0.04	0.22
Community Business	MU	14	3.07	0.45	0.15	0.46	2.01
Downtown Residential	MU	2	1.17	0	0.06	0.18	0.94
Downtown Commercial	MU	9	4.13	0	0.21	0.62	3.30
Urban Corridor	MU	13	5.17	0.82	0.26	0.78	3.32
Waterfront Commercial	MU	1	0.28	0	0.01	0.04	0.22
Regional Business	MU	3	1.79	0	0.09	0.27	1.43
		43	15.89	1.27	0.79	2.38	11.44

Exhibit 5 illustrates the estimated supply of vacant lands in the City. It illustrates the two steps taken to reach a vacant lands estimate. Round 2 includes customized deductions and critical areas.

Additional Notes

> Note: Vacant Parcels are those with improvement value to land sf ratios of $.001 / sf or less.

> All "Vacant" land use coded parcels were captured in table one (16 vacant coded, of 64 parcels captured)

> Mean Improvement value to land sf ratio for MU / IND parcels with improvement values is $18.05 / sf

> 9 parcels and 9.93 acres of these physically vacant parcels are parking lots - 69%% by acreage.

Commercial Lands Capacity Analysis

Land Supply – Underutilized Parcels

Exhibit 6. Non-Residential Land Supply - Underutilized Parcels, City of Kenmore, 2018

Round 1 - no manual exclusions
Underutilized Parcels

	Type	Number of Parcels	Gross Underutilized Supply (ac)	Deductions Critical Areas	Public Facilities	ROWs	Market Factor (10%/15%)	Net Underutilized Supply (ac)
Neighborhood Business	MU	0	0					
Community Business	MU	2	0.8					
Downtown Residential	MU	9	5.19					
Downtown Commercial	MU	11	8.32					
Urban Corridor	MU	10	6.33					
Waterfront Commercial	MU	4	7.51					
Regional Business	MU	12	61.07					
		48	89.22					

Round 2 - with manual exclusions and alterations
Kenmore Non-Residential Land Supply - Underutilized Parcels

	Type	Tier A: Number of Parcels	Tier A: Gross Underutilized Supply (ac)	Tier B: Number of Parcels	Tier B: Gross Underutilized Supply (ac)	Tier C: Number of Parcels	Tier C: Gross Underutilized Supply (ac)	Total Gross Underutilized Supply (ac)	Deductions Critical Areas	Public Facilities & ROWs (5%)	Market Factor (10%/15%)	Total Net Underutilized Supply (ac)
Neighborhood Business	MU	0	0	0	0	0	0	0	0	0.00	0.00	0.00
Community Business	MU	2	0.8	3	0.93	15	2.46	4.19	1.57	0.21	0.63	1.78
Downtown Residential	MU	9	5.19	2	6.31	2	0.96	12.46	0	0.62	1.87	9.97
Downtown Commercial	MU	12	13.02	5	3.62	3	0.52	17.156	0.71	0.86	2.57	13.01
Urban Corridor	MU	10	6.33	2	0.9	4	0.24	7.47	2.35	0.37	1.12	3.63
Waterfront Commercial	MU	0	0	0	0	0	0	0	0	0.00	0.00	0.00
Regional Business	MU	13	26.95	5	6.15	0	0	33.097	11.5	1.65	4.96	14.98
		46	52.29	17	17.91	24	4.18	74.37	16.13	3.72	11.16	43.37

Exhibit 6 summarized the estimate of underutilized parcels within the City, The Round 2 table illustrates the varying Tiers of underutilized parcels that exist in the City. See the following notes detailing the tiers of parcels shown in the table.

Additional Notes

> Tier A Underutilized Parcels are those with improvement value to land sf ratios of $.001 / sf to $2.50 / sf

> Tier B Underutilized Parcels are those with improvement value to land sf ratios of $2.50 / sf to $5.00 / sf

> Tier C Underutilized Parcels are those with single family residence land uses, located in commercial mixed use or industrial zones

Commercial Lands Capacity Analysis

Capacity– Vacant and Underdeveloped Parcels

Exhibit 7. Non-Residential Employment Capacity - Vacant Parcels, City of Kenmore

	Type	Net Vacant Supply (sf)	Assumed Floor-Area Ratio (FAR)	Floor Area Capacity (sf)	Assumed Square Feet / Employee	Job Capacity
Neighborhood Business	MU	9,757	0.8	7,806	350	22
Community Business	MU	87,451	0.4	34,980	350	100
Downtown Residential	MU	40,772	0.2	8,154	350	23
Downtown Commercial	MU	143,922	0.8	115,138	350	329
Urban Corridor	MU	144,445	0.8	115,556	350	330
Waterfront Commercial	MU	9,757	0.3	2,927	350	8
Regional Business	MU	62,378	0.3	18,713	350	53
		498,483		303,275		867

Exhibit 8. Non-Residential Employment Capacity - Underutilized Parcels

	Type	Total Net Underutilized Supply (sf)	Assumed Floor-Area Ratio (FAR)	Floor Area Capacity (sf)	Assumed Square Feet / Employee	Gross Job Capacity	Existing Floor Area	Assumed Square Feet / Employee	Displaced Employee Deduction	Net Job Capacity
								Displaced Employees Deduction*		
Neighborhood Business	MU	-	0.8	-	350	-	0	350	-	-
Community Business	MU	77,624	0.4	31,050	350	89	33,033	350	94	(6)
Downtown Residential	MU	434,206	0.2	86,841	350	248	59,612	350	170	78
Downtown Commercial	MU	566,925	0.8	453,540	350	1,296	69,042	350	197	1,099
Urban Corridor	MU	157,949	0.8	126,359	350	361	64,045	350	183	178
Waterfront Commercial	MU	-	0.3	-	350	-	0	350	-	-
Regional Business	MU	652,424	0.3	195,727	350	559	213,271	350	609	(50)
		1,889,128		893,517		2,553	439,003		1,254	1,299

Exhibits 7 and 8 illustrate the estimated capacity of vacant and underutilized parcels within the City.

Additional Notes:

> Assumed FAR adopted from PSRC 2012 Summary of Land Use Capacity Information ranges (80% interpolation) - EXCEPT RB (reduced in this analysis).

> Total Net Underutilized Supply is a conversion to square feet of the resulting figures from Exhibit 6: Underutilized Parcels

> 2007 & 2014 BLRs identified thousands of additional "pipeline" jobs in significant projects in the development pipeline. Such jobs should be identified with assistance from the City

> OPTIONAL - calculate existing SF/Employee levels by MU / IND zone for assumptions by joining Hoover's & assessor data.

Commercial Lands Pipeline Analysis

Capacity– Vacant and Underdeveloped Parcels

Exhibit 9. Pipeline Parcels Employment Capacity, Kenmore, 2018

	Type	Pipeline Number of Parcels	Gross Supply (ac)	Critical Areas	Public Facilities & ROWs (5%)	Market Factor (10%/15%)	Total Pipeline Supply (ac)
						Deductions	
Neighborhood Business	MU	0	0	0	0.00	0.00	0.00
Community Business	MU	0	0	0	0.00	0.00	0.00
Downtown Residential	MU	1	2.35	0	0.12	0.35	1.88
Downtown Commercial	MU	4	2.49	0	0.12	0.37	1.99
Urban Corridor	MU	0	0	0	0.00	0.00	0.00
Waterfront Commercial	MU	0	0	0	0.00	0.00	0.00
Regional Business	MU	4	46.59	0	2.33	6.99	37.27
		9	51.43	0	2.57	7.71	41.14

Exhibit 10. Pipeline Parcels Employment Capacity, Kenmore, 2018

	Type	Total Net Underutilized Supply (sf)	Assumed Floor-Area Ratio (FAR)	Floor Area Capacity (sf)	Assumed Square Feet / Employee	Gross Job Capacity*	Displaced Employee Deduction**	Net Job Capacity
Neighborhood Business	MU	-	0.8	-	350	-	-	-
Community Business	MU	-	0.4	-	350	-	-	-
Downtown Residential	MU	81,893	0.2	16,379	350	47	-	47
Downtown Commercial	MU	86,772	0.8	69,417	350	198	50	148
Urban Corridor	MU	-	0.8	-	350	-	-	-
Waterfront Commercial	MU	-	0.3	-	350	-	-	-
Regional Business	MU	1,623,568	0.3	487,070	350	1,392	68	1,324
		1,792,233		572,866		1,637	118	1,519

Exhibit 9 illustrates the supply of land in Kenmore with projects planned for development or under construction. **Exhibit 10** illustrate the potential capacity of those lands.

Additional Notes:

> See *Parcel Specific Adjustments* for individual pipeline projects represented in this summary table.

> St. Edward parcel is not represented in the analysis

> For Lakepointe, actual employment estimate is substituted for calculated figure. According to 2014 permit application, 1,400 jobs were estimate for the redevelopment; this is close to the above calculated figure of 1,392.

> In both Kenmore Village and Lakepointe / CalPortland, Hoover's has been used for more precise figures on displaced employment

Commercial Lands Pipeline Analysis

## Capacity– Vacant and Underdeveloped Parcels

Exhibit 11 summarizes the buildable lands analysis of commercial lands in Kenmore. The table includes a summary land supply and employment capacity by vacant and underutilized parcels. Also included is a summary of capacity within lands categorized as *Pipeline* (lands with project planned or underway.

Exhibit 11. Commercial Lands Summary Table, Kenmore, 2018

| Type | Land Supply | | Capacity | |
	Gross Land Supply (acres)	Net Land Supply (acres)	Capacity Floor Area (Square Feet)	Capacity Employees
Vacant	15.89	11.4	303,275	867
Underutilized				
Tier A	*52.29*	*NA*	*NA*	*NA*
Tier B	*17.91*	*NA*	*NA*	*NA*
Tier C	*4.18*	*NA*	*NA*	*NA*
Subtotal	*74.373*	*43.37*	*893,517*	*1,299*
Total	90.27	54.8	1,196,792	2,165
Pipeline	51.43	41.1	572,866	1,519

Exhibit 12. Net Acres by Zone Summary Table, 2018

Commercial Zone	Vacant	Tier A	Tier B	Tier C	Total
Neighborhood Business	0.22	0.00	0.00	0.00	0.22
Community Business	2.01	0.16	0.74	0.88	3.79
Downtown Residential	0.94	4.15	5.05	0.77	10.90
Downtown Commercial	3.30	9.71	2.89	0.42	16.32
Urban Corridor	3.32	2.71	0.72	0.19	6.94
Waterfront Commercial	0.22	0.00	0.00	0.00	0.22
Regional Business	1.43	13.76	1.22	0.00	16.41
	11.44	30.49	10.62	2.25	54.81
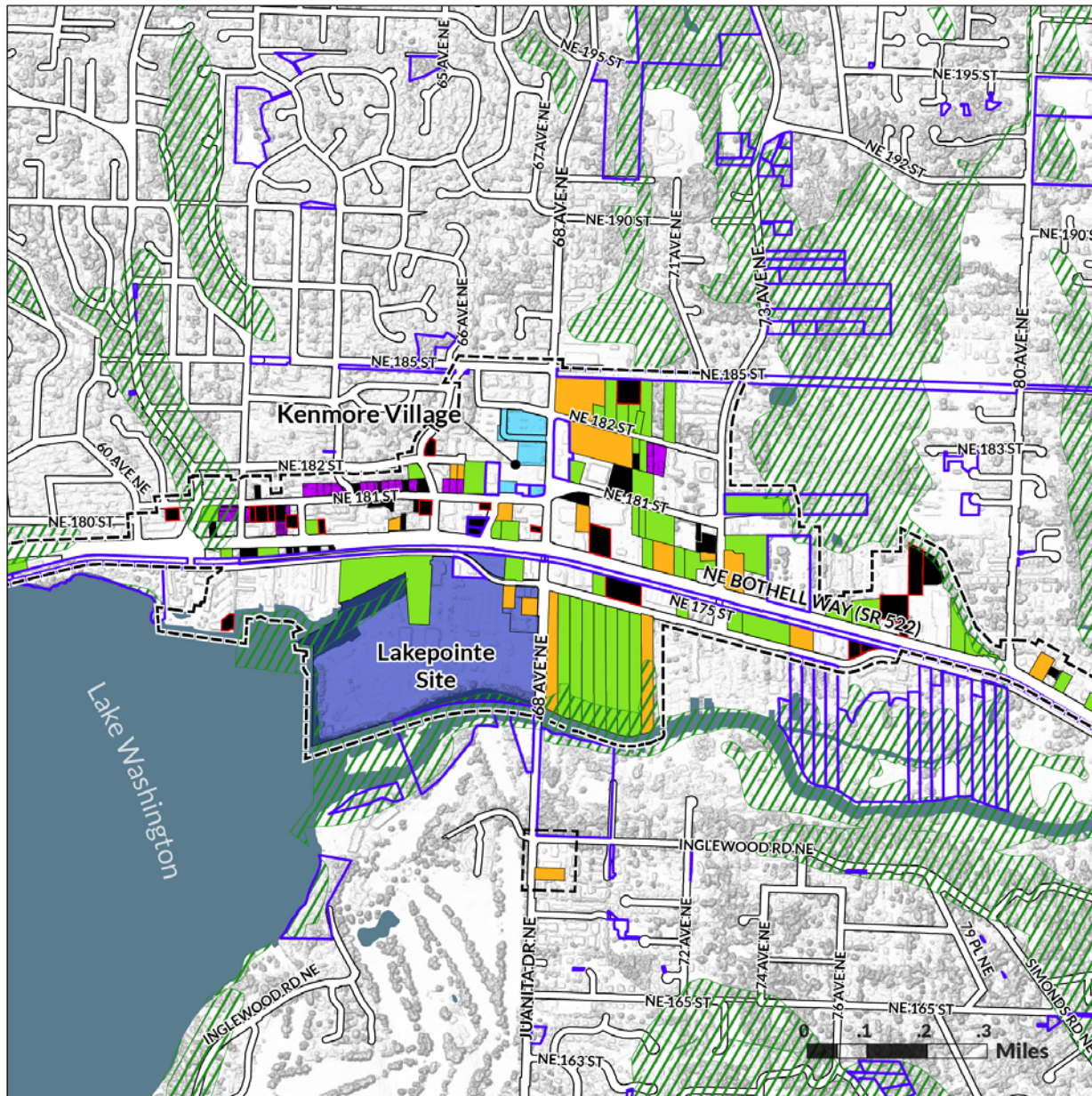
Exhibit 13. Vacant and Redevelopable Land, City of Kenmore

Exhibit 13 illustrates the results of the buildable lands analysis across the City's core commercial area and includes the City's adopted zoning designations.

City of Kenmore
Commercial Redevelopable Land Supply (DRAFT)

☐ Publicly-Owned Parcels (All)
⌐⌐⌐ Downtown Commercial & Mixed Use Zones
▨ Merged Critical Areas*

Redevelopable Lands by Type

■ Vacant ($>$.001 Impr. Value / SF)
■ Vacant, Surface Parking Lot
■ Underutilized - Tier A ($.001-$2.50 Impr. Value / SF)
■ Underutilized - Tier B ($2.50-$5.00 Impr. Value / SF)
■ Underutilized - Tier C (SFR in COM/MU/IND zones)
■ Current or Recent Construction
■ Preliminary Project Development

* Critical areas merged and mapped include: landslide hazard areas, floodways, floodplains, and mapped wetlands.

Source: Community Attributes, 2018; Kenmore, King County, 2017

Appendix

- Parcel specific adjustments and data

Kenmore EDSP Update – Appendix B: Commercial Lands Analysis

Commercial Lands Capacity Analysis – Parcel Specific Adjustments

Exhibit 14. Vacant Parcel Manuel Adjustments

Vacant parcels removed from inventory:	Reason:
3820200040	Part of ongoing Town Center development
3820200010	Part of ongoing Town Center development
6181700350	Part of ongoing Town Center development
7914000020	West parcel of Spencer 68 development
1795940000	Coventry Place condos
114100521	Heron Landing Senior Apts.
8035550000	Condos
1749940000	Copper Lantern Condos
1749950000	Copper Lantern Condos
8091750000	Condo parcel
6183000000	Condo parcel
7946300315	Housing Authority building
7946300360	City owned church parcel
7946300365	City owned church parcel
7946300350	City owned church parcel
1726000000	Compass Pointe condos
1126049133 0.716	Per Lauri - KC Pump Station (actually, Public zone, not RB)
1726000000 0.468	Per BL second look - compass Pointe condos

Exhibit 15. Other Manuel Parcel Adjustments

Other parcel adjustments:		Reason:
1126049020	moved from vacant to Pipeline	It's the CalPortland / Glacier NW asphalt works - no building improvements, but lots of fixed equipment / infrastructure - not vacant
114100955	moved from vacant to Tier A	Partially built - government facility on w. end of parcel
1126049164	Kenmore Air parcel removed from Redevelopable Tier A	Per PSRC - not assumed to convert
1126049163	Kenmore Air parcel removed from Redevelopable Tier A	Per PSRC - not assumed to convert
1126049165	Kenmore Air parcel removed from Redevelopable Tier A	Per PSRC - not assumed to convert
1126049009	North Lake Marina Parcel removed from Redevelopable Tier A	Per PSRC - not assumed to convert

Commercial Lands Capacity Analysis – Parcel Specific Adjustments

Exhibit 16. Pipeline Parcels, City of Kenmore, 2018

Parcel Number	Zone	Acreage	Project
3820200030	DC	0.904	Kenmore Village
3820200050	DC	0.26	Kenmore Village
3820200020	DC	1.1	Kenmore Village
3820200040	DC	0.221	Kenmore Village
6181700498	DC	0.247	Kenmore Village
3820200010	DC	0.337	Kenmore Village
7914000020	DR	1.899	Kenmore Village
6181700345	DC	1.157	Kenmore Village
6181700350	DC	0.77	Kenmore Village
6181700497	DC	0.57	Kenmore Village
6181700496	DC	0.42	Kenmore Village
7914000010	DR	2.35	Kenmore Village
1126049001	RB	43.983	Lakepointe

Totals by Zone	
DC	5.986
DR	4.249
RB	43.983