

## **ECONOMIC DEVELOPMENT ELEMENT**

### **INTRODUCTION**

#### **Purpose**

The purpose of the Economic Development Element is to articulate how the City of Kenmore will support local businesses, stimulate job growth, enhance broaden the City's tax base<sup>1</sup>, and improve the economic well-being of Kenmore residents. The purpose of this Element is to provide economic development policies for the City of Kenmore, as the community's economic base changes over time in response to market forces and in response to the vision of the Kenmore community.

#### **Growth Management Act**

Economic development is one of 14 statewide planning goals under the Growth Management Act (GMA). The specific goals regarding economic development are to:

- Encourage economic development throughout the state that is consistent with adopted comprehensive plans
- Promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons
- Promote the retention and expansion of existing businesses and recruitment of new businesses
- Recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.

The Economic Development Element is to establish local goals, policies, objectives, and provisions for inclusive and sustainable economic growth and vitality and a high quality of life and is to include a summary of the local economy, including strengths and challenges.

#### **VISION 2050**

The primary goal of Puget Sound Regional Council (PSRC) VISION 2050 related to the economy reads, "The region has a prospering and sustainable regional economy by supporting businesses and job creation, investing in all people and their health, sustaining environmental quality, and creating great central places, diverse communities, and high quality of life."

PSRC's Regional Growth Strategy defines roles for different types of areas in accommodating the Puget Sound region's population and employment growth. According to the Regional Growth

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<sup>1</sup> "Broaden the City's tax base" refers to expanding the scope of economic activities, properties, or individuals subject to taxation within the city. The goal is to increase the diversity and inclusivity of the tax base, ensuring a larger portion of the population or economic transactions contributes to government revenue. It is also seen as a way to enhance fiscal sustainability and reduce the reliance on a narrow segment of taxpayers.

Strategy, it is assumed that 65 percent of the region’s population growth and 75 percent of the region’s job growth will locate within regional growth centers and near high-capacity transit.

VISION 2050 has seven economic policy objectives, each of which are targeted toward customizing local economic policies and strategies that further regional and local economic development goals. These policy objectives are:

- Identify and enhance industry clusters, including those recognized in the Regional Economic Strategy that provide goods and services for export
- Focus retention and recruitment efforts and activities to foster a positive business climate and diversify employment opportunities by specifically targeting:
  - Businesses that provide living wage jobs;
  - Local, women, and minority-owned businesses and start-up companies;
  - Established and emerging industries, technologies, and services that promote environmental sustainability, especially those addressing climate change and resilience.
- Promote strategies and policies that expand access to opportunity and remove barriers for economically disconnected communities.
- Address and prevent potential physical, economic, and cultural displacement of existing businesses that may result from redevelopment and market pressure.
- Develop a range of employment opportunities to create a closer balance between jobs and housing, reducing commute times, traffic congestion, air emissions and other vehicle related emissions, and improving physical and mental health and community strength.
- Promote environmental and socially responsible business practices, especially those addressing climate change, resilience, and improved health outcomes.
- Support, recognize, and empower the contributions of the region’s culturally and ethnically diverse communities, institutions, and Native Tribes.

Kenmore is identified as a High Capacity Transit (HCT) community in PSRC’s VISION 2050 plan. HCT’s are cities and urban incorporated areas with planned high-capacity transit investments that will allow these jurisdictions to accommodate a larger share of future growth, including both housing and employment. In addition, several areas within King County are identified as Regional Growth Centers (RGC). As of 2024, Downtown Kenmore is a Candidate Countywide RGC, with consideration for full designation through the 2025-26 biennium.

### **Countywide Planning Policies**

The King County Countywide Planning Policies include many related to economic development. Policy *concepts* that support strong and vibrant local communities are summarized below:

- Make local investments to maintain and expand infrastructure and public services, promote education, and protect the environment in a way that contributes to the economic sustainability of the County.
- Coordinate local economic policies and strategies with VISION 2050 and the Regional Economic Strategy.
- Support economic growth that accommodates employment growth targets.

- Support industry clusters and their related subclusters that are integral components of the Regional Economic Strategy and King County’s economy.
- Evaluate the performance of economic development policies and strategies in business development and middle wage job creation.

Topics that should be addressed include:

- Business Development: Strengthen, expand, and diversify the economy through creation, retention, expansion, and recruitment of businesses.
- Diversity, Equity, Inclusion, and Accessibility: Create and support a community and economy that are inclusive and welcoming to all.
- Support of the regional food economy: Support improving access to affordable and culturally relevant food options within the local community.
- Environmental Protection: Promote the natural environment as an economic value and work to improve access and restoring the natural environment, as well as encourage private, public, and nonprofit organizations to incorporate environmental stewardship and social responsibility.
- Human resources – Create an economy that provides opportunities for all, particularly for economically disadvantaged residents and neighborhoods. Improve cultural diversity, job training and education.
- Direct governmental actions – Inventory, plan for, and monitor land supply and development capacity, and maintain and improve infrastructure and simplify permitting processes.
- Private/public partnerships – Foster partnerships to implement economic development policies, programs, and projects.

## **CITY OF KENMORE ECONOMIC DEVELOPMENT STRATEGY AND APPROACH**

### Economic Development Strategy (2018)

In 2018, the City hired a consulting firm, Community Attributes, to update the original Economic Development Strategy (2009). Through an extensive analysis, the development of a market profile update, an updated commercial buildable lands assessment, and a robust public engagement process with local business and stakeholders across the Kenmore community, several goals, strategies, and actions were developed aimed at diversifying, growing, and sustaining Kenmore’s economy.

The six goals include:

- Promote & Differentiate Kenmore’s Image
- Grow New & Existing Businesses & Target Sectors
- Enable High-Quality Retail, Office, & Mixed-Use Development
- Leverage Placemaking<sup>2</sup> & Livability for Economic Development
- Expand Connectivity, Access to the Waterfront & Multi-Modal Transportation

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<sup>2</sup> Placemaking is defined as the process of creating quality places that people want to live, work, play and learn in.

- Highlight Kenmore’s Welcoming Business Climate

### Economic Development Approach

Using the 2018 Economic Development Strategy as a guide, the City developed an Economic Development Approach that is guiding Kenmore’s economic development work.

#### **Be a Well-Run City**

We believe that the best thing we can do to promote economic development in Kenmore is to ensure we are a well-run city. This means that our city employees are approachable and accessible so that our community has positive experiences in dealing with the city. It also means that we provide well-maintained roads and parks, a walkable downtown core that is both safe and clean, well-planned zoning and housing options, easy-to-navigate permitting and registration processes, and care for our ecosystems, all of which create an environment where it is easier for businesses to thrive.

#### **Seize Strategic Opportunities**

We believe in taking matters into our own hands in order to make things happen. We embraced this part of our strategy in the last biennium by purchasing the Bench and Holt properties and utilizing the Shell property for an affordable housing development. We need to continue to be a city that moves boldly to ensure we are well positioned and prepared for the future by seizing opportunities that make an impact.

#### **Focus on Key Partnerships**

We believe it is critically important to engage with and support our city’s key institutions. This includes our largest employers, businesses, and service providers and the Kenmore Business Alliance, the city’s bridge to our numerous and treasured small businesses. We are deeply invested in the long-term success of our businesses and institutions, and we want to maintain strong partnerships with them.

## **EXISTING CONDITIONS**

The following is a summary of Kenmore’s existing economic conditions based on information obtained from the various regional, state, and federal data sources. Where available, the most recent data from these sources was used.

### **Population and Socio-Economic Characteristics**

The City of Kenmore has an estimated population of 24,448 (September 2023), an increase of 3,078, or approximately 14 percent since the last Comprehensive Plan update in 2014. Table ED-1 below shows the population profile.

**Table ED-1, Population Profile, 2023**

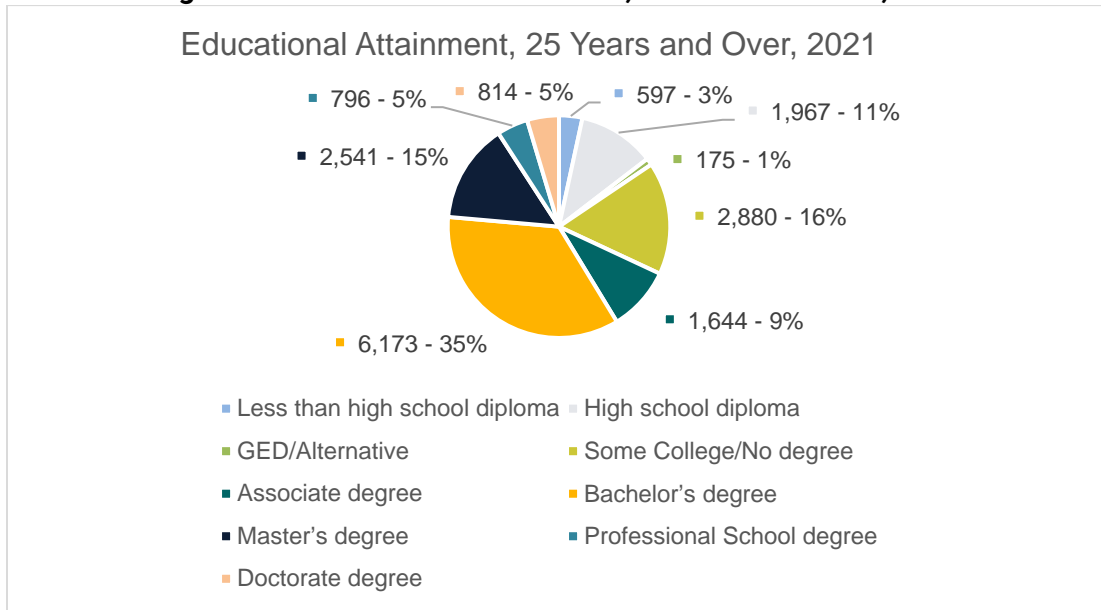
Population	24,448
Households	9,505
Median Age	41.3
Median Male Age	40.6
Median Female Age	42.1

Source: Data Axle, Inc., Esri Community Analyst, 2023.

**Educational Attainment & Income**

Approximately 67 percent of residents over the age of 25 have earned an associate degree or higher educational attainment. For comparison, about 64 percent of the population over 25 in King County have earned an associate degree. Figure ED-2 shows estimated educational attainment for Kenmore residents aged 25 or older.

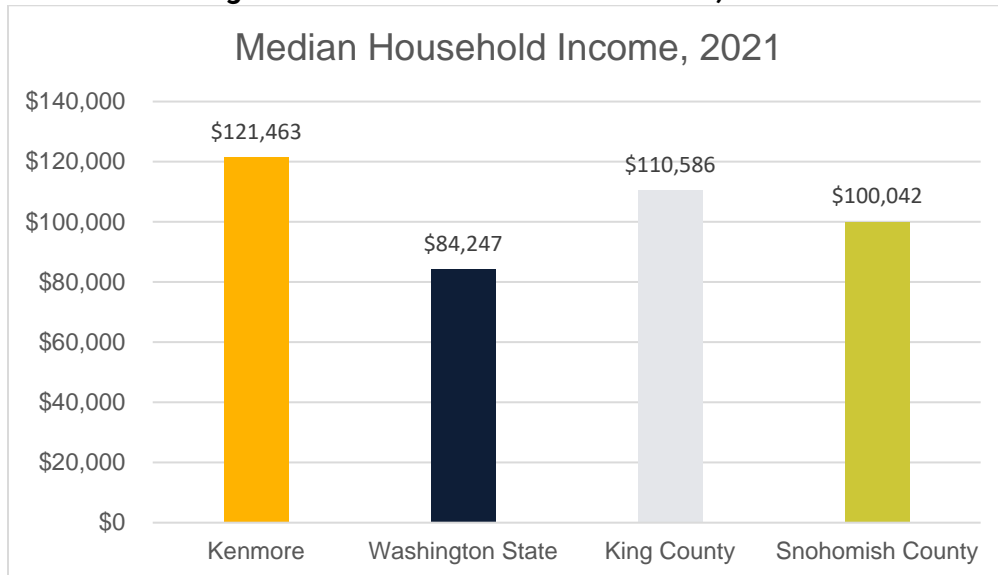
**Figure ED-2 Educational Attainment, 25 Years and Over, 2021**



Source: US Census American Community Survey, 5-year, 2017-2021

The Kenmore area has a median household income level estimated to be \$121,463 in 2021, compared to approximately \$110,586 for King County and \$100,042 in Snohomish County. Figure ED-3 shows estimated median household incomes in Kenmore, King and Snohomish counties, and Washington state.

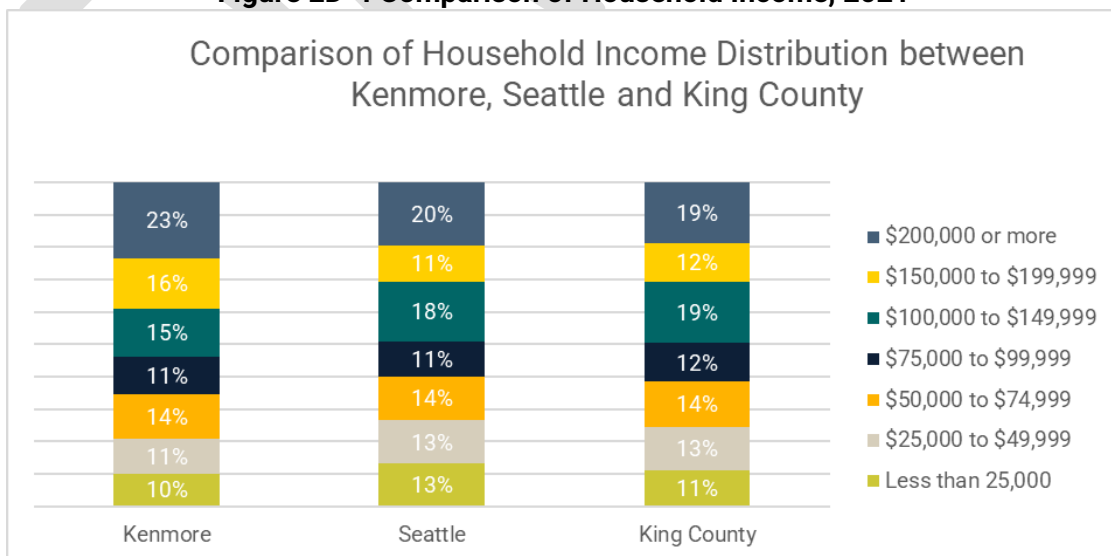
**Figure ED-3 Median Household Income, 2021**



Source: US Census American Community Survey, 2021

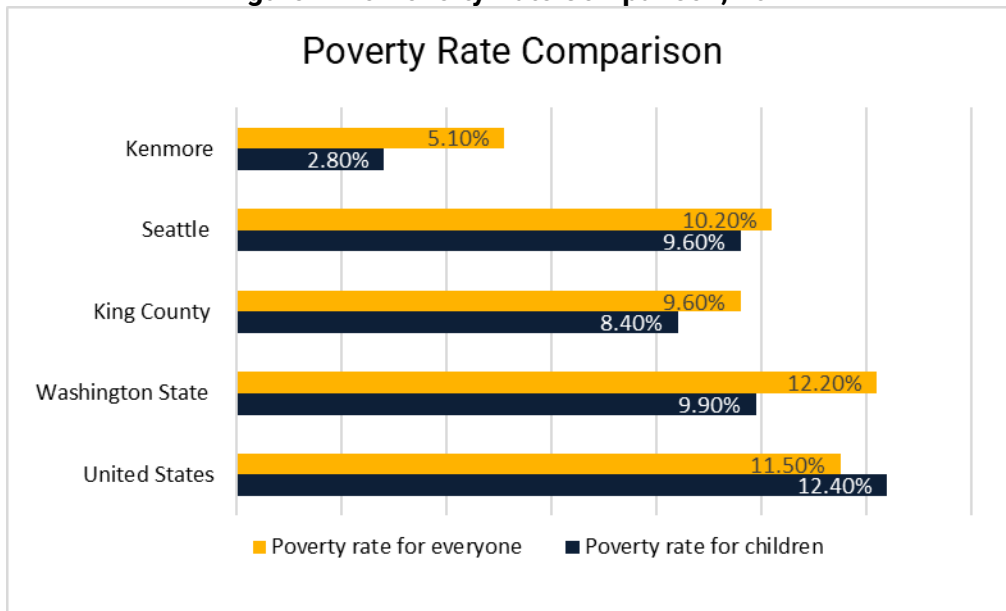
Approximately 6.1 percent of the population for whom poverty status is determined in Kenmore (1,425 out of 23,472 people) live below the poverty level, which is lower than the national average of 12.8 percent. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who classifies as impoverished. If a family’s income is less than the family’s threshold, then the family and every individual in it is considered to be living in poverty. Figure ED-4 shows the comparison of household income for Kenmore with Seattle and all of King County while ED-5 illustrates the poverty rate for children and adults in these areas.

**Figure ED-4 Comparison of Household Income, 2021**



Source: Source: PSRC, 2021

Figure ED-5 Poverty Rate Comparison, 2021



Source: PSRC, 2021

### Housing Economic Profile

There are an estimated 9,623 total housing units in Kenmore. Of these, approximately 6,445 (67 percent) are owner-occupied, 2,765 (29 percent) are renter-occupied, and 357 (4 percent) are vacant. The median value of owner-occupied units is \$948,000, with median gross rent of \$1,704. The average household size in Kenmore, as reported in the 2020 Census, is 2.53. Table ED-6 shows the housing profile for Kenmore.

Table ED-6 Housing Profile<sup>3</sup>

Total Housing Units	9,623
Average Household Size	2.53
Owner-occupied units	6,445
Renter-occupied units	2,765
Vacant units	357
Median Value (Owner-occupied)	\$948,000
Median gross rent (per month)	\$1,704

Source: U.S. Census, American Community Survey, 5-year, 2017-2021

### Housing Affordability

Housing affordability in a community is a large factor in a community's success. When households spend more than 30% of their income on housing, they are cost burdened and struggle to afford other necessities. Households are severely cost burdened when they pay more than 50% of their income on housing. Cost burden is only one measure for understanding affordability in Kenmore.

<sup>3</sup> Housing profile numbers as estimates based on U.S. Census data. There is a margin of error factor. Therefore, total housing units may not be exact.

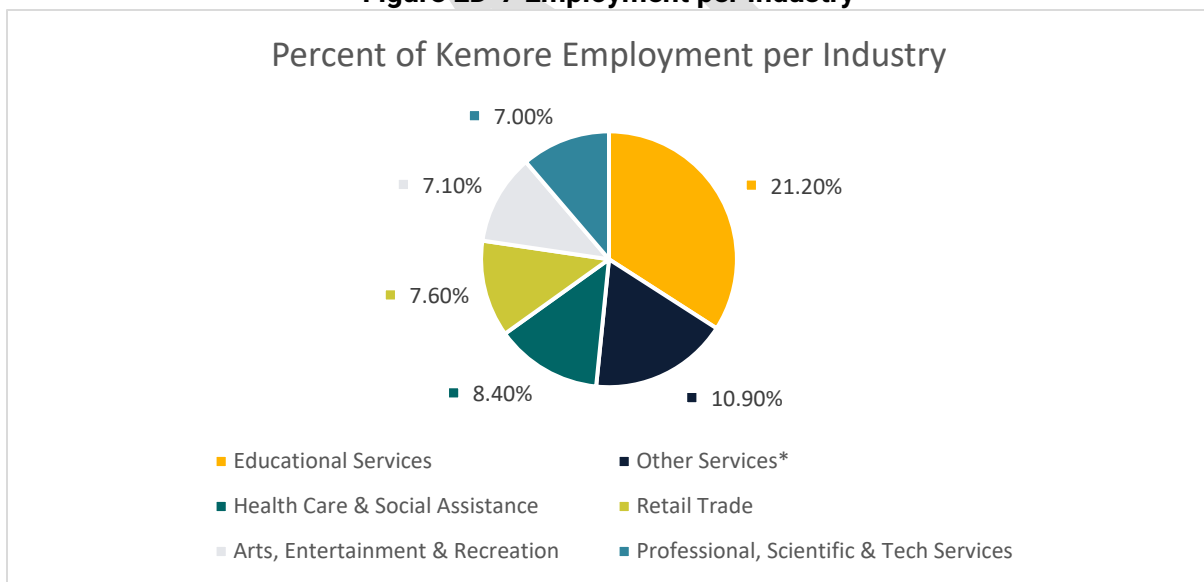
The City of Kenmore has an estimated population of 21,370 (as of April 1, 2014), an increase of 2,692, or approximately 14 percent, since 2000. The City of Kenmore is projected to grow by an additional 7,103 persons by 2035, to a total of 28,473 persons. This translates to a population increase of more than 33% over the 21 years between 2014 and 2035.

**Employment**

As of September 2023, there are approximately 4,583 employees within Kenmore. 21.2 percent of the working population in Kenmore is employed in Educational Services, making it the largest employment sector in the city. The next five largest employment sectors are Other Services\* (10.9 percent), Health Care & Social Assistance (8.4 percent), Retail Trade (7.6 percent), Arts, Entertainment & Recreation (7.1 percent), and Professional, Scientific & Tech Services (7.0 percent).

According to WA State Department of Revenue, there are 1,198 businesses operating in Kenmore (September 2023). Of these businesses, 66% are home-based. Table ED-7 illustrates the percentages of employment per industry.

**Figure ED-7 Employment per Industry**



Source: WA Department of Revenue

(\*Other Services (except Public Administration) NAICS 81 – Activities providing services not elsewhere specified, including repairs, religious activities, grantmaking, advocacy, laundry, personal care, death care, and other personal services.

Table ED-8 shows covered employment data for Kenmore. Table ED-9 shows the top 5 employers in Kenmore.



**Table ED-8, Covered Employment by Industry, Kenmore**

<b>by NAICS Codes</b>	<b>Employees</b>	
	<b>Number</b>	<b>Percent</b>
Agriculture, Forestry, Fishing & Hunting	0	0.0%
Mining	0	0.0%
Utilities	0	0.0%
Construction	303	6.6%
Manufacturing	136	3.0%
Wholesale Trade	152	3.3%
Retail Trade	348	7.6%
Motor Vehicle & Parts Dealers	62	1.4%
Furniture & Home Furnishings Stores	7	0.2%
Electronics & Appliance Stores	10	0.2%
Building Material & Garden Equipment & Supplies Dealers	32	0.7%
Food & Beverage Stores	30	0.7%
Health & Personal Care Stores	85	1.9%
Gasoline Stations & Fuel Dealers	16	0.3%
Clothing, Clothing Accessories, Shoe and Jewelry Stores	3	0.1%
Sporting Goods, Hobby, Book, & Music Stores	75	1.6%
General Merchandise Stores	28	0.6%
Transportation & Warehousing	239	5.2%
Information	90	2.0%
Finance & Insurance	94	2.1%
Central Bank/Credit Intermediation & Related Activities	67	1.5%
Securities & Commodity Contracts	8	0.2%
Funds, Trusts & Other Financial Vehicles	19	0.4%
Real Estate, Rental & Leasing	91	2.0%
Professional, Scientific & Tech Services	319	7.0%
Legal Services	53	1.2%
Management of Companies & Enterprises	3	0.1%
Administrative, Support & Waste Management Services	152	3.3%
Educational Services	970	21.2%
Health Care & Social Assistance	383	8.4%
Arts, Entertainment & Recreation	325	7.1%
Accommodation & Food Services	304	6.6%
Accommodation	18	0.4%
Food Services & Drinking Places	286	6.2%
Other Services (except Public Administration)	498	10.9%
Automotive Repair & Maintenance	63	1.4%
Public Administration	135	2.9%
Unclassified Establishments	41	0.9%
<b>Total</b>	<b>4,583</b>	<b>100.0%</b>

Source: Data Axle, Inc., Esri Community Analyst, 2023.

**Table ED-9, Largest Employers in Kenmore**

Bastyr University
The Lodge at St. Edward Park
Safeway, Inc.
Kenmore Air Express/Kenmore Air Harbor <sup>4</sup>
Inglewood Golf Club

Source: WA State Dept. of Revenue, City of Kenmore 2023

According to U.S. Census data, only 2 percent of working Kenmore residents are employed inside the City. Figure ED-10 shows the inflow/outflow of Kenmore residents and non-residents, as well as the residents who live and work in Kenmore. There are over 3.5 times as many residents working outside the city for employment versus those coming into the City. This indicates the limited availability of jobs in the city and residents work in job sectors that Kenmore does not offer (i.e., education and services instead of high-tech, financial). Kenmore still serves largely as a bedroom community for surrounding employment centers.

**Figure ED-10: Inflow/Outflow of Workers**



Source: U.S. Census On the Map, 2021

**Employment by Industry Sector**

Kenmore residents are employed in a variety of industries. Over 25 percent of the population is employed in professional, scientific, management, and administrative services, making it the largest employment sector. In 2021, the median annual earnings for this sector were \$93,247. The next largest employment sectors are educational services (21 percent), other services

<sup>4</sup> Kenmore Air Express is the commercial air service business operating out of Kenmore. Kenmore Air Harbor is the maintenance and aircraft operations of the seaplane base in Kenmore. Together, these two businesses operate side-by-side at the Kenmore base.

(including repairs, religious activities, grantmaking, advocacy, laundry, personal care, death care, and other personal services (10.9 percent), and health care and social assistance (8.4 percent). In 2021, the median earnings for these sectors range between \$63,210 and \$112,102 annually. Table ED-11 shows estimated full-time, year-round employees by industry sector in Kenmore.

**Table ED-11 Employment by Industry Sector, 2021**

Industry Sector	Count	Share	Median Earnings*
Full-time, year-round civilian employed population 16 years and over	9,486	100%	\$68,917
<b>Agriculture, forestry, fishing, hunting, and mining:</b>	<b>0</b>	<b>0</b>	<b>-</b>
Construction	565	5.9%	\$66,397
Manufacturing	926	9.7%	\$112,102
Wholesale Trade	353	3.7%	\$78,529
Retail Trade	928	9.7%	\$47,180
<b>Transportation and warehousing, and utilities:</b>	<b>220</b>	<b>2.3%</b>	<b>\$62,313</b>
Transportation and warehousing	146	1.5%	\$48,646
Utilities	74	.07%	\$123,750
<b>Information</b>	<b>325</b>	<b>3.4%</b>	<b>\$133,889</b>
<b>Finance and insurance, and real estate and rental and leasing:</b>	<b>805</b>	<b>8.4%</b>	<b>\$71,750</b>
Finance and insurance	496	5.2%	\$99,261
Real estate and rental and leasing	309	3.2%	\$60,747
<b>Professional, scientific, and management, and administrative and waste management services</b>	<b>2,396</b>	<b>25.2%</b>	<b>\$93,247</b>
Professional, scientific, and technical services	1,923	20.2%	\$101,979
Management of companies and enterprises	105	1.1%	\$109,306
Administrative and support and waste management services	368	3.8%	\$45,625
<b>Educational services, and health care and social assistance:</b>	<b>1,997</b>	<b>21.0%</b>	<b>\$63,210</b>
Educational services	792	8.3%	\$70,278
<b>Health care and social assistance</b>	<b>1,205</b>	<b>12.7%</b>	<b>\$58,423</b>
<b>Arts, entertainment, and recreation, and accommodation and food services</b>	<b>497</b>	<b>5.2%</b>	<b>\$43,013</b>
Arts, entertainment, and recreation	182	1.9%	\$59,375
Accommodation and food services	315	3.3%	\$31,989
<b>Other services, except public administration</b>	<b>215</b>	<b>2.2%</b>	<b>\$25,875</b>
<b>Public administration</b>	<b>259</b>	<b>2.7%</b>	<b>\$75,192</b>

Sources:

US Census American Community Survey, 2021

<https://data.census.gov/table?q=industry&g=160XX00US5335170&tid=ACST5Y2021.S2404>

<https://data.census.gov/table?q=earnings+by+industry&g=160XX00US5335170>

### Employment Capacity

The affordability of commercial space and housing within the region contributes to whether the local economy has the potential to slow or grow in upcoming years. As increasing housing costs play a major role in housing affordability, so does the cost of commercial and industrial real estate. As real estate costs rise, this may negatively impact the potential of business creation and the retention of existing business. Higher rents may price out existing businesses, make expansions of existing businesses cost-prohibitive, or displace existing businesses as commercial areas redevelop.

Monitoring commercial space availability and development capacity may ensure that zoning and other development regulations create a balanced and sustainable economic development approach. Table ED-12 below summarizes the 2021 King County buildable lands analysis of commercial and industrial lands in Kenmore, as well as the capacity to accommodate jobs in those categories in the city. The table includes a summary of land supply and employment capacity by vacant and underutilized parcels. Also included is a summary of capacity within lands categorized as Pipeline (lands within project planned or underway) as of 2021.

Estimating commercial/industrial land supply and job capacity determines if the city has enough land inventory (availability) in these land use categories, as well as the capacity to accommodate employment (jobs) in these categories.

**Table ED-12 Commercial / Industrial Land Supply and Job Capacity**

Land Supply	Gross Area (acres)	Critical Areas (acres)	ROW (acres)	Public Purpose (acres)	Initial Land Supply	Market Factor	Buildable Lands (acres)
<b>Vacant/Redev.</b>							
Commercial	0	0	0	0	0	0%	0
Mixed Use	131.4	17.4	8.0	16.0	90.1	0% - 10%	87.5
Industrial	0	0	0	0	0	0%	0
<b>Non-Res Land Total</b>	<b>131.4</b>	<b>17.4</b>	<b>8.0</b>	<b>16.0</b>	<b>90.1</b>		<b>87.5</b>

Job Capacity by Land Use	Net Buildable Area (mil.sq.ft.)	Assumed Density Range (FAR)	Existing Floor Area (million sq. ft.)	Floor Area Capacity (mil.sq.ft.)	Sq.ft. per job	Job Capacity
<b>Commercial</b>						
Vacant	0	0	0	0	0	0
Redevelopable	0	0	0	0	0	0
<b>Commercial Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Mixed-Use</b>						
Vacant	0.48	0.16 / 1.50	0	0.19	300 / 400	623
Redevelopable	3.33	0.16 / 1.50	0.26	0.97	300 / 400	3,239
<b>Mixed-Use Total</b>	<b>3.81</b>	<b>0.16 / 1.50</b>	<b>0.26</b>	<b>1.16</b>	<b>300 / 400</b>	<b>3,862</b>

<b>Industrial</b>						
Vacant	0	0	0	0	0	0
Redevelopable	0	0	0	0	0	0
<b>Industrial Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>City Total</b>						
Commercial	0	0	0.69	0	0	0
Mixed Use	3.81	0.16 / 1.50	0.91	1.16	300 / 400	3,862
Industrial	0	0	0.26	0	0	0
<i>Job Capacity in Pipeline</i>						19
<b>City Total</b>	<b>3.81</b>	<b>1.50</b>	<b>1.86</b>	<b>1.16</b>	<b>0 / 400</b>	<b>3,881</b>

Source: King County Urban Growth Capacity Report, June 2021

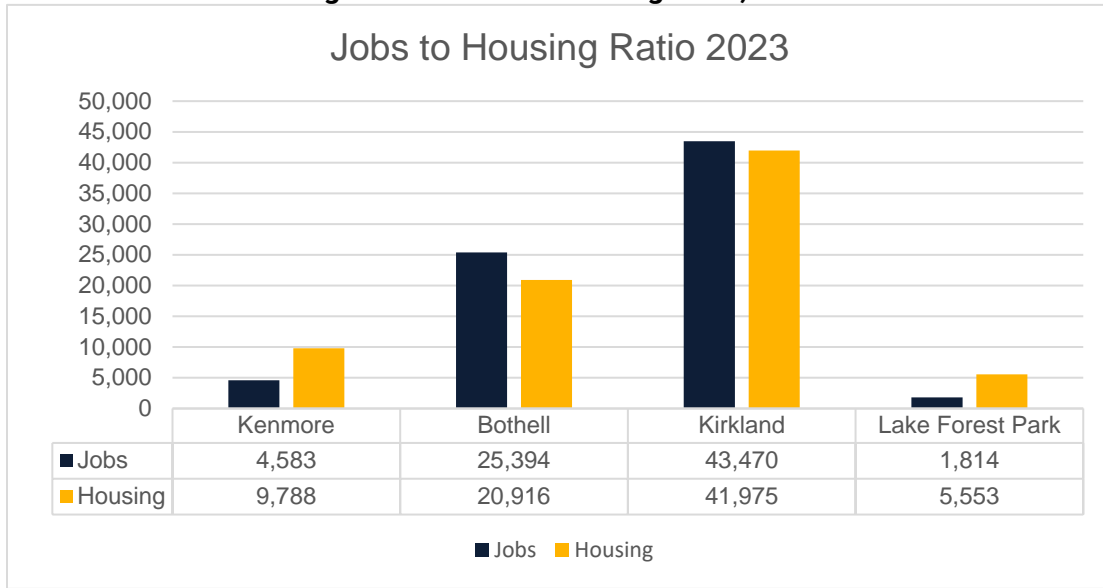
Jobs/Housing Ratio

A jobs/housing ratio is a measure of the amount of employment compared to the amount of housing in a specific geographic area. By monitoring this metric, this allows the City to plan for and improve geographic distribution of housing and employment opportunities in the community. Generally, a low jobs/housing ratio indicates that a community is housing-rich and may be classified as a “bedroom community,” while a high jobs/housing ratio indicates that the community is an employment center. The target is balance of jobs and housing, while also considering that the housing available in the community is affordable to workers at different income levels.

Kenmore, with approximately 4,583 jobs and 9,623 housing units, has a 1:2 jobs to housing ratio, which is a little less than half the number of jobs per housing units available. Figure ED-13 shows the jobs/housing ratio for Kenmore, as well as other nearby jurisdictions and King County for comparison. For comparison, Bothell has slightly more jobs than housing, Kirkland has an almost equal balance of jobs and housing, and Lake Forest Park has significantly more housing than jobs by a 3:1 margin.

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**Figure ED-13 Jobs/Housing Ratio, 2023**



Source: Data Axle Inc, ESRI Community Analyst, 2023

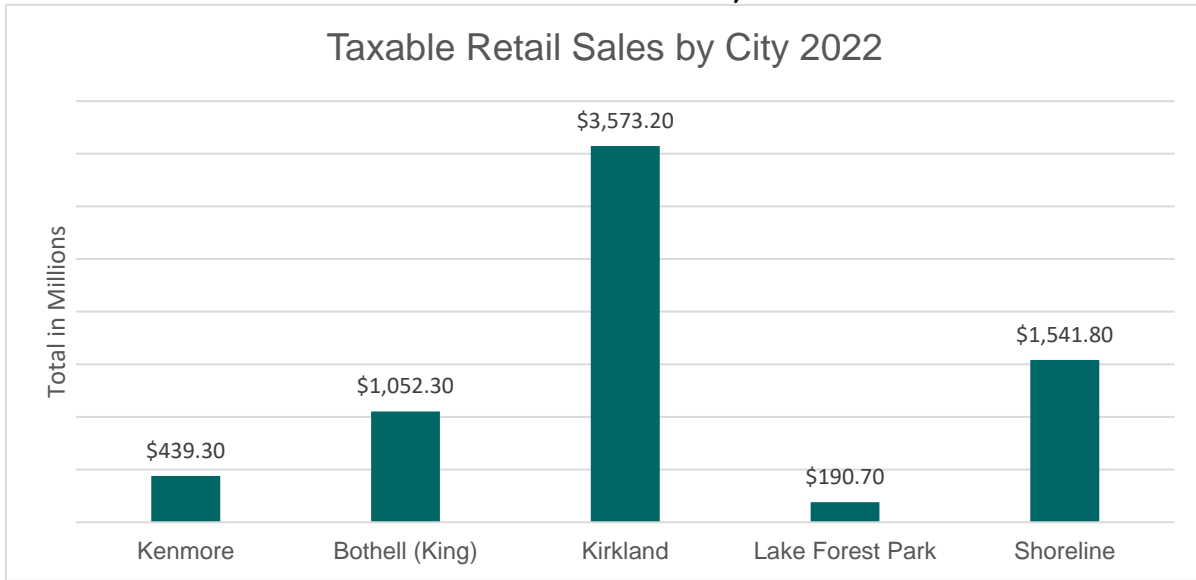
**Employment Growth Target**

The King County Countywide Planning Policies (CPPS) establish growth targets for all jurisdictions within King County. The CPPs were most recently amended in 2023, updating the growth targets for cities and towns throughout the County. The updated growth targets extend the planning horizon through 2044. Kenmore’s current employment is 4,583 with a growth target of 3,200 net new jobs by 2044.

**Taxable Retail Sales**

The reported taxable retail sales in Kenmore as reported in 2022 was \$439.9 million, which was a 10% change from the prior year (\$399,401,715). Table ED-14 shows the taxable retail sales of Kenmore compared to other nearby cities. Table ED-15 shows the taxable retail sales within Kenmore by category. Per WA State Revenue, this includes sales by other methods including online, phone, and retailers by mail.

**Table ED-14 Taxable Retail Sales, 2022 Annual**



Source: WA Department of Revenue

**Table ED-15 Select Taxable Retail Sales in Kenmore, 2022 Annual**



Source: WA Department of Revenue

## **FUTURE TRENDS**

Kenmore, particularly in the four quadrants of Downtown, is expected to capture additional economic growth. As a designated “High Capacity Transit (HCT)” community<sup>5</sup> with good access to the regional transportation network, Kenmore is targeted for both residential and employment growth as part of the Regional Growth Strategy. As a HCT, Kenmore is viewed as an important subregional job, service, cultural, and housing center. The Downtown area will capture a share of City-wide development based on several key characteristics:

- Central location, convenient to job centers and job growth in northeast King County.
- Location on major highways/arterials. Travelers can get to or from Kenmore without traveling on a toll road.
- Location on Lake Washington and the Sammamish River.
- Variety of existing commercial development types and the potential for redevelopment.
- Presence of Bastyr University, a leader in natural health sciences.

More details about the Downtown area are discussed in the Downtown Element.

### **Retail Demand**

Taxable retail sales have remained steady in Kenmore. Restaurants, groceries, and until recently, autos and parts, made-up the largest share of retail spending. With the departure of James G. Murphy Co. in 2022, this auto sales and parts sales category dramatically decreased. Kenmore retail largely serves a local market area. Even within this area, the city retail captures only a small share of resident expenditures.

The retail inventory in the city consists of a mix of highway-oriented development and some stand-alone facilities. The largest concentrations are Kenmore Square and surrounding development, Safeway and surrounding development, and Kenmore Village and surrounding development.

The City of Kenmore has the potential to provide retail goods and services for an area beyond its own boundaries. The projected market area for Kenmore lies within an approximate 3-mile radius around the Downtown, and the boundaries are further described in the Downtown Element.

Particularly in the four downtown quadrants there are opportunities for both rehabilitation of existing retail and new retail development opportunities that serve both local and regional needs. Providing opportunities to access small, local neighborhood retail is also a consideration for serving local needs.

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<sup>5</sup> ‘High Capacity Transit’ means transit service that functions to carry high volumes of passengers quickly and efficiently, preferably on exclusive or semi-exclusive rights-of-way, such as bus rapid transit, light rail, commuter rail, and passenger only ferries. In the case of Kenmore, SR-522 (Bothell Way) is defined as a high capacity transit corridor. ‘High Capacity Transit community,’ as defined under PSRC’s VISION 2050, is a regional geography that refers to cities and unincorporated areas that are connected to the regional high-capacity transit system.



While there is some limited potential for retail expansion in Kenmore, the long-term projection is declining retail sales at traditional brick and mortar retailers and a continuing trend in online retail. According to McKinsey & Company, a global management consulting company, the share of traditional retail is set to decline from 85 percent at present to 65-70 percent in the next 4 to 5 years.

### **Office Demand**

The Kenmore office market is quite small in comparison to the region. Kenmore's ability to capture regional and national serving office users depends on its competitive position. Office concentrations in Bothell, Lynnwood, and Kirkland are all located on major interstate highways. While Kenmore does not offer the same level of highway access and visibility, Kenmore does have an opportunity to capitalize on its waterfront setting.

Since about 60 percent of Kenmore businesses with a Kenmore Business Registration are home-based businesses (as of 2023), there may be an upcoming need and demand for smaller-scale office development as these businesses mature. Buildings that accommodate live-work or coworking spaces may be more suitable for Kenmore's business environment rather than the traditional Class A or B office space that is commanded in large job centers. However, because of the lack of available coworking space in Kenmore, businesses are forced to look outside the city.

Telecommuting is a trend that has rapidly increased since the COVID-19 pandemic. This has created high retail and office vacancy rates in many prime locations outside of Kenmore. The current trend and long-term projections are conversions of excess office space to residential. While Kenmore may not be largely affected by this trend, it will still have an overall impact on office space availability and rents.

### **Clean Light Manufacturing Demand**

Clean light manufacturing generally includes advanced manufacturing (including information technology) and urban and/or artisanal manufacturing (including breweries and specialty food manufacturers, for example). Both types of light manufacturing, particularly small growing businesses and start-ups, do not need large spaces and are looking for inexpensive rent. Kenmore has a few properties that fit this description and is a lower cost location than other options, regionally. As an emerging business type, there may be the potential for future growth of green businesses in Kenmore.

In addition to clean light manufacturing, supporting local businesses and fostering business opportunities to advance climate mitigation and resilience are important long-term objectives of the City. The Climate Action Element has goals and policies related to supporting a resilient and green local economy.

### **STRENGTHS, CHALLENGES, OPPORTUNITES & THREATS (SCOT)**

The city of Kenmore, with its ideal location at the top of Lake Washington along a heavily travelled corridor between Seattle and the Eastside, has a lot of opportunity for commercial growth. With these opportunities, there are certainly challenges as well. This section briefly describes the strengths, challenges, opportunities, and threats, otherwise known as a SCOT analysis. This section also summarizes responses from business and stakeholder interviews conducted during development of the 2018 Economic Development Strategy.

## **Strengths**

Kenmore has several assets that can be leveraged to establish its identity and promote the community for increased investment and employment.

### *Location*

Kenmore's location on 522 roughly halfway between the Eastside and downtown Seattle, as well as its location on the north end of Lake Washington, are significant assets to attracting new residents and businesses alike.

### *Pleasant Residential Neighborhoods*

Kenmore has many excellent neighborhoods, each with its own identity and character, which add to the uniqueness of the community and improved quality of life.

### *Excellent School District*

The Northshore School District is one of the top public school districts in the region.

### *Burke Gilman Trail*

The Burke Gilman Trail is a 19-mile multi-purpose trail that runs from Bothell to Shilshole Bay in Seattle. The trail is part of a 27-mile trail that includes the Sammamish River Trail running from Bothell to Marymoor Park in Redmond. The Kenmore portion of the Burke Gilman Trail is approximately 2.4 miles.

### *Kenmore's Air Harbor*

Founded in 1946, Kenmore's Air Harbor continues to be a unique and vital asset to the city's history and economic vitality. With an average 20 single-engine seaplane fleet, it is America's largest seaplane harbor with air service provided daily to downtown Seattle, the San Juan Islands, and Canada. Along with passenger services, the Air Harbor also provides seaplane restoration and maintenance services. The Air Harbor also provides space for approximately 25 private seaplanes. During the peak summer months of July and August, the Air Harbor employs approximately 250 people.

More information about Kenmore's Air Harbor is provided in the Land Use Element.

### *Bastyr University*

Kenmore is home to Bastyr University, the premier university in naturopathic medicine in the United States, with campuses in Kenmore and San Diego, California. The 51-acre Kenmore campus is located adjacent to St. Edwards State Park and It is known for its focus on natural health arts and sciences, particularly in the areas of naturopathic medicine, acupuncture, herbal medicine, nutrition, and holistic health. Not only does Bastyr offer in-person, full-time programs, but also offers online degrees and continuing and community education programs. Bastyr has a total student body of approximately 742 students between both campuses and employs over 600 employees.

### *Strong Local Business Presence*

Kenmore is home to many locally owned businesses, both large and small. In fact, over 60-percent of Kenmore businesses are home-based.

## Challenges

### *SR-522 Traffic*

The pass-through traffic on SR-522 (Bothell Way) is a major east-west thoroughfare that is a significant barrier to pedestrians as well as limiting the potential for and type of development along the highway.

### *Competition with Neighboring Cities*

The local economy is considered small relative to its population base. Several of Kenmore's neighboring cities have strong regional retail and employment centers, including Lynnwood, Bothell, and Kirkland.

### *Lack of Large-Scale Commercial/Office Space*

Compared with neighboring cities, Kenmore has less current and available commercial and office space. This makes it more challenging for businesses to expand or locate in the city.

## Opportunities

### *Excellent Transportation Connections*

SR-522 (Bothell Way) is a major east-west arterial that provides excellent connection to Interstate 5 to the west and Interstate 405 to the east. The highway also acts as a major transit corridor for both local (King County Metro) and regional (Sound Transit) bus service. The addition of the S3 Stride Line, a new bus rapid transit line that will connect I-405 and Link Like Rail in Shoreline, will provide residents and employees additional transit options, while also expanding access and opportunities to economically disadvantaged residents. Also, continuing to pursue the King County Water Taxi as a viable transportation alternative would bring added economic benefits to downtown Kenmore.

### *Expanding the Downtown Core*

Downtown Kenmore has been slowly redeveloping and redefining itself as the new community shopping and gathering place. Along with city investments for a new town square and several new privately initiated housing developments, there is a lot of opportunity for continued growth.

### *Promotion of Kenmore as a Unique Lakeside City*

Kenmore is uniquely situated at the north end of Lake Washington. This location, and the benefits of lakeside access, provides not only a dramatic view but also several economic development opportunities.

### *Lakepointe Development*

Lakepointe is a 'once in a lifetime' opportunity to create a lasting legacy for residents, business and visitors.

## Threats

### *Climate Change*

Climate change has the potential to have many negative effects on the economy, many of which may be out of the control of local government. Business establishment and success, as well as customer spending patterns, may be affected. Kenmore could, however, take steps to improve and market climate mitigation and adaptation strategies in the Climate Action Plan to attract businesses and shoppers.

### *Economic Uncertainty*

Uncertainty in regional, national, and global economies plays a role in what happens to local economies. Inflation, supply chain and labor shortages, transportation costs, and stock market volatility are unknowns that may impact the region in the future. While many of these market forces are uncontrollable, the City can develop policies to prepare for any negative swings and prepare for and respond to changing economic conditions.

### *Housing Affordability*

Regional and local housing plays a role in economic success and growth in the community. Housing affordability can impact housing rents and home costs, which may impact the availability and creation of workforce jobs. The City can monitor existing housing trends and home prices, as well as make changes to housing policies, if needed, to ensure an adequate supply of affordable housing in Kenmore.

### *Commercial Affordability*

Commercial affordability also plays a large role in economic success and growth in Kenmore. Rising costs in commercial rents and property can negatively impact existing business, as well as discourage new business development. The City can monitor existing commercial metrics and adjust economic policies, to the extent possible, that helps promote a variety of businesses.

### *Transition to Online Marketplace*

Even before the COVID-19 pandemic, the retail marketplace has slowly been changing from a traditional brick-and-mortar, big-box environment to e-commerce. While traditional “in-person” shopping is still the predominant method, the pandemic has inevitably accelerated this change as large-scale regional developments (i.e., shopping malls and retail centers) are either closing or redeveloping into mixed-use urban villages or “lifestyle centers.” While Kenmore does not have many large-scale shopping centers, the City may explore the potential of adaptive reuse for aging buildings or redevelopment of underperforming retail centers into new mixed-use or live-work spaces.

Tables ED-16 and ED-17 show key sector opportunities and challenges and what was heard from participants during the 2018 Economic Development Strategy participation sessions.

**Table ED-16 Key Sector Opportunities & Challenges – 2018 Economic Development Strategy**

Sector	Opportunities	Challenges
<b>Retail</b>	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)
<b>Medical/Health Care</b>	Existing demand; relative small scale development type; existing presence in Kenmore; Bastyr University	Available property for development; Rising construction costs
<b>Professional Services (office space)</b>	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
<b>Restaurants/Breweries/Wineries</b>	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
<b>Tourism and Recreation</b>	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
<b>Information &amp; Communications Technology (ICT)/Tech Sector</b>	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

Source: 2018 Economic Development Strategy, CAI, Inc.

**Table ED-17 What Was Heard – 2018 Economic Development Strategy**

**What Makes Kenmore an Attractive Place to do Business?**

- The Ability to Live & Work Here**  
Central Location Within Region  
Affordable Commercial Rent
- The Local Economy**  
Confidence in Future Growth  
Untapped Markets  
Quality Businesses Draw Customers from Outside Kenmore
- Kenmore's Economic Assets**  
Local Leadership & Support for Businesses  
Location  
Spillover Regional Growth  
Bastyr University Growth

**What Challenges and Opportunities Affect the Kenmore Economy the Most?**

- Greatest Challenges**  
Transportation  
Current Perceptions of the City  
Quality & Quantity of Commercial Space  
Competition with Neighboring Communities
- Greatest Opportunities**  
Increasing Transportation Options  
Expanding Downtown Retail Core  
Developing Identity as Unique Destination  
Improving Quality of Commercial Building Space
- Looking Forward**  
**Infrastructural Development**  
Development of the Lakepointe Property  
Expected Growth - and a Higher Profile  
Increasing Variety of Commercial Development  
Places to Gather  
Shared Work Spaces  
Technology, Healthcare and Professional Services

Source: 2018 Economic Development Strategy, CAI, Inc.

**SUPPORTING AN EQUITABLE LOCAL ECONOMY**

A diverse and stable economy offers long-term economic opportunity and social equity to all Kenmore residents. Equitable and broadly spread prosperity through employment is a key factor in helping residents improve financial outcomes and stay out of poverty. Equity has been identified by the City as top priority and ensuring availability and access to jobs is one of the ways to improve quality of life, especially for historically underrepresented people. Creating the opportunity for access to living wage jobs and workforce development and education leads to greater economic growth and success.

## GOALS, OBJECTIVES, AND POLICIES

Following are the economic development goals, objectives, and policies.

### ***GOAL ED-1. ESTABLISH AN ECONOMIC BASE THAT PROVIDES FOR THE NEEDS OF RESIDENTS AND A RANGE OF EMPLOYMENT OPPORTUNITIES.***

<b>OBJECTIVE ED-1</b>	<b>Strengthen the diversity of employment opportunities in a manner that creates job opportunities for all residents and creates opportunities for people to live and work in Kenmore.</b>
Policy ED-1.1	Classify an adequate amount of land for commercial and business use.
Policy ED-1.2	Recognize the environment as a key economic value in the community that must be protected.
Policy ED-1.3	Through cooperative planning efforts with other agencies, support community-based actions to involve minorities, women, and economically disadvantaged individuals in improving their economic future.
Policy ED-1.4	Promote local use of small business financing and management assistance programs. Help identify facilities which may be used to support small businesses.
Policy ED-1.5	Develop and maintain accurate and up-to-date capital facility plans for transportation, surface water, and parks.
Policy ED-1.6	Foster the development and use of private/public partnerships to implement economic development policies, programs, and projects.
Policy ED-1.7	Identify & target sectors that are appropriate for siting in Kenmore, providing for job diversity and living-wage occupations.
Policy ED-1.8	Ensure existing and future housing and land use policies support the balance of affordable housing and available jobs in Kenmore.
Policy ED-1.9	Consider establishing a target of living wage jobs-to-housing ratio for Kenmore.
Policy ED-1.10	Actively seek living wage jobs that support Kenmore residents and encourage educational opportunities through local and regional training partners, such as WorkSource, community colleges, and technical trade schools.
Policy ED-1.11	Support opportunities and partnerships that prepare residents such as occupational rehabilitation, training, internships, work study, and other efforts.

**OBJECTIVE ED-2      Support new and existing business development by creating climate that fosters business creation and retention, positively contributing to the City’s quality of life.**

Policy ED-2.1      Actively support the retention and expansion of the local and regional economic base.

Policy ED-2.2      Partner with economic development groups, such as the Economic Development Council of Seattle/King County, State Department of Commerce, Small Business Development Center (SBDC), and various trade organizations to coordinate recruitment and marketing of business opportunities.

Policy ED-2.3      Partner with the Bothell Kenmore Chamber of Commerce and Kenmore Business Alliance to connect businesses and obtain input on City policies and activities.

Policy ED-2.4      Use zoning, strategic infrastructure investment, and public facilities to stimulate business revitalization, retention, and creation.

Policy ED-2.5      Permit home businesses within residential zones consistent with the neighborhood context.

Policy ED-2.6      Encourage quality and affordable childcare and adult care facilities to support a diverse work force.

Policy ED-2.7      Identify the unique needs of multi-cultural and women-owned businesses and coordinate City policies with business associations and other stakeholders in Kenmore.

Policy ED-2.8      To support Kenmore’s Economic Development Approach, continue to facilitate permitting for new and expanding businesses and facilitate property acquisitions where strategic to achieve economic development strategies.

Policy ED-2.9      Ensure that all economic development activities and partnerships are consistent with the City’s Economic Development Approach.

**OBJECTIVE ED-3      Encourage the retention and provision of commercial services that support residents and local businesses.**

Policy ED-3.1      Support private reinvestment in local businesses through the potential use of tools such as loan or grant matching, fee abatement, or other mechanisms to revitalize commercial centers.

Policy ED-3.2      Reinforce private investment through regular maintenance and improvement of the City’s streets, sidewalks, surface water facilities, and parks.

Policy ED-3.3 Encourage mixed-use areas where small-scale commercial development can occur.

Policy ED-3.4 Encourage the development of shared office/co-working spaces in Kenmore.

**OBJECTIVE ED-4 Improve the visual appearance of new and existing commercial development in terms of design, signage, landscaping, and maintenance.**

Policy ED-4.1 Improve the visual appearance of Downtown, SR-522, and other commercial districts through public and private measures for beautification, façade improvements, and maintenance.

Policy ED-4.2 Improve the appearance of parking areas with landscaping and maintenance.

Policy ED-4.3 Implement sign standards that create a distinct image for the Downtown, SR-522, and other commercial nodes, and which orient to pedestrians as well as drivers.

**OBJECTIVE ED-5 Identify and support Kenmore’s Downtown as a focal point for commercial and inclusive and sustainable economic growth.**

Policy ED-5.1 Promote a diversity of uses within the Downtown which support the activity base by providing employment, civic, cultural, recreational, residential, and a variety of commercial activities.

Policy ED-5.2 Use zoning and infrastructure incentives to achieve redevelopment and infill in the Downtown.

Policy ED-5.3 Create zoning districts, regulations, incentives, and strategic investment that, in conjunction with market forces, result in an inviting and vital central core that is inclusive and sustainable.

**OBJECTIVE ED-6 Support regional economic development strategies consistent with the Kenmore vision statement.**

Policy ED-6.1 Cooperate in efforts to establish regional economic diversification and development goals, strategies, and actions. Participation should be encouraged by other jurisdictions, labor, education, environment, and business interests.

Policy ED-6.2 Continue to cooperate on a countywide and regional basis with other counties, cities, other governmental agencies and the private sector to inventory, plan for and monitor the land capacity for commercial, institutional, resource, critical area, open space and residential uses.

Policy ED-6.3 Utilize tax and fee systems, where appropriate, that are equitable, consistent with City goals, predictably and appropriately fund local services, and are able to maintain a competitive local and regional economic environment.



Periodically review the City's tax and fee systems to ensure they remain consistent with the City's priorities.

**OBJECTIVE ED-7      Emphasize Climate Action Plan strategies during economic development decision making.**

Policy ED-7.1      Attract a job sector that encourages clean-energy and low-carbon producers, emphasizes the reduction of natural resources, and promotes local and statewide initiatives of a green economy.

Policy ED-7.2      Support green job training and continuing education opportunities for economic vulnerable job sectors.

Policy ED-7.3      Support industries and job sectors that reduce greenhouse gas emissions and transitioning to renewable energy sources.

**OBJECTIVE ED-8      Develop a culture of excellent customer service that supports all residents and businesses in Kenmore.**

Policy ED-8.1      Continue to provide excellent customer service, and identify improvements as necessary, for City permitting, licensing, code enforcement and other front-line functions.

Policy ED-8.2      Instill a problem-solving approach to project review, licensing and permitting.

**OBJECTIVE ED-9      Enhance communication between the City and local businesses.**

Policy ED-9.1      Communicate with business owners to illustrate the value proposition inherent in operating a business in Kenmore.

Policy ED-9.2      Encourage proactive outreach to Community Business Organizations, such as Kenmore Business Alliance, informing the local business community of Kenmore's regulatory simplicity, supportive business culture, and low-cost business environment.

**OBJECTIVE ED-10      Enhance community services as an integral part of residents and business owners' satisfaction with Kenmore and their sense of community.**

Policy ED-10.1      Continue to operate a summer farmers market or support other activities in downtown that brings together people, business and enhances community pride.

Policy ED-10.2      Provide home-based businesses with easy access to community services and other opportunities that help advertise and promote their business to local residents and property owners.

Policy ED-10.3      Monitor residents and business owner satisfaction regarding city services and other quality of life metrics and track over time.

**OBJECTIVE ED-11      Consistent with the City’s Diversity, Equity, Inclusion and Accessibility (DEIA) Plan, support businesses and projects that align with equity goals.**

Policy ED-11.1      Increase efforts to build partnerships that support to retain local businesses and organizations, with an emphasis on supporting historically marginalized groups in the business community.

Policy ED-11.2      Support a diversity of business types by engaging with business organizations and agencies that assist minority and women-owned businesses, such as the Washington State Office of Minority and Women’s Business Enterprises (OMWBE), Washington State Department of Commerce, and Association of Women and Minority Businesses (AWMB).

**OBJECTIVE ED-12      Leverage Placemaking and Livability and Position Kenmore as a destination for North King County.**

Policy ED-12.1      Promote Kenmore as a regional tourism destination with regional businesses and attractions.

**OBJECTIVE ED-13      Continue to recognize the value of Kenmore’s Air Harbor as a provider of air transportation and as a significant employer in the city.**

Policy ED-13.1      Support the continued operation of Kenmore’s Air Harbor through effective planning, reduction from risk of incompatible development, and collaboration with the City and surrounding property owners.

**IMPLEMENTATION STRATEGIES**

The Economic Development Element policies will require continued or increased commitments of City resources to prepare new regulations, review/amend existing regulations, create educational or incentive programs, foster partnerships, or coordinate with adjacent jurisdictions.

New or expanded programs, rules, or regulations would be needed to address:

- Incentives to stimulate business revitalization, retention, and creation.
- Identification and tracking key economic and demographic metrics to help the city evaluate the effectiveness of local economic strategies and achievement of equitable outcomes.
- Development and tracking of citywide and departmental performance measures related to economic development.
- Monitor and analyze commercial space availability and development trends to ensure that zoning and development regulations are appropriate for Kenmore.
- Continue to assess business development needs to ensure economic growth, particularly local business development.

A review of existing programs, rules and regulations would be needed to ensure they meet the policies, including:

- Review of home occupation, home business standards.
- Periodic review of development standards that relate to commercial or business development.
- Review of design, landscape, and signage standards.

Continuing coordination efforts would be needed with adjacent jurisdictions or agencies, including:

- Cooperative efforts with other agencies, such as Washington State Office of Minority and Women's Business Enterprises (OMWBE), Washington State Department of Commerce, and Association of Women and Minority Businesses (AWMB), to support economic development activities for small, local, women- and minority-owned businesses in Kenmore.
- Coordination and partnership with economic development and business groups, such as the Economic Development Council of Seattle/King County, the State Department of Commerce, various trade organizations, the Bothell Kenmore Chamber of Commerce and the Kenmore Business Alliance to promote Kenmore as a commercial and recreational destination.
- Continuing to promote and expand business-supporting slogans and branding materials that effectively support and value the business community in Kenmore. This may also include development of a small and local business directory, a "how to do business in Kenmore" guide, and a handbook on licensing and permitting.
- Cooperation on a regional basis towards economic diversification and land capacity monitoring.

A periodic review of the five-year action plan in the Economic Development Strategy is also recommended to keep the strategy plan current. The City continues to pursue the following efforts to further the goals of the Economic Development Strategy:

- Supporting a community marketing campaign to promote Kenmore's and support business development.
- Leveraging and partnering with the area's educational institutions.
- Supporting the development of a natural health-related cluster.
- Creating a landmark gateway to Kenmore and improving wayfinding signage and streetscape and business area appearance.
- Providing leadership and facilitation in opening up the waterfront as a key amenity.
- Creating opportunities for new start-up businesses.

- Providing free educational seminars for local businesses.
- Supporting the City’s business registration program.
- Supporting activities of the Kenmore Business Alliance and Bothell Kenmore Chamber of Commerce.
- Supporting the development of office space or other opportunities for employment.
- Seeking grants or other funding opportunities that support business retention, creation, and growth.

DRAFT

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