AGENDA
LACEY PLANNING COMMISSION MEETING
Tuesday, April 20, 2021 – 5:00 p.m.
MEETING WILL BE CONDUCTED REMOTELY, NOT IN-PERSON
Please click the link below to join the webinar:
https://us02web.zoom.us/webinar/register/WN_4JJUv0sYSP6rGGWPUISTRw
Or bitly: https://bit.ly/3mmFzx8
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
US: +1 206 337 9723 or +1 253 215 8782 or toll free 877 853 5247 or 888 788 0099
Webinar ID: 862 7201 0425

Call to Order: 5:00 p.m.

Approval of Agenda & Consent Items: 5:01 p.m.
A. Approval of Agenda
B. Approval of April 6 Meeting Minutes

Public Comments: 5:02 p.m.

Commission Members Reports: 5:04 p.m.

Director's Report: 5:05 p.m.

Public Hearing: 5:10 p.m.
Hawks Prairie Business District Zoning Text Amendment: Jessica Brandt, Associate Planner. The Planning Commission will conduct a public hearing to take testimony on the private-applicant initiated zoning text amendment to LMC 16.37 to allow medical/dental offices and clinic and residential uses, and revision to the maximum residential density in Hawks Prairie Business District zones. After the conclusion of the public hearing, the Planning Commission may make a formal recommendation to the City Council on the proposed amendment.

New Business: 5:30 p.m.
Lacey Midtown District Assessment and Housing Strategy: Ryan Andrews, Planning Manager. The Planning Commission will be briefed on and review the findings of an assessment of the Midtown District. The purpose of the assessment is to analyze market conditions and inform a district-level strategy to attract urban infill multifamily development in Lacey Midtown.

Communications and Announcements: 5:55 p.m.

Next Meeting: May 4, 2021.

Adjournment: 6:00 p.m.

4/12/21

CITY OF LACEY PLANNING COMMISSION **WORK SCHEDULE**	
Planning Commission Meeting **April 20, 2021** **Packets due: April 15, 2021**	**1.** **Public Hearing:** HPBD Zoning Text Amendment **2.** **Work Session:** Lacey Midtown Market Study
Planning Commission Meeting **May 4, 2021** **Packets due: April 29, 2021**	**1.** **Work Session:**
Planning Commission Meeting **May 18, 2021** **Packets due: May 13, 2021**	**1.** **Public Hearing:** Climate Mitigation Plan **2.** **Public Hearing:** Housing Action Plan **3.** **Public Hearing:** Urban Forest Management Plan, LMC 14.32
Planning Commission Meeting **June 1, 2021** **Packets due: May 27, 2021**	**1.** **Work Session:** Comprehensive Plan Amendment Follow-up (if needed)

Pending Items:

MINUTES
Lacey Planning Commission Meeting
Tuesday, April 6, 2021 – 5:00 p.m.
Conducted remotely via videoconference

Meeting was called to order at 5:00 p.m. by Gail Madden.

Planning Commission members present: Gail Madden, Peg Evans-Brown, Daphne Retzlaff, Eddie Bishop, Kyrian MacMichael, Mark Mininger, Shaunesy Walden Behrens, and Robin Vasquez. Dave Wasson joined the meeting during the new business discussion. Staff present: Ryan Andrews and Jessica Brandt.

Gail noted a quorum present.

Robin Vasquez made a motion, seconded by Mark Mininger, to approve the agenda for tonight's meeting and the March 16 meeting minutes. All were in favor, the motion carried.

1. **Public Comments:** Wayne Olsen noted he was very pleased with the TCMP virtual open house.

2. **Commission Members Reports:**
   - Kyrian said that she reached out to NTPS and asked if they could share the survey.
   - Robin said she shared the survey on Next Door and Facebook.
   - Peg said she sent the survey to her HOA.

3. **Director's Report:** Ryan reported on the upcoming joint City Council-Board of County Commissioners meeting on Thursday, April 8.

4. **New Business:**
   Housing Action Plan: Ryan Andrews, Planning Manager.
   - Ryan gave some background info on the plan and asked Commissioners for feedback.
   - Ryan went over the plan actions and answered questions.
   - There was a discussion regarding outreach.

   Public Outreach Update: Jessica Brandt, Associate Planner.
   - Jessica updated Planning Commission on outreach efforts related to the Climate Mitigation and Urban Forest Management Plans.
   - Jessica will leave information postcards at the CED front counter for any Commissioners who would like to pick up and share with others.

5. **Communications and Announcements:** Dave noted that he has heard some negative comments recently about the proposed gas station in Hawks Prairie, and said he has encouraged citizens to voice their opinions.

6. **Next meeting:** April 20, 2021.

7. **Adjournment:** 6:40 p.m.

PLANNING COMMISSION STAFF REPORT
April 20, 2021

SUBJECT: **Chapter LMC 16.37, Hawks Prairie Business District, Residential and Commercial Zoning Text Amendment Application. Project no. 20-337**

RECOMMENDATION: Conduct a public hearing and make a formal recommendation to the City Council on the private-applicant initiated zoning text amendment to LMC 16.37 related to permitting residential and small-scale medical/dental uses in the HPBD-C subdistrict and, removing the 10% limit on smaller parcels. Staff recommends approval of amending LMC 16.37 as outlined in the attached draft zoning text. Staff's recommendation is based on the findings of fact attached to this staff report.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, Director of Community and Economic Development RW
Ryan Andrews, Planning Manager RA
Jessica Brandt, Associate Planner JB

ATTACHMENT(S):
1. Hogum Bay Mixed Use LLC, Text Amendment Application
2. Proposed amendments to LMC 16.37
3. Zoning Map of Hawks Prairie Business District
4. Aerial Map of Hawks Prairie Business District

PRIOR COUNCIL/ COMMISSION/ COMMITTEE REVIEW: Planning Commission Introductory Briefing January 19, 2021
City Council/Planning Commission Joint Worksession January 28, 2021
Planning Commission Briefing March 2, 2021
Planning Commission Briefing March 16, 2021

BACKGROUND

The City has received a private-applicant request to amend portions of Lacey Municipal Code Chapter 16.37 Hawks Prairie Business District. The applicant is requesting three amendments: 1) amend Chapter 16.37 of the Lacey Municipal Code to allow medical and dental offices and clinics within a multi-tenant building in Commercial sub-district, 2) allow residential uses with design standards in the Hawks Prairie Business District-Commercial sub-district, and 3) remove density limits per parcel on residential uses within the Hawks Prairie Business District-Commercial zone and Business-Commercial zone on parcels smaller than twenty (20) acres in size.

The request is to amend specific text within the zoning code and does not require the need to amend any policies within the Comprehensive Plan. These types of applications are received periodically and are not subject to the docketing or annual Comprehensive Plan amendment timelines because amendment of the Comprehensive Plan is unnecessary. The Planning Commission will review the request and provide a recommendation on the amendment to the City Council.

The intent of the Hawks Prairie Business District, per LMC 16.37.010 is to "encourage development of an integrated, planned community where people will want to live and work by permitting residential and compatible business uses to develop in close proximity to each other" and to "assure that development is site sensitive, user efficient, and furthers the mixed-use polices of the Northeast Area element of the Comprehensive Plan." The Northeast Area element of the Comprehensive Plan was adopted in 1992.

The Hawks Prairie Business District (HPBD) has two subdistricts: Business Commercial (BC) and Commercial (C). The intent of the HPBD-BC is the more flexible of the two. The HPBD-BC allows for residential uses if in a mixed-use context, or if residential-only, it must be within 1000 feet of commercial uses. HPBD-BC also allows for medical uses. HPBD-C is more focused on commercial uses and does not currently allow for residential uses or medical uses. The HPBD-C subdistrict, per the Northeast Plan, was meant to be a retail destination north of the I-5 and Martin Way interchange. LMC Table 16T-71 describes detailed design guidelines for the retail/commercial area of the HPBD. This request would provide more flexibility in uses than is currently allowed.

The entire area of the HPBD is about 570 acres, with 296 acres currently undeveloped. The zoning designation for allowing medical and residential uses would apply throughout the entire Commercial subdistrict and changes to the residential limit would apply throughout the entire HPBD designation, in both subdistricts.

Hogum Bay Mixed Use, LLC Request

Request #1 Allowance of Medical and Dental Clinics

The first request is to allow medical and dental offices and clinics within multi-tenant buildings in the Commercial subdistrict (HPBD-C). Currently, the HPBD allows medical offices in the HPBD-BC subdistrict. Medical offices are not allowed in the HPBD-C subdistrict. The reason for the restriction in the commercial only subdistrict was to reserve this focus area (on Marvin Road) for predominately retail use to meet the City's economic vision and retail market at that time. Medical uses were permitted in the BC subdistrict because the intent of this focus area was for corporate style office, employment centers, in addition to residential, professional services, and retail and general commercial services. These standards were established in 1997. The intent was to ensure that medical did not over-proliferate in commercial areas as standalone developments. It was intended to prioritize the area for commercial development. The intent was not to prevent small dentists, clinics, etc in a tenant space within a primarily commercial development. The request would allow for smaller medical uses in a multi-tenant building.

Request #2 Allowance of Residential Uses, applying Design Standards from the Business-Commercial Subdistrict

The second request is to allow residential uses in the Commercial subdistrict (HPBD-C). Currently, this zoning district does not specifically list residential use as a permitted use and does not list as a prohibited use. These standards were established in 1997. The intent was to prevent over-proliferation of residential uses in the commercial area. The requirement for residential to be located within 1000 feet of existing commercial is meant to support the commercial areas and encourage mixed-use development patterns. The request for residential uses would not cause the loss of small-scale commercial but would help support it, which is becoming more important now that the demand for larger scale destination retail is diminishing quickly in the changing retail environment. Because residential uses are allowed in the Business-Commercial subdistrict, the detailed residential design standards are requested to be used in the Commercial district as well.

Request #3 Removal of Density Limit on Parcels Less Than Twenty Acres

The third request is to remove the limit on residential density within both of the zoning subdistricts on parcels less than twenty acres. The current zoning designation limits residentialdensity to twenty units per acre with no more than ten percent of the parcel to be used to calculate number of units permitted on the parcel. The cap on density limits potential housing units in the district. These standards were established in 1997 based on the 1992 Northeast Sub-area Plan. The Sub-area plan envisioned high density residential with no more than 10% of the zone for residential. To make is possible to enforce that cap, the 10% limit was placed on each parcel. The intent, as mentioned above, was to prevent too much residential in the commercial area.

The Northeast Sub-area Plan estimated number of the units for the HPBD to be about 1,150 residential units based on the land capacity and density cap. The current code standards limit residential capacity to about half the envisioned amount. Currently, no residential units have been built in the HPBD. The current limit on units became problematic over time for smaller parcels because it essentially prevented residential projects from penciling out. For example, a ten-acre parcel could only calculate density in 10% or one acre of the parcel. That means one acre times twenty units per acre equals twenty units on a ten acre parcel, which does not pencil out for an investor. The request would remove that limit, but only on parcels less than 20 acres, and still require residential to be in a mixed use development or within 1000 feet of commercial development if developed as residential only.

RECOMMENDATION AND FINDINGS:

The Planning Commission will conduct a public hearing on the private-applicant initiated zoning text amendment to Lacey Municipal Code 16.37. The Planning Commission has the responsibility and authority to recommend action to the Lacey City Council on the proposed zoning text amendment. Based upon public comments, staff analysis, review of the Comprehensive Plan, and other applicable information, the Commission must make a recommendation to the Lacey City Council as to the merits of the application and the designation the Planning Commission believes is in the public's best interest.

Staff is recommending approval of the amendment based on the analysis in the staff report. Should the Planning Commission recommend approval of the amendment, staff has developed the following findings of fact to support the Planning Commission's recommendation. Should the Planning Commission recommend denial of the application, a motion should be approved to direct staff to develop findings that support denial of the application that can be considered at the next meeting.

Proposed Findings of Fact:

The Lacey Planning Commission recommends to the Lacey City Council the approval of the application to amend Chapter 16.37 of the Lacey Municipal Code to allow medical and dental uses in the HPBD-C subdistrict, allow residential in the HPBD-C subdistrict, and to remove the 10% density cap on parcels less than 20 acres in size, subject to the following findings of fact:

1. The Economic Development Element and Housing Element of the 2016 Comprehensive Plan for Lacey and the Lacey Urban Growth contains discussion and policies related to business retention, expansion and housing needs.

2. Lacey Municipal Code 16.37.010 "Intent" contains statements related to the purpose of the HPBD zone, including: "encourage development of an integrated, planned community where people will want to live and work by permitting residential and compatible business uses to develop in close proximity to each other" and to "assure that development is site sensitive, user efficient, and furthers the mixed-use polices of the Northeast Area element of the Comprehensive Plan."

3. The Northeast Area element of the Comprehensive Plan envisioned 1,150 residential units for the HPBD zone. Current zoning standards limit potential units about 570 units. No residential units have been built to date. Infrastructure such as roads, water and sewer have been built and planned for the envisioned number of residential units.

4. The zoning text amendment addresses land use compatibility, streetscape aesthetics and progresses the vision for the HPBD zone to have a balanced mix of uses including housing, commercial services, employment, entertainment, and civic uses.

5. Market conditions in the region have changed dramatically in the past year and will continue to affect new development in the HPBD zone. The amendment supports the increasing demand for residential units and small-scale retail.

5. The Planning Commission received comments at a public hearing on April 20th, 2021. The proposed amendments adequately address those comments received.

CITY OF LACEY
Community & Economic Development Department
420 College Street SE
Lacey, WA 98503
(360) 491-5642

OFFICIAL USE ONLY

Case Number: ___________
Date Received: __________
By: ___________________

Related Case Numbers:
____
____
____

ZONING TEXT AMENDMENT APPLICATION

SECTION I

APPLICANT NAME: HOGUM BAY MIXED USE LLC

MAILING ADDRESS: PO BOX 7534

CITY, STATE, ZIP: OLYMPIA, WA 98507

TELEPHONE: 360.705.2303

REPRESENTITIVE NAME: THOMAS ARCHITECTURE STUDIOS / MICHAEL KERSHISNIK AIA

MAILING ADDRESS: 525 COLUMBIA STREET SW

CITY, STATE, ZIP: OLYMPIA, WA 98501

TELEPHONE: 360.915.8775

*** The representative is the person whom staff will contact regarding the application, and to whom all notices and reports shall be sent, unless otherwise stipulated by the applicant.**

SECTION II

A. GENERAL DESCRIPTION OF PROPOSAL; DECRIBE THE INTENT AND REASON FOR PROPOSING A CHANGE TO THE TEXT OF THE ZONING CODE

APPLICANT IS CONSIDERING A PROPOSED DEVELOPMENT ON APPROXIMATELY 18 ACRES IN THE HPBD-C ZONE WHICH WOULD INCLUDE RESIDENTIAL AND POSSIBLE MEDICAL / DENTAL USES. THE PROPOSAL WOULD ALLOW FOR A RESIDENTIAL USE IN THE HPBD-C ZONE AND A REVISION TO THE MAXIMUM RESIDENTIAL DENSITY IN THE HPBD ZONES. IN ADDITION, THE PROPOSAL ADDS A PROVISION TO ALLOW FOR “MEDICAL AND DENTAL OFFICES AND CLINICS” AS A PERMITTED USE WITHIN THE HPBD-C ZONE. THE LIMITED QUANTITY OF HPBD ZONED ACREAGE (APPROXIMATELY ~500 ACRES) IN LACEY COUPLED WITH THE EXISTING DEVELOPMENT PATTERNS WOULD LIMIT THE APPLICABILITY OF THIS PROPOSED AMENDMENT.

B. GENERAL PURPOSE OF THE ZONE TO BE CHANGED? CONSIDER WHAT FUNCTION THE ZONE SERVES AS DISCRIBED IN THE COMPREHENSIVE LAND USE PLAN AND HOW THAT FUNCTION OR PURPOSE MIGHT BE IMPACTED BY THE PROPOSED CHANGE

PER LMC 16.37.010 THE INTENT OF THE HPBD ZONE IS TO "ENCOURAGE DEVELOPMENT OF AN INTEGRATED, PLANNED COMMUNITY WHERE PEOPLE WILL WANT TO LIVE AND WORK, BY PERMITTING RESIDENTIAL AND COMPATIBLE BUSINESS USES TO DEVELOP IN CLOSE PROXIMITY TO EACH OTHER". AND TO "ASSURE THAT DEVELOPMENT IS SITE SENSITIVE, USER EFFICIENT, AND FURTHERS THE MIXED-USE POLICIES OF THE NORTHEAST AREA ELEMENT OF THE COMPREHENSIVE PLAN."

APPLICANT'S PROPOSAL WOULD BE CONSISTENT WITH THIS INTENT AND FURTHER SUPPORT THE AREAS MIXED USE / LIVE - WORK POLICIES THRU BOTH A DENSITY AND USE PATTERN.

C. TEXT CHANGE REQUESTED

CURRENT ZONING LANGUAGE:

APPLICANT HAS ATTACHED A STRIKE-THROUGH AND HIGHLIGHTED (RED TEXT) VERSION OF THE EXISTING CODE WITH PROPOSED CHANGES

REQUESTED NEW ZONING LANGUAGE:

APPLICANT HAS ATTACHED A STRIKE-THROUGH AND HIGHLIGHTED (RED TEXT) VERSION OF THE EXISTING CODE WITH PROPOSED CHANGES.

D. DOES THE PROPOSED AMENDMENT AFFECT BOTH THE CITY AND THURSTON COUNTY? IS THE ZONE TO BE CHANGED IN BOTH INCORPORATED AND UNINCORPORATED AREAS; LACEY AND LACEY'S GROWTH AREA? (PLEASE EXPLAIN):

THERE ARE NO PROPOSED CHANGES IN THURSTON COUNTY. THIS AMENDMENT WOULD ONLY AFFECT ZONING WITHIN THE CITY OF LACEY.

E. WAS THIS ISSUE, THE ZONES SPECIFIC ALLOWED USES OR STANDARDS PROPOSED FOR CHANGE, DISCUSSED DURING THE COMPREHENSIVE PLAN AND ZONING REGULATIONS REVIEW AND ADOPTION PROCESS? IF SO, PLEASE EXPLAN:

UNKNOWN.

F. IS THE PRESENT ZONING LANGUAGE THE RESULT OF A MISTAKE? WHAT KIND OF MISTAKE (i.e., ACCIDENTAL OMMISSION, INTENT NOT CLARIFIED)? PLEASE EXPLAIN:

NO.

G. HOW MANY ACRES OF DEVELOPED AND UNDEVELOPED PROPERTY IN THIS ZONING DESIGNATION COULD BE IMPACTED BY THE CHANGE?

DEVELOPED: APPROXIMATELY 5.0 ACRES

UNDEVELOPED: APPROXIMATELY 135.0 ACRES

WHAT ZONES ARE LOCATED ADJACENT TO THESE AREAS?

GENERAL COMMERCIAL (GC), LIGHT INDUSTRIAL (LI), OPEN SPACE INSTITUTIONAL (OS-I), LIGHT INDUSTRIAL COMMERCIAL (LI-C), HAWKS PRAIRIE BUSINESS DISTRICT – BUSINESS/COMMERCIAL (HPBD-BC)

H. WHAT POTENTIAL LAND USE CONFLICTS COULD RESULT FROM THE PROPOSED CHANGE? CONSIDER ALL LAND IN THE ZONE TO BE CHANGED AS WELL AS EXISTING AND PLANNED LAND USES IN ADJACENT ZONES. DO NOT LIMIT CONSIDERATION ONLY TO THE SPECIFIC PARCEL(S) THAT YOU ARE INTERESTED IN. REMEMBER, A TEXT AMENDMENT WILL IMPACT ALL PROPERTY WITHIN THAT ZONE AND COULD POTENTIALLY IMPACT PROPERTY IN ADJACENT ZONES AS WELL.

THE HPBD-C ZONE IS A SUB ZONE OF THE HAWKS PRAIRIE BUSINESS DISTRICT WITHIN THE CITY OF LACEY ZONING. THE PROPOSED AMMENDMENT WOULD ALLOW FOR DENSITY AND USES WITHIN THE HPBD-C ZONE THAT ARE REFLECTIVE OF THE ADJACENT HPBD-BC ZONE AND SUPPORT THE INTENT OF THE HAWKS PRAIRIE BUSINESS DISTRICT IN GENERAL. THEREFORE, NO POTENTIAL CONFLICT ARE ANTICIPATED WITH THIS PROPOSED CHANGE.

SECTION III

EXPLAIN HOW THE AMENDMENT IS CONSISTENT WITH THE FOLLOWING:

- **State Growth Management Act (GMA):**

  THIS PROPOSAL SUPPORTS AND IS CONSISTENT WITH THE URBAN GROWTH, REDUCED SPRAWL, TRANSPORTATION, ECONOMIC DEVELOPMENT AND HOUSING GOALS OF THE STATE GROWTH MANAGEMENT ACT.

- **County-Wide Planning Policies (CWPP):**

  THIS PROPOSAL SUPPORTS AND IS CONSISTENT WITH THE URBAN GROWTH, ECONOMIC DEVELOPMENT, HOUSING, TRANSPORTION AND ENVIRONMENTAL QUALITY GOALS OF THE COUNTY WIDE PLANNING POLICIES.

- **Lacey Comprehensive Plan:**

  THIS PROPOSAL SUPPORTS AND IS CONSISTENT WITH THE FRAMEWORK LAND USE POLICIES REGARDING QUAILITY OF LIFE (POLICY A), LAND USE PATTERNS (POLICY B), EMPLOYMENT (POLICY C), HOUSING (POLICY E), POPULATION GROWTH (POLICY G), AND TRANSPORTATION (POLICY H),

- **Regional Transportation Plan (RTP):**

  THIS PROPOSAL SUPPORTS AND IS CONSISTENT WITH THE GOALS AND POLICIES REGARDING LAND USE PATTERNS (POLICY 1.a), DENSITY (POLICY 1.e), ACTIVITY NODES (POLICY 1.j), CREATE A SAFE AND VIBRANT CITY (POLICY 1.l) AND CREATE SAFE AND VIBRANT NEIGBORHOODS (POLICY 1.l)

- **Other Applicable City Plans or Documents:**

  THIS PROPOSAL SUPPORTS AND IS CONSISTENT WITH THE HAWKS PRAIRIE BUSINESS DISTRICTS PLANNING AND PROVIDES FLEXIBILITY FOR DEVELOPMENT THAT WOULD ALLOW A MORE DIVERSE AND ACTIVATED PUBLIC AND PRIVATE URBAN ENVIRONMENT.

- **Neighboring Jurisdictions' Comprehensive Plan (when your proposal affects multiple jurisdictions):**

  THIS IS NOT APPLICABLE TO THIS PROPOSAL.

SUPPLEMENTAL INFORMATION

THIS APPLICATION MUST BE ACCOMPANIED BY THE FOLLOWING INFORMATION:

1- **Environmental checklist (must include 2 CD's containing .pdf copies of all submittal materials, including applications)**
2- **Supplemental information and/or special reports may be required including:**
   a. **Environmental issues;**
   b. **Anticipated impacts from a change in uses or standards of the zone;**
   c. **Other.**

INITIATED BY:

[ ] **Planning Commission. Date of Initiation:**______________________________

[ ] **City Council. Date of Initiation:**______________________________

[ ] **Property owners as follows:**

I (We) understand and agree with the above explained need for the map change and are contract purchaser of the **property within the City of Lacey.**

______________________ Walker John
Signature **Printed Name**

ADDRESS: 206 State Ave Olympia, WA 98501

______________________ ______________________
Signature **Printed Name**

ADDRESS: ______________________________

______________________ ______________________
Signature **Printed Name**

ADDRESS: ______________________________

16.37.020 Permitted uses in the designated commercial area.

The following uses are permitted in that portion of the Hawks Prairie Business District designated as commercial area on Table 16T-67.

A. Commercial

Apparel

Automotive supplies

Auto sales including new or used cars, campers, trailers, motorcycles and boats subject to the provisions of LMC 16.37.070(K)

Books and stationery

Convenience stores and service stations designed for fueling no more than eight automobiles simultaneously and subject to the provisions of LMC 16.37.070(H)

Department stores

Drug stores and pharmacies

Fabric stores

Florists

Food stores

General merchandise

Gifts/specialty

Hobby/special interest

Homes appliances/electronics

Home furnishings

Home improvement centers/garden supplies

Jewelry and cosmetics

Liquor

Medical and dental offices and clinics (within multi-tenant buildings)

Personal services

Professional services when provided as an integral part of a commercial center

Sporting goods and related stores.

B. Hotels and motels.

C. Convention centers and conference facilities.

D. Eating and drinking establishments

Restaurants with drive through windows shall meet the provisions of LMC 16.37.070(I).

E. Cultural, entertainment and recreation

Art galleries

Athletic facilities and health clubs

Bowling alleys

Cinemas

Libraries and museums.

F. Day care facilities when provided as an integral part of a commercial center and in support of the other uses therein.

G. Financial institutions

Banks

Brokerages

Finance companies

Insurance and real estate offices

Such uses shall be allowed only when provided as an integral part of a commercial center and in support of the other uses therein.

H. Residential subject to the provisions of LMC 16.37.070(L).

~~H~~I. Other similar and related uses consistent with the intent of the zone as determined by the site plan review committee.

I. Urban agricultural uses as provided for and limited under Chapter 16.21 LMC. (Ord. 1480 §19, 2015; Ord. 1368 §33, 2011; Ord. 1054 §2, 1997).

The Lacey Municipal Code is current through Ordinance 1569, passed September 10, 2020.

Disclaimer: The city clerk's office has the official version of the Lacey Municipal Code. Users should contact the city clerk's office for ordinances passed subsequent to the ordinance cited above.

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City Website: www.ci.lacey.wa.us
Code Publishing Company

16.37.070 Design standards.

A. *Relationship Between Buildings.* Proposed buildings shall be related harmoniously to the terrain and to other buildings in the vicinity that have a visual relationship to the proposed buildings.

B. *Interior Circulation.* Development proposals shall include the following components:

1. Location and number of access points to the public streets.

2. Sidewalks that provide continuous pedestrian and bicycle access along public, state, or private access roads and to primary uses within the development.

3. General interior circulation.

4. Separation of pedestrian and vehicular traffic, via strategically located, clearly defined pedestrian corridors through parking lots and other means of clearly differentiating pedestrian areas from vehicle areas. The number and location of pedestrian corridors shall be determined by the city based on the size and scale of the development.

5. Arrangement of parking areas that are safe and convenient and do not detract from the design of proposed buildings and structures and the neighboring properties.

C. *Access.* Connection to arterials shall be made at city determined locations. Full access to arterials may be restricted by the city where necessary to facilitate efficient traffic circulation.

D. *Transit.* Buildings shall be located so as to encourage and facilitate the use of transit and other forms of transportation alternatives to the single occupancy vehicle.

E. *Signs.* The size, location, design, color, texture, lighting and materials of all signs shall not detract from the design of proposed buildings and structures and shall comply with Chapter 16.75 LMC.

F. *Parking.* All parking areas and structures shall comply with the standards of Chapter 16.72 LMC.

G. *Utilities.* All permanent utility lines, pipes and conduits shall be located below ground, and all other utility facilities, except fire hydrants, shall be landscaped and screened with sight-obscuring vegetation.

H. *Standards for Convenience Stores and Service Stations.*

1. Must be sized and designed to be compatible with the Hawks Prairie Business District zone.

2. Convenience stores and service stations shall not be permitted on any parcel adjacent to an intersection.

3. Special attention must be given to assure compliance with the standards for the area. The site plan review committee may require revisions to the proposed layout in order to achieve such consistency.

4. Maximum front building setback shall be fifteen feet.

5. Signs must be consistent with the sign regulations contained in Chapter 16.75 LMC.

6. Buildings must be of an architectural style that is harmonious with and complementary to surrounding structures.

I. *Standards for Restaurants with Drive-Through Windows.*

1. Buildings must be of an architectural style that is harmonious with and complementary to surrounding structures.

2. Drive-through lanes and parking areas may not be located between the building and any public street.

3. Restaurants with drive-through windows shall not be permitted on any parcel adjacent to an intersection.

J. *Mixed Use Occupancies.* Residential units and retail business or office uses shall be permitted within the same structure, subject to the following limitations:

1. The nonresidential uses must have vehicular access via a business street or arterial and shall front directly on an adjacent sidewalk or pedestrian walkway, or on a front or side yard from which vehicles are excluded.

2. Business/commercial uses shall occupy the floors below the residential uses to preserve a residential atmosphere for the residents above.

3. Business and residential portions of the building must be separated by a soundproofed concrete or wood floor, insulated or otherwise soundproofed with the intervening space unoccupied except for utility lines, heating and air conditioning ducts, and similar devices not producing noise or vibration or requiring regular access.

K. *Standards for Auto Sales.*

1. A showroom building is required. Maximum front building setback shall be fifteen feet. Showroom windows and displays shall face the fronting street encompassing a minimum of sixty percent of the facade surface area.

2. Showroom building width shall be a minimum of forty percent of the width of the parcel fronting the street.

3. Outdoor vehicle display shall be located at the side or rear of the showroom building.

4. Service facilities shall be located to the rear of the showroom building with bay doors oriented to the rear of the building. Any separate service buildings shall be located internal to or at the rear of the site.

5. Fifteen feet of Type II landscaping is required on any right-of-way frontages not containing a showroom or other building.

6. Buildings must be of an architectural style that is harmonious with and complementary to surrounding structures in compliance with the Design Review Checklist for the Hawks Prairie Business District.

7. Any existing buildings modified for the purposes of auto sales shall meet the requirements of this chapter.

L. *Standards for Residential.*

1. Residential units shall be located in mixed use buildings that have the first floor dedicated to offices or other nonresidential uses. An exception may be granted by the community and economic development director for allowing ground floor residential under the following conditions:

a. As part of an approved master plan; provided, that the distance to a commercial or office building does not exceed one thousand feet.

b. The ground floor residential uses are directly connected by pedestrian amenities to commercial and/or office uses.

c. Buildings must be of an urban architectural style that is harmonious with and complementary to surrounding structures in compliance with the Design Review Checklist for the Hawks Prairie Business District.

d. Ground floor residential uses shall be limited to townhomes, row homes, live/work, and urban walk-up apartments. No more than fifty percent of the total units shall be used for townhomes or row homes.

2. Maximum residential density shall be calculated at twenty units per acre. For parcels twenty acres or more, n~~N~~o more than ten percent of a parcel shall be used to calculate the number of units permitted on that parcel. Parcel size for purposes of determining maximum residential density under this provision shall be determined as of the effective date of Ord. [number].

M. *Design Review.* All development in the Hawks Prairie Business District shall be consistent with the appropriate provisions of Chapter 14.23 LMC. (Ord. 1539 §85, 2019; Ord. 1480 §22, 2015; Ord. 1220 §38, 2004; Ord. 1154 §13, 2001; Ord. 1139 § 5, 2000; Ord. 1054 §2, 1997).

The Lacey Municipal Code is current through Ordinance 1587, passed March 18, 2021.

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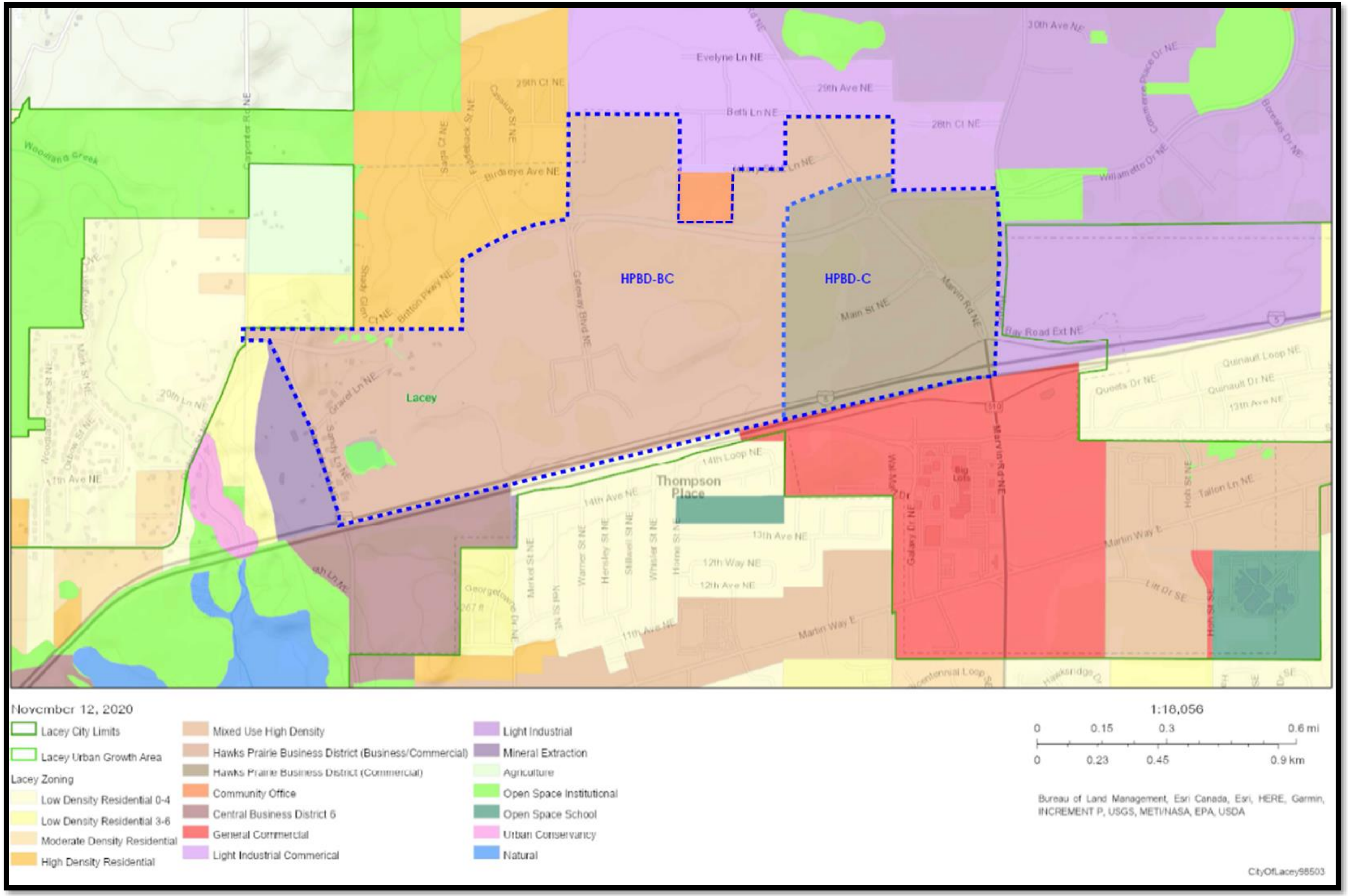
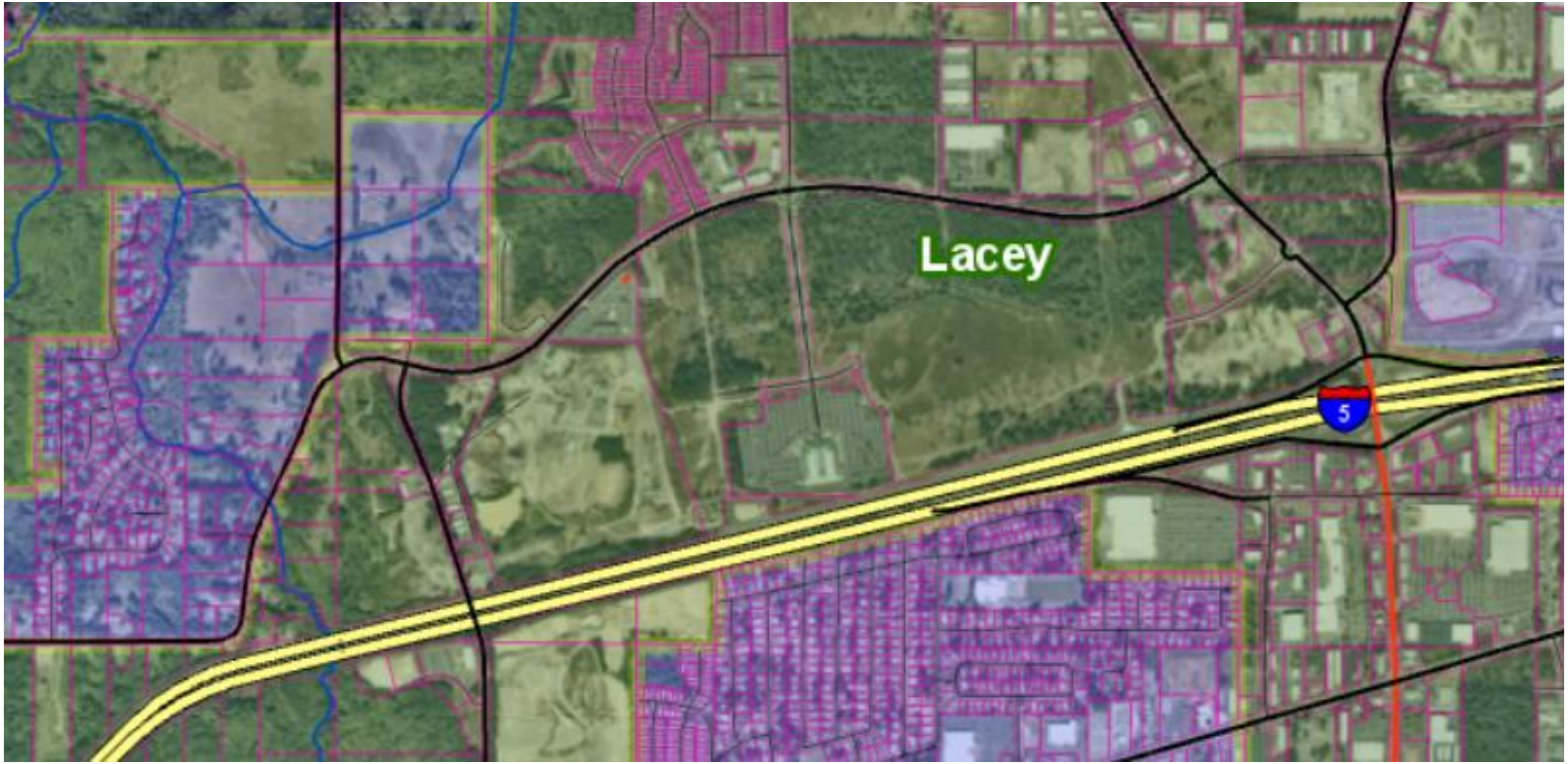
CITY OF LACEY

Hawks Prairie Business District - 570 Acres

Two Sub-Districts



Aerial Map - Hawks Prairie Business District
570 Acres



LACEY PLANNING COMMISSION
STAFF REPORT
April 20, 2021

SUBJECT:	**Lacey Midtown District Assessment and Housing Strategy**
RECOMMENDATION:	The Planning Commission will hear a presentation on the draft Lacey Midtown District Assessment and Housing Strategy. No action is necessary.
TO:	Lacey Planning Commission
STAFF CONTACTS:	Rick Walk, Community and Economic Development Director RW Ryan Andrews, Planning Manager RA
ATTACHMENT(S):	1. Draft Midtown District Assessment and Housing Strategy 2. Draft Midtown District Assessment Summary 3. Woodland District Actions
PRIOR REVIEW:	None.

BACKGROUND:

The City of Lacey is developing a district-level strategy to attract urban infill multi-family housing development to the Lacey Midtown District. The goal of the focused study is to produce a report based on a SWOT analysis for Midtown. The report provides key baseline data and information to attract multi-family housing to the Lacey Midtown District consistent with the City's Comprehensive Plan and concurrent with the development of the City's Housing Action Plan. The City has contracted with Heartland, LLC, a Seattle-based real estate advisory and investment firm, to prepare the strategy.

In 2013, the Woodland District Strategic Plan was developed as an action-based plan to guide revitalization, development of private investment, public places, and transportation infrastructure. The Plan validated the vision of the Downtown 2000 plan and identified residential as a key land use in the Woodland District Strategic Plan. The market analysis supporting the strategic plan projected a future market capacity of over 1,000 new residential units within the District.

In addition, the Woodland District Strategic Plan identified 25 key actions (see attachment #3) designed to provide the necessary framework and incentives to catalyze investment and development. Several strategic actions have been implemented, including development of a form-based development code for the area and the development of a district brand identity program to attract new investments and produce a cohesive district characterized by great places. This brand identity program was completed in 2019, giving Woodland District a new name of Lacey Midtown. Implementation of the branding program is currently delayed because of the COVID-19 pandemic.

The City of Lacey Comprehensive Plan has identified the Midtown District as an area to accommodate additional residential growth, regional planning initiatives have identified the District as an Urban Center, the Woodland District Strategy Plan identified potential residential capacity and the City's 2019 Affordable Housing Strategy focused on housing issues and strategies citywide. Even with all this robust cumulative planning work, a housing-specific strategy to the Midtown district has not been previously completed. The City has seen some redevelopment in this area since 2016 but not to the extent that is needed to fulfill housing demands identified in the above described planning documents. See Appendix A of the City of Lacey Comprehensive Plan's Housing Element of the City of Lacey Affordable Housing Strategy.

The study includes an initial assessment and evaluation of the Midtown District and submarket, focusing on real estate, demographic and economic trends affecting multifamily development in the area. The assessment includes an evaluation of existing land use patterns, infrastructure and identification of opportunity sites for housing. The findings from the analysis informed development of a series of strategies and action steps for the City to leverage to support the growth and development of the Midtown District.

RECOMMENDATION:

No action is necessary. The Planning Commission will review the draft Lacey Midtown District Assessment and Housing Strategy.

Lacey Midtown District

Assessment and Housing Strategy

DRAFT

April 14, 2021

HEARTLAND

LACEY

Executive Summary

Executive Summary

Background and Approach

Background

The City of Lacey engaged Heartland LLC, a Seattle based real estate advisory firm, to prepare an assessment and market analysis of the Midtown District in order to inform a district level strategy to attract urban infill multifamily development. The study includes an initial assessment and evaluation of the Midtown District and submarket, focusing on real estate, demographic and economic trends affecting multifamily development in the area. The assessment includes an evaluation of existing land use patterns, infrastructure and identification of opportunity sites for housing. The findings from the analysis informed development of a series of strategies and action steps for the City to leverage to support the growth and development of the Midtown District.

Project Objectives

> Identify Opportunity Sites for multifamily development
> Evaluate multifamily market characteristics
> Assess amenities and infrastructure within the Midtown District
> Evaluate the policy and regulatory environment
> Produce a strategy to help the City attract urban infill multifamily development

Contents of this Report

Heartland's analysis focused broader demographic, economic and real estate market trends. The analysis was used to inform a review of on the ground conditions as well as the regulatory environment that landowners and developers must work within.

Key Tasks

> Existing Conditions and Market Assessment
> Land Use Inventory/District Asset Map
> Market Analysis + SWOT Assessment
> Stakeholder/Developer interviews
> Housing/Marketing Strategy

Executive Summary

Analysis Findings

Demographic & Economic Overview

> Lacey has experienced a higher growth rate than neighboring Olympia and has even outpaced King County. Regional planning policy is calling for continued growth in terms of housing and employment that will outpace other nearby cities.

> Demographic trends indicated the City is family oriented with a higher proportion of military veterans. There is also a balance of renters and homeowners, although rents are less affordable in Lacey than elsewhere.

Existing Conditions Assessment

> The location of the Midtown District, demographics of the region, and its overall accessibility are its greatest strengths.

> There is limited existing housing stock in Midtown and much of the District is dominated by aging office and retail uses, posing a potential challenge for redevelopment in the near term.

> Existing infrastructure, especially as it relates to circulation, streetscape, and public amenities, is lacking.

Market Analysis

> Recent market indicators suggest that low rise multifamily housing is feasible, but higher density mixed-use/podium style developments may be more challenging to implement in the near term.

> There has been almost no new housing developed in the district, but a recent development proposal is an indicator of growing interest and the potential for the area to attract additional investment.

SWOT Summary and Strategies

The following table summarized findings from the SWOT analysis. On the following page are strategies and actions that address findings form the SWOT analysis.

	HELPFUL	HARMFUL
	Strengths	**Weaknesses**
INTERNAL (Controllable)	• Parks and Trails • Freeway Proximity • Centrally Located Transit Center • Mature Trees • Clear Vision • Business-Friendly Reputation	• High Land Basis • Undefined Market • Inhospitable Pedestrian Environment West of Golf Club Road SE • Limited Amenities to Support Housing • Regulatory Barriers
	Opportunities	**Threats**
EXTERNAL (Uncontrollable)	• Positive Demographic Trends • Existing Institutional Presence • Opportunity Zone • Softening Retail • Interested Property Owners • Adequate Parcel Sizes	• Lack of Example Development • Competition from other Localities • Financial Feasibility of Urban Density Projects is Challenging • Limited Vacant Land • Covid-19

Executive Summary

I. Strategy Regulatory Audit - *Evaluate adjustments to current land use code to align with market conditions and market supported building typologies*

- Zoning Lookback Conduct a Woodland District Zoning Lookback and consider revisions outlined in the Regulatory Review of this report.
- Pilot Project Incentive To catalyze a pioneer project, develop a pilot project program with incentives to encourage development in the District (Example: reduced fees for new development in the next two years).
- Extend MFTE Program Extend the current MFTE program beyond 2024 so new opportunities can account for this benefit.
- Conduct Parking Study Conduct a parking study to evaluate the potential for shared parking policies and the potential for parking requirement reductions.
- Evaluation of Changing Product Formats Conduct study of the evolution of changing product formats accelerated by the COVID-19 pandemic and relative effects on land use to inform regulatory audit.
- Focus Housing Density in Midtown Ensure that policy and capital investments in the City support the Midtown District as the City's focus area for housing growth in the future.

II. Strategy Public Investment – *Invest capital to support your vision*

- Expand/Improve Parks and Trails Expand and/or improve the existing parks and trails infrastructure including implementation of improvements identified in the Midtown District Mid-Town Urban Design Brand Elements for Huntamer Park.
- Improve Sidewalks and Wayfinding Improve/complete sidewalk, wayfinding, and connectivity to the existing trail network that runs through the Midtown District.
- Implement Streetscapes Implement the streetscape standards/improvements you've already identified in the Mid-Town Urban Design Brand Elements and Woodland District Strategic Plan.
- Foster a Sense of Place Identify potential locations for public art and other public realm beautification measures that will contribute to the District's sense of place.
- Assess Stormwater and Wastewater Capacity Monitor stormwater and wastewater infrastructure capacity and impact on development feasibility. Invest in preemptive system capacity building to facilitate new development.
- Focus Public Investment Focus investment on civic opportunities such as libraries, play fields, and event spaces. Plan for future strategy to attract civic and public facilities to the district.

III. Strategy Stakeholders– *Pursue Strategic Partnerships with key stakeholders and landowners*

- Engage Local Universities Support and facilitate partnerships for student housing that would support Saint Martin's University and South Puget Sound Community College and their plans for growth in the area.
- Develop Acquisition Plan As an overall implementation approach, identify underutilized properties for acquisition by the City that could support housing development. This will allow the City to ensure housing is being built where possible.
- Engage in Public Private Partnerships Engage major land-owners of underutilized sites and consider partnerships to encourage redevelopment.
  - Funding and implementation of major street and connectivity improvements
  - Partnering to help fund and/or implement new parks/open space
- Curate and Grow Partnerships Develop and maintain a list of potential strategic partners, both public and private, that may be interested in investing in the Midtown District now or in the future.

IV. Strategy Communication – *Clearly define the message and communicate the vision for the Midtown District*

- Create Marketing Package Create a marketing package the City can use and share with interested landowners and developers. It is important the City first implements actions outlined in strategies I,II, and III to strengthen the communicable opportunity.
- Develop Cohesive Messaging Develop a cohesive message that you want to communicate about the opportunity and clearly define what the Midtown District is (boundaries, etc).
- Highlight City Investment Highlight investment in the area by the City (see Strategy II) as well as private developers/landowners.
- Position District as Downtown Continue to position the District as your downtown and center of activity/programming (events, etc).
- Continue Building Positive Relationships Maintain and continue to leverage the City's business friendly reputation to attract local and regional developers.

Table Of Contents

1. Approach

Approach and Scope

Goal of this Report. Heartland has been engaged by the City of Lacey to prepare an assessment of the Midtown District and analyze market conditions in order to inform a district level strategy to attract urban infill multifamily development.

Approach. Heartland's approach consisted of an initial assessment and evaluation of the Midtown District and submarket, focusing on real estate, demographic, and economic trends affecting multifamily development in the area. The assessment included an evaluation of existing land use patterns, infrastructure, and identification of opportunity sites for housing. Heartland summarized findings into a Strength, Weaknesses, Opportunity and Threats (SWOT) assessment which then informed stakeholder outreach and formulation of housing focused strategies.

Project Objectives

- Identify Opportunity Sites for multifamily development
- Evaluate multifamily market characteristics
- Assess amenities and infrastructure within the Midtown District
- Evaluate the policy and regulatory environment
- Produce a strategy to help the City attract urban infill multifamily development

Key Tasks

- Existing Conditions and Market Assessment
- Land Use Inventory/District Asset Map
- Market Analysis + SWOT Assessment
- Stakeholder/Developer Interviews
- Housing/Marketing Strategy

2. Demographic & Economic Overview

Demographic Trends Influencing Multifamily

Lacey Population Growth at 24%. The City of Lacey's population grew by 24% between 2010 and 2019, nine percent faster than Thurston County over the same time period. Defying general trends of growth within the urban core in recent years, the less urbanized cities of Tumwater and Lacey have experienced a higher growth rate than neighboring Olympia and have even outpaced King County.

Median Households Can Afford $1,470 in Rent. Lacey has a median household income of $66,675 per year. HUD defines a household as 'housing cost burdened' if they are spending more than 30% of their annual income on housing expenses. Accounting for $200 in utilities, the median family in Lacey would be cost burdened with rent of more than $1,470 per month.

Figure 2.1 – Population and Growth

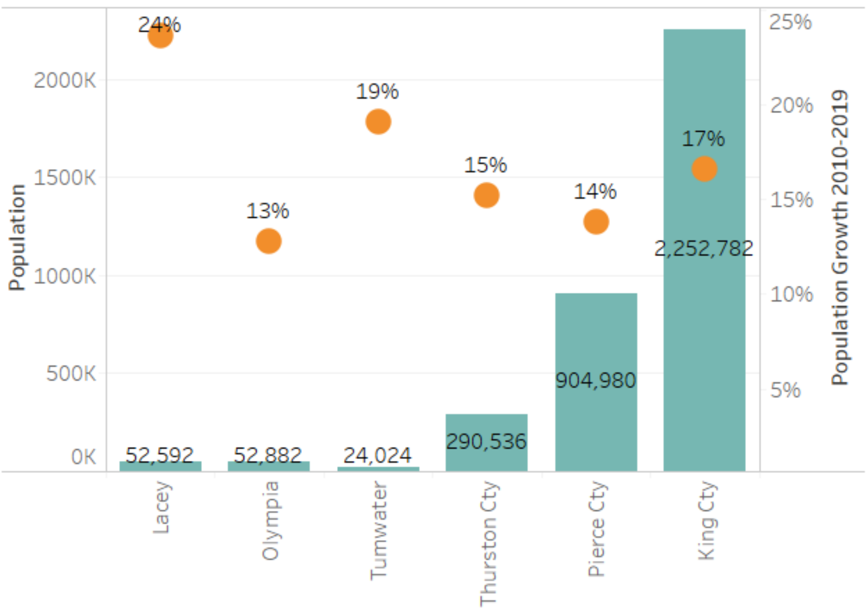
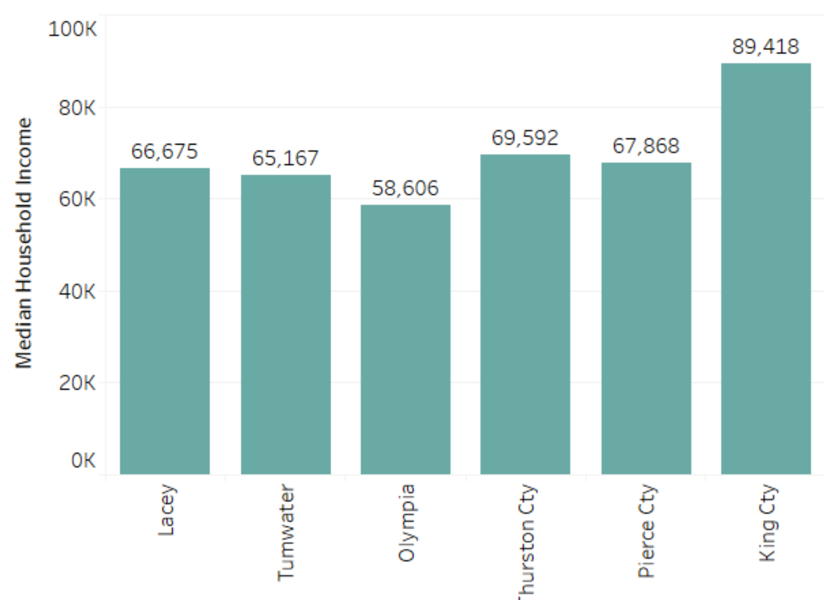


Figure 2.2 – Household Incomes



Source: US Census Bureau

Demographic Trends Influencing Multifamily

Figure 2.3 – Age & Education

	Lacey	Olympia	Tumwater	Thurston Cty	Pierce Cty	King Cty
Age 65 +	16%	17%	14%	18%	14%	14%
Age 18 -	23%	18%	21%	21%	23%	20%
Age 5 -	8%	5%	5%	6%	7%	6%
% Veteran	11%	7%	8%	10%	10%	5%
Bachelor's Degree	33%	45%	38%	36%	26%	51%
High School Graduate	95%	94%	95%	94%	91%	93%

Figure 2.4 – Housing

	Lacey	Olympia	Tumwater	Thurston Cty	Pierce Cty	King Cty
Persons Per Household	2.5	2.2	2.4	2.5	2.7	2.5
Home Ownership Rate, 2014-2018	54.0%	45.6%	53.8%	63.7%	61.7%	57.1%
Median Gross Rent, 2014-2018	1,295	1,089	1,150	1,192	1,186	1,494
Median Home Cost with Mortgage	1,658	1,732	1,761	1,730	1,809	2,372
Median Home Value, 2014-2018	251,700	276,300	261,400	271,300	277,000	493,500
Did Not Move Last Year	76%	74%	80%	81%	83%	81%

Source: US Census Bureau

Family Oriented. The City of Lacey has a slightly younger population than the neighboring cities of Tumwater, and Olympia. The demographic of population under age 18 is 5% higher in Lacey compared to Olympia and 2% higher when compared to Tumwater.

Veteran-Based. Lacey is veteran-oriented with 4% more veterans per capita than Olympia, and 3% more than Tumwater, even above Thurston County levels.

Fewer College Degrees. The percent of people with a bachelor's degree in Lacey is 15% lower compared to Olympia and 5% lower compared to Tumwater.

Balanced Rate of Home Ownership. 54% of Lacey households are homeowners; 10% higher than the rate in Olympia and relatively equal to the rate in Tumwater. County-wide homeownership rates are approximately 64%.

Less Affordable Rent. Median gross rent in Lacey stands at $1,295 per month, $206 per month higher than Olympia and $145 per month higher than Tumwater. Unit sizes in Lacey are smaller than Tumwater but higher than Olympia. The 'rent vs own gap' in Lacey is lower than that of Olympia and Tumwater, making home ownership more attainable compared to the metro region as a whole.

Economic Trends Influencing Multifamily

Significant Employment Growth Forecast. The Thurston Regional Planning Council (TRPC) estimates total job growth in Lacey to increase 62% by 2045. This outpaces projections for both Olympia and Tumwater and equates to a 2.2% annual increase, or 751 new jobs per year. Sectors that are expected to show the greatest growth include wholesale trade, arts entertainment and recreation, accommodation and food services, and finance and insurance. Jobs related to state government, a large driver in local employment, are expected to grow in Lacey at nearly twice the rate of Olympia.

Figure 2.5 – Employment Forecast

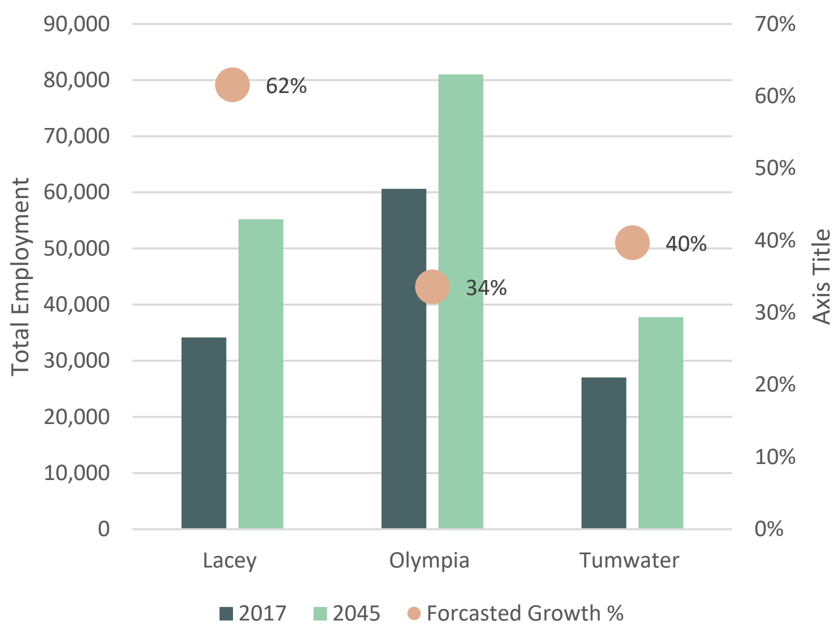
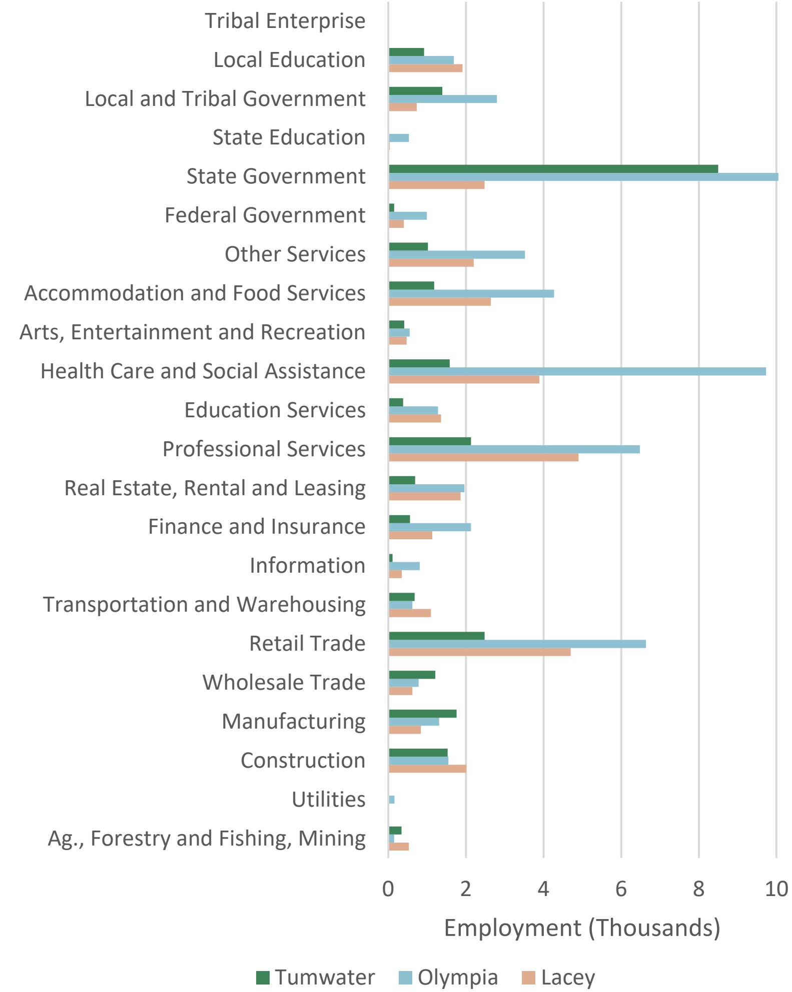


Figure 2.6 – Employment by Industry

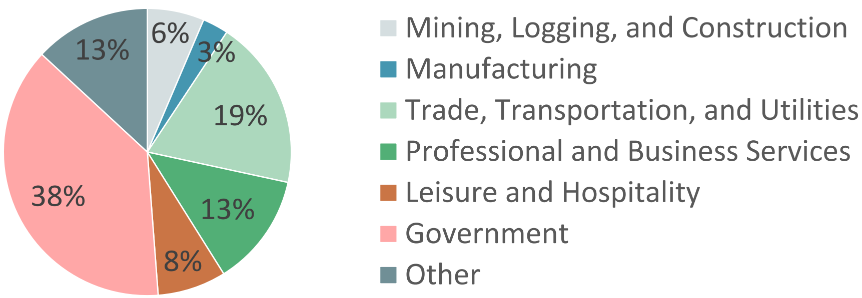


Source: Thurston Regional Planning Council

Economic Trends Influencing Multifamily

Strong Government Employment. Per the U.S Bureau of Labor Statistics 38% of the Olympia-Tumwater MSA employment is government-affiliated. This is followed by Trade, Transportation, and Utilities at 19% and Professional and Business Services at 13%. Federal employment is not reported but has a significant impact on local employment.

Figure 2.7 – Olympia –Tumwater MSA Occupations

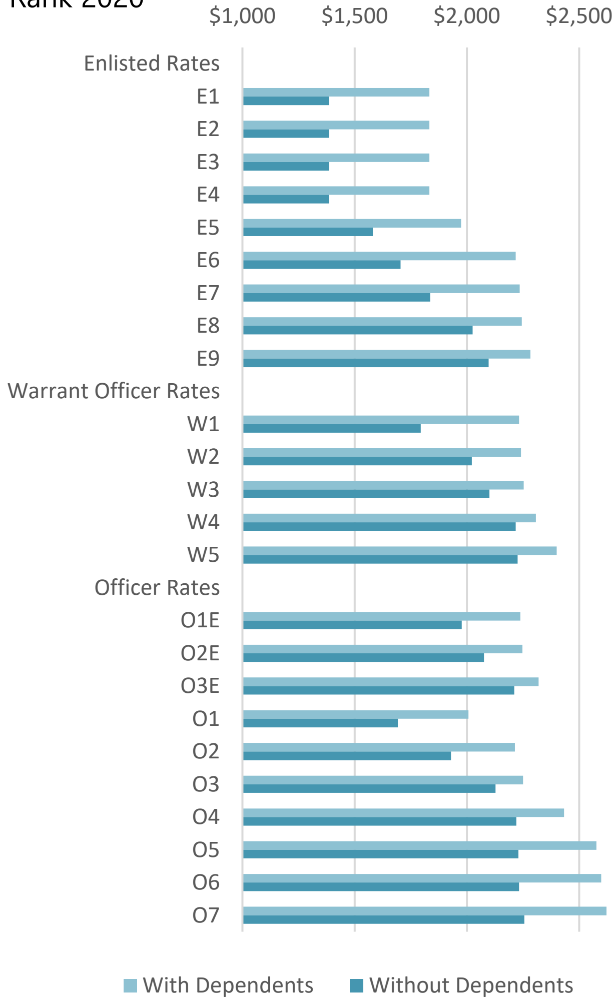


Source: U.S. Bureau of Labor Statistics

Joint Base Lewis McChord (JBLM) Impact. The University of Washington, Tacoma, reports that JBLM employs 51,000 people. The Base is the largest single site employer in the state of Washington and is the 4th largest military base in the world. Lacey's close proximity to the Base has a strong influence on housing demand. Figure 2.7 shows housing allowances per rank.

Washington State Government Impact. According to TRPC, the Washington State Government is the largest employer located within Thurston County. The State employed approximately 26,000 people in 2019. In 2020, annual wages for state employees average $72,000. For the average state employee, this equates to an affordable housing budget of approximately $1,800 per month or $1,600 after utilities.

Figure 2.8 – JBLM Monthly Housing Allowance by Rank 2020



Source: Joint Base Lewis McChord Housing

Economic Trends Influencing Multifamily

Significant Housing Demand Forecast. TRPC projects Lacey will add 14,180 new housing units by 2045. This accounts for 38% of all new housing units that will be added to the MSA over this time period.

Significant Multifamily Demand Forecast. Multifamily units in Lacey currently make up 28% of the housing stock. Assuming a constant share of multifamily going forward, this would equate to 3,970 new multifamily units out of the 14,180 new housing units by 2045. This estimate of new multifamily housing units provides a baseline for future projections. With land becoming increasingly scarce, however, the proportion of multifamily units as a share of total housing unit deliveries is expected to grow over the projected period. Therefore, it is likely that actual multifamily unit production will outpace this baseline estimate.

Table 2.9 – Housing Stock & Forecast

	Lacey	Olympia	Tumwater	Total
Housing Stock				
Housing Units 2020	36,550	30,880	12,230	79,660
Additional Housing Units 2045	14,180	14,150	9,240	37,570
Current Share of Total Housing Units 2020	46%	39%	15%	100%
City Share of Total Additional Housing Units 2045	38%	38%	25%	100%
Multifamily Stock				
Multifamily Units 2020	10,140	13,130	3,910	27,180
2020 Housing Stock % Multifamily	28%	43%	32%	*NA*
2045 Additional Multifamily Units(3)	3,970	6,085	2,957	13,012

(1) Data Source CoStar
(2) Includes associated Urban Growth Areas (UGA)
(3) Projection based on current proportion of Multifamily to total housing stock.
(4) Housing unit counts per city include the city's Urban Growth Area
Source: Thurston Regional Planning Council

3. Existing Conditions Assessment

Midtown Existing Conditions: Amenities

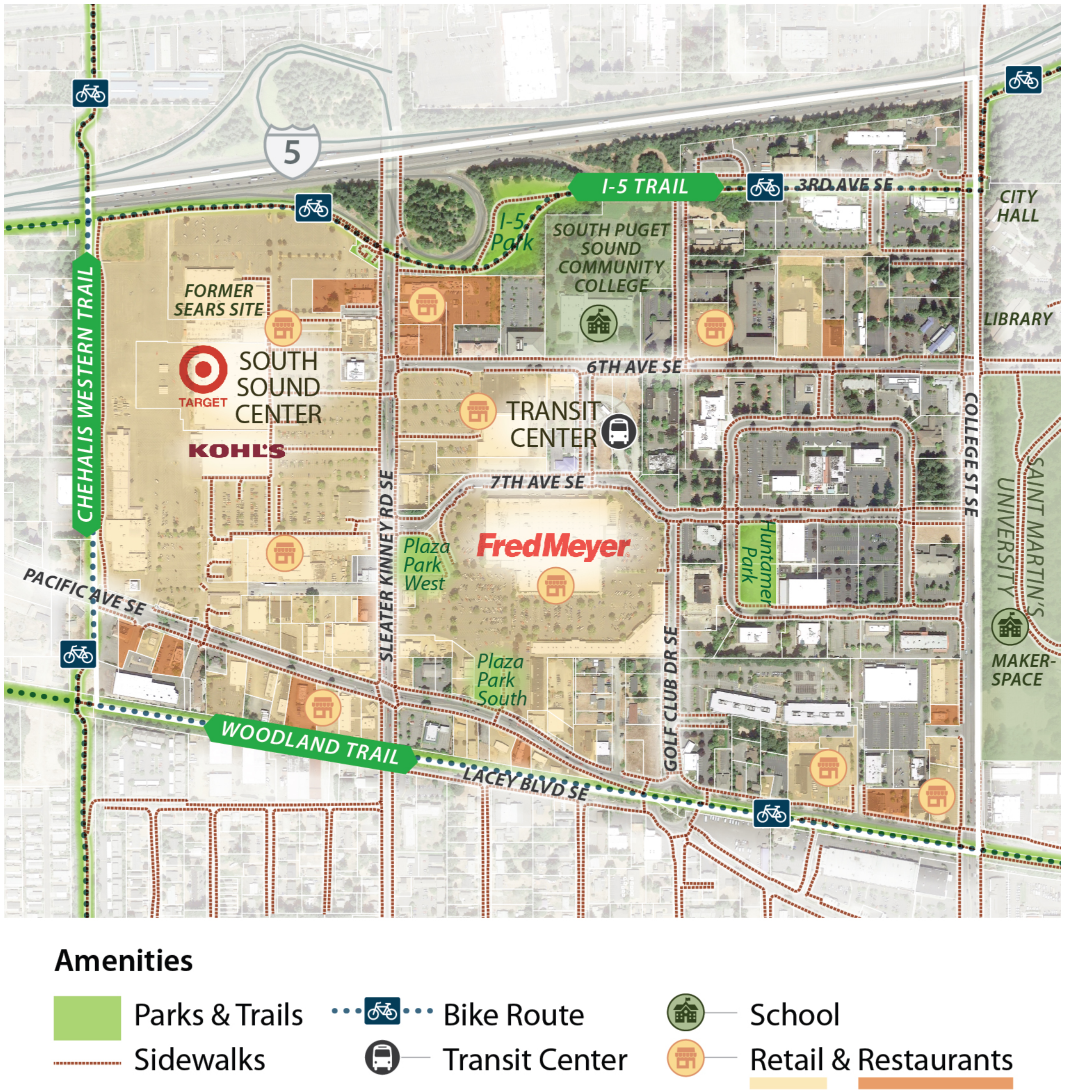
Heartland conducted an overall assessment of existing conditions across the district, with a focus on the building environment as well as identification of potential opportunity sites.

Assets

- Bike Trails and connectivity to larger network
- Huntamer Park
- Retail services – Fred Meyer, Target
- Transit – regional transit center
- Freeway access and visibility
- Access to employment centers in Olympia and to the north (JBLM)
- Pedestrian-friendly urban realm east of Golf Club Dr SE

Challenges

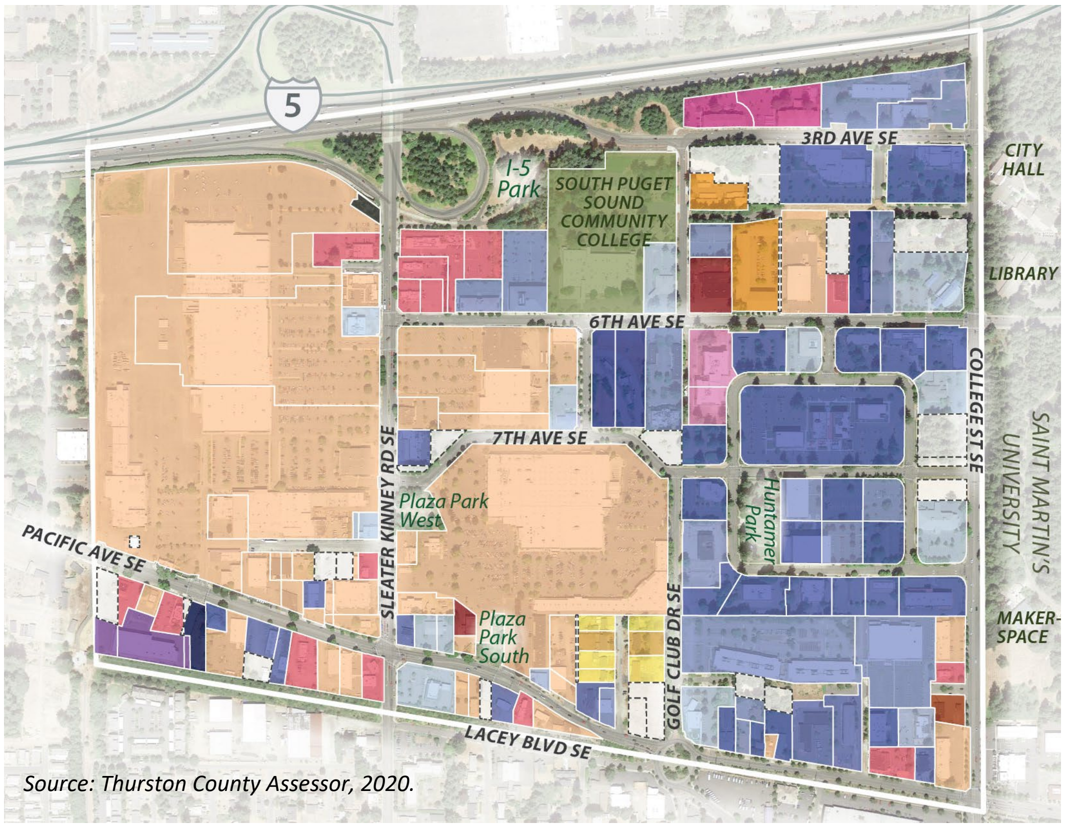
- Lack of pedestrian scale/destination retail
- Need for expanded and improved park/open space throughout the District
- Challenging walking environment – large block sizes and parking lots (west of Golf Club Dr SE)
- Missing character/experience-oriented retail
- Lack of housing – relatively unproven market for urban product



Midtown Existing Conditions: Land Use Inventory

Heartland conducted an inventory of existing uses to better understand the current land use environment:

- Predominantly retail and office
- Little in the way of residential
- Distinct land use patterns in terms of parcel size and configuration, generally divided along Pacific Ave and Golf Club Dr SE



Source: Thurston County Assessor, 2020.

Table 3.1 – Land Use Inventory

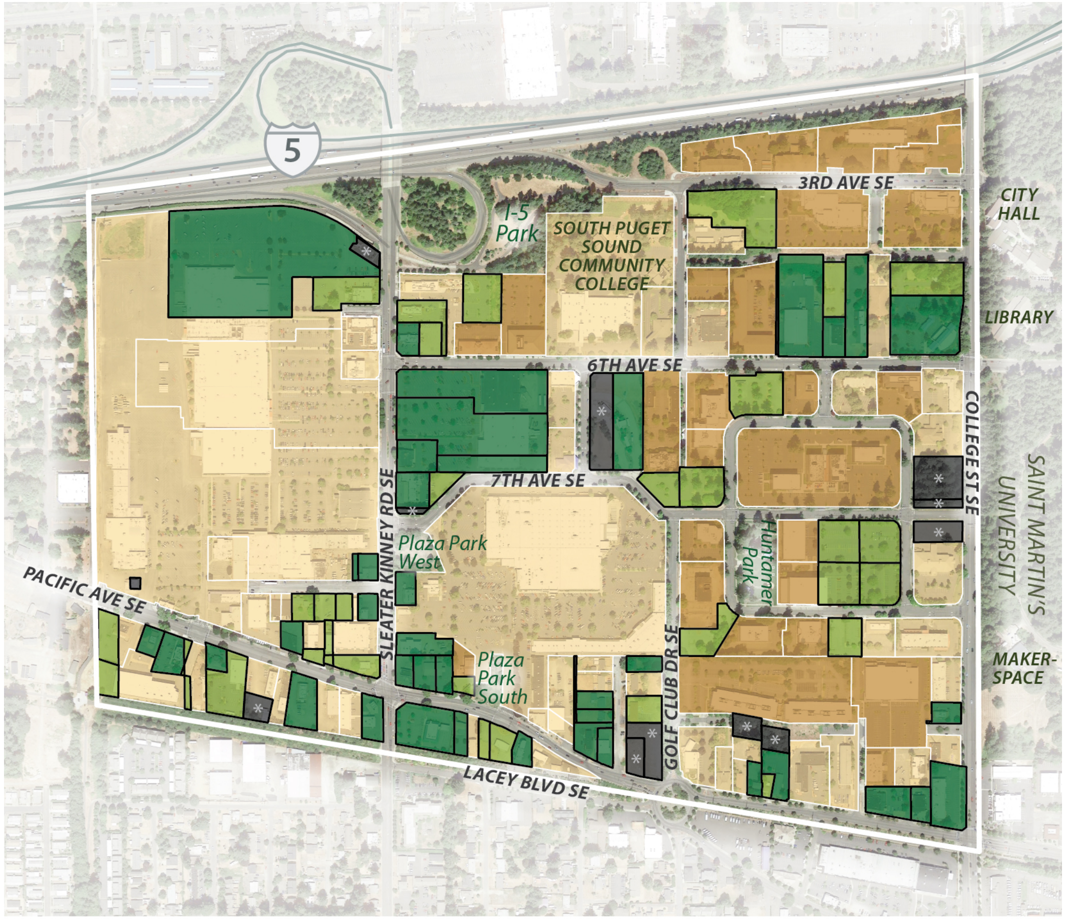
Land Use		Acres	%
Residential/ Housing	Single Family/Single Unit	1.55	0.8%
	2-4-Units Multifamily	0.72	0.4%
	5+-Units Multifamily	2.94	1.5%
Accommodation	Hotel/Motel	2.4	1.2%
Institutional	Healthcare	3.7	1.8%
Transit	Highway ROW	0.6	0.3%
Retail	Retail - General Merchandise	88.73	44.4%
	Retail - Food	7.83	3.9%
	Retail - Auto	1.33	0.7%
	Retail - Other	0.42	0.2%
Office	Service - Financial	11.42	5.7%
	Service - Personal	0.83	0.4%
	Service - Business	22.06	11.0%
	Service - Repair	5.16	2.6%
	Service - Professional	24.95	12.5%
	Service - Government	5.63	2.8%
	Service - Educational	0.56	0.3%
Light Industrial	Warehouse	2.12	1.1%
Other	Cultural/Education	7.94	4.0%
Vacant	Undeveloped Land	9.14	4.6%
	Total	200.03	100%

Midtown Existing Conditions: Improvements

Improvement Value/Total Value	Acres	%	Redevelopment Potential
Vacant	*5.9*	*3%*	Vacant and Redevelopable
25% or Less	*25.6*	*12%*	
25% - 50%	*36.9*	*18%*	
Subtotal	68.4	33%	
50% to 75%	*95.3*	*46%*	Higher barriers to Redevelopment
Greater than 75%	*43.2*	*21%*	
Subtotal	138.5	67%	

Improvement Value to Total Value Ratio. Approximately one-third of the Subarea could be classified as redevelopable based on a 50% threshold of improvement value to overall assessed value. At a 25% threshold, only 12% of the land area is considered redevelopable.

Midtown Capacity for 2,000 New Units. Using a 50% threshold, there are approximately 68 acres of developable land. Under the current densities of existing projects elsewhere in Lacey (around 30 dwellings per acre), Midtown would have capacity for approximately 2,000 new units, assuming all available parcels were redeveloped with residential use. At the densities typified by the kind of projects the City wants to see occur in the Subarea (80 – 100 units per acre), the same redevelopable land offers capacity for almost 7,000 units. This capacity is well in excess of the baseline forecast for new multifamily city-wide by 2045.



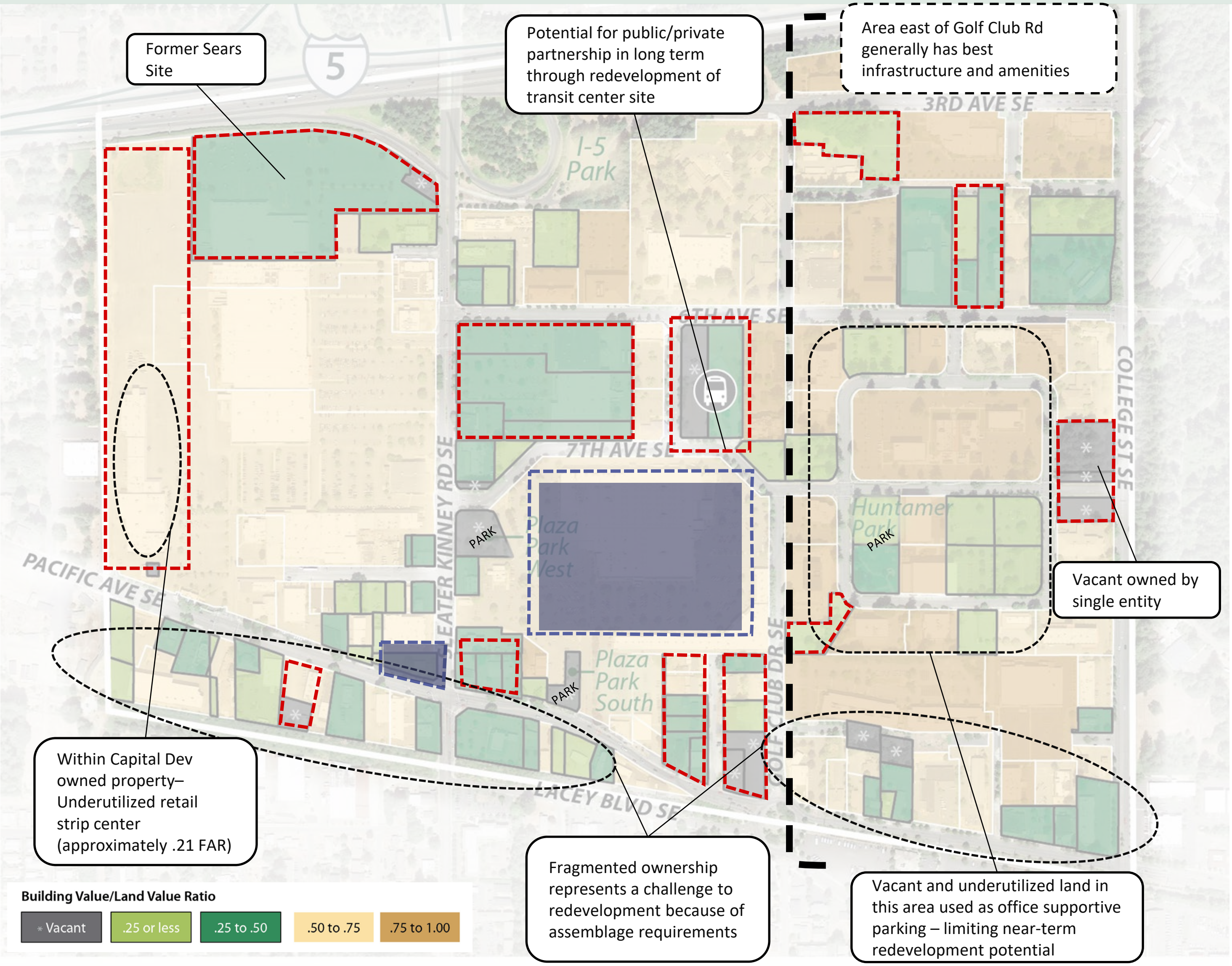
Building Value/Land Value Ratio

* Vacant | .25 or less | .25 to .50 | .50 to .75 | .75 to 1.00

Data Source: Thurston County Assessor

Midtown Existing Conditions: Opportunity Sites

The map to the right characterizes potential opportunity sites/areas for the City to consider. This includes areas where existing improvements represent less of a barrier to redevelopment. Sites currently or recently available for sale are also included.



Opportunity Sites

Currently on Market

Midtown Existing Conditions: Multifamily

Low Existing Multifamily Stock. Existing multifamily within the Midtown District is limited to two existing properties, 6 Wood Flats and Shadow Wood Apartments. The assets are summarized in Table 3.2. Collectively, these two projects consist of 137 units, 30 of which are affordable.

Unproven Submarket. Takeaways from a review of the existing multifamily within the District include:

- Existing supply is limited.
- Low parking ratio on the market rate units does not appear to be influencing vacancy.
- Neither property provides strong indicators of how a new development would perform. They may set a floor for rents, but new urban construction will not pencil at these ranges. Therefore, we must look toward other, newer, housing stock in the metropolitan area for an indication of the rent ceiling.
- New development within the District will take the risk of proving a local market for new product.

Table 3.2 – Existing Midtown Multifamily Summary

Name	6 Wood Flats	Shadow Wood
Address	4410 6th Ave SE	402 Golf Club Rd SE
Units	107	30
Market Segment	Market	Affordable
Year Built	2008	1967
Rent /SqFt/Month	$1.36	$0.96
Vacancy	3.7%	3.3%
Average Unit Size	820	800
Parking	40	45
Owner	MWH Family Revocable Management Trust	Housing Authority of Thurston County

6 Wood Flats

Shadow Wood

Midtown Existing Conditions: Other Asset Types

Dominated by Office and Retail. Only 3% of the land area within the District is vacant. The majority of development consists of office and retail uses. The rents and net operating income these assets produce sets a threshold asset value that any redevelopment will have to outperform on a risk-adjusted basis for such development to 'pencil.' Figure 3.5 shows the rent and vacancy trends for office. Similarly Figure 3.6 shows rent and vacancies for retail. These demonstrate inverse relationships between the two sectors with retail vacancies surpassing office in the recent months, likely due to COVID-19.

Table 3.4 - Existing Asset Fundamentals

Asset Type	Office	Retail	Industrial	Hospitality
Property Count	44	91	1	2
Inventory	1.1M SqFt	1.4M SqFt	26K SqFt	144 Rooms
Rent	\$21/ SqFt/ Yr (Full Service)	\$19/ SqFt/ Yr (NNN)	\$6-7/SqFt/ Yr (IG)	*Not Available*
Vacancy	8%	14%	*Not Available*	*Not Available*

(1) Data reflects current values for Oct. 2020 sourced from CoStar

Figure 3.5 - Office Rent & Vacancy Trend

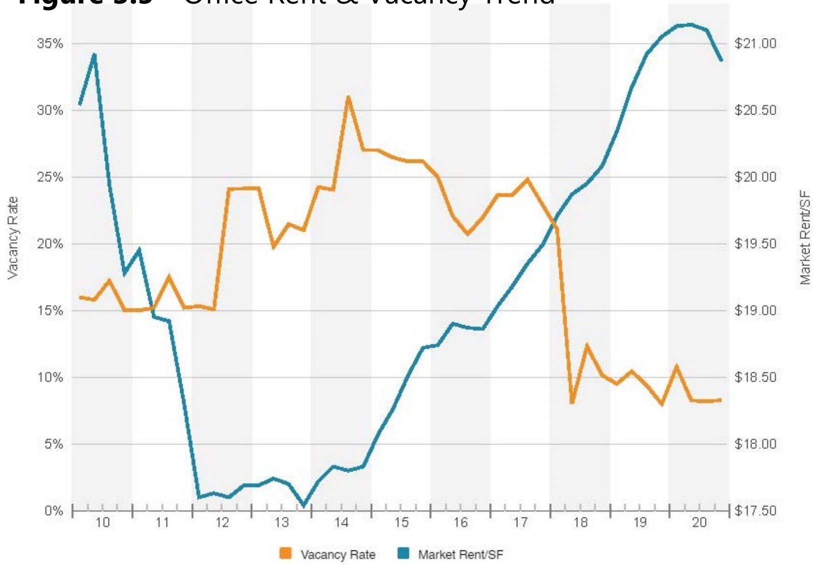
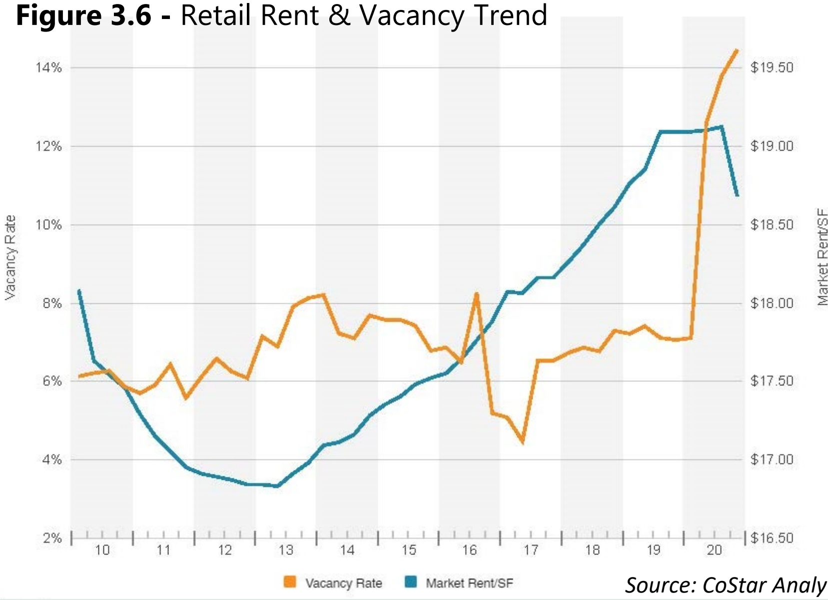


Figure 3.6 - Retail Rent & Vacancy Trend



Source: CoStar Analytics

Midtown Existing Conditions: Sale Transaction Analysis

Land Pricing in low $30's. A review of real estate transactions in the Midtown District within the last three years reveal the majority were for income value of the existing improvements (comps shown in white below). There are, however, a handful of sales that traded for redevelopment/land value (highlighted below). These ranged in value between $22 - $36 PSF, with a median value of $27 PSF. However, these parcels are not necessarily intended to be developed with residential. Therefore, this creates an additional threshold determination of land values that multifamily development will have to meet or exceed for the use to be viable compared to competing alternative options.

Table 3.7 – Midtown Sale Transactions

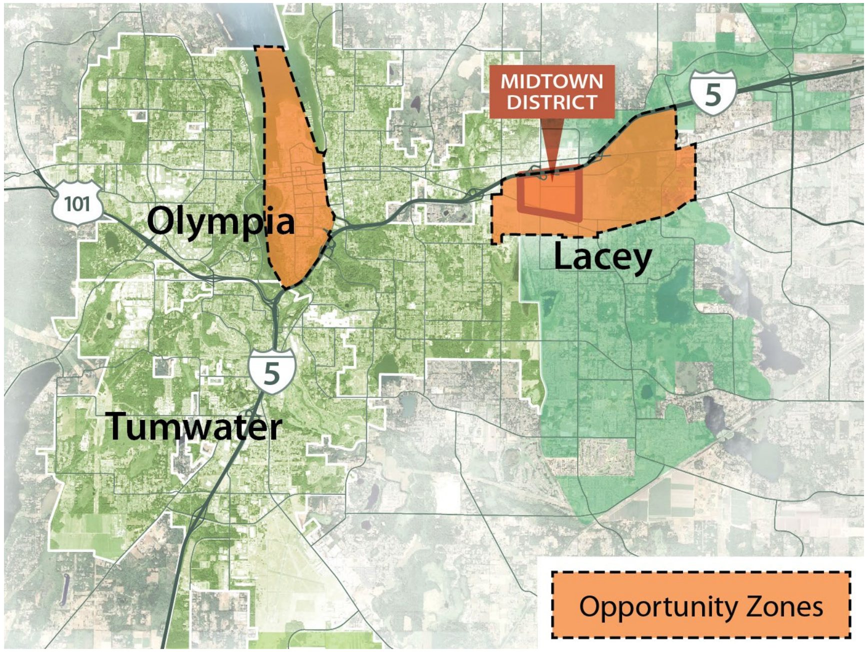
Property Name	Property Type	Buyer	Sale Date	Acres	Year Built	Sale Price	Adj. Price Per SqFt Land	Adj. Price Per SqFt Building
Bell Towne Centre	Office	Calista Education and Culture, Inc	Dec-19	0.7	2001	$ 5.66M	**$ 200**	$ 128
3929 Pacific Ave SE	Retail	Northwest Building LLC	May-19	0.9	1956	$ 1.22M	**$ 33**	$ 156
Provident Regional Cancer Center	Office	Broadstone Real Estate	Dec-18	4.2	2004	$ 19.85M	**$ 120**	$ 681
6th Ave Center	Office/ Retial	Sixthave Investment, LLC	Dec-18	1.7	1973-1989	$ 3.15M	**$ 47**	$ 104
4320-4330 Pacific Ave SE	Land	MultiCare Health System	Sep-18	0.9	*NA*	$ 1.20M	**$ 36**	NA
Bell Towne Center	Retail	Michael Kelson	Aug-18	0.7	2001	$ 3.20M	**$ 122**	$ 215
South Sound Pavilion	Retail	John Burtenshaw	Mar-18	2.5	1958-1988	$ 3.00M	**$ 32**	$ 102
MJR Assemblage	Retail/ Office	MJR Development, Inc.	Dec-18	1.4	1975	$ 1.25M	**$ 22**	$ 134
Custom Security Building	Office	Willamette Dental Group	Nov-17	1.3	1978	$ 2.25M	**$ 46**	$ 56
Jewelry Store	Retail	Matthew Kluh	Nov-17	0.6	1978	$ 1.08M	**$ 53**	$ 244
Williams Building	Office	Mission 12 LLC	Sep-17	0.2	1984	$ 0.36M	**$ 42**	$ 168

(1) Sales prices are shown on a time adjusted basis using a 6% annual appreciation

Midtown Existing Conditions: Opportunity Zones

Overview.

- Opportunity Zones (OZ) were established by Congress in 2017 as part of the Tax Cuts and Jobs Act
- The goal of OZs is to encourage long-term investments in low-income and rural communities
- The program provides a tax incentive for investors to re-invest unrealized capital gains into opportunity fund projects.
- Midtown is one of two opportunity zones in the MSA



Observations.

- Opportunity Zones (OZ) are not a Panacea. They can make a good project perform better, depending on specific circumstances unique to each investor. But a project that would not pencil without OZ designation is not going to become attractive simply because of OZ status.
- OZ Benefits are Deteriorating. With a fixed backend date of EOY 2026, the tax deferral and tax reduction benefits are winnowing daily. Given development timelines, these benefits will largely not be available to any development projects in Midtown.
- Largest Benefits Misaligned with Developer Risk Profile. Tax elimination on the qualified OZ investment is the strongest attribute of the program, which requires holding the investment for at least 10 years. Most developers build to sell, not to hold, and drive returns through mitigation of development risk with a sale at stabilization, in order to capture high double-digit returns. It is unclear if the elimination of capital gains is compelling enough to flip that equation.

Midtown Existing Conditions: Opportunity Zones

HOW THE OPPORTUNITY ZONE PROGRAM WORKS

BASIC OPPORTUNITY ZONE BENEFITS EXAMPLE

	HYPOTHETICAL NON-OZ INVESTMENT	HYPOTHETICAL OZ INVESTMENT	
Capital Gain:	$1,000,000	$1,000,000	Increased effective ownership
Tax Paid:	-$238,000	$0	
Capital for Investment:	$762,000	$1,000,000	
Year 10 Value (10% Return):	$1,976,432	$2,593,742	
Tax Paid on 10 Year Return:	($289,035)	$0	Elimination of capital gains
Year 10 After Tax Value:	$1,687,397	$2,600,000	
Less Capital Gains due in 2026:	$0	($214,200)	10% reduction from original tax bill
Total Year 10 After Tax Value:	$1,691,030	$2,379,542	

YEAR 1 → YEAR 5 → 2026 → YEAR 10

Investment into a Qualified Opportunity Fund within 180 days of capital gains event.

After 5 years in the fund, the original capital gain basis is reduced by 10%.*

In 2026, the deferred tax from the original gain is due, factoring in any reductions.

After 10 years in the fund, taxes incurred on gains earned throughout the fund are eliminated.

Tax Incentives:

TAX DEFERRAL

Investment into a Qualified Opportunity Fund (QOF) permits the Investor to defer capital gains tax until the investment is sold, or until 12/31/2026.

TAX REDUCTION

The original capital gains tax is reduced by 10% if the investment in a QOF is held for at least 5 years.

TAX ELIMINATION

Capital gains from the sale or exchange of an investment in a QOF are completely tax-free if the investment is held for at least 10 years.

4. Market Analysis

Market Analysis: Midtown Regulatory Review

The following are Heartland's observations from a review of the land use code that relates to the feasibility of multifamily development.

Stormwater Retention. The code requires onsite retention/treatment of all stormwater above existing runoff levels. On the surface, this requirement seems incompatible with the goal of promoting urban-density housing. However, given that most of the parcels within the Subarea are already built out with largely impervious surfaces, redevelopment may not trigger additional stormwater retention levels (existing runoff levels are handled by a treatment facility east of College St SE), in which case existing requirements will not be a barrier to development. Heartland recommends engaging a civil engineer to further clarify this issue.

Parking Ratios. The current minimum parking requirement of 1.5 stalls per unit is a high standard and pushes development toward larger unit sizes. The fact that these can be reduced through a parking demand study is helpful but doesn't allow for a readily underwritable standard. Developers look unfavorably on code requirements that exceed market demand. Heartland recommends lowering the ratio to 1.0 stall per unit or less, at least as a pioneer incentive for a limited number of catalyst projects. Current code provisions to supply parking with surface lots is helpful to keep costs down.

Ground Floor Requirements. The 18" to 3' street grade separation requirement is a good idea for residential uses (promotes separation between the public and private realm), but works against successful retail spaces. Retail uses need to draw people in, so should be as visible as possible. At the same time, the 18' minimum ground level height requirement may be more than is necessary for successful retail; 15' is a more common requirement. Since podium-type construction has a natural height limit (usually about 65 feet depending on the local fire code), mandating a ground floor requirement greater than 15' will either effectively cut one level off the building or reduce the floor-to-floor heights of the residential levels below a market standard (which is about 10').

Overall, the City needs to be more intentional about which nodes of the Subarea it wants to see retail uses and make sure the code and Capital Improvement Plan incentivize and promote it. The reality is that space designed for residential use does not work well for retail use and vice versa. Consider mandating ground floor retail where it is important to have it, and for the rest of the subarea, be OK with residential ground floor uses and make sure the code reflects that.

Podium Heights. When minimum podium heights are 30', this requires two levels of concrete, which market economics may not yet support. Consider provisions that allow for a one-level podium.

Building Heights. Practical limitations to height based on construction typology (wood frame above podium) would cap buildings at 5 – 7 stories. Allowed heights of 150 feet or more do not leave room for future bonus density carve-out. Given the densities achievable have not been priced into land value, there is an opportunity to make adjustments here.

Market Analysis: Midtown Regulatory Review

Townhomes. Per LMC 16.61.030, townhome development is not permitted in the District. Heartland suggests reconsidering, as this may be the only feasible redevelopment use for small parcels where apartment densities are not feasible. As well, townhomes can create an segue in density and transitional urban form between what exists and what is desired.

Readability of Code. Within the existing code, it is hard to readily discern allowable building volume in the District, which may challenge the patience of developers doing initial underwriting on an opportunity in the District. This can be addressed through adoption of a bulk and massing table that easily conveys allowed densities by zone using Floor Area Ratio (FAR) requirements (the relationship between the volume of building area in relation to the parcel on which it occupies). The FAR is then supplemented by additional proscriptions similar to those listed in the tables of LMC 16.24.070.

Multifamily Tax Exemption (MFTE). The City has an existing MFTE program for this Subarea only that permits an eight-year exemption outright for projects with at least 20 units, with the option to increase this to 12 years if 20% of the units are affordable at 80% of AMI. This is a good program that has a significant positive impact on redevelopment economics. The current program is set to sunset at the end of 2024. Given development timelines, there is a very limited window for projects to take advantage of this program. The City should consider extending this program while also improving visibility as to its existence.

Street Development Standards. The City's street standards plan for Subarea is thoughtful and could provide significant catalyst for development if the City were to take these street improvements on upfront. Doing them project by project is too incremental of an approach to be of effect. Private through block requirements could be a significant drain on redevelopment economics for large acreage properties.

Market Analysis: Multifamily Fundamentals

New Product Rents Average Below $2.00 PSF. Table 4.3 summarizes rents, vacancies and unit characteristics of the existing multifamily housing stock in the MSA. Rents in these markets average $1.45 per square foot (PSF) per month, with new product averaging just under $2.00 PSF. All projects exceeding $2.00 PSF are located in downtown Olympia, with the exception of the Martingale in Lacey (outside of the Subarea) which was developed by The Wolff Company and delivered in 2020.

Existing Product Stock Characterized by Family Style Units. The Lacey, Olympia, and Tumwater apartment market exhibits larger unit sizes and a higher proportion of one- and two-bedroom units than more urban markets.

Vacancy. Vacancies on average between the three cities remain competitive. Slightly higher vacancy of 5.4% in Lacey could be a result of an influx in supply in recent years.

Table 4.3 - Multifamily Market Metrics

	Lacey	Olympia	Tumwater
Rents & Vacancies			
Avg. Rent	$1.38	$1.48	$1.50
Avg. Rent Built Since 2017	$1.93	$1.97	$1.85
Avg. Stabilized Vacancy	5.4%	4.1%	2.5%
Unit Characteristics			
Avg. Unit Size SqFt	884	830	910
Avg. % Studio	11%	6%	2%
Avg. % 1 Bedroom	35%	37%	33%
Avg. % 2 Bedroom	46%	44%	47%
Avg. % 3 Bedroom	8%	9%	14%

(1) Data Source CoStar


Martingale

Market Analysis: Urban Density Projects

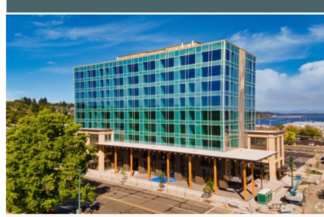
All Recent Urban Product Located in Olympia. There are seven recent projects achieving densities of approximately 100 DU/Ac, all located in Downtown Olympia.

Small Unit Sizes. Unit mix is heavily weighted toward studios and 1 BR (appx. 85% of total) with balance comprised of 2 BR and no 3 BR. Average unit size is much lower than the City-wide average at 631 SF/DU.

Premium Rents. Rents average $2.34 PSF, a 50% premium to the average. The Views on Fifth representing the top of the market at $2.80 PSF.

Parking. Parking ratios generally are below 1.0 Stall/DU. The projects surveyed generally avoid the added cost of extensive ramping that comes with constructing garage parking, choosing instead to provide parking at-grade, either covered or surface.

Table 4.4 – Urban Density Project Metrics

	Unit Type	Stories	Yr Blt	Unit Mix	Unit Avg SF	Rent PSF	Rent Unit	DU/Ac	Vacancy	Parking Type
123-4th Apartments – 123 4th Ave W										
	S	7	'16	32%	510	$2.39	$1,220	212	5.8%	At Grade Garage
	1 BR			54%	658	$2.31	$1,518			
	2 BR			14%	1,003	$2.10	$2,107			
	3 BR			0%	0	$0.00	$0			
	Total			100%	658	$2.28	$1,504			
Annie's Flats – 322 5th Ave SE										
	S	4	'18	69%	506	$2.13	$1,080	145	2.1%	At Grade Garage
	1 BR			31%	690	$1.88	$1,300			
	2 BR			0%	0	$0.00	$0			
	3 BR			0%	0	$0.00	$0			
	Total			100%	564	$2.04	$1,149			
Views on 5th – 410 5th Ave										
	S	9	'20	38%	412	$3.03	$1,250	132	In lease up	Auto-mated Garage
	1 BR			43%	651	$2.88	$1,877			
	2 BR			19%	857	$2.39	$2,046			
	3 BR			0%	0	$0.00	$0			
	Total			100%	600	$2.79	$1,672			

Market Analysis: Multifamily Pipeline

Lacey Multifamily Growing as % of Total Deliveries. Lacey's stock of multifamily units has grown by 9% in the last three years, compared to the 2.7% growth in Olympia and the 2% growth in Tumwater. In absolute terms this equates to 2.6 times the number of units added to Lacey as were added to Olympia since the start of 2017.

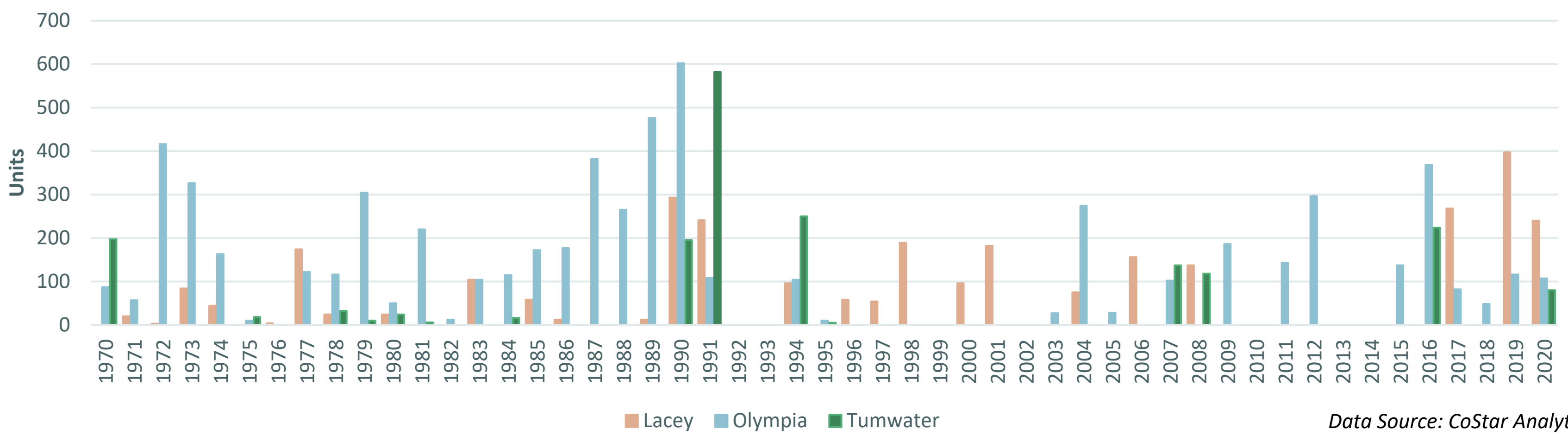
Lack of Midtown District Development. Despite a strong influx in unit production, Lacey has not seen any multifamily development in the Midtown District since 6 Wood Flats was constructed in 2008. Just outside the subarea, however, The Reserve at Lacey is under construction, a 241-unit senior housing project.

Table 4.5 – Multifamily Supply Metrics

	Lacey	Olympia	Tumwater
Supply			
Total Unit Count	10,140	13,130	3,910
Units Built Since 2017	905	353	80
Stock Increase Since 2017	9.0%	2.7%	2.0%
Units in Construction	241	95	220

(1) Data Source CoStar & Thurston Regional Planning Council

Figure 4.6 - Historical Multifamily Unit Deliveries *(Market Rate Units, Excludes Affordable and Senior)*



Data Source: CoStar Analytics

Market Analysis: Multifamily Pipeline

Lacey Increase in Senior Housing. Of the Lacey multifamily projects under construction, recently completed or proposed, 43% are senior housing units. Comparatively, the pipeline in Olympia consists of 19% senior housing.

Low-Rise Construction is the Norm. Most projects in the pipeline in the MSA are characterized by a low-rise construction type of four stories or less. Of the few projects that are mid-rise, two are in the Olympia urban core and exhibit the highest densities.

Table 4.7 – Multifamily Pipeline (Lacey, Olympia, Tumwater)

Property Name	City	Developer Name	Building Status	Year Built / Expected	Segment	Units	Stories	Acres
Gayteway at Hawks Prairie	Lacey	GS Venture Partners	Proposed	2021	Market	96	3	3.5
Martingale	Lacey	The Wolff Company	Existing	2020	Market	240	4	32
Tumwater Pointe Apartments	Tumwater	RJ Development, LLC	Under Construction	2020	Market	140	3	5.7
The Reserve at Lacey	Lacey	AVS Communities	Under Construction	2020	Senior, Affordable	241	5	5.2
Crossroads on Crosby	Tumwater	Commercial Property Services	Under Construction	2020	Market	80	4	3.2
The Easterly	Olympia	Aaron Angelo Development	Under Construction	2020	Market	21	3	0.7
Merritt Manor	Olympia	Grandview Inc	Existing	2020	Affordable	82	4	5.7
Views on Fifth	Olympia	Commercial Property Services	Existing	2020	Market	140	9	1.1
Copper Leaf Apartments	Olympia	Tumwater Development LLC	Under Construction	2020	Market	74	1	*Unk*
Harbor Heights	Olympia	Vine Street Associates	Existing	2020	Senior	116	7	1.4
Toscana Apartments	Lacey	Commercial Property Services	Existing	2019	Market	397	4	4.7
Affinity at Lacey	Lacey	Inland Group	Existing	2019	Senior	170	4	6.7
The Lurana	Olympia	Urban Olympia	Existing	2019	Market	44	3	0.6
Briggs Village	Olympia	Carino & Associates	Existing	2019	Market	72	3	3
Revel Lacey	Lacey	The Wolff Company	Existing	2018	Senior	135	3	6.7
Annie's Flats	Olympia	Urban Olympia	Existing	2018	Market	48	4	0.3

(1) Source CoStar

Market Analysis: Development Land Sales

Land Sale Methodology. In reviewing land sales, Heartland employed a development specific method that focuses on sales relating to pipeline projects. This excludes various land sales with unconfirmed uses and allows the sales to be reviewed with respect to the actual material realization of the land.

Lacey Land Basis Below $20. A review of recent land sales for pipeline projects within Lacey reveals competitive land pricing at or below $20 per land square foot. Comparatively, land transactions of pipeline projects within the Olympia core have exhibited higher land values sufficient for supporting urban infill development.

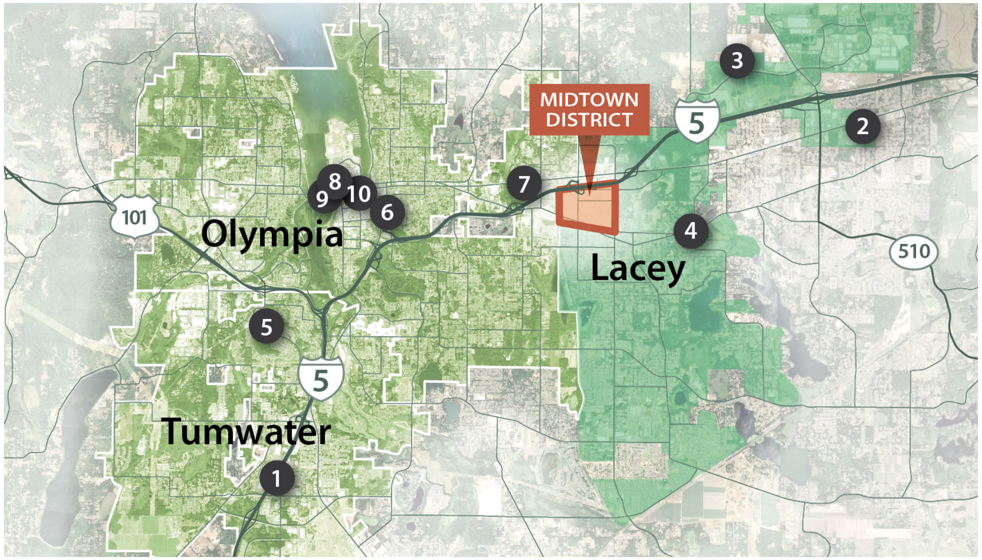


Table 4.8 – Development Land Sales

ID	PROPERTY NAME	SEGMENT	STATUS	UNITS	STORIES	OWNER/DEVELOPER	SALE PRICE	LOT ACRES	SALE DATE	ADJ. PRICE/ UNIT*	ADJ. PRICE/ SQFT BLDG*	ADJ. PRICE/ SQFT LOT*
1	Tumwater Pointe	Senior	Under Construction	140	3	Koelsch / RJ Development	$2,700,000	5.7	Oct-18	$21,571	$22	$12
2	GayteWay at Hawks Prairie	Market	Proposed	96	3	GS Venture Partners	$1,497,600	3.5	Jun-18	$17,736	$23	$11
3	Affinity at Lacey	Senior	Existing	170	4	Inland Group	$2,607,000	6.7	Apr-18	$17,597	$9	$10
4	The Reserve at Lacey	Senior, Affordable	Under Construction	241	5	AVS Communities	$3,850,000	5.4	Jul-17	$19,097	$16	$20
5	Crossroads on Crosby	Market	Under Construction	80	4	Commercial Property Services	$1,700,000	7.1	Jul-17	$25,337	$25	$7
6	The Easterly	Market	Under Construction	21	3	Aaron Angelo Development	$880,000	0.7	Mar-17	$50,832	$53	$36
7	Merritt Manor	Affordable	Existing	82	4	Grandview Inc	$1,850,000	5.7	Jan-17	$27,653	$28	$9
8	The Lurana	Market	Existing	44	3	Urban Olympia	$1,900,000	0.6	Dec-16	$53,063	$31	$89
9	Views on Fifth	Market	Lease Up	140	9	Commercial Property Services	$5,167,728	1.1	Dec-16	$45,438	$42	$138
10	Annie's Flats	Market	Existing	48	4	Urban Olympia	$700,000	0.3	May-16	$18,445	$18	$62

** Note: Adjustment Based on a 6% Land Appreciation per Year*

Market Analysis: Industry Outreach

Who We Spoke With. Through the industry outreach a series of interviews were conducted with local and regional groups. Those groups included MJR Development, Prime Locations, The Wolff Company, Vicwood Development Corp, Urban Olympia, Thomas Architecture Studios, SCJ Alliance, and Tallen Capital Partners.

Outreach Goals. The goal of the outreach was to gather perspective from various industry groups to understand the industry's view of the Midtown District and to inform strategy recommendations on catalyzing urban infill development. The following are key points that emerged.

Business-Friendly Reputation. The City of Lacey is very well regarded as one of the best Cities to work with in the Region. This was a strongly exhibited theme throughout conversations.

Midtown Outside of the Center of Gravity for New Development. Although some viewed the Midtown as an exciting place for multifamily development most saw other areas of the City more attractive, especially Hawks Prairie, which was associated with strong employment centers and more land opportunities.

Multifamily Tax Exemption (MFTE) Unanimous Plus. Across the groups interviewed all saw MFTE as a positive aspect of development in Midtown. However, it does not outweigh other challenges the District possesses.

Mixed Review of Opportunity Zones. Opportunity Zones were viewed as a benefit to the District for some, but others view the program as being risky amidst a changing political climate.

Challenging Economics. Generally, market rent levels were viewed as too low in relation to construction costs to justify urban style product in the form defined within the City's regulations. Moreover, the higher land costs associated with urban infill adds to the economic challenge.

Challenging Regulatory Environment. The biggest challenges with the current development regulations included the parking requirement and podium heights. Parking requirements were seen as unnecessarily high and some suggested a market-based approach by removing the parking requirement within strategic areas. Podium requirements were seen as the most prohibitive factor to development in the District.

Pioneer Project Needed for the District. General view on the District was that it was untested. A positive case study proving the market there would go be important to build momentum.

Incomplete Public Amenities. Although transportation and trail networks within the District were seen as positive amenities, there was an expressed lack of recreational amenities such as sports fields, dog parks, and entertainment.

5. SWOT Analysis

SWOT: Strength, Weaknesses, Opportunities & Threats

Heartland leveraged the analysis of the Midtown District to inform development of a Strengths, Weaknesses, Opportunities and Threats (SWOT) assessment. Below is a summary of the SWOT with additional detail on the following pages. The SWOT was then leveraged to inform development of strategies and actions steps for the City to consider.

	HELPFUL	HARMFUL
	Strengths	**Weaknesses**
INTERNAL (Controllable)	• Parks and Trails • Freeway Proximity • Centrally Located Transit Center • Mature Trees • Clear Vision • Business-Friendly Reputation	• High Land Basis • Undefined Market • Inhospitable Pedestrian Environment West of Golf Club Road SE • Limited Amenities to Support Housing • Regulatory Barriers
	Opportunities	**Threats**
EXTERNAL (Uncontrollable)	• Positive Demographic Trends • Existing Institutional Presence • Opportunity Zone • Softening Retail • Interested Property Owners • Adequate Parcel Sizes	• Lack of Example Development • Competition from Other Localities • Financial Feasibility of Urban Density Projects is Challenging • Limited Vacant Land • Covid-19

SWOT: Strengths

Parks and Trails
The District is surrounded on three sides by pedestrian trails interconnecting surrounding neighborhoods. The District also has four parks which offer outdoor gathering space, with Huntamer Park being the signature open space.

Freeway Proximity
Located along I-5, the District is highly accessible to job centers in the metropolitan area, including the state capital and the JBLM military base.

Centrally Located Transit Center
Within the District, the Lacey Transit Center is located at the heart, providing accessible transit access for the District.

Mature Trees
The Midtown District is characterized by mature trees within the sector east of Golf Club Road, providing a bucolic setting.

Clear Vision
The City has developed and refined a vision for the Midtown District over years of planning. A clear vision has been provided for the District which lends to clarity and transparency on the intent of planning efforts around the District.

Business-Friendly Reputation
The City of Lacey has maintained a positive reputation within the development community for their ability to work with builders to facilitate new development.

SWOT: Weaknesses

High Land Basis

The Midtown District has largely been built out, leaving multifamily development opportunities primarily on improved land. This creates a competitive disadvantage relative to surrounding areas that can offer a lower land basis and achieve a similar rent.

Undefined Market

The low amount of existing multifamily product stock within the Midtown District complicates underwriting for development for potential developers.

Inhospitable Pedestrian Environment

The area west of Golf Club Road features large blocks, high traffic counts, limited open space and trees, and incomplete sidewalk infrastructure. The City's planned infrastructure investment for the District does not match its vision for the District. Public infrastructure investment to create sidewalks, break up large blocks, create more open space, and reduce the abundance of asphalt will catalyze redevelopment by creating a more pleasant walking and living environment. We recommend focusing on a couple key nodes where investments can be coupled with willing developers interested in creating pioneer projects.

Limited Amenities to Support Housing

Commodity retail and fast food are abundant, however recreational and entertainment amenities are lacking. There is a need for more open space and sports facilities, potentially connected by trails dedicated for pedestrian and cyclists.

Regulatory Barriers

High parking requirements, ground level requirements, and building height requirements should all be revisited. A shorthand table to convey allowed bulk and massing, communicated through FAR limits, should be enacted.

Public/Civic Space

Although there are four established parks, only Huntamer Park serves as a usable open space for local residents and employees, and it is located in the eastern third of the Subarea.

SWOT: Opportunities

Positive Demographic Trends. Steady population and employment growth are forecast for the metropolitan area, which will drive demand for housing.

Existing Institutional Presence. South Puget Sound Community College has a campus within the Subarea, and St. Martin's University is adjacent. These institutions may be demand drivers for student-oriented housing within the District.

Opportunity Zone. The Subarea is within an Opportunity Zone, which provide favorable tax treatment on capital gains for investments made within the Zone.

Softening Retail. COVID is accelerating the drive of shopping for commodities online, which will increasingly threaten the health of non-experiential / non-lifestyle retail brands. Given the significant retail footprint in the Subarea, this should open up additional parcels for redevelopment consideration.

Interested Property Owners. Within the District there exist property owners that are interested to make housing development work. This opportunity provides a ready-made lab for the City and developer to work together to figure out how to make such projects pencil.

Parcel Sizes Adequate. With some exceptions (especially along Pacific Ave), typical parcel sizes in the Subarea are of sufficient scale to enable redevelopment of urban density housing.

SWOT: Threats

Lack of Example Development. There are no existing templates to draw from within the Subarea, complicating underwriting for developers.

Competition from other Localities. Developers looking to build housing in the metropolitan area will compare opportunities and supporting economics within Midtown to those of other neighborhoods within Lacey and other cities. Within the City of Lacey, there are numerous development sites that are not clouded by the existing conditions of the Midtown District.

Financial Feasibility of Urban Density Projects is Challenging. The high end of multifamily rents in Lacey are around $2.10 per square foot per month. Rents at these levels support the type of multifamily development common in lacey which is generally less than four stories with no elevator and an all wood frame construction. The Midtown District zoning envisions concrete podium construction, which is more expensive than what is otherwise being built. In order to make this type of development feasible, market rents need to be in the range of $2.50 and $3.00 per square foot per month.

Limited Vacant Land. Majority of the District is already built out with existing improvements. Relatively strong retail rents set a threshold land value that is higher than what development can support.

Covid-19. The lasting impacts of Covid-19 are yet to be seen and will likely be highly variable between markets and geographies. These impacts have the potential to influence the nature of retail and office uses specifically. This has potential to further deactivate the District and elongate the period in which demand for urban infill is realized within the District.

6. Strategy

Strategy

The following is a brief introduction to each of the four strategies suggested for catalyzing urban infill multifamily development within the Midtown District. These strategies are based on Heartland's observations, research, and conversations with local stakeholders and development community.

These strategies are influenced by the market analysis performed which provides an overview of local economics that are influencing the feasibility of development within the District. These factors are fundamental drivers of development that are largely outside of the City's control. However, the City can have meaningful impact through its regulator environment, policy, and capital investment, that may promote the viability of new multifamily development within the District.

Regulatory Audit

Evaluate adjustments to current land use code to align with market conditions and market supported building typologies

Currently, the high end of rents within Lacey are just above two dollars per square foot. This is generally not high enough to support the cost of construction of midrise multifamily product typologies and overall densities envisioned for the District. An analysis of applicable zoning regulations revealed several modifications that could aid in reducing construction costs without sacrificing the overall vision for the District.

Public Investment

Invest capital to support the City of Lacey's vision

The current condition of the Midtown District does not support a rent premium over current market rents, which currently do not support the desired housing product typology. Selective public investment can lend to a more attractive environment for housing which will aid in rent appreciation within the District. Additionally, the implementation of the current vision relies heavily on private development to implement public infrastructure improvements. The City should proactively address these cost burdens through public investment to catalyze the vision.

Stakeholders Engagement

Pursue Strategic Partnerships with key stakeholders and landowners

Engaging local stakeholders is one way to help unlock opportunities for development. The City is already proving this concept through working relationships with local institutions such as St. Martins University. Property within the district is largely in use by various owners with differing interests. This strategy is focused on aligning interest with these stakeholders to create opportunities for mixed use urban multifamily development.

Communication

Clearly define the message and communicate the vision for the Midtown District

This strategy is focused on ensuring investors and developers understand the vision for the Midtown district. This should be done concisely in a way that is readily digestible by the development community. It is important context for this strategy to note that multifamily development within the District is inherently challenged by local market rents, values of existing real estate improvements, cost of construction, land use code, and scarcity of developable land. Because of this, the communication strategy will be most effective in the context of publicizing the City's efforts to improve these challenging conditions. It would be premature to formally market the district as an opportunity before action is taken by the City to improve the district or until existing economics change.

The following pages outline specific tangible actions within each strategy and reiterate supporting observations from the market analysis. Each action is categorized as a short- or long-term action. Short-term actions are those that can be addressed within one or two years. Long-term actions are those that would be addressed over a period longer than two years.

Strategy

I. Strategy_Regulatory Audit - *Evaluate adjustments to current land use code to align with market conditions and market supported building typologies*

1. Zoning Lookback

   Short-Term Action: Conduct a Woodland District Zoning Lookback and consider revisions outlined in the Regulatory Review of this report.

   Supporting Observations: Review of the existing Woodland District land use code and conversations with local stakeholders illuminated many code revisions that could increase the feasibility of development.

2. Pilot Project Incentive

   Short-Term Action: To catalyze a pioneer project, develop a pilot project program with incentives to encourage development in the District (Example: reduced fees for new development in the next two years).

   Supporting Observations: No new multifamily has been built in the district since 2008. Per conversations with local stakeholders a pioneering project would confirm demand and provide a case study to support underwriting.

3. Extend MFTE Program

   Short-Term Action: Extend the current MFTE program beyond 2024 so new opportunities can account for this benefit.

   Supporting Observations: MFTE had unanimous support from local stakeholders. It is a program frequently used with success by other jurisdictions. Existing MFTE program ends in 2024 which means current development studies would not be able to account for this in business cases for new developments.

4. Conduct Parking Study

   Short-Term Action: Conduct a parking study to evaluate the potential for shared parking policies and the potential for parking requirement reductions.

   Supporting Observations: The current parking requirement is high for infill multifamily development relative to competing markets. Parking creates an additional cost to future developments, making them less feasible. There is an observable quantity of parking within the district that is underutilized.

5. Evaluation of Changing Product Formats

   Long-Term Action: Conduct study of the evolution of changing product formats accelerated by the COVID-19 pandemic and relative effects on land use to inform regulatory audit.

   Supporting Observations: The Covid-19 pandemic has influenced the way retail, office, and many other real estate assets are developed and used. Existing code may not support the implementation of innovative uses that could drive housing demand in the District.

6. Focus Housing Density in Midtown

   Long-Term Action: Ensure that policy and capital investments in the City support the Midtown District as the City's focus area for housing growth in the future.

   Supporting Observations: Lacey's stock of multifamily units has grown by 9% in the last three years. However, none was built in the Midtown District. Other areas of Lacey out compete Midtown because of lower land costs.

Strategy

II. Strategy_Public Investment – ***Invest capital to support the city of Lacey's vision***

1. Expand/Improve Parks and Trails

   Long-Term Action: Expand and/or improve the existing parks and trails infrastructure, including implementation of improvements identified in the Midtown District Mid-Town Urban Design Brand Elements for Huntamer Park.

   Supporting Observations: The Midtown district is observably lacking in park space. Huntamer Park currently acts as the center piece of the district and is utilized well with public programming. However, stakeholders generally viewed the district as lacking in public amenities.

2. Improve Sidewalks and Wayfinding

   Long-Term Action: Improve/complete sidewalk, wayfinding, and connectivity to the existing trail network that runs through the Midtown District.

   Supporting Observations: The District is primarily an auto oriented environment. Increasing walkability and street appeal will make residential living in the district more appealing.

3. Implement Streetscapes

   Long-Term Action: Implement the streetscape standards/improvements you've already identified in the Mid-Town Urban Design Brand Elements and Woodland District Strategic Plan.

   Supporting Observations: Streetscape requirements largely fall as the responsibility of developers. This is an added burden to multifamily development feasibility within the district.

4. Foster a Sense of Place

   Short-Term Action: Identify potential locations for public art and other public realm beautification measures that will contribute to the District's sense of place.

   Supporting Observations: The Midtown District lacks a defined sense of place.

5. Assess Stormwater and Wastewater Capacity

   Short-Term Action: Monitor stormwater and wastewater infrastructure capacity and impact on development feasibility. Invest in preemptive system capacity building to facilitate new development.

   Supporting Observations: Existing code requires new developments to treat storm water on site. This can have a significant impact on feasibility of multifamily development. Additionally, sewer mains may not support higher capacities needed to support residential uses. This is beyond the scope of Heartland's work and expertise but is important to understand.

6. Focus Public Investment

   Long-Term Action: Focus investment on civic opportunities such as libraries, play fields, and event spaces. Plan for future strategy to attract civic and public facilities to district.

   Supporting Observations: Stakeholder conversations and observations noted that the District is lacking spaces that can be activated and utilized by the public. Investments in civic facilities in Midtown can make the District more attractive for residential uses.

III. Strategy_Stakeholders *– Pursue Strategic Partnerships with key stakeholders and landowners*

1. Engage Local Universities

   Long-Term Action: Support and facilitate partnerships for student housing that would support Saint Martin's University and South Puget Sound Community College and their plans for growth in the area.

   Supporting Observations: The district benefits from the diversity of institutions located within it. The City is proactively engaging local institutions to catalyze and support multifamily development. This has shown preliminary success and should be continued.

2. Develop Acquisition Plan

   Long-Term Action: As an overall implementation approach, identify underutilized properties for acquisition by the City that could support housing development. This will allow the City to ensure housing is being built where possible.

   Supporting Observations: Only 3% of the land area in the district is vacant land and only 12% has improvement values less than a quarter the value of the land. This shows the scarcity of developable land opportunities for housing and therefore underlies the need for property ownership to ensure the few opportunities are developed in a way to catalyze the City's vision.

3. Engage in Public Private Partnerships

   Long-Term Action: Engage major land-owners of underutilized sites and considering partnership to encourage redevelopment.
   - Funding and implementation of major street and connectivity improvements
   - Partnering to help fund and/or implement new parks/open space

   Supporting Observations: As previously stated, land opportunities are scarce. Building a rapport with existing landowners is needed to create and influence opportunity for redevelopment.

4. Curate and Grow Partnerships

   Long-Term Action: Develop and maintain a list of potential strategic partners, both public and private, that may be interested in investing in the Midtown District now or in the future.

   Supporting Observations: Through interviews with stakeholders and local developers it was found that some knew of the area but had not focused on opportunities within it. Tracking and maintaining relationships with these groups and others will provide insight and enable the City to communicate opportunity and vision.

Strategy

IV. Strategy_Communication *– Clearly define the message and communicate the vision for the Midtown District*

1. Create Marketing Package

   Short-Term Action: Create a marketing package the City can use and share with interested landowners and developers. It is important the City first implements actions outlined in strategies I,II, and III to strengthen the communicable opportunity.

   Supporting Observations: From interviews with local developers, it was apparent some were not aware of the Midtown district or the City's vision. Communication of that is important to keep these groups informed.

2. Develop Cohesive Messaging

   Short-Term Action: Develop a cohesive message that you want to communicate about the opportunity and clearly define what the Midtown District is (boundaries, etc)

   Supporting Observations: From on site observation and interviews with local stakeholders, it was found that there was little physical indication of the District and mixed understanding of the City's vision.

3. Highlight City Investment

   Long-Term Action: Highlight investment in the area by the City (see Strategy III), developers, and landowners.

   Supporting Observations: Interviews with local developers suggested the need for pioneering projects and public investment. Publicizing these investments will bring attention to the District.

4. Position District as Downtown

   Long-Term Action: Continue to position the District as your downtown and center of activity/programming (events, etc.).

   Supporting Observations: The primary land uses within the District are overwhelmingly office and retail. Activation of the District for additional uses is needed to create sense of place and bring attention to the District.

5. Continue Building Positive Relationships

   Long-Term Action: Maintain and continue to leverage the City's business friendly reputation to attract local and regional developers

   Supporting Observations: Interviews with local stakeholders indicated strong appreciation for the City of Lacey's efforts to support business. The success of this should be recognized and continued.

Midtown District
Housing Strategy

INTRO & APPROACH

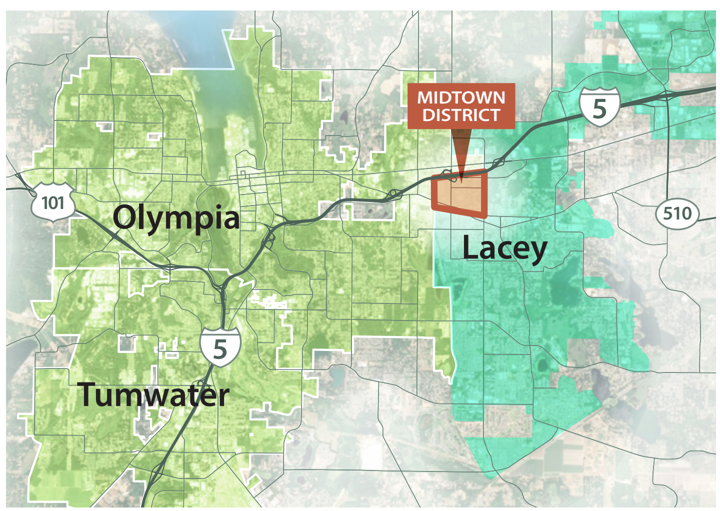
The City of Lacey prepared an assessment and market analysis of the Midtown District in order to inform a district level strategy to **attract urban infill multifamily development**. The study includes an initial assessment and evaluation of the Midtown District and submarket, focusing on real estate, demographic and economic trends affecting multifamily development in the area. The assessment includes an evaluation of existing land use patterns, infrastructure and identification of opportunity sites for housing. The findings from the analysis informed development of a series of strategies and action steps for the City to leverage to support the growth and development of the Midtown District (see opposite page).

SUMMARY OF SWOT ANALYSIS

(Strengths, Weaknesses, Opportunities, and Threats)

	HELPFUL	HARMFUL
	STRENGTHS	WEAKNESSES
INTERNAL (CONTROLLABLE)	• Parks and Trails • Freeway Proximity • Centrally Located Transit Center • Mature Trees • Clear Vision • Business-Friendly Reputation	• High Land Basis • Undefined Market • Inhospitable Pedestrian Environment west of Golf Club Road SE • Limited Amenities to Support Housing • Regulatory Barriers
	OPPORTUNITIES	THREATS
EXTERNAL (UNCONTROLLABLE)	• Positive Demographic Trends • Existing Institutional Presence • Opportunity Zone • Softening Retail • Interested Property Owners • Parcel Sizes Adequate	• Lack of Example Development • Competition from other Localities • Financial Feasibility of Urban Density Projects is Challenging • Limited Vacant Land • Covid-19

Aerial © GoogleEarth



AMENITIES

- Parks & Trails
- Sidewalks
- Bike Route
- Transit Center
- School
- Retail
- Restaurants

Midtown District Strategies

I STRATEGY REGULATORY AUDIT

Evaluate adjustments to current land use code to align with market conditions and market supported building typologies

- **ZONING LOOKBACK**
  Conduct a Woodland District Zoning Lookback and consider revisions outlined in the Regulatory Review of this report.
- **PILOT PROJECT INCENTIVE**
  To catalyze a pioneer project, develop a pilot project program with incentives to encourage development in the District (Example: reduced fees for new development in the next two years).
- **EXTEND MFTE PROGRAM**
  Extend the current MFTE program beyond 2024 so new opportunities can account for this benefit.
- **CONDUCT PARKING STUDY**
  Conduct a parking study to evaluate the potential for shared parking policies and the potential for parking requirement reductions.
- **EVALUATION OF CHANGING PRODUCT FORMATS**
  Conduct study of the evolution of changing product formats accelerated by the COVID-19 pandemic and relative effects on land use to inform regulatory audit.
- **FOCUS HOUSING DENSITY IN MIDTOWN**
  Ensure that policy and capital investments in the City support the Midtown District as the City's focus area for housing growth in the future.

II STRATEGY PUBLIC INVESTMENT

Invest capital to support your vision

- **EXPAND/IMPROVE PARKS & TRAILS**
  Expand and/or improve the existing parks and trails infrastructure including implementation of improvements identified in the Midtown District Mid-Town Urban Design Brand Elements for Huntamer Park.
- **IMPROVE SIDEWALKS & WAYFINDING**
  Improve/complete sidewalk, wayfinding, and connectivity to the existing trail network that runs through the Midtown District.
- **IMPLEMENT STREETSCAPES**
  Implement the streetscape standards/ improvements you've already identified in the Mid-Town Urban Design Brand Elements and Woodland District Strategic Plan.
- **FOSTER A SENSE OF PLACE**
  Identify potential locations for public art and other public realm beautification measures that will contribute to the District's sense of place.
- **ASSESS STORMWATER & WASTEWATER CAPACITY**
  Monitor stormwater and wastewater infrastructure capacity and impact on development feasibility. Invest in preemptive system capacity building to facilitate new development.
- **FOCUS PUBLIC INVESTMENT**
  Focus investment on civic opportunities such as libraries, play fields, and event spaces. Plan for future strategy to attract civic and public facilities to the district.

III STRATEGY STAKEHOLDERS

Pursue Strategic Partnerships with key stakeholders and landowners

- **ENGAGE LOCAL UNIVERSITIES**
  Support and facilitate partnerships for student housing that would support Saint Martin's University and South Puget Sound Community College and their plans for growth in the area.
- **DEVELOP ACQUISITION PLAN**
  As an overall implementation approach, identify underutilized properties for acquisition by the City that could support housing development. This will allow the City to ensure housing is being built where possible.
- **ENGAGE IN PUBLIC PRIVATE PARTNERSHIPS**
  Engage major land-owners of underutilized sites and consider partnerships to encourage redevelopment.
  - *Funding and implementation of major street and connectivity improvements*
  - *Partnering to help fund and/or implement new parks/open space*
- **CURATE & GROW PARTNERSHIPS**
  Develop and maintain a list of potential strategic partners, both public and private, that may be interested in investing in the Midtown District now or in the future.

IV STRATEGY COMMUNICATION

Clearly define the message and communicate the vision for the Midtown District

- **CREATE MARKETING PACKAGE**
  Create a marketing package the City can use and share with interested landowners and developers. It is important the City first implements actions outlined in strategies I,II, and III to strengthen the communicable opportunity.
- **DEVELOP COHESIVE MESSAGING**
  Develop a cohesive message that you want to communicate about the opportunity and clearly define what the Midtown District is (boundaries, etc).
- **HIGHLIGHT CITY INVESTMENT**
  Highlight investment in the area by the City (see Strategy II) as well as private developers/ landowners.
- **POSITION DISTRICT AS DOWNTOWN**
  Continue to position the District as your downtown and center of activity/ programming (events, etc).
- **CONTINUE BUILDING POSITIVE RELATIONSHIPS**
  Maintain and continue to leverage the City's business friendly reputation to attract local and regional developers.

		Cost	Complexity	Time
1	**Set the Stage**	**Cost**	**Complexity**	**Time**
1.1	Form-Based Code Complete	•	••	•
1.2	College Street SE Transportation Study	•	••	•
1.3	Identify and Leverage Financial Resources Complete	•	•••	••
1.4	District Brand Identity Program Complete	•	••	•
1.5	Planned Action EIS	••	••	••
1.6	District Stormwater & Green Infrastructure Plan	••	••	•
1.7	District Parking Plan	••	••	•
1.8	Forest Management Plan Update Complete	•	•	•
2	**Improve Investment Climate**			
2.1	Main Street/Golf Club Rd SE	•••	•••	••
2.2	Multifamily Tax Exemption Program Complete	•	•	•
2.3	Reduce Impact Fees	•	•	•
2.4	Bicycle & Pedestrian Improvements Complete	••	••	••
2.5	Streetscape Improvements Complete	••	••	••
3	**Strategic Partnerships to Develop Key Nodes**			
3.1	SPSCC Campus Complete	•	•	•
3.2	SPSCC/EDC Business & Entrepreneurial Center Complete	•	••	•
3.3	Cultural Center	•••	••	••
3.4	Market Square	•••	•••	•••
3.5	South Sound Center Entertainment Center	•••	•••	•••
3.6	Affordable Housing Strategy Complete	•	•	•
3.7	St. Martin's University Underway	•	•	•
3.8	Transit Center Redevelopment	•••	•••	•••
4	**Recruitment, Advocacy & Coalition**			
4.1	Recruit Office Tenants to Support Use Clusters	•	•••	••
4.2	Locally-owned Destination Businesses	•	••	••
4.3	Arts & Cultural Plan	••	••	••
4.4	Stakeholder Coalition	•	•	•

Rankings

Cost

$ = •

$$ = ••

$$$ = •••

Complexity

= •

= ••

= •••

Time

= •

= ••

= •••

Strategy 1: Set the Stage

1.1
Form Based Code

Description: Development and adoption of a Form-based Code is recommended for the Woodland District's implementing regulations. Such a "place-based" regulatory system would clearly illustrate the District's desired form and character with both graphics and concise narrative. It would shape both the public realm (the streets and pedestrian network, public places and parking supply) and private realm (building forms, design and locations, private signage, on site parking, circulation and landscaping). The form-based approach provides clarity of content and the permitting process. The Code would serve as an incentive to attract new investments and produce a cohesive neighborhood characterized by great places.

Lead: City of Lacey

Partners: Strategic Plan Stakeholders

1.2
College Street SE Transportation Study

Description: Prepare a study for College Street SE between I-5 and Pacific Avenue SE to identify methods of improving multi-modal access and circulation to the district while maintaining the capacity for managing regional through traffic. Identify strategies and projects to enhance facilities for all modes, better relate the roadway design to existing and future land uses and ensure adequate access for all modes to and from the Woodland District, City facilities and St. Martin's University. The College Street SE Transportation Study could be folded into a more extensive transportation analysis in the Planned Action EIS if the EIS is conducted first.

Lead: City of Lacey

Partners: Woodland District Stakeholders, St. Martin's University, Intercity Transit

1.3
Identify and Leverage Financial Resources

Description: Identification of financial resources for Plan implementation would enable the City to define projects and develop a detailed, phased 10 year implementation strategy. Identification of financial resources would include capital funding, financing methods, key partnerships and technical assistance. Partnerships with JBLM, HUD, the Main Street Program, Woodland District financial institutions and others should be established and leveraged to recruit partners and financial participation.

Lead: City of Lacey

Partners: Thurston County EDC, Woodland District Financial Institutions

1.4

Brand Identity & Visibility: Name of District, Gateways, Wayfinding, Streetscape & Signage

Description: Development of an integrated branding program for the District – including renaming the District, a logo, entry gateways, wayfinding signage and revised sign standards – would increase visibility and provide a cohesive identity for the District. This program would also increase the Districts' competitiveness in the regional housing market, by improving the pedestrian realm, creating walkable streets and District legibility. The sign ordinance should be updated with signage specific to the Woodland District including wayfinding for vehicles, pedestrians and bicyclists, street signs and commercial signage. Public art planning should be coordinated with brand identity and visibility.

Lead: City of Lacey

Partners: Thurston County EDC, Chamber of Commerce, Woodland District Stakeholders

1.5

Planned Action Environmental Impact Statement (EIS)

Description: A Planned Action EIS will streamline and provide greater certainty in the development process. It entails review of potential impacts of development during the planning stage, rather than the development review stage, identifies mitigation measures upfront, such that future development proposals that are consistent with the EIS and ordinance do not require additional SEPA review. Following preparation of the EIS the local government may adopt a planned action ordinance that specifies the amount and type of development and required mitigation to qualify as a planned action project.

Lead: City of Lacey

Partners: Strategic Plan Stakeholders

1.6

District Stormwater & Green Infrastructure Plan

Description: A regional stormwater management plan would addresses stormwater-related water quality and water quantity impacts of new and existing land uses in a drainage area. It is developed on a drainage area basis and is not limited to on-site stormwater management measures. Facilities associated with the Plan can provide on-site and area-wide amenities and public spaces in urban environments, increase residential and commercial property values and neighborhood appeal. It would also facilitate maintenance and reduce maintenance costs. Provisions of District stormwater facilities would enable full TOD development and reconfiguration of the Transit Center.

Lead: City of Lacey

Partners: Strategic Plan Stakeholders & Agencies

Strategy 2: Improve the Investment Climate

1.7
District Parking Plan

Description: A district parking system provides parking for districts rather than individual sites by pooling parking supply in desired locations. This approach would support future development levels while reserving valuable street frontage for active pedestrian-oriented uses. District parking supply would be defined and managed based on demand for different uses and times of day. This program could be initiated in the near term to capture the value of existing parking and to reduce individual project costs by providing shares of district parking supply. It would be revised in phases as development intensifies in the area.

Lead: City of Lacey

Partners: Development Community, Local Lending Institutions, SPSCC, State Department of Enterprise Services

1.8
Urban Forest Management Plan Update

Description: The update would ensure that trees and the existing urban forest remain viable as an integral component of District identity and livability while managing trees for visibility to businesses and places by defining tree cover goals for the District, designing development to retain key trees, identifying annual tree replenishment goals and implementing an annual tree crowning-raising program to provide visibility to existing buildings and places. The update would also ensure preservation of large Sequoias in Plaza Park West when integrating new retail.

Lead: City of Lacey

Partners: ForTerra or similar entity who establish and maintain urban forests through their Green Partnership program.

2.1
Develop Main Street/Golf Club Rd SE Street Connection

Description: The connection/re-alignment of Golf Club Rd SE from Pacific Avenue SE to 3rd Avenue SE would catalyze the development of several projects including a pedestrian-oriented mixed use Main Street, provide direct access to the Transit Center, more efficient bus circulation, provide a continuous bicycle streets connecting the three major urban trails, increase access and visibility of the Woodland Square Loop area, the Huntamer Park Cultural Node and to Market Square. Renaming the street to a more local reference could become a key place identifier within the District as part of the District Identity and Renaming process.

Lead: City of Lacey

Partners: Intercity Transit, Property Owners, WSDOT

2.2 Multifamily Tax Exemption Program

Description: The City of Lacey should designate the Woodland District for the Multifamily Tax Exemption to improve development feasibility and to stimulate the construction of new market rate and affordable housing opportunities within urban centers. The City must designate areas within an urban center for use of the program. Eligible projects are exempt from property taxation for eight successive years; or for twelve years if the property commits to at least twenty percent of the multifamily housing units as affordable housing units.

Lead: City of Lacey

Partners: Woodland District Stakeholders, Thurston County EDC, Chamber of Commerce, Development Community

2.3 Reduce Impact Fees

Description: Impact fees may be waived on a discretionary basis by the City and may be specific to geographic areas to improve feasibility of development. An adjustment of fees sends a signal to the development community that the District is a priority for the City and that the City is willing to provide incentives for private development in the District.

Lead: City of Lacey

Partners: Woodland District Stakeholders, Thurston County EDC, Chamber of Commerce, Development Community

2.4 Bicycle & Pedestrian Improvements

Description: A comprehensive approach to the development of a District-wide network of walkable, bicycle-friendly streets would improve safety, comfort and interest to pedestrians and bicyclists and would improve livability and the investment climate. The program would guide the buildout of the future circulation network, redevelopment of sites and retrofit of existing streets and sites. City street and development standards should be updated to Reflect the pedestrian and bicycle improvements recommended in this Plan.

Lead: City of Lacey

Partners: Woodland District Stakeholders, Property and Business Owners, Pedestrian and Bicycle Advocates, Capital Bicycling Club, Woodland Trail Greenway Association

Strategy 3: Strategic Partnerships

2.5

Streetscape Improvements

Description: A comprehensive palette of streetscape improvements is a companion action to bicycle and pedestrian improvements designed to strengthen District identity, improve pedestrian comfort and interest, quality of life and the investment climate. Pedestrian lighting, street trees, landscaping, street signage, District-specific paving, crosswalks and street furniture should be included with a map identifying improvements at specific locations. City street and development standards should be updated to include a map with locations for streetscape improvements by type including street furniture, signage, trees and landscaping, paving, crosswalks, and intersections.

Lead: City of Lacey

Partners: Property Owners

3.1

South Puget Sound Community College

Description: The future SPSCC facility at Rowe Six provides a second higher education institution in the District, a new destination and a generator of local culture. The property is currently self-contained with low visibility from the street though well-placed across from the Transit Center and adjacent to 6th Avenue SE's mixed use area. Establishment of sidewalks, formal links to adjacent properties and the I-5 trail, directional and building signage, reconfigured parking, off-site programs and business incubators would fully leverage and integrate the institution's value and culture into surrounding District. A direct route between SPSCC and St. Martin's University would increase linkages, collaborations and access between the two institutions.

Lead: SPSCC

Partners: City of Lacey

3.2

South Puget Sound Community College/EDC Business & Entrepreneurial Center

Description: South Puget Sound Community College, in partnership with the Thurston EDC and the City, plan to develop a business and entrepreneurial center in the District. The goal of the Center will be to help entrepreneurs launch and build successful companies and turn innovation into commercialization by providing an array of business support resources and services. The Center will help early stage entrepreneurs grow through a variety of support services and facilities in a professional working environment, with a focus on creating new family-wage jobs to help spark the region's economic recovery and prepare students for careers. The Center will be designed to take advantage of available office space in the District.

Lead: SPSCC, Thurston County EDC

Partners: City of Lacey, Thurston Chamber of Commerce, St Martin's University

3.3 Cultural Center

Description: This project adds facilities and uses to the Huntamer Park area to develop the cultural center or "heart" of the Lacey community. Huntamer Park could be enlivened with a water feature, a multipurpose year-round pavilion for events, fairs and festivals and a YMCA on an adjacent site. Increased building development around Huntamer Park would provide a sense of enclosure and further build the identity of a Civic Green.

Lead: City of Lacey

Partners: Woodland District Stakeholders

3.4 Market Square

Description: Market Square (Fred Meyer site) would be reconfigured to improve visibility, circulation and access and deliveries. The two small City parks adjacent to the property could be consolidated and relocated into a usable public space integrated into the reconfiguration and small retail added on Main Street. Market Square could be a participant in Shared Parking District in the Woodland Square Loop area.

Lead: Market Square Property Owner

Partners: City of Lacey

3.5 South Sound Center Entertainment Center

Description: South Sound Center has successfully transitioned to a retail power center. As the largest property in the District, the Center's economic, cultural and community value as a destination visible from I-5 can be increased with intensified development, more efficient use of land, increased mix of uses, addition of a cluster of multi-venue entertainment uses (skating rink, food court and additional retail), a public gathering place, internal street system, shared parking, improved signage and freeway visibility and connections to City of Olympia streets. The site would be reintegrated with the street grids, provide access to the Chehalis Western Trail and could host community events.

Lead: South Sound Center

Partners: City of Lacey

3.6
Affordable Housing Strategy

Description: Develop a strategy to provide a variety of housing in the District for a range of household types and income levels such as seniors, students, local employees and low- and moderate-wage workers. Programs could include rental production and preservation, operating & maintenance fund, rental assistance, homebuyer assistance, acquisition and opportunity loan funds and others. The strategy should support the multi-family tax exemption program and oversee compliance with the affordability requirements of the program.

Lead: City of Lacey

Partners: Local Banks and Financial Institutions, Thurston County Housing Authority, Other Agencies

3.7
Partnership with St. Martin's University

Description: Strengthen the City of Lacey's ongoing partnership with St. Martin's University to integrate programs, housing, cultural activities and facilities into the Woodland District. Integration of the university faculty, staff, and students will enrich the District and its offerings, while the District can offer increased retail and services, transit and housing to the university community. Connect St. Martin's University to the trail system and improve pedestrian and bicycle access and connections between the campus and the District.

Lead: City of Lacey.

Partners: St Martin's University

3.8
Transit Center Redevelopment

Description: The Transit Center provides a vital service in a central location but is underused in its current configuration. Reconfiguration to an east/west orientation between Golf Club would increase its prominence, provide more direct bus access and take advantage of the development of Main Street and the future Huntamer Park Cultural Center. Mixed use development on the site would intensify use, maximize the value of the Transit Center and provided significant opportunities for placemaking and transit-oriented development (bus TOD).

Lead: Intercity Transit

Partners: City of Lacey, Woodland District Strategic Plan Stakeholders

Strategy 4: Recruitment, Advocacy & Coalition

4.1

Recruit Tenants to Support Clusters of Uses

Description: Active recruitment of unoccupied offices offer opportunities to develop clusters of uses which build on existing District uses such as medical facilities and higher education institutions, particularly in the 6th Avenue SE/ Main Street Transit Center area. Workforce training, business incubator programs and a service hub for JBLM health and human services are potential users. Student-oriented businesses and cultural programs could further support reuse of existing buildings. The existing fiber optics and potential future District-wide wi-fi could strengthen recruitment efforts.

Lead: Thurston EDC, Chamber of Commerce

Partners: City of Lacey

4.2

Locally-owned Destination Retail & Entertainment Venues

Description: Recruiting locally-owned destination retail and entertainment venues would bring new customers and visitors to the District from urbanized Thurston County. Examples include a music store and locally-owned restaurants and pubs and a food cart hub or pod would provide unique businesses and build local culture. Collocation of destination uses would build synergy with existing destinations such as South Sound Center, Market Square and 6th Avenue SE.

Lead: Thurston EDC, Chamber of Commerce

Partners: City of Lacey

4.3

Arts & Culture Plan

Description: Development of an Arts and Culture Plan would provide a strategic and coordinated approach to cultural development and identity of the Woodland District and the Lacey community. It could include a plan for the "Cultural Center" envisioned in the Huntamer Park/Main Street node in the Woodland Square Loop area and develop a broader plan and become known as a thriving local arts and culture community which celebrates its heritage, cultures and social diversity with vibrant street life, community events and organizations. Develop a public art strategy which is specific to Lacey culture which is coordinated with identity and wayfinding to be designed into public and private development.

Lead: Parks Board & Planning Commission

Partners: Woodland District Stakeholders, Schools and Colleges, Business, Public Agencies

4.4

Establish a Woodland District Stakeholder Coalition

Description: The establishment of an association for the District would develop a formal group to champion Strategic Plan implementation and provide an advocacy role for the neighborhood. This group, by its nature, would bring broad perspective to an implementation group and represent many community representatives and voices whose interests and participation are vital.

Lead: City of Lacey

Partners: District Businesses, Residents, Higher Education Institutions, Public Agencies, Intercity Transit, Thurston EDC and others.