

CITY OF EDGEWOOD

ECONOMIC ASSESSMENT AND PRELIMINARY STRATEGIES

November 2014

Presented by Community Attributes to the City of Edgewood





*Community Attributes tells data rich stories about communities
that are important to decision-makers.*

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Introduction

Background and Purpose

The City of Edgewood is a relatively young community located in northern Pierce County. Lacking historical downtown infrastructure and buildings, City leaders have invested heavily in designating a new Town Center that will serve as the commercial and social hub for the City and its surrounding communities. Currently, the City is updating its Comprehensive plan for 2015, which is good timing to evaluate its economic development policies and objectives. City staff and policy makers sought an analysis that not only informs their understanding of the city's economy, real estate market and demographics, but also acts as a tool that can be leveraged to trigger development of the City's economic development vision. The economic assessment and preliminary strategy development completed by Community Attributes Inc. (CAI) is meant to supplement this effort and provide a better understanding of the city's residents, workforce and position moving forward within the regional economy.

Our approach is divided into two phases. The first phase assembles a baseline of information and analysis to inform an understanding of Edgewood's economic assets, challenges as well as near and long term opportunities (see Sections 1-3). The second phase involves a collaborative process of refining a strategic vision to develop preliminary strategies organized by several overarching themes (Section 4).



INTRODUCTION AND APPROACH

Methods

The approach to this work leverages CAI's extensive experience in economic and demographic analysis. Supplementing this analysis is a detailed review of the City's economic assets, zoning code and retail demand.

To further inform the economic assessment, CAI analyzed Edgewood's current real estate market and assessed development feasibility based current zoning policy and market conditions.

The analysis draws from data compiled specifically for the report, including:

- Washington Department of Revenue taxable retail sales data;
- American Community Survey and US Census data.
- CoStar real estate data
- King County Assessor parcel data
- Puget Sound Regional Council population and employment forecasts

Organization of this Report

- **Section 1: Demographic Profile.** Detailed analysis of the city's demographics as they relate to economic development.
- **Section 2: Employment and Industries.** Analysis of the City's employment, workforce and economic assets
- **Section 3: Real Estate and Growth.** Assessment of the City's Town Center zoning district and development economics.
- **Section 4: Preliminary Themes and Strategies.** Preliminary strategies derived from analytics and feedback from City policy makers and staff

Peer City Framework

To better understand Edgewood's position within the region and how it compares to other nearby communities, a peer city framework is utilized. This framework highlights ways in which the city differs from surrounding communities, revealing potential market opportunities. Peer cities are selected as follows:

Neighboring cities are geographically proximate but tend to be different in terms of demographic and economic make up.

Comparable cities feature a similar demographic and economic makeup. Sammamish was selected for its similar characteristics regarding jobs to housing ratio and bedroom community status.

Larger cities offer Edgewood insight into possibilities for different growth scenarios. In addition, data are presented for King and Pierce Counties to provide regional context.

- > **Milton** – Neighboring City
- > **Bonney Lake** – Neighboring City
- > **Sammamish** - Comparable
- > **University Place** – Larger
- > **Pierce and King Counties** - Regional

INTRODUCTION AND APPROACH

Our Approach

Exhibit 1 serves as an overall framework for collecting, analyzing and evaluating data that describes the City of Edgewood. The framework provides a focused effort that describes not only the people that live and work in Edgewood, but what they do and how they get there. The strategic framework allows CAI to fully understand the factors that influence a city, residents and policy makers.

For the City of Edgewood, the framework results in a focused effort that centers on the learning as much as possible about the following:

WHO WE ARE unique demographic & human assets

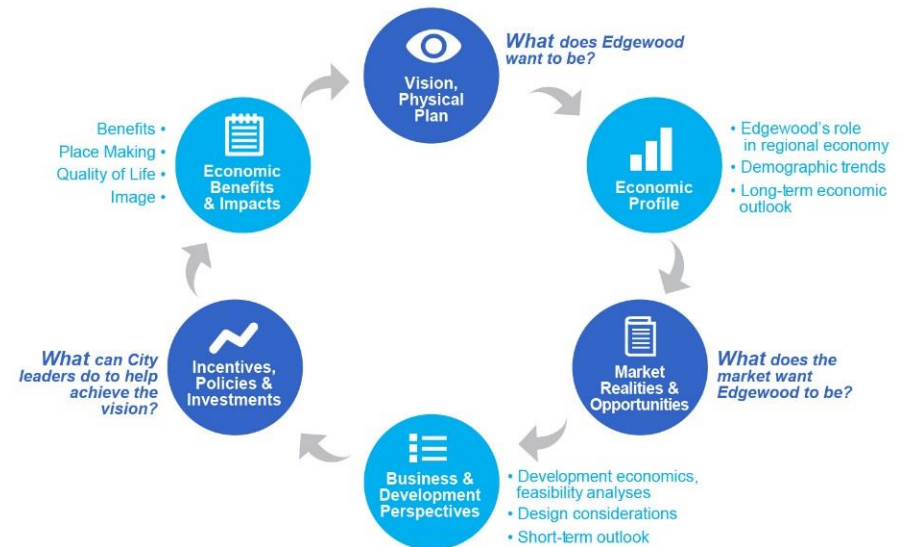
HOW WE WORK what we do & how we get there

WHERE WE ARE place-based assets for economic development

WHERE WE LIVE AND SHOP what kind, how much & where

EXHIBIT 1. Project Methodology

STRATEGIC FRAMEWORK Tools for Decision-Making



Source: Community Attributes, Inc.

- 1** **DEMOGRAPHIC PROFILE**
- 2** **EMPLOYMENT AND INDUSTRIES**
- 3** **REAL ESTATE AND GROWTH**
- 4** **PRELIMINARY STRATEGIES**

1 DEMOGRAPHIC PROFILE

The demographic profile provides details on the City of Edgewood and its residents. To better understand Edgewood's position within the region and how it differs from other communities, a series of analyses were conducted with a focus on the city's people, their occupations, where they live and who they are. The analysis is used to inform development of preliminary economic development strategies for the City.

In this Section:

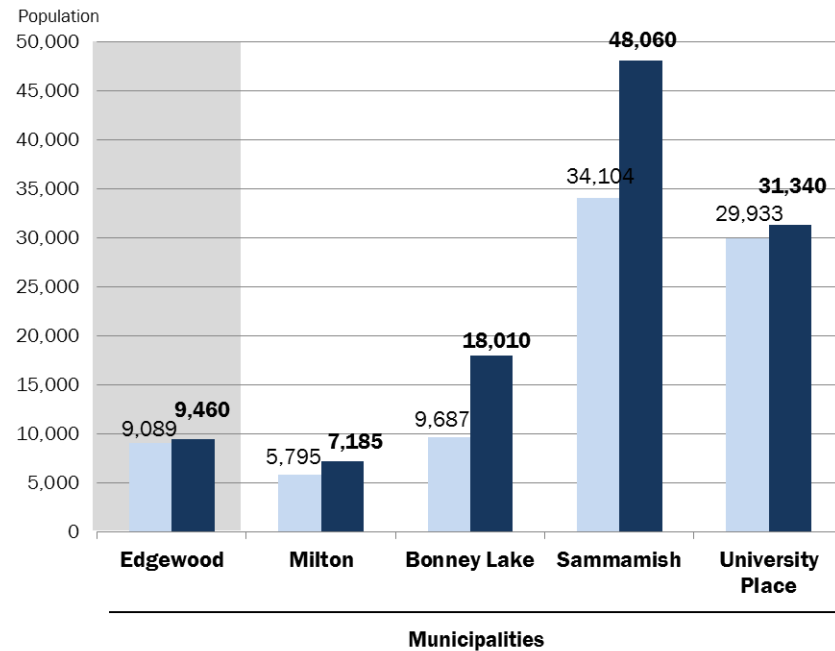
- > **Population Change**
- > **Age**
- > **Education**
- > **Household Income**
- > **Race and Ethnicity**
- > **Family Composition**
- > **Housing Mix**

1 DEMOGRAPHIC PROFILE

Size and Historical Growth

As a relatively young community, Edgewood has not grown substantially since its incorporation. From the year 2000 to the year 2013, Edgewood added fewer than 500 new residents (**Exhibit 2**). When compared to other cities in the region, the growth in Edgewood was relatively minor. For example, neighboring Milton increased its population by approximately 1,400 residents and Bonney Lake increased its population by more than 9,000 (including annexations). Development pressure in and around Edgewood suggests that over the next decade the City may experience more rapid population growth than in years past.

EXHIBIT 2. 2000 AND 2013 POPULATION, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2013

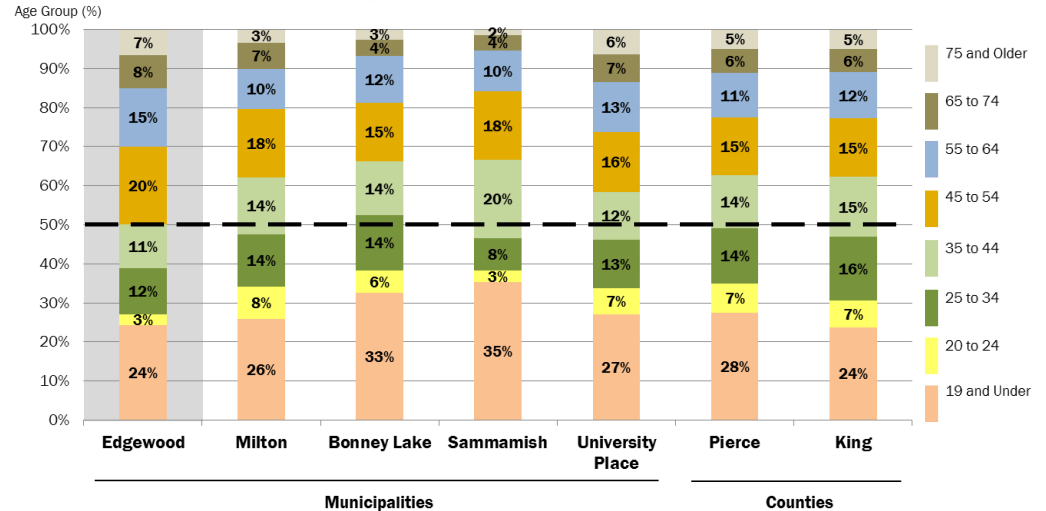


Note: Bonney Lake and Sammamish figures include annexations

Source: Washington State Office of Financial Management, 2013

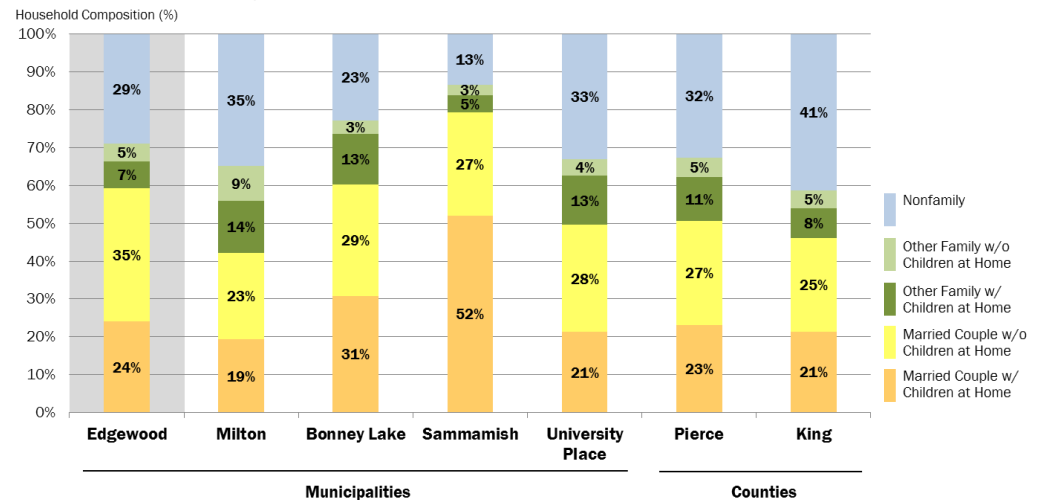
1 DEMOGRAPHIC PROFILE

EXHIBIT 3. AGE DISTRIBUTION, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: U.S. Census Bureau American Community Survey, 2012

EXHIBIT 4. FAMILY COMPOSITION, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: U.S. Census Bureau American Community Survey, 2012

Age and Family Types

Exhibits 3 and 4 illustrate the age distribution and family composition of Edgewood. Key considerations from the exhibits include:

- Both attributes are important to retailers and developers as they influence purchasing decisions for both housing and household goods
- They also influence both city and commercial services that are needed within the community
- Housing needs, such as the need for single family housing versus multifamily and demand for retirement housing, are influenced by a community's age and family type
- Edgewood's population skews older, with about 50% of its population 45 or older
- Edgewood has a higher concentration of couples without children at home than other comparison communities, with more married couples than many communities as well

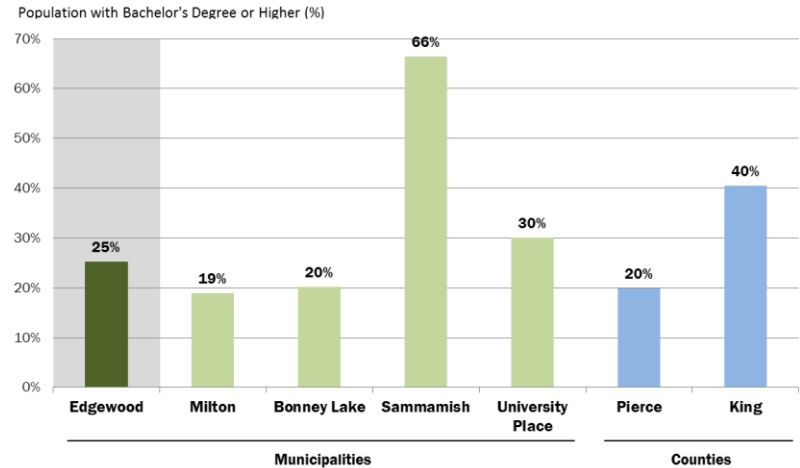
1 DEMOGRAPHIC PROFILE

Education and Income

Exhibits 5 and 6 provide a breakdown of Edgewood residents' educational attainment and median household income.

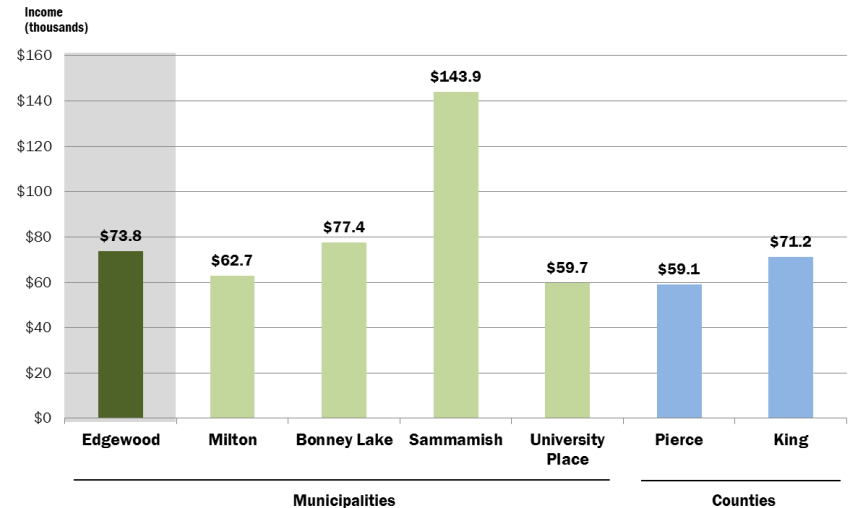
- Educational attainment is closely related to household income, which drives spending power and determines retail potential
- Household income influences retail demand and preferences as it is a determinant of disposable income
- Both income and educational attainment influence housing demand and housing mix (rental versus single family)
- Both are key factors for retailers, especially national chains
- Edgewood has relatively high incomes compared to Pierce County

EXHIBIT 5. PERCENT OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: U.S. Census Bureau American Community Survey, 2012

EXHIBIT 6. MEDIAN HOUSEHOLD INCOME, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



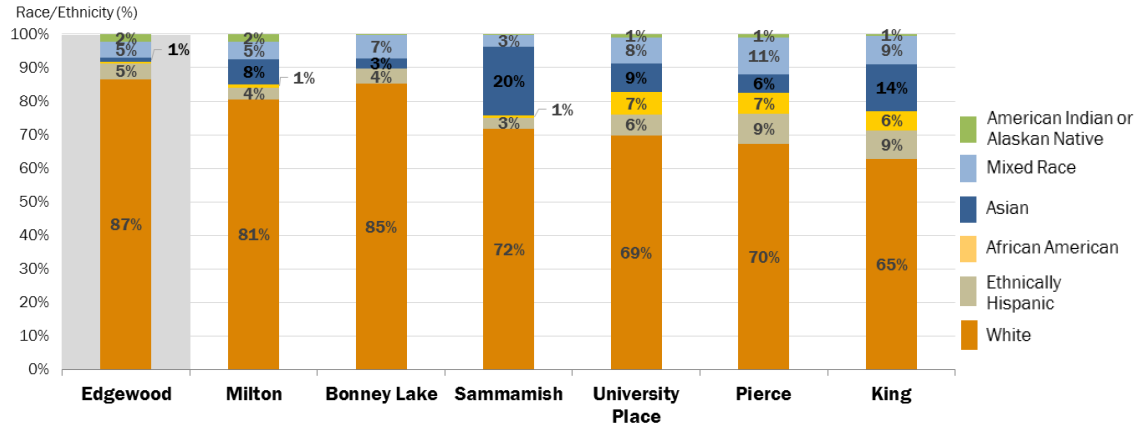
Source: U.S. Census Bureau American Community Survey, 2012

1 DEMOGRAPHIC PROFILE

Race and Ethnicity

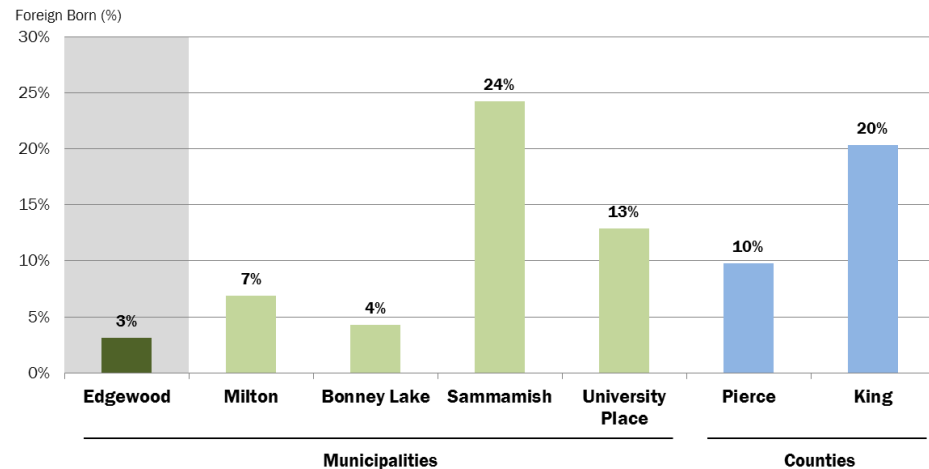
Exhibits 7 and 8 illustrate the racial and ethnic composition of Edgewood and comparison cities. Edgewood is relatively less diverse than the region as a whole with 87% of its residents being white. The city also has a relatively small concentration of foreign born residents. Surrounding communities such as Milton and Bonney Lake are not substantially more diverse while Pierce and King Counties are.

EXHIBIT 7. RACE/ETHNICITY DISTRIBUTION, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: U.S. Census Bureau American Community Survey, 2012

EXHIBIT 8. FOREIGN BORN POPULATION, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



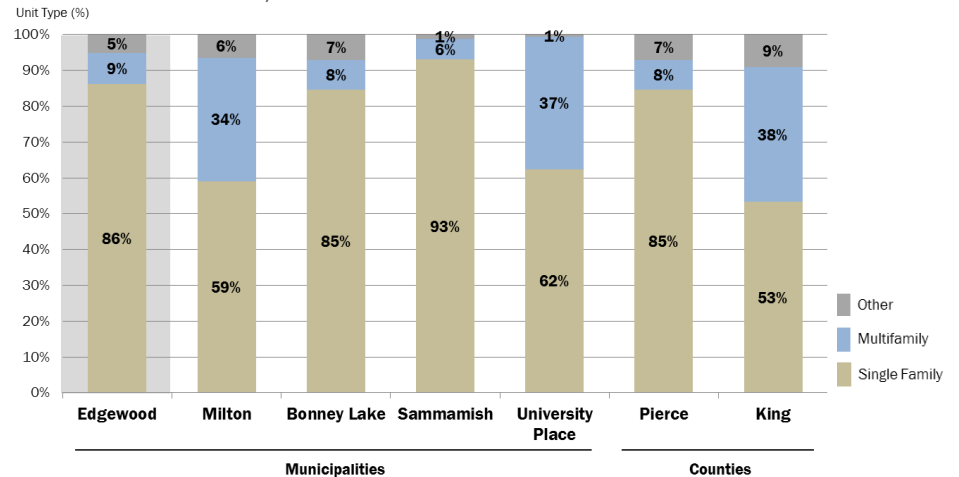
Source: U.S. Census Bureau American Community Survey, 2012

1 DEMOGRAPHIC PROFILE

Housing

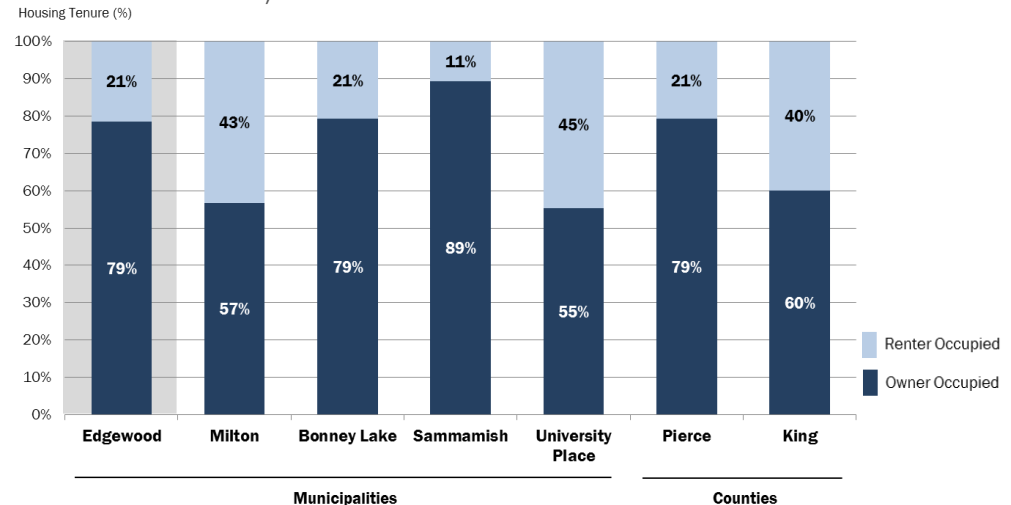
Exhibits 9 and 10 detail the housing mix and tenure of Edgewood residents. Edgewood is predominantly single family, similar to Pierce County. Neighboring Milton has a substantially greater proportion of multifamily housing. The relatively high level of home ownership is consistent with the high proportion of single family housing in Edgewood.

EXHIBIT 9. HOUSING UNIT TYPE, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: U.S. Census Bureau American Community Survey, 2012

EXHIBIT 10. HOUSING TENURE, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: U.S. Census Bureau American Community Survey, 2012

2 EMPLOYMENT AND INDUSTRIES

The following section provides an overview of Edgewood's employment and workforce. Analysis completed for this section ranges from a review of employment and occupational data to commuting patterns as well as retail sales within the city. The goal of the analysis is to gain a comprehensive overview of the city's economy as it relates to its residents. In addition, the analysis provides a foundation for understanding the city's real estate market and development patterns.

In this Section:

- > Covered Employment
- > Employment by Sector
- > Employment Growth Rate
- > Resident Occupations
- > Journey to Work Patterns
- > Jobs to Housing Ratio
- > Taxable Retail Sales per Capita

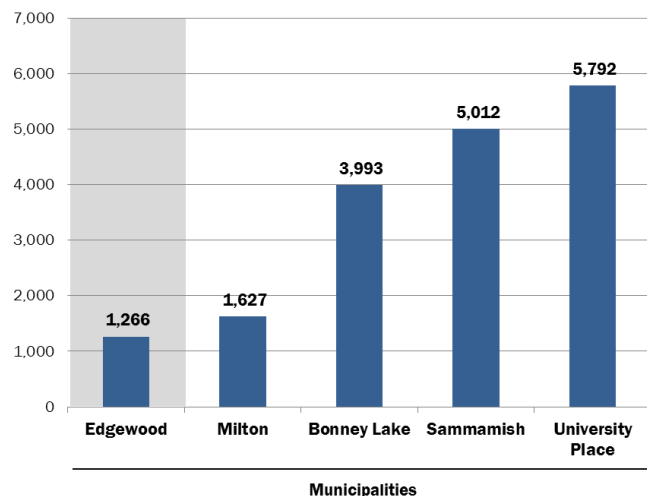
2 EMPLOYMENT AND INDUSTRIES

Jobs in Edgewood

Exhibits 11 and 12 provide a detailed breakdown of employment in Edgewood. Edgewood is not an employment center and has less overall employment than other comparison cities. A substantial number of jobs in Edgewood are in the construction and resources trade (Const/Res) as well as services and education. A smaller proportion of jobs are in retail than other comparison cities, indicative of the limited number of retail businesses located in Edgewood.

EXHIBIT 11. COVERED EMPLOYMENT, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012

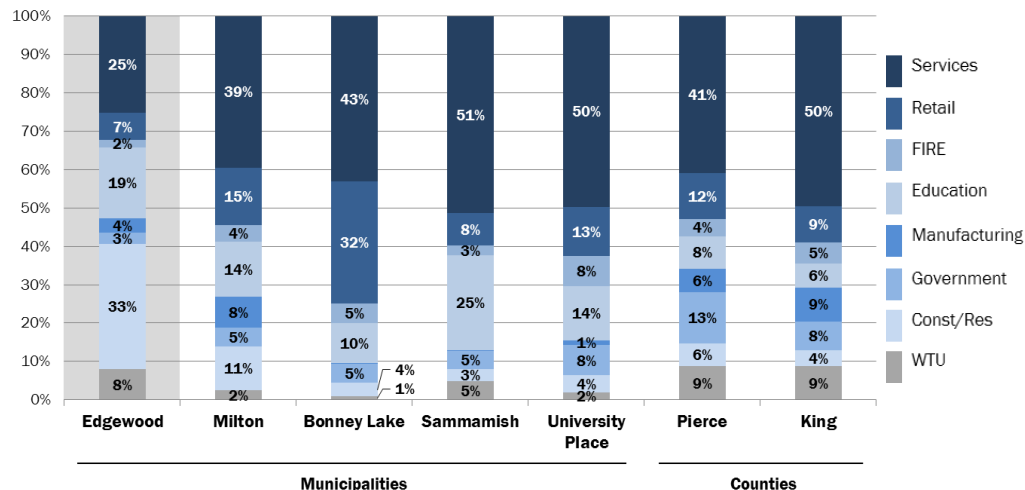
Total covered employment



Source: Puget Sound Regional Council, 2012

EXHIBIT 12. EMPLOYMENT BY SECTOR, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012

Employment by Sector (%)



Source: Puget Sound Regional Council, 2012

Edgewood's top employers:

- Pierce County
- Puyallup School District
- Drywall, Inc.
- Emerald Coast Construction, Inc.
- Caliber Concrete Construction, Inc.
- Raymond Long
- Fife Public Schools
- GenCon Pacific, Inc.
- Farwest Aircraft, Inc.
- Evergreen Drywall
- Walgreen Co.
- Advanced Electric & Security, Inc.

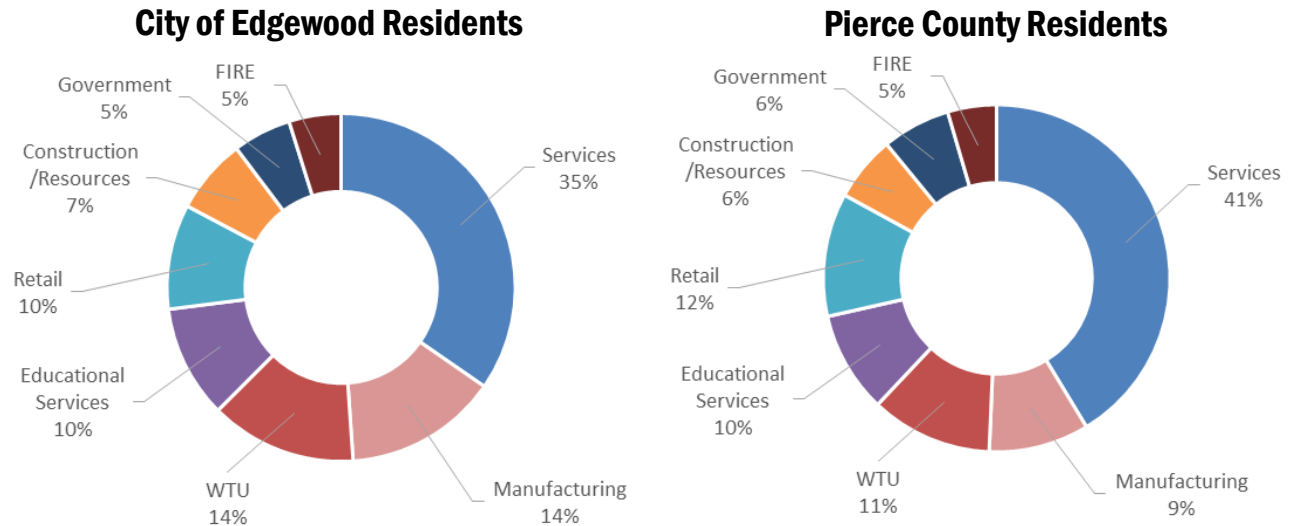
Source: Hoovers, May 2014

2 EMPLOYMENT AND INDUSTRIES

Residents' Occupations

In addition to employment in Edgewood, it is important to understand the occupations of Edgewood residents (**Exhibit 13**). Approximately one third of Edgewood residents work in Services (35%) while 28% work in the WTU (Warehousing, Transportation and Utilities) and Manufacturing, a higher concentration than in Pierce County.

EXHIBIT 13. INDUSTRY BY OCCUPATION, RESIDENTS OF CITY OF EDGEWOOD AND PIERCE COUNTY, 2011



Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics, 2011

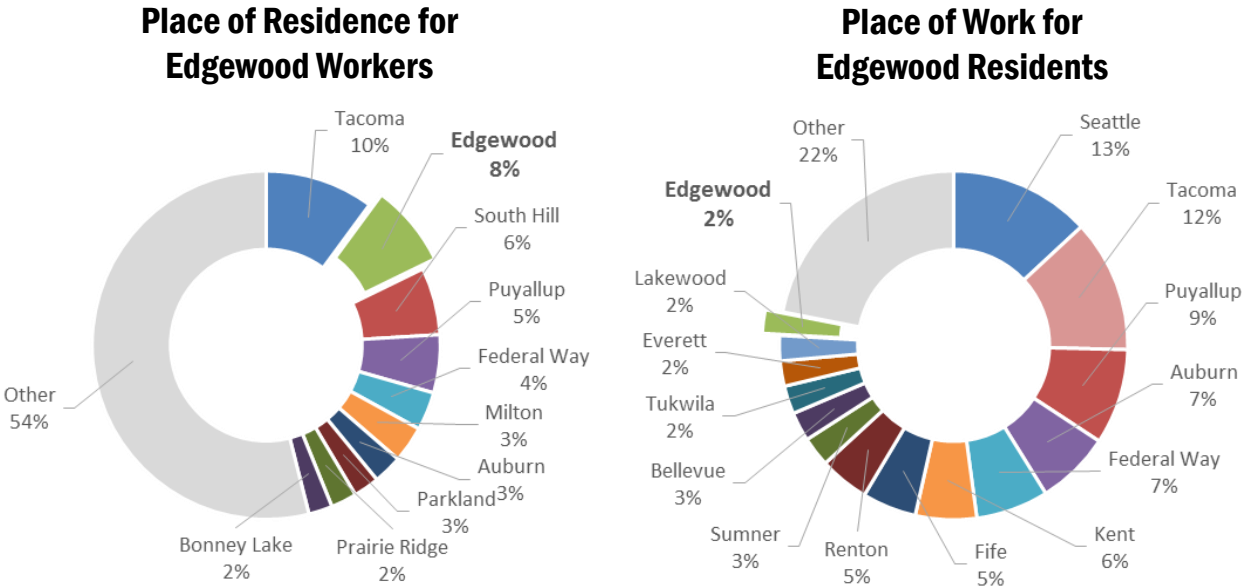
2 EMPLOYMENT AND INDUSTRIES

Commuting Patterns

Exhibit 14 illustrates the commuting patterns of people that work in Edgewood and of Edgewood residents. The majority of people who work in Edgewood live outside of city limits in a wide range of locations in Edgewood's vicinity.

Edgewood residents mostly work outside of Edgewood in major employment centers like Seattle, Tacoma as well as Puyallup. Few people (2%) live and work in Edgewood.

EXHIBIT 14. JOURNEY TO WORK, CITY OF EDGEWOOD, 2011



Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics, 2011

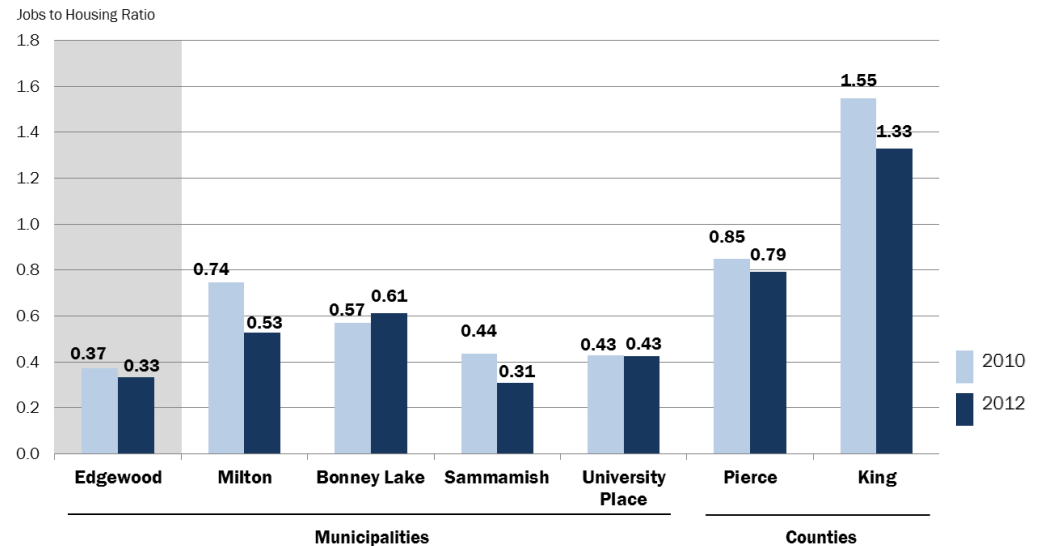
2 EMPLOYMENT AND INDUSTRIES

Jobs to Housing Ratio

The jobs-to-housing ratio illustrates whether a city is an employment center or bedroom community (**Exhibit 15**). Edgewood's 2012 jobs to housing ratio of 0.3 means that the city has nearly three times more housing units than jobs, indicating that the city is a bedroom community where residents commute elsewhere for their jobs. Edgewood's jobs to housing ratio decreased slightly from 2000 to 2012, suggesting that housing growth outpaced that of employment.

Relative to the comparison cities and the region as a whole, Edgewood has one of the lowest jobs-to-housing ratios, matched only by the City of Sammamish.

EXHIBIT 15. JOBS TO HOUSING RATIO, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



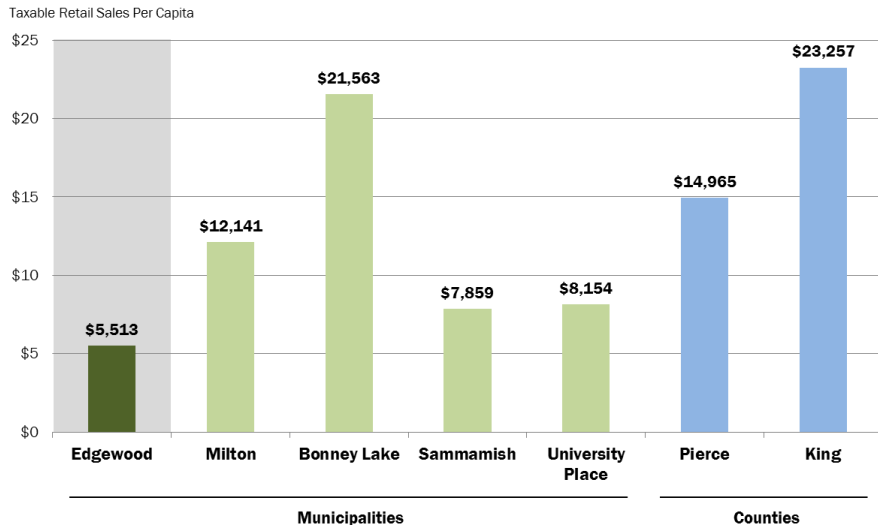
Source: Puget Sound Regional Council, Washington State Office of Financial Management, 2012

2 EMPLOYMENT AND INDUSTRIES

Trade Area and Retail Sales

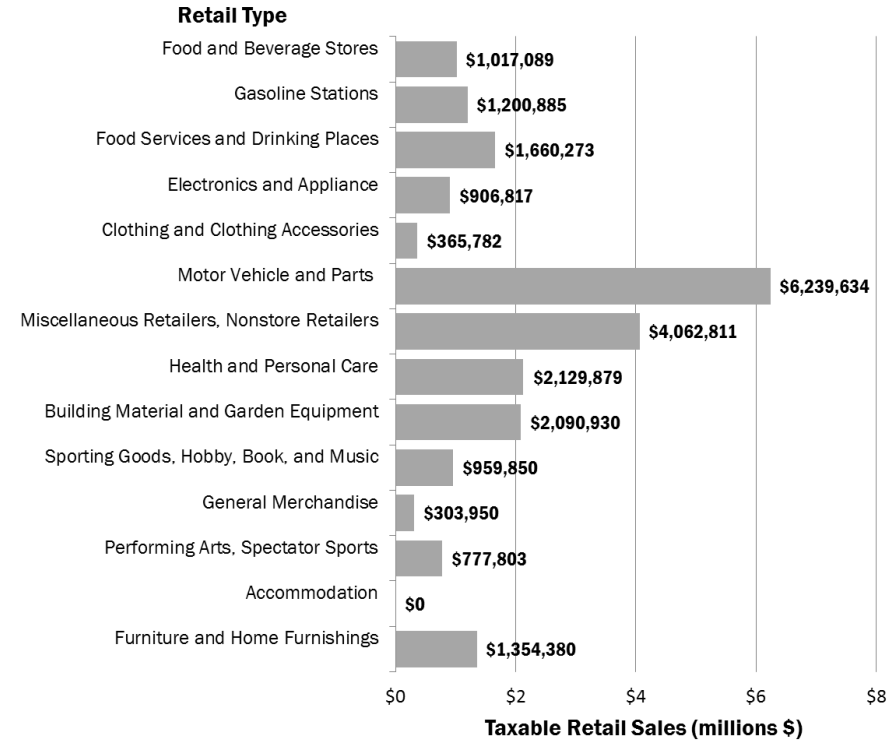
An important factor in developing a vibrant Town Center is how retail develops within the City. Retail has proven to be viable in neighboring Milton in the form of auto oriented developments. **Exhibit 17** illustrates the City's total taxable retail sales by major retail category while **Exhibit 16** illustrates the City's taxable retail sales per capita. On a per capita basis Edgewood's retail sales are low, indicating retail spending leakage. Retail sales will be further explored under the Real Estate and Growth section of the report.

EXHIBIT 16. TAXABLE RETAIL SALES PER CAPITA, CITY OF EDGEWOOD AND SELECTED COMPARISON CITIES, 2012



Source: Washington Department of Revenue, 2012

EXHIBIT 17. Taxable Retail Sales Detail, City of Edgewood, 2013



Source: Washington Department of Revenue, 2014.

3 REAL ESTATE AND GROWTH

Real estate development in Edgewood is influenced by a number of factors, including many discussed in previous sections of the report. In addition to understanding the demographics and employment within the city, it is also important to look at existing and historical market conditions. The following section provides an overview of several development types that exist in and around Edgewood. **Exhibit 18** presents the geographic boundaries of the market indicators, which includes Edgewood, Milton and portions of several surrounding communities.

In this Section:

- > Forecasted Growth
- > Retail Market Indicators
- > Industrial Market Indicators
- > Multifamily Market Indicators
- > Town Center Economic Assets and Development Scenarios
- > Retail Trade Area Analysis

EXHIBIT 18. Edgewood Real Estate Analysis Geography



Source: Community Attributes, Inc., 2014.

3 REAL ESTATE AND GROWTH

Forecasted Growth

Exhibit 19 summarizes Puget Sound Regional Council's (PSRC) forecasted population and employment growth for Edgewood through the year 2035. **Exhibit 20** on the following page illustrates the same forecasts on a regional scale. Edgewood is anticipated to grow at a more rapid rate than in years past. Such growth will impact development in Edgewood and demand for housing, as illustrated by recent permitting activity in the City.

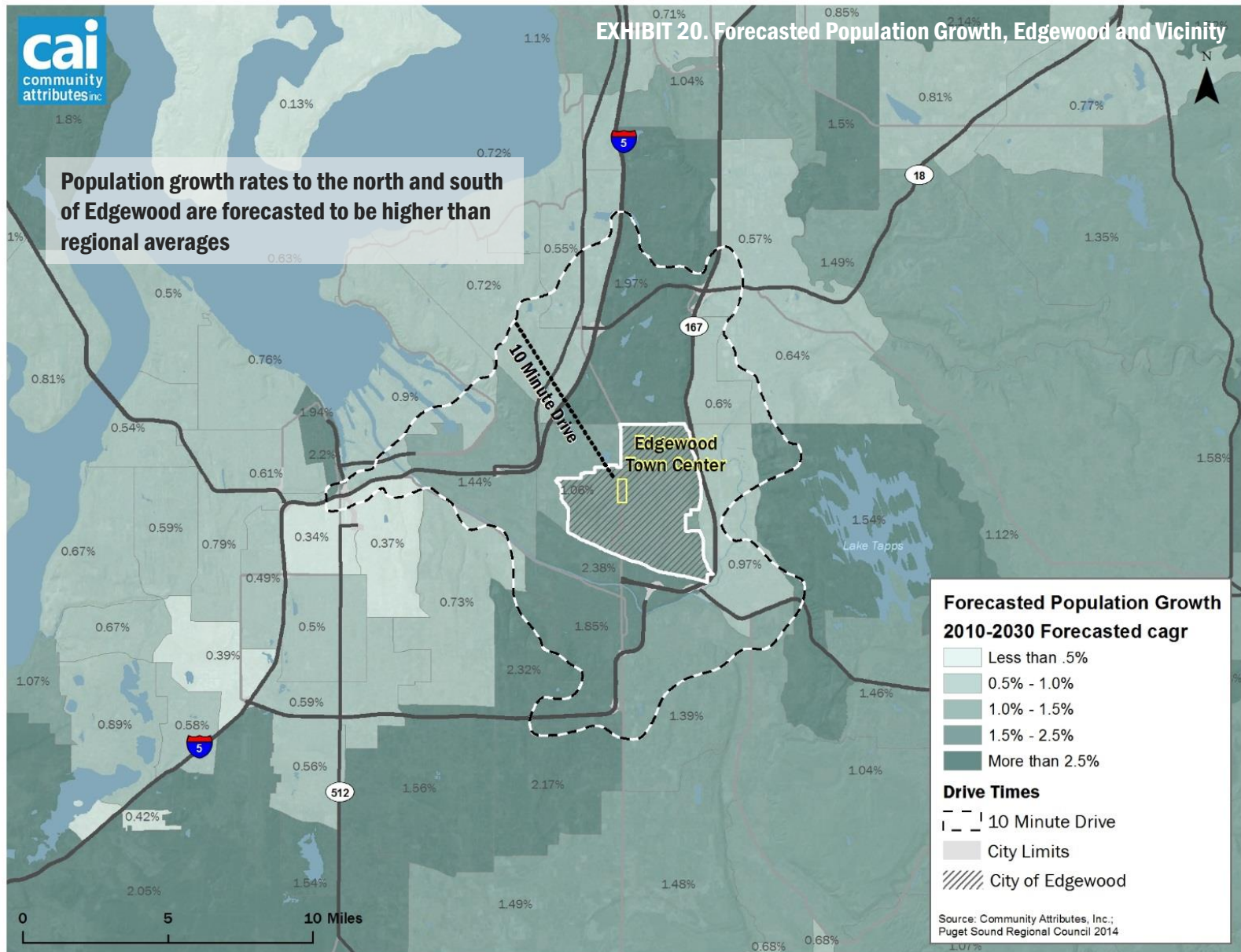
- Housing stock forecasted to increase by 70% from 2010 to 2035
- Employment in the City forecasted to more than double by 2035
- Forecasted jobs housing ratio of .5 versus today's ratio of .3

EXHIBIT 19. Forecasted Growth, City of Edgewood, 2010-2035

Forecast Type	Forecast by Year				Forecasted Growth Rates		
	2010 (est)	2025	2030	2035	City of Edgewood CAGR 2010-2035	Pierce County CAGR 2010-2035	Puget Sound Region CAGR 2010-2035
Total population	9,387	12,675	13,700	14,725	1.8%	1.1%	1.9%
Total households	3,609	5,135	5,615	6,095	2.1%	1.4%	1.3%
Housing units	3,801	5,478	6,003	6,528	2.2%	1.4%	1.2%
Total employment	1,560	2,742	3,142	3,468	3.2%	1.8%	1.9%
<i>Manufacturing</i>	193	490	570	650	5.0%	2.4%	1.8%
<i>Retail - Food services</i>	127	347	403	460	5.3%	2.1%	2.0%
<i>Professional services</i>	471	1,101	1,280	1,459	4.6%	2.6%	2.1%
<i>Government/Higher education</i>	38	43	43	43	0.5%	-1.8%	-0.3%
<i>Education K-12</i>	264	300	310	320	0.8%	0.7%	0.7%
<i>Construction/Agriculture/Mining</i>	467	461	536	536	0.6%	1.4%	3.2%

Source: Puget Sound Regional Council, 2014.

3 REAL ESTATE AND GROWTH

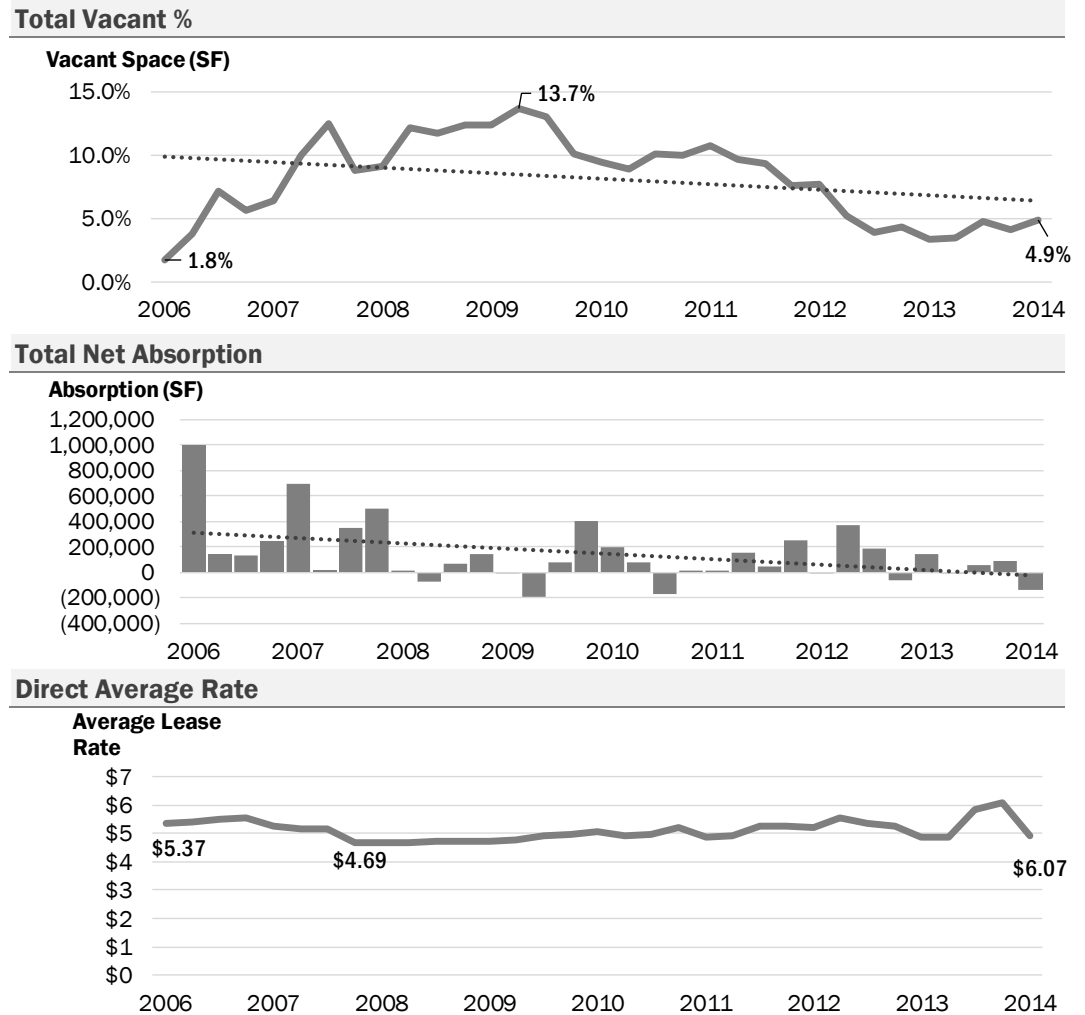


3 REAL ESTATE AND GROWTH

Industrial Market

Exhibit 21 illustrates the current state and trajectory of the industrial market in the Edgewood market area. Vacancy has generally trended downward since 2009, but net absorption has been relatively flat over the last year. Lease rates have fluctuated over the last year but have not increased significantly since 2006. Low vacancy may indicate opportunity for development of industrial space, but development of new square would depend on surrounding markets and the suitability of the Edgewood for specific industrial users.

EXHIBIT 21. Industrial Market, Indicators, Edgewood Geography, 2006-2014



Source: CoStar, 2014.

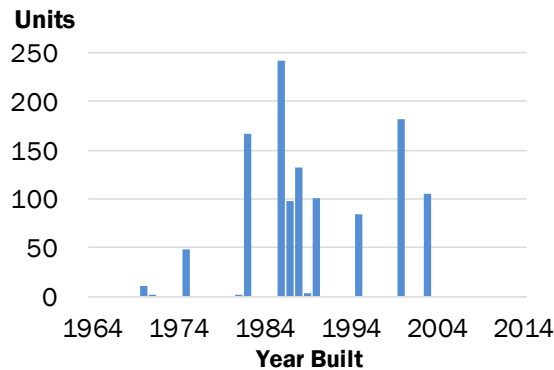
3 REAL ESTATE AND GROWTH

Multifamily Market

In recent months multifamily housing has been proposed with in the City's Town Center. Exhibits 22 and 23 provide a snapshot of the current multifamily market in the Edgewood area. The market is experiencing low vacancy rates and rising rents with limited to no development of new units in recent years.

EXHIBIT 22. Multifamily Deliveries, Edgewood Vicinity

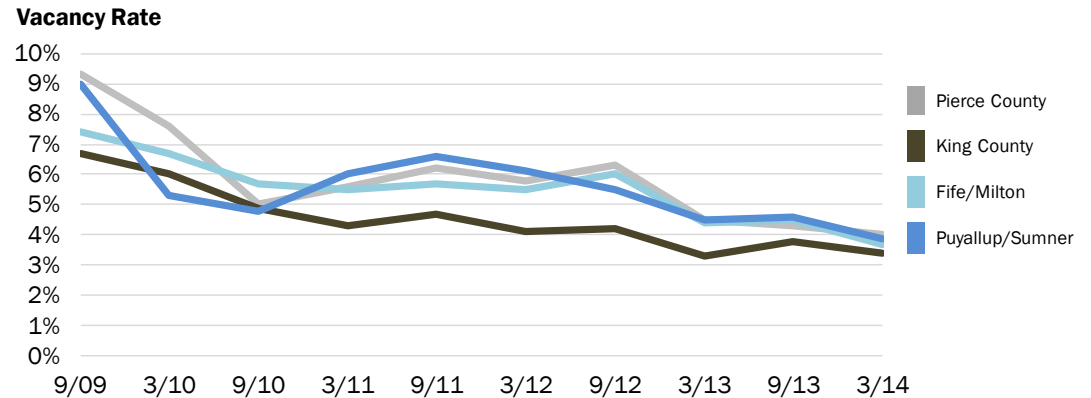
Units Delivered by Year



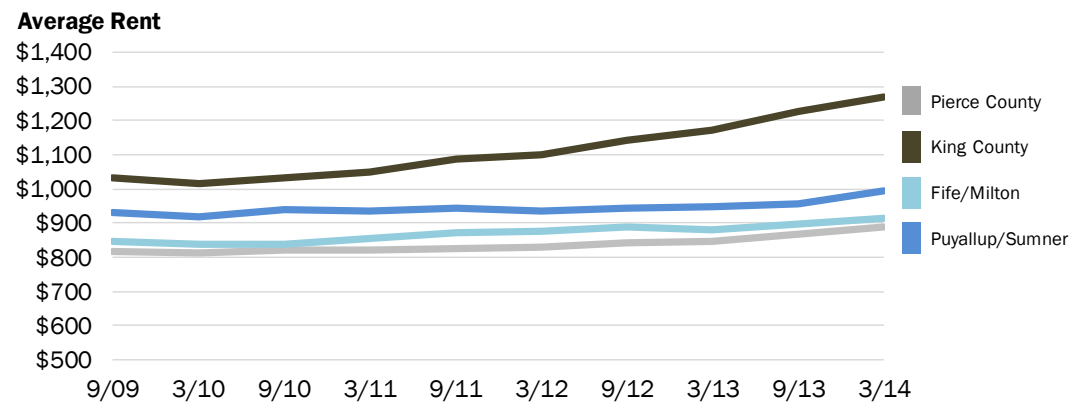
Source: CoStar, 2014.

EXHIBIT 23. Multifamily Market Indicators, Edgewood Geography, 2009-2014

Vacancy Rates



Rents



Source: Dupree+Scott Apartment Advisors, 2014.

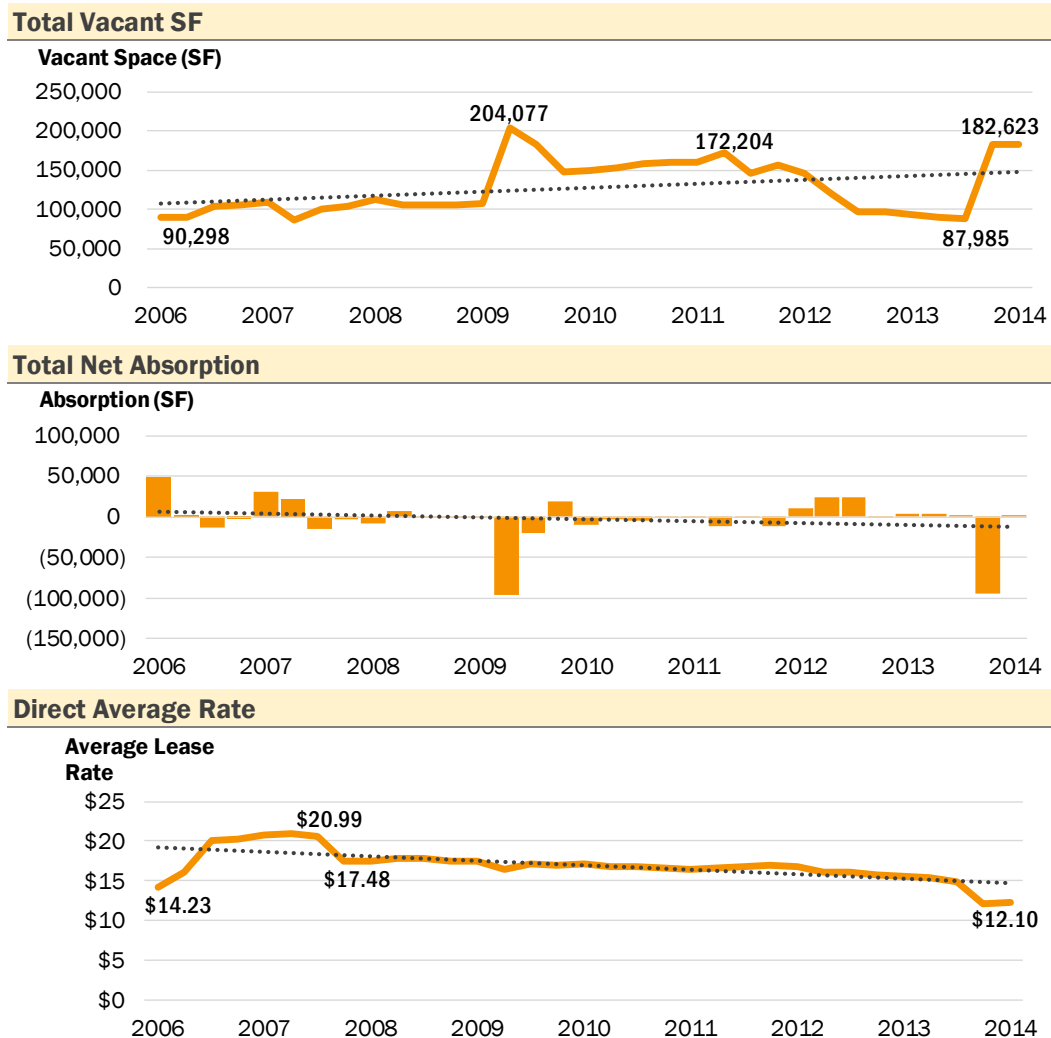
3 REAL ESTATE AND GROWTH

Retail Market

The retail market in and around Edgewood has recently experienced a rise in available vacant space as well as a steady decline in lease rates over the last few years (**Exhibit 24**). Positive absorption of retail space has been limited. Generally, retail offerings in Edgewood are limited. Much of the retail square footage serving Edgewood residents is located in Milton and other nearby commercial centers.

Retail in Edgewood is discussed in more detail in the following section on retail trade capture.

EXHIBIT 24. Retail Market Indicators, Edgewood Geography, 2006-2014



Source: CoStar, 2014.

3 REAL ESTATE AND GROWTH

Retail Trade Capture

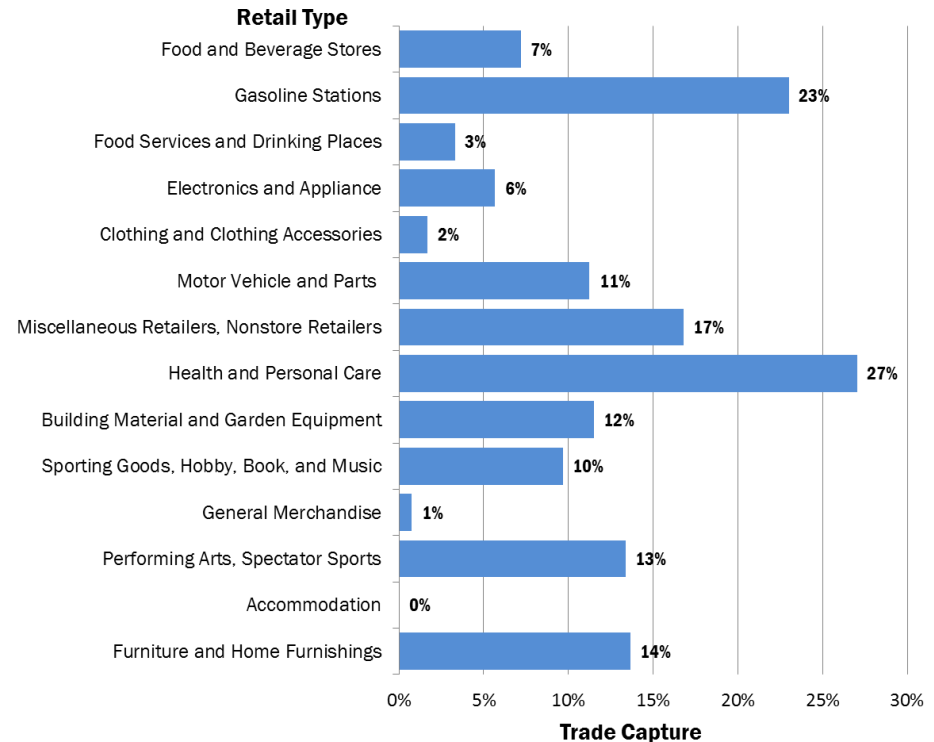
The trade capture analysis includes a detailed study of retail spending within Edgewood. The analysis utilizes taxable retail sales data collected by the Washington State Department of Revenue (see **Exhibit 17**). The data are collected and organized by NAICS categories and location, allowing analysis and comparison of distinct retail types and geographic areas. In addition, population estimates for the city and region are utilized to establish per capita retail spending. The data allow for comparisons between different retail categories as well as overall assessment of trade capture within the Primary Trade Area.

A trade area is the geographic region that generates the majority of customers for a given commercial district retail location. It can also be thought of as the geographic area from which customers are most likely to come. The Edgewood trade area is represented in the proceeding map (**Exhibit 26**). The trade area comprises neighborhoods and residences within a five minute drive time of the Edgewood Town Center. Other factors considered when defining the trade area were neighborhood topography, competing retail centers, and the mix and overall draw of retail currently located in Edgewood.

Exhibit 25 illustrates the city's capture of retail spending, often referred to as *trade capture*. Generally speaking, the city's low trade capture rates indicate that people in Edgewood are shopping in nearby commercial centers (see **Exhibit 26**).

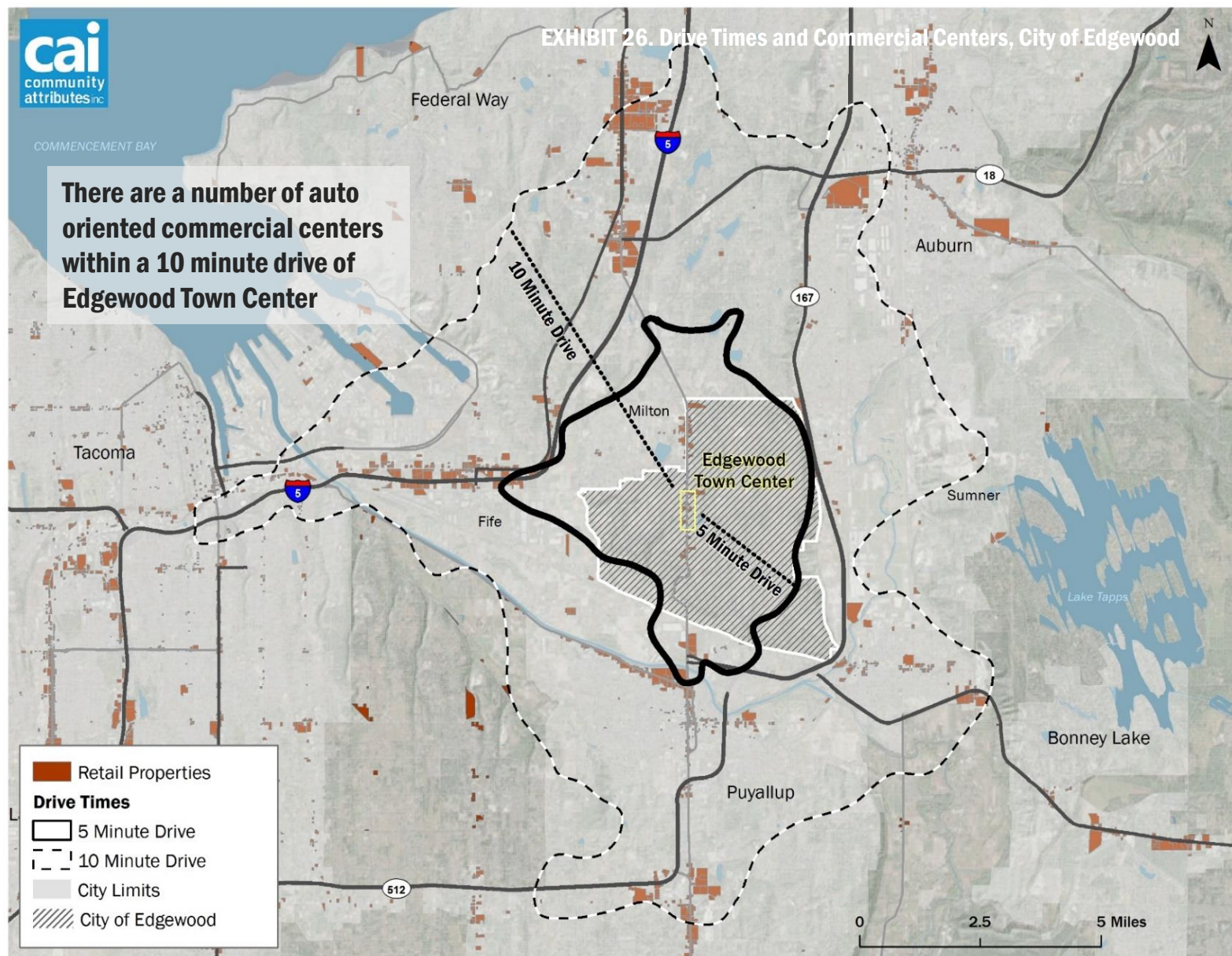
TRADE CAPTURE EXPLAINED. Trade capture can be interpreted in the following manner: if a neighborhood retail corridor had a trade capture rate of exactly 100%, then sales in that neighborhood would be equivalent to all trade area residents conducting all of their retail spending within their neighborhood retail corridor. In reality, the trade capture rates for Edgewood represent the percentage of Primary Trade Area retail spending power captured by Edgewood businesses.

EXHIBIT 25. Trade Capture, City of Edgewood 5 Minute Drive, 2013



Source: Community Attributes, Inc., 2014.

3 REAL ESTATE AND GROWTH

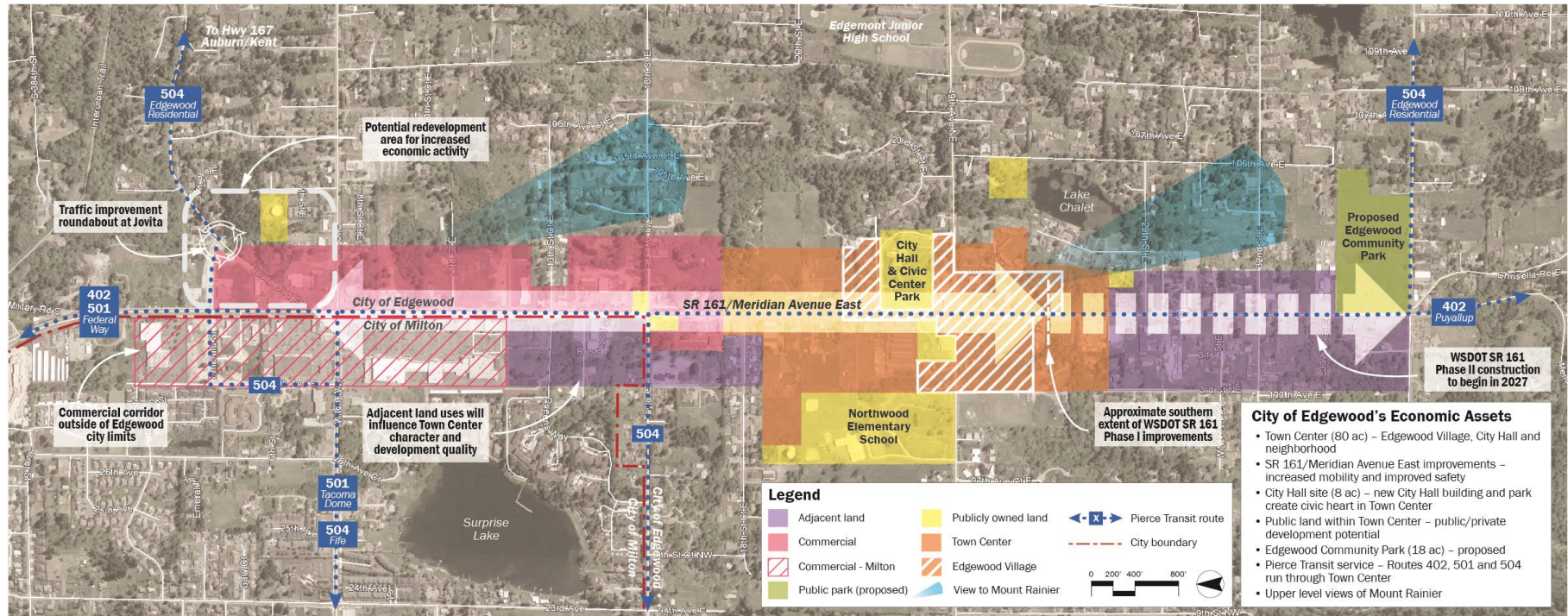


3 REAL ESTATE AND GROWTH

The Town Center Plan

Edgewood's Town Center allows for and encourages high density multifamily, commercial and mixed use development. In addition to a relatively new and untested zoning code, the City has recently invested in key infrastructure, including major upgrades to sidewalks and utilities along Meridian Avenue. The City Hall and adjoining properties owned by the City also represent economic assets that can be leveraged in the future. **Exhibit 27** illustrates the City's Town Center and core commercial areas along Meridian Avenue.

EXHIBIT 27. Economic Assets Map, Edgewood Town Center



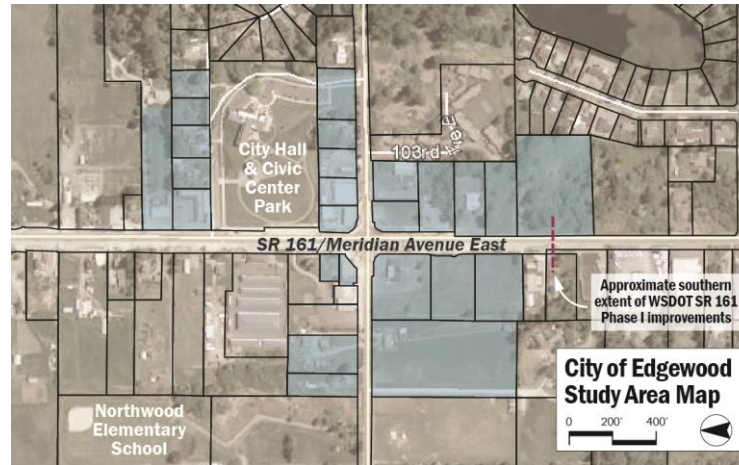
Source: Community Attributes, Inc.

3 REAL ESTATE AND GROWTH

Development in Town Center

Exhibits 28 and 29 illustrate the geographic area and zoning criteria on which the proceeding development feasibility analysis are based. Pro forma scenarios are modeled based on existing sites within the Town Center zoning district and the Urban Village identified in the Town Center Master Plan.

EXHIBIT 28. Pro Forma Study Area



Source: Community Attributes, Inc.

EXHIBIT 29. Height and Density Requirements, Edgewood Zoning Districts, 2014

Zone	Base height	Max height	Base FAR	Max FAR	Max Residential	Max Residential	Min residential	Min occupied lot frontage
					Density (single use) (du/ac)	Density (mixed use) (du/ac)	density (du/ac)	
Town Center (TC)	45	55	1.0	4.0	48	Varies based on height & FAR	16	50%
Commercial (C)	35	45	0.5	3.0	N/A	48	N/A	35%
Mixed Use Residential (MUR)	35	35	0.5	2.0	24	48	10	35%
Business Park (BP)	35	35	0.5	2.0	N/A	N/A	N/A	N/A

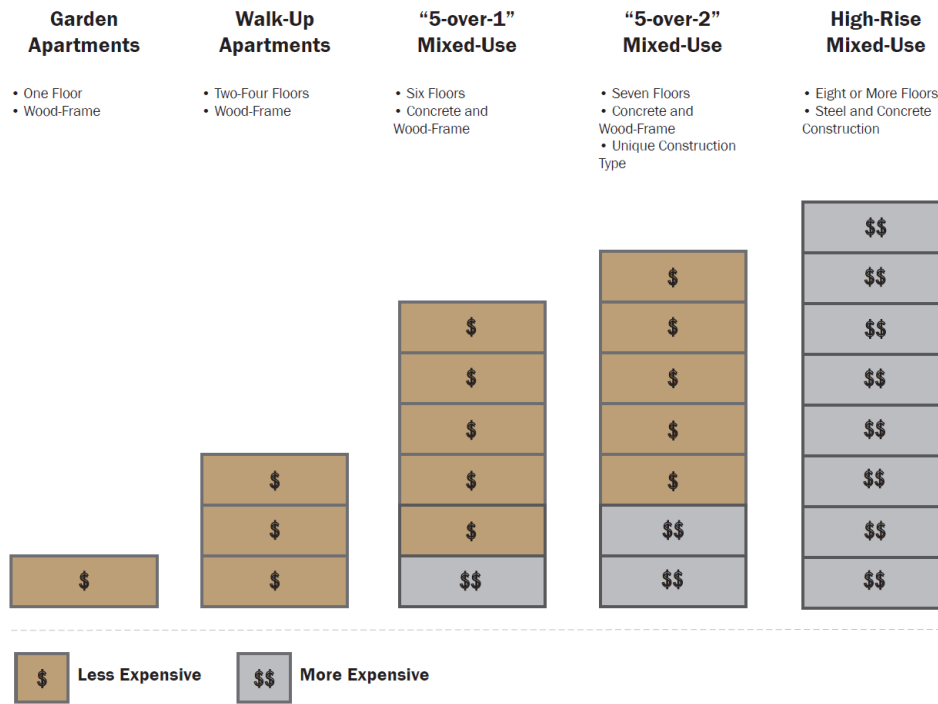
Source: City of Edgewood Municipal Code, 2014.

3 REAL ESTATE AND GROWTH

Testing Development Feasibility and Demand

Evaluating development feasibility can be accomplished through pro forma modeling, wherein development prototypes or scenarios are tested based on real market data, inputs and variables. **Exhibit 30** illustrates common development typologies and illustrates their relative costs. **Exhibit 31** illustrates common pro forma inputs and their relative sensitivity when testing and modeling development feasibility.

EXHIBIT 30. Building Typologies, Edgewood Town Center Pro Form Scenarios



Source: Community Attributes Inc. 2014

EXHIBIT 31. Development Inputs and Sensitivities

Inputs	Sensitivity
Policy Considerations	
Incentive Zoning Provisions	HIGH
Exchange Rates	HIGH
Zoned Capacity	LOW
Incentive Program Utilization	HIGH
Market Inputs	
Capitalization Rates	HIGH
Residential Rental Rates	HIGH
Commercial Rental Rates	MEDIUM
Rent Growth	HIGH
Vacancy Rates	LOW
Population Growth	MEDIUM
Employment Growth	MEDIUM
Space Inputs	
Unit Mix	LOW
Building Height	MEDIUM
Development Costs	
Parking Type	HIGH
Construction Type	MEDIUM
Hard Costs	MEDIUM
Soft Costs	MEDIUM

Source: Community Attributes Inc. 2014

3 REAL ESTATE AND GROWTH

Development Scenarios

Exhibits 32 and 33 illustrate the development scenarios modeled for the City of Edgewood's Town Center zoning district. Multifamily and mixed use prototypes were modeled to reflect current and potential future development patterns within the city. Key variables between the scenarios include variations in density, construction type and parking type.

EXHIBIT 32. Pro Forma Scenarios, Multifamily Development Type

PROTOTYPE 1 - MULTIFAMILY PRO FORMA 1.0

Site Size (Square Feet)	54,132
Base FAR	1.0
Bonus FAR	1.0
Maximum Bonus (Square Feet)	0
Construction Type	Residential - Low-Rise (1-3) Wood Frame
Project Type	Low Rise Multifamily
Maximum Height	35
Maximum Floors	3

PROTOTYPE 2 - MULTIFAMILY PRO FORMA 1.5 FAR

Site Size (Square Feet)	54,132
Base FAR	1.0
Bonus FAR	1.5
Maximum Bonus (Square Feet)	27,066
Construction Type	Residential - Low-Rise (1-3) Wood Frame
Project Type	Low Rise Multifamily
Maximum Height	35
Maximum Floors	3

PROTOTYPE 3 - MULTIFAMILY PRO FORMA 2.0 FAR

Site Size (Square Feet)	54,132
Base FAR	1.0
Bonus FAR	2.0
Maximum Bonus (Square Feet)	54,132
Construction Type	Residential - Low-Rise (1-3) Wood Frame
Project Type	Low Rise Multifamily
Maximum Height	35
Maximum Floors	3

EXHIBIT 33. Pro Forma Scenarios, Mixed Use Development Type

PROTOTYPE 1 - MIXED-USE PRO FORMA 1.0 FAR

Site Size (Square Feet)	54,132
Base FAR	1.0
Bonus FAR	1.0
Maximum Bonus (Square Feet)	0
Construction Type	Residential - Low-Rise (1-3) Wood Frame
Project Type	Mixed Use 6.5% cap
Maximum Height	35
Maximum Floors	3

PROTOTYPE 2 - MIXED-USE PRO FORMA 2.0 FAR

Site Size (Square Feet)	54,132
Base FAR	1.0
Bonus FAR	2.0
Maximum Bonus (Square Feet)	54,132
Construction Type	Residential - Mid-Rise (4-7) Wood Frame over Concrete
Project Type	Mixed Use 6.5% cap
Maximum Height	55
Maximum Floors	5

PROTOTYPE 3 - MIXED-USE PRO FORMA 3.0 FAR

Site Size (Square Feet)	54,132
Base FAR	1.0
Bonus FAR	3.0
Maximum Bonus (Square Feet)	108,264
Construction Type	Residential - Mid-Rise (4-7) Wood Frame over Concrete
Project Type	Mixed Use 6.25% cap
Maximum Height	55
Maximum Floors	5

3 REAL ESTATE AND GROWTH

Development Feasibility

Exhibit 34 illustrates Residual Land Value (RLV) outputs for the development scenarios modeled in Town Center organized by rent scenario and development type. RLV by rent and development type. Red values represent negative RLV outputs, meaning that development feasibility is limited under the development and market conditions indicated. RLV is defined simply as the value left over after development costs are subtracted from the project total capitalized value. It can be interpreted as the value generated by the development available for purchase of the land on which the development sits.

The first section of the exhibit titled *Pro Forma Multifamily* represents development pro forma scenarios for a one to three story wood frame apartment developments detailed in the previous exhibit (**Exhibit 32**). The analysis indicates that development for this product type is feasible under current market conditions for lower density building types with surface parking. The same product with a higher density and structured or underground parking would require higher rents than those currently achieved in the Edgewood area.

The second section of the exhibit represents RLV outputs for mixed use developments. Surface, structured and underground parking scenarios were modeled (see **Exhibit 33**). The analysis indicates that for higher density mixed use development, especially developments with structured or underground parking, rents at or above \$2.00 per square foot are needed (the equivalent of \$1,700 in rent for the average unit).

Exhibit 35 on the following page illustrates the challenges and opportunities associated with development in Town Center. Findings are based on market analysis compiled for this section of the report as well as the pro form analytics for Town Center.

EXHIBIT 34. Residual Land Value Outputs, Edgewood Town Center Pro Form Scenarios

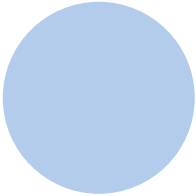
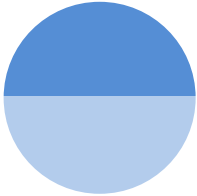

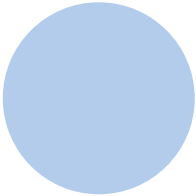
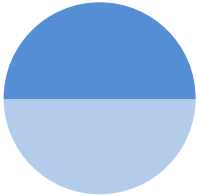

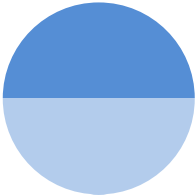
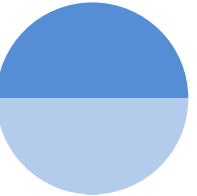

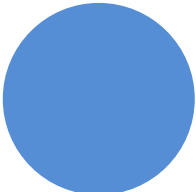
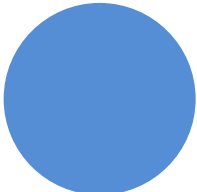
	Rents @		Pro Forma Multifamily (1-3 Story Wood Frame Construction)		
	Per SqFt	Per Avg Unit	Base 1.0 (surface)	Bonus 1.5 (surface)	Bonus 2.0 (Underground)
Market	\$1.21	\$950	(\$26.05)	(\$38.98)	(\$111.02)
10%	\$1.35	\$1,070	(\$14.59)	(\$21.80)	(\$88.12)
20%	\$1.47	\$1,160	(\$3.14)	(\$4.62)	(\$65.21)
30%	\$1.60	\$1,260	\$8.31	\$12.56	(\$42.30)
40%	\$1.72	\$1,360	\$19.77	\$29.74	(\$19.40)
50%	\$1.84	\$1,450	\$31.22	\$46.92	\$3.51
60%	\$1.97	\$1,550	\$42.67	\$64.10	\$26.60
75%	\$2.15	\$1,700	\$60.04	\$89.97	\$60.96
90%	\$2.34	\$1,840	\$77.22	\$115.64	\$95.32

	Rents @		Pro Forma Mixed Use (5 over 1 Podium Construction)		
	Per SqFt	Per Avg Unit	Base 1.0 (surface)	Bonus 2.0 (structured)	Bonus 3.0 (underground)
Market	\$1.21	\$950	(\$1,310,000)	(\$10,190,000)	(\$17,420,000)
10%	\$1.35	\$1,070	(\$680,000)	(\$8,900,000)	(\$15,410,000)
20%	\$1.47	\$1,160	(\$50,000)	(\$7,620,000)	(\$13,410,000)
30%	\$1.60	\$1,260	\$570,000	(\$6,330,000)	(\$11,400,000)
40%	\$1.72	\$1,360	\$1,200,000	(\$5,050,000)	(\$9,400,000)
50%	\$0.00	\$1,450	\$1,830,000	(\$2,470,000)	(\$5,380,000)
60%	\$1.97	\$1,550	\$2,460,000	(\$2,470,000)	(\$5,380,000)
75%	\$2.15	\$1,700	\$3,400,000	(\$540,000)	(\$2,380,000)
90%	\$2.34	\$1,840	\$4,340,000	\$1,380,000	\$630,000

Source: Community Attributes Inc. 2014

3 REAL ESTATE AND GROWTH

EXHIBIT 36. Development Opportunities and Challenges

Land Use	Short Term ¹	Long Term	Challenges	Opportunities	
1 Mixed Use Housing Development			High density mixed use housing development will be challenged by current market conditions of neighborhood; Higher rents needed to support cost of construction	Low vacancy rates indicate demand and potential for higher future rents; Opportunity to leverage Town Center densification and encourage pedestrian oriented retail/commercial development	 Market Supported
2 Office/ Professional Services			Speculative development of office and professional services space challenged by supply in nearby communities	Demand for office and professional services will likely develop as Town Center densifies and adds new residents	 Market Opportunity
3 Retail²			Auto-oriented retail is feasible (pad sites are actively being pursued, low vacancy rates), envisioned pedestrian oriented retail challenged by proximity to other retail centers and lack of foot traffic	More demand for neighborhood-serving retail as pedestrian traffic grows; Other catalyst developments such as civic uses may increase demand for retail in long term	 Challenging Conditions
4 Multifamily Housing Development			Current conditions support the development of lower cost multifamily housing; Current zoning permits such development while not requiring pedestrian oriented commercial uses at key sites	Development for multifamily housing is currently feasible, as indicated by current and forthcoming development applications	

¹ Short term is based on the current state of the real estate market as defined by current market conditions, lease rates, absorption, etc...

² Applies to stand alone shopping centers and/or retail incorporated into a mixed use development

4 Preliminary Strategies

The following section consists of a series of preliminary strategies developed based on the analytics completed for this report as well as feedback gathered from the City's Economic Development Advisory Board and Planning Commission. The preliminary strategies are grouped into strategic themes, summarized below. The preliminary strategies are meant to serve as guiding economic development statements for the City's Comprehensive Plan. They are also intended to act as a springboard for creation of a more detailed, action-oriented economic development strategic plan, if the City elects to initiate development of such a document.

Preliminary strategies are organized by the following themes:

- I. Town Center represents a number of opportunities**
- II. Small town amenities and pastoral character**
- III. Edgewood is strategically located**
- IV. Defining “economic development” for Edgewood**

4 PRELIMINARY STRATEGIES

I. Town Center represents a number of opportunities

Commercial development patterns vary throughout the region (see below); Edgewood's Town Center represents an opportunity to offer a unique combination of local retail, housing types and community amenities.



4 PRELIMINARY STRATEGIES

I. Town Center represents a number of opportunities

Initial Findings

- Opportunity to differentiate retail offerings from those in nearby communities
- Opportunity to capture retail spending of commuters, residents and nearby communities seeking a better, unique retail experience
- Lack of existing auto oriented development a unique opportunity (fewer barriers to entry)
- How can Edgewood develop differently than Milton, Puyallup and other nearby communities?
- Concerns that planned development is not in keeping with the vision for the neighborhood
- Current wave of proposed development will provide influx of new residents and housing products
- Current market supports garden style apartment developments and auto oriented retail: how can the city facilitate higher quality mixed use development?

PRELIMINARY STRATEGIES

- A. Diversify the city's housing stock through multiple forms of housing density, occupancy type and form**
- B. Help Edgewood's commercial center evolve to better serve the community**
- C. Create a "first-mover" advantage for developers that wish to build quality projects that respect the City's vision**
- D. Continue to enhance the streetscape environment through urban design that supports the city's small town character**
- E. Evaluate form based zoning requirements that encourage or require pedestrian oriented development while allowing market supported uses**
- F. Explore partnerships with developers in the region to support development of unique, community serving projects such as co-working space and/or a community center**
- G. Lead by example: leverage city owned property along Meridian to catalyze the development of Town Center**

Potential Next Steps

- i. Enact process for refining current Town Center Zoning: *study potential zoning amendments to the Town Center code and their impact on the built environment, development feasibility and alignment with the Community's vision***
- ii. Develop a master plan for city owned properties in Town Center**
- iii. Analyze the City's debt capacity and potential revenue generation resulting from development of City-owned land**

4 PRELIMINARY STRATEGIES

II. Small town amenities and pastoral character



II. Small town amenities and pastoral character

Initial Findings

- *Edgewood has a rich history of farming that is cherished by local residents, which can be leveraged to promote the city and establish a distinctive identity and brand*
- *Unique “plateau” geography creates a sense of place for residents and visitors*
- *Removed from suburban development patterns commonly found in the Puget Sound region*
- *Opportunity for growth in employment while maintaining bedroom community identity*

PRELIMINARY STRATEGIES

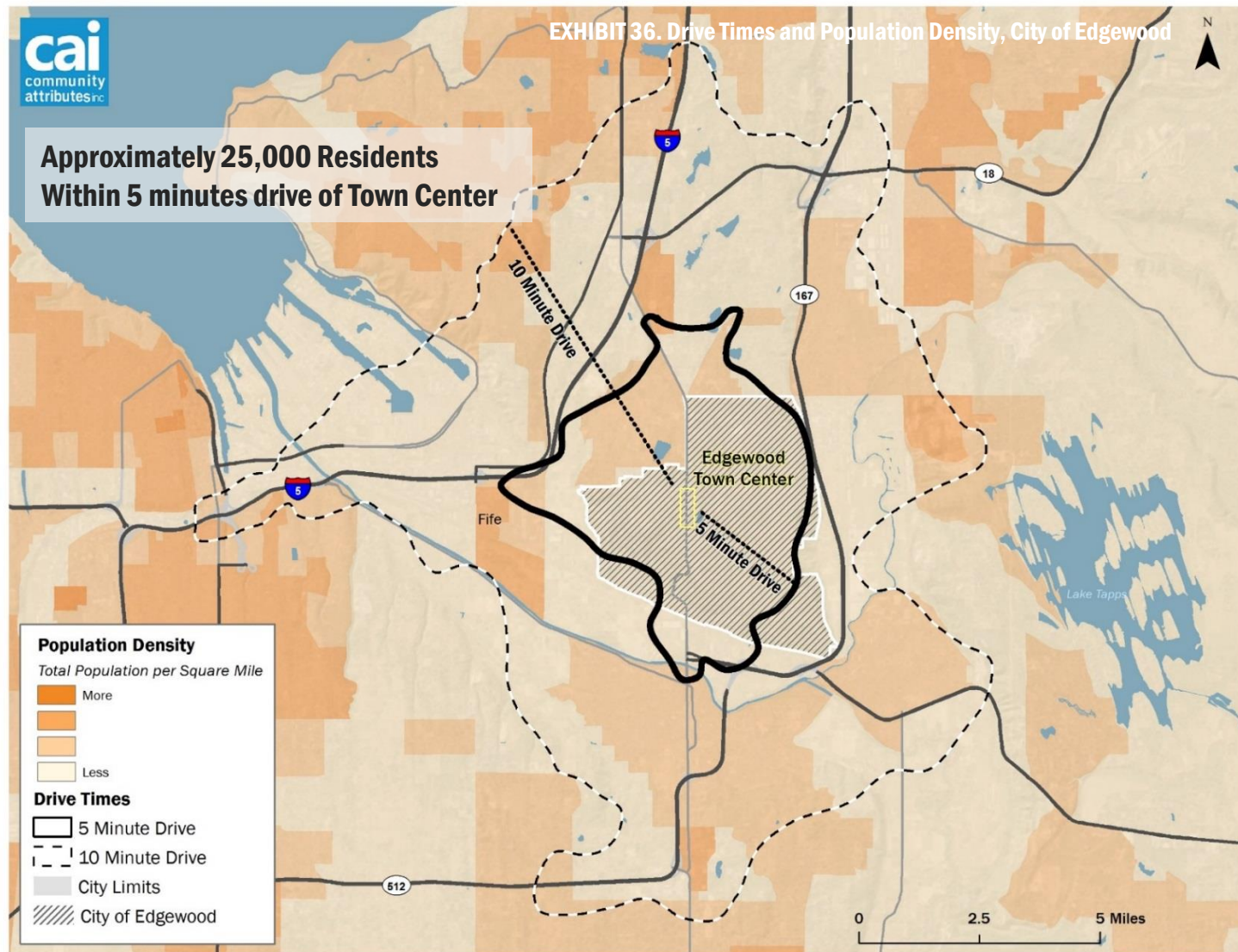
- A. Promote Edgewood’s rural assets and heritage as a destination for intra-regional tourism**
- B. Reinforce the role of the City’s civic center as a social hub for residents and visitors**
- C. Encourage preservation and/or recognition of the city’s agricultural heritage through zoning and policy decisions**
- D. Leverage the city’s “plateau” geography and view corridors in marketing and branding efforts**
- E. Establish a small town “Main Street” that differentiates Edgewood from surrounding commercial centers**
- F. Match Edgewood’s growth and development patterns with its small town character**
- G. Promote the city’s high quality of life and safety record**
- H. Bring Edgewood’s amenities to the forefront for people that live outside of the City while job-related strategies become a reality**

Potential Next Steps

- i. Assess opportunities for additional civic amenities in Town Center, such as a community center or public library**
- ii. Commit to a marketing and branding strategy for the City that focuses on the city’s rural charm and character**

4 PRELIMINARY STRATEGIES

III. Edgewood is strategically located



III. Edgewood is strategically located

Initial Findings

- Serves as a thoroughfare for commuters, with retail spending power already being captured in Milton
- The city's central location provides access to a diverse range of employment centers in Tacoma, Auburn and Kent as well as Seattle and Bellevue
- Relatively strong population and employment growth in surrounding communities may drive traffic and demand in Edgewood
- The city is physically separated by natural topography from surrounding development patterns and suburban sprawl

PRELIMINARY STRATEGIES

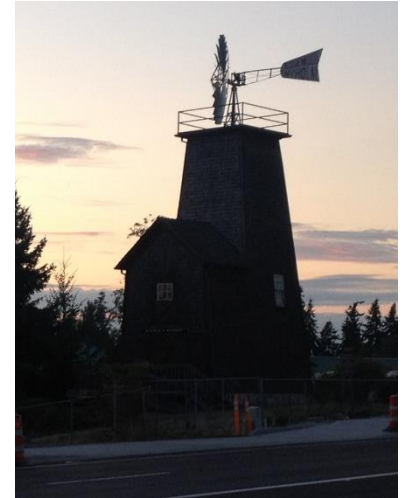
- A. Leverage the city's strategic location to diversify the city's commercial offerings and fiscal revenues**
- B. Adopt and promote land use regulations that accommodate and facilitate future industry growth in Edgewood**
- C. Facilitate the growth and expansion of the city's retail offerings**
- D. Differentiate the city's retail offerings from existing auto-oriented development patterns that exist in surrounding communities**
- E. Capture spending power of regional commuters traveling through Edgewood and of those seeking an alternative retail experience**
- F. Encourage development patterns and uses that complement the existing urban amenities and jobs that Edgewood residents have access to in nearby employment and commercial centers**
- G. Leverage the city's connection to the Sounder Commuter Rail**

Potential Next Steps

- i. Evaluate the City's commercial and industrial zoning to ensure that it is compatible with potential future users**
- ii. Identify specific anchor retailers suitable for Edgewood and develop a marketing and recruitment strategy specific tailored to them**
- iii. Market the unique life style available in Edgewood: *Work in the city, Live in a small town***

4 PRELIMINARY STRATEGIES

IV. Defining “economic development” for Edgewood



IV. Defining “economic development” for Edgewood

Initial Findings

- *Number of housing units forecasted to increase by 70% from 2010 to 2035*
- *Employment in the City forested to more than double by 2035*
- *How will the city absorb this growth and what steps can be taken to affect development patterns?*
- *The city is a bedroom community and will likely continue in this role*
- *Low trade capture and lack of retail services in city limits: can multifamily development be leveraged to change this?*
- *Current zoning allows for higher density mixed use development but does not require it in Town Center*

PRELIMINARY STRATEGIES

- A. Edgewood is a growing community with a desire to attract more retail and commercial services for its residents**
- B. Embrace the role of the city as a bedroom community while facilitating the growth of in-city employment, retail and recreational opportunities**
- C. Choose a trajectory for the city that will accommodate growth in employment and population while maintaining the amenities important to residents**

Potential Next Steps

- i. Facilitate business and community forums to discuss economic development priorities and potential next steps**
- ii. Initiate development of a detailed action plan for the City that prioritizes the City’s potential investments and staff resources**
- iii. Evaluate the city’s pedestrian connectivity and the ability of residents to walk to Town Center amenities**
- iv. Pursue partnerships with developers and land owners to encourage a catalyst development in the Cities Town Center**

4 PRELIMINARY STRATEGIES

Moving Forward

The themes and preliminary strategies outlined in the report are meant to serve a dual purpose for the City of Edgewood. For the 2015 comprehensive planning process, the strategies can serve as guiding statements that apply to various elements of the plan. Moving beyond the comprehensive plan, the strategies may serve as a basis from which goals and action steps may be developed in the future.

Swiss Dairy Farm circa 1932 , Edgewood, WA



Source: Washington State Historical Society