



City of Edgewood

PLANNING AND ECONOMIC DEVELOPMENT STUDY FOR THE TC & MUR DISTRICTS



APRIL 2020

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Executive Summary

The City of Edgewood is a community of 11,390 residents as of April 2019, and located in Pierce County, Washington. Incorporated in 1996, the City has increased significantly in size over the past two decades, with much of this growth occurring within the past few years. Since 2016, the City's population has increased by about 5.4% per year on average, with almost 1,800 new residents coming into the community over the past three years.

While this growth has been considerable, there is concern that commercial development has not kept up pace with residential growth. If multifamily development “crowds out” local commercial growth, potential retail and service offerings would be reduced, serving as an obstacle for the Edgewood Town Center to support a “complete community” that provides for local needs. Considering these issues, the City of Edgewood is working to review:

- the viability of commercial uses in the area
- the appropriateness of mixed-use projects to meet ongoing commercial needs
- the need for additional changes to address other obstacles to new commercial development

The Council also acted to adopt an interim zoning ordinance to prevent additional development in the MUR zone on the east side of Meridian Ave and a portion of the TC zoning district located on the east side of Meridian Ave south of 22nd St E. Part of this report involves reviewing available data to provide strategic advice.

High-level findings from this research have included the following:

- **Recent development in the Meridian Corridor has focused on multifamily housing, which will dramatically increase the population in the area.** Between 2016 and 2019, 628 multifamily apartment units in three discrete projects were completed in the commercial/mixed-use zones along Meridian Ave E. With the construction of

an additional 292 units and future development of 232 units, there is likely to be a significant shift in the population of the city and downtown.

- **While this growth has been focused on residential development, higher residential development densities have meant that these projects have not exceeded the capacity for housing in the Town Center.** From an evaluation of calculations done as part of the 2014 Pierce County Buildable Lands Report and 2015 Comprehensive Plan, achieved densities were higher than expected. The split between capacity allocated between housing and employment uses may also require adjustment.
- **Employment growth has been more challenging for Edgewood, due in part to its geographic position in the market.** While the status of Meridian Ave E / SR 161 provides regional access, competing retail areas are located close to major regional arterial and highway connections. As such, retail and employment growth in the area has been slow, the jobs-to-population ratio is relatively small, and retail vacancy rates have been relatively high.
- **Relying on housing and population growth may be a strong approach to encourage mixed use growth.** Pressures on land for development has resulted in greater multifamily development across the County, and capturing local residents as consumers for local businesses may be a stronger approach than attempting to compete with regionally-oriented retail locations.
- **An ongoing challenge will be the auto-oriented nature of the Meridian Corridor.** Given local demand and the role of Meridian Ave E as a traffic arterial, new commercial development as part of projects will either need to be auto-oriented, or cluster in a way that allows for both pedestrian and auto-oriented access. This will be challenging, given the fragmentation of ownership in the corridor.
- **Another challenge will be the early development of “low hanging fruit” in developable lands in the TC and MUR areas.** The high rate of residential growth due to the large multifamily projects in Edgewood over the past few years have taken advantage of relatively vacant lands in the Town Center. As this land is taken up with new development, future projects will face higher land costs to access redevelopable lands.

Recommendations from this report include the following:

- **From the information described in this report, we recommend that the interim zoning ordinance be lifted, with no need for immediate changes to address the lack of commercial space in new multifamily residential projects.** This new residential development in the Town Center has not exceeded capacity for housing growth in this area, and adding more residents may promote economic development goals.

- **Overall, the City should promote a long-term planning perspective that involves short-term residential development and multimodal improvements.** As noted with the recommendations about the interim development ordinance, more intensive residential development along the Meridian Ave E corridor can help to support greater local demand for these services into the future. This can also be promoted with a walkable/accessible urban environment (e.g., sidewalks, parallel streets, accommodations for bicycles, etc.) in the TC and MUR areas according to existing plans.
- **Flexibility with zoning can help to promote local economic growth and encourage creative forms of development.** This can include increased flexibility for existing commercial uses, the development of a “craft production” designation in the Code, creating regulations for live/work spaces, excluding self-storage facilities from key commercial and residential areas, and streamlining zoning requirements.
- **Providing for joint long-term planning with the City of Milton can help to support commercial development along the Meridian Corridor.** One challenge with ongoing planning for the Meridian Ave E corridor has been the split in jurisdiction between the Cities of Edgewood and Milton. Collaborating with Milton on ongoing efforts to build the overall corridor as a distinct destination and coordinating land use planning and branding for the area could help to support sustainable long-term growth for both cities.
- **Encouraging long-term transit improvements that serve the Town Center can help to build the role of the Town Center as a major center.** Providing for more intensive and walkable residential development along Meridian Ave E and encouraging sustainable transportation solutions may require additional transit capacity, with stops linked to future development projects in the Town Center zone. This should involve consultations with Pierce Transit to Route 501 (Milton-Federal Way) and 402 (Meridian) to increase capacity, and integration of current and planned transit stops with plans for new development. This can also encourage more development to be allocated to the Meridian Corridor.
- **Ongoing coordination by the City can help to promote development and uses that fulfill the vision for the Town Center and Mixed Use Residential districts.** The City has had an ongoing role in providing information for landowners and businesses in the area, in part through the City’s Economic Development Advisory Board. These efforts should continue, especially with respect to coordination between landowners interested in long-term development opportunities in the area. Ongoing efforts can also incorporate marketing and branding of the Edgewood Town Center as a destination as this area continues to develop.

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Introduction

Overview

The City of Edgewood is a community of 11,390 residents as of April 2019, and located in Pierce County, Washington. Incorporated in 1996, the City has increased significantly in size over the past two decades, with much of this growth occurring within the past few years. Since 2016, the City's population has increased by about 5.4% per year on average, with almost 1,800 new residents coming into the community over the past three years.

There are concerns in the community about the effects of this rapid growth. These issues range from the impacts on infrastructure and roadways to the changes in the scale and extent of development found in the city. One major concern as of late, however, is with how ongoing development has not included retail and service businesses, especially in areas identified for mixed-use. Commercial development since 2016 has been limited in commercial areas with only a coffee shop (Starbucks), a fast food restaurant (Taco Time), and a self-storage facility developed recently.

This situation with commercial development is a concern for the City. If multifamily development "crowds out" local commercial growth, potential retail and service offerings would be reduced, serving as an obstacle for the Edgewood Town Center to support a "complete community" that provides for local needs. In addition to reducing the potential capture of economic activity, jobs, and local sales tax revenue, this would also impact long-term efforts to develop the Town Center as a major draw and a cluster for new activity.

Considering these issues, Edgewood adopted an interim zoning ordinance in April 2019 to temporarily pause development in the City's Town Center (TC), Commercial (C), Mixed Use Residential (MUR), and Business Park (BP) zones to discuss the vision for future growth and residential development in Edgewood. The ordinance was modified in July 2019 to limit the

scope of this ordinance to the MUR zone on the east side of Meridian Ave and a portion of the TC zoning district located on the east side of Meridian Ave south of 22nd St E. These areas can be seen in a map of the study area, found in Exhibit 1.

To guide future action on the area currently covered under the ordinance, the City is working to review the following:

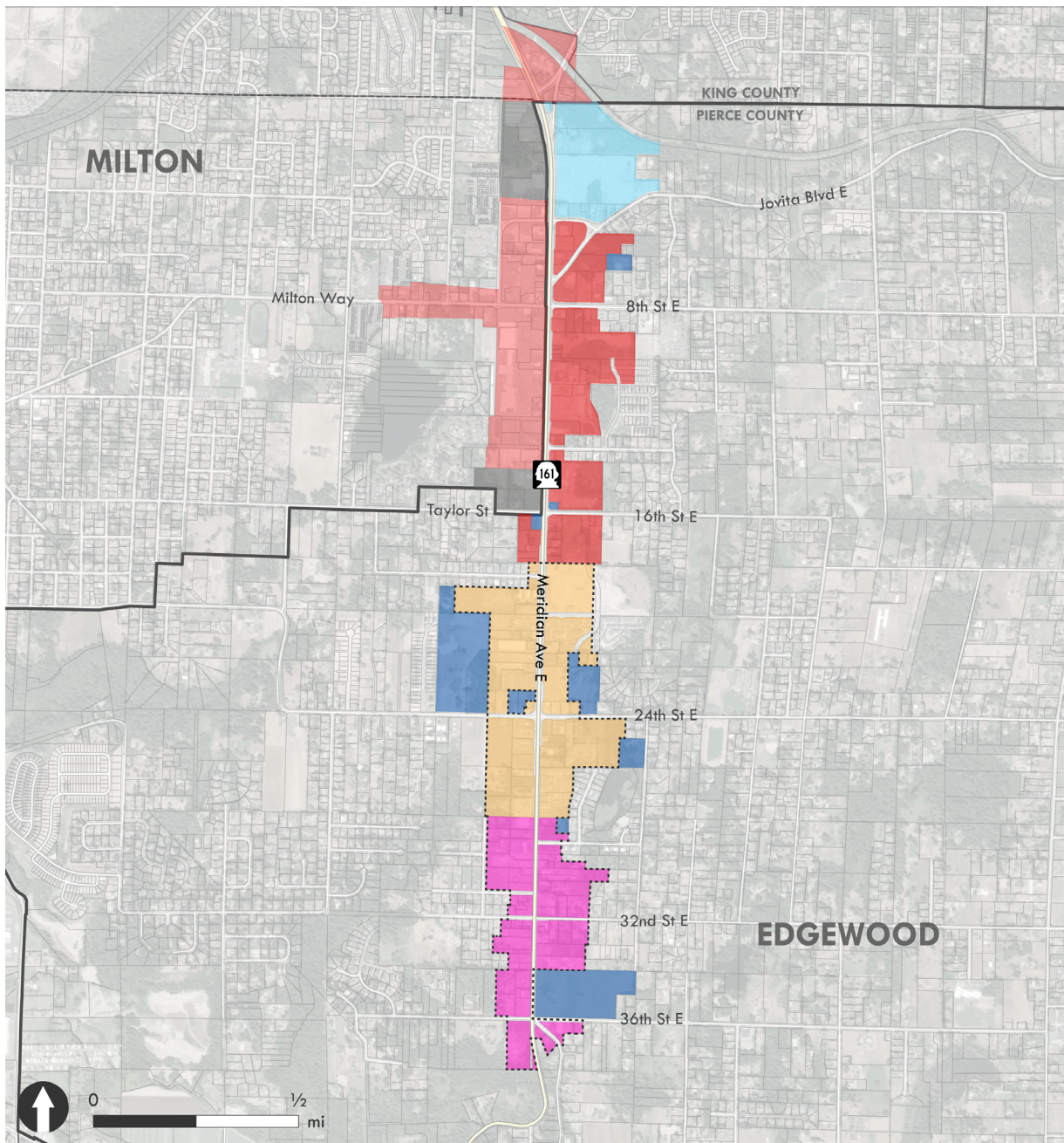
- the viability of commercial uses in the area
- the appropriateness of mixed-use projects to meet ongoing commercial needs
- the need for additional changes to address other obstacles to new commercial development

There have been several studies examining the viability and expected amount of commercial development in Edgewood since incorporation. However, there is a need to compile and update these previous conclusions, and provide clear recommendations to guide the City in changes to the TC and MUR districts to support expected growth.

Report Outline

This report is intended to provide an evaluation of the current market conditions in the City of Edgewood, and a series of recommendations to balance local needs for retail/service commercial space with the desire to develop a mixed-use center in downtown Edgewood. This work is divided into four chapters:

- **Review of previous work.** An initial review of previous studies is outlined, which summarizes previous work and identifies major considerations for this study.
- **Community profile.** An analysis of Edgewood is provided which assesses local and regional economic characteristics to evaluate the current economic context of the City, potential demand, and likely future development.
- **Study area.** A specific assessment is also detailed for the study area itself, with an evaluation of the current conditions and likely locations for additional redevelopment.
- **Recommendations for action.** In this section, we provide an overview of the findings of the report, as well as a discussion of potential strategies for future action. In particular, we provide recommendations with respect to the April 2019 interim zoning ordinance and possible changes to the zoning code to consider the initial obstacles identified by Council.

Exhibit 1 Project Study Area and E Meridian Ave Corridor**LEGEND**

- City of Edgewood
- County boundary
- City boundary
- Parcels
- Study Area

Zoning (Edgewood)

- Commercial (C)
- Mixed Use Residential (MUR)
- Town Center (TC)
- Business Park (BP)
- Public (P)

Zoning (Milton)

- Business District (B)
- Light Manufacturing District (M-1)



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; BERK, 2020.

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Review of Previous Work

Overview

For Edgewood, there has been an effort to promote the Town Center and the corridor along Meridian Avenue as a nexus for the community since incorporation. This began with early workshops and studies in 1999 with the public and elected officials. The 2002 Comprehensive Plan and the 2004 Town Center and Meridian Avenue Corridor Master Plans identify this area as being at the heart of the City and a future walkable mixed-use center. This policy has been continued over time, with several studies focusing on the area as a center for more intensive, community-oriented development.

This section provides context for the analysis and recommendations in this report by describing previous reports and plans that have impacted this corridor overall and the Town Center and Mixed Use Residential districts in particular. In this review, we summarize these sources, highlight major findings from each report, and detail the actions previously recommended to the City for action.

Review of Previous Work: Summary of Findings

Major findings from previous studies described in this section include the following:

- **There are limitations to local capacity for economic development.** Edgewood will be resource-constrained with respect to economic development into the future. Any strategies for the Town Center will need to consider this limitation, especially in cases where up-front costs are high or the returns are long-term or not well-defined.
- **New growth will be provided through private development.** New development in the Town Center and Mixed Use Residential areas will continue to be led by private developers, and will likely focus more on multi-family residential development where greater returns are possible.
- **Fragmented mixed-use development will challenge goals for a pedestrian-oriented area.** Focusing policies on smaller mixed-use projects with fragmented ownership will be a challenge to developing a consistent mixed-use node for retail or office commercial. Without coordination, commercial spaces will need to attract auto-oriented uses, which will be difficult to adapt to a mixed-use center.
- **Short-term residential growth will be critical to build a customer base for a future mixed-use center.** Overall, short-term development of multi-family residential can help to build a local customer base and support the future development of neighborhood-oriented retail.

Available Sources

A table of the materials reviewed for this assessment are provided in Exhibit 2. These documents include a range of different sources:

- **Regional planning documents.** One main source of guidance for local planning in Edgewood are high-level policy documents from higher levels of government. Regional planning policies have been provided as part of the VISION 2040 plan and the recently updated Draft VISION 2050 plan, published by the PSRC. Pierce County also provides high-level planning guidance through Countywide Planning Policies and 2014 Buildable Lands Report.
- **City plans and policies.** Statutory plans and policies in Edgewood have influenced the management of the Town Center and Meridian Corridor. The Edgewood Comprehensive Plan has highlighted the role of these areas in the community, in both the 2002 and 2015 versions. The 2004 Town Center and Meridian Master Plans have also provided guidance for growth in these areas, and included development concepts and supporting policies for these areas.

Exhibit 2 Previous Plans and Studies Reviewed

DOCUMENT	YEAR	AUTHOR
Edgewood Comprehensive Plan	2002	City of Edgewood
Economic Development Consulting Services	2003	BERK, Ravenhurst Development
Market Analysis for Meridian Corridor	2003	Ravenhurst Development
Town Center and Meridian Master Plans	2004	Kasprisin Pettinari Design
16th and Meridian Development Plan	2006	Skilling Connolly, MAKERS, et al
Town Center Design Guidelines & Standards	2006	MAKERS
VISION 2040 Regional Growth Strategy	2009	PSRC
Corridor Development Memo	2010	CREA Affiliates
Town Center Conceptual Design Open House	2010	Huitt-Zollars
Economic Dev Ad Hoc Committee Final report	2012	City of Edgewood
Economic Assessment and Preliminary Strategies	2014	Community Attributes, Inc.
Pierce County Buildable Lands Report	2014	Pierce County
Pierce County Countywide Planning Policies	2014	Pierce County
Edgewood Comprehensive Plan	2015	City of Edgewood
Retail Demand Assessment	2016	Community Attributes, Inc.
Retail Leakage and Surplus Analysis	2018	Buxton
Draft VISION 2050 Regional Growth Strategy	2019	PSRC

- **Previous economic and market studies.** There have been several studies conducted on economic and real estate market conditions in the study area, with the most recent comprehensive analysis conducted in 2016, and a retail leakage analysis conducted in 2018. These have provided ongoing guidance about how the current market context will likely impact the achievement of the Town Center concept over time.
- **Other supporting documents.** As part of this assessment, we also reviewed other materials related to the development of plans and policies related to the Town Center. This included the 2012 report of the Economic Development Ad-hoc Committee to Council, as well as summaries from public engagement sessions over time.

Overall, these sources provide a basis for examining how the Town Center and Meridian Corridor have been considered by the City over time. This includes both the policies that have been promoted for this area, as well as the market conditions that have been evaluated at different points to guide these policies.

Major Findings from Previous Work

The information available from previous plans and studies highlights several key features of the overall context for development and the Town Center and Meridian Corridor in particular. These include:

- Prior growth forecasts for population and employment
- The retail commercial development context and opportunities for growth
- Urban design and development standards in the Town Center and Mixed Use Residential areas

Population and Employment Growth Forecasts

Several of the available reports include expected growth with respect to both residents and workers within Edgewood:

- **PSRC VISION 2040 Regional Growth Strategy.** Edgewood and other Pierce County cities combined under the “Small Cities” category under VISION 2040 were expected to absorb 52,000 new residents and 30,000 jobs between 2000-2040, amounting to about 13% of the County’s population growth target and 14% of the employment target for this period. Estimates from the 2014 Land Use Vision growth projections indicate a population growth rate of about 1.5% per year to 2040, and an average employment growth rate of 1.3% per year.
- **2014 Pierce County Buildable Lands Report.** The County’s last Buildable Lands Report indicated that the total employment target for 2030 was 3,094 jobs in the community, representing an increase in 1,742 jobs between 2010 and 2030, representing an average growth rate of 4.2% per year. With respect to population, the estimated target for Edgewood is 13,700, representing an increase of 1.9% per year on average.
- **2015 Edgewood Comprehensive Plan.** The Comprehensive Plan indicates that there has been little to no population growth from 2008–2013. Note that the Plan uses the 2014 Buildable Lands Report targets as growth targets for 2035.
- **Draft PSRC VISION 2050 Regional Growth Strategy.** Under the draft VISION 2050 Regional Growth Strategy, Edgewood is classified as being in the “Cities and Towns” geography, which are “cities and towns with local transit access or without fixed-route transit”. Under this classification, these communities are assumed to draw about 7% of the total growth in population and 6% of the total growth in employment in Pierce County, or an additional 25,000 residents and 13,000 jobs between 2017 and 2050. Over all communities, this generally represents an average growth rate of about 0.9% per year for population and 1.3% for employment for the entire study period.

These policy documents indicate that there has been a general shift in regional and County growth strategies over time. More recent policies have shifted growth towards communities serviced by regional high-capacity transit systems. Given the location of Edgewood as outside of major transit corridors, this means that overall Edgewood may be receiving less population and employment growth into the future.

Retail Commercial Development

Since 2003, multiple studies have examined the Town Center and Meridian Corridor for its potential for economic development.

- **2003 Market Analysis for the Edgewood Commercial Corridor.** In this early study, the market characteristics for the area are defined to evaluate the potential for commercial development. This highlights that at the time there had been little leasing activity or development in the recent past, and some vacancies existed. Large-scale commercial development was indicated to be unlikely given a lack of demand, although over the long term the construction of a sewer system, long-term residential growth, and the development of a Civic Center were seen as potential boosts to commercial growth.
- **2014 Economic Assessment and Preliminary Strategies.** This report highlights that over the short-term, auto-oriented retail is likely to be feasible but more walkable retail formats are challenged by a lack of supporting infrastructure and pedestrian traffic. However, retail uses are seen as more feasible than office commercial space, given the support available in surrounding areas.
- **2016 Retail Demand Assessment.** The 2016 analysis of the retail market area suggests that given local population projections and associated retail demand, income and spending patterns suggested that an additional 25–30,000 sf of space could be developed. Additional retail growth would require an increase in the capture of customers from the capture area, likely within a 10-minute drive of Edgewood. An increase of 100,000 sf of retail, for example would require the trade capture to increase from 8.3% to 11.2%.
- **2018 Buxton Retail Leakage and Surplus Analysis.** Overall, this 2018 dataset indicates a significant amount of leakage across sectors for Edgewood, suggesting that residents shop largely in other locations for their regular household needs. The report estimates that given a purchasing power of over \$236 million among Edgewood residents in 2018, just under 20% of this retail demand captured locally. Subsector breakouts highlight opportunity areas for future retailers to consider, such as apparel, home furnishings, and specialty food stores.

These studies reflect slightly different messages about the commercial market context and its potential for growth. However, the overall potential for retail growth has been limited over time. Although the 2003 study indicated that new sewer infrastructure could support additional retail growth, the limiting factor appears to be primarily with sources of competition: available space in local shopping centers in Milton, and the regional draw of retail centers in surrounding communities.

The 2014 study also points out that a key short-term challenge with development of retail, especially in the Town Center, is the competitiveness of auto-oriented versus pedestrian-oriented retail given the current built environment. Retail businesses, including restaurant/café uses, will likely be more willing to locate in the area over the long-term as the walkability of the area improves and a greater number of local residents are able to take advantage of this access.

Urban Design and Development Standards

The development of the conceptual design for the Town Center and the Meridian Corridor has been a focus of planning in Edgewood over time. The 2004 Town Center and Meridian Corridor Master Plans outline a strategy for small scale, mixed-use development with an integration of privately-owned public space along the corridor. Exhibit 3 highlights the conceptual design for the Town Center included in this Plan. Corresponding design guidelines published in 2006 also prioritize streetscape improvements for an enhanced pedestrian experience to attract Town Center visitors. These design and planning concepts have been incorporated into the Edgewood Comprehensive Plan.

Major elements of the Master Plans and design guidelines have included the following:

- **Focus on mixed-use development.** Mixed-use development is a primary focus for the Plan, as it works to achieve the goal of a pedestrian-oriented community center. The Master Plan for the Town Center, for example, includes a significant amount of commercial space, not only in standalone buildings but also as part of mixed-use projects.
- **Development of the City Hall/Civic Site.** The City Hall site includes space which has been identified for a future signature park and community gathering space that celebrates Edgewood's unique pastoral character. This space would link with the open space network overall and would serve a catalytic project that would increase local amenities for residents and visitors. It may also include mixed-use development incorporating live-work or retail space that would be a benefit to the community.
- **Parallel street network.** The Comprehensive Plan includes a Preferred Alternative Road Network that includes provisions for planned collector streets parallel to the Meridian

Exhibit 3 Conceptual Uses, Edgewood Town Center and Meridian Highway Corridor Master Plan

Source: City of Edgewood, 2004.

corridor. These streets would provide local access to locations along the corridor and encourage smaller blocks that would allow for more accessible urban forms. This would also provide accommodations for better pedestrian and bike access to and within the Town Center and Meridian Corridor overall.

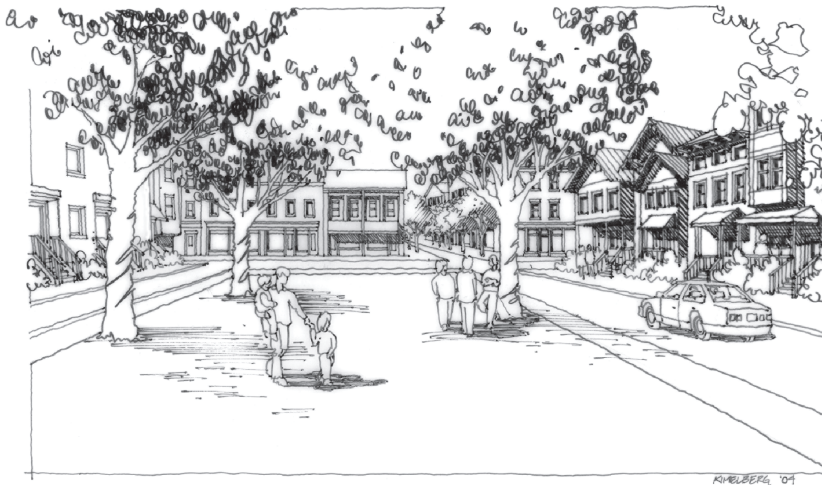
- **Creation of a linked open space network.** The Town Center concept includes ideas for the Edgewood Meadows network, a continuous open space network passing through the Town Center that would also link to a broader network across the entire Meridian Corridor. This system is not explicitly incorporated into the 2015 Comprehensive Plan, but the Plan does include provisions for accepting park land from developers. The 2015 PROS Plan also encourages linkages between green spaces in the City via bike and pedestrian routes.
- **Strong architectural standards.** The architectural standards included in these documents have focused on building elements and form related to Northwest rural and small-town character. These standards highlight the benefits of a mix of uses, building orientation to

the street and common open areas, high-quality materials and building details, and other design treatments. Exhibit 4 provides a rendering from the Town Center Master Plan, that indicates the desired form and design of development under this concept.

A 2010 review of zoning regulations and design standards coordinated a series of meetings with landowners and developers, in part about these concepts and how they related to challenges with new projects. Feedback relevant to the planning for the corridor included the following:

- **Desire for higher density.** Support for increasing residential density in the downtown, including higher development formats and no maximum densities. This could incorporate a range of housing formats, including housing oriented to seniors.
- **Flexibility with the parallel road network.** Flexibility was desired for the development of the parallel road network to allow it to be integrated with site designs. In this case, there may also be a role for the City to develop this network on designated public easements before development occurs to allow for the full alignment to be developed by the City before projects are completed. Integration of access with the surrounding community and buffering from Meridian Ave E will be critical to success, however.
- **Flexibility with uses.** There was also an expressed desire to explore a form-based code to allow more flexibility with the regulation of uses.
- **Need for a private open space strategy.** A clear strategy was needed for open space and public plazas dedicated by landowners/developers to ensure an integrated system.
- **Challenges with fragmentation of ownership.** The fragmentation of ownership along the Meridian Corridor complicates a coordinated approach to development. This could be promoted through land assembly or additional neighborhood planning.
- **Difficulties with retail capture.** Overall, the prospect for retail capture along the corridor is challenging. The retail and services outlined in the Town Center Plan are oriented to a walkable environment, which is not likely to be found along Meridian Ave E. These types of businesses should be clustered together in a critical mass to allow for a designation to be developed. They should also provide some considerations for highway access, however, as very little retail demand will be generated from local residents alone.

Overall, these sources highlight a distinct tension between the concept for the Town Center and the development realities as expressed during the last recession. Although high design standards and a need for a walkable environment is critical, there are challenges in developing a consistent concept among the developers in this area that reflects market realities.

Exhibit 4 Architectural Concepts, Edgewood Town Center Master Plan

Building Character with Architecture: An example of buildings, open space, street circulation and design arranged in a compatible composition to create a desired human scale and community design character.



Building Character with Architecture: Commercial buildings grouped around a public plaza off Meridian Ave E. are moderate in scale and are designed to support pedestrian activity.



Building Character with Architecture: Medium-density housing in the form of townhouses presents a friendly, human-scale street front along a residential street.

Source: City of Edgewood, 2004.

There is also a division between design concepts and market realities for the Town Center in previous work. Although the intent of the City is to create a mixed-use center, the auto-oriented nature of the Meridian Corridor complicates attracting passing traffic to pedestrian-oriented businesses, and favors auto-oriented uses. A larger cluster of community-oriented retail and services could allow auto drivers to stop and walk around, and local pedestrians and cyclists to access these businesses as well, but this would likely require a larger cluster of commercial uses that would not currently be supported in the market. Fragmentation of ownership and concerns about the short-term viability of building portions of this node at a time would also complicate the development of mixed-use projects in this area.

Review of Previously Proposed Actions

The City of Edgewood has devoted its efforts to supporting economic development in the community, which includes encouraging growth within the Town Center and Mixed Use Residential districts. Exhibit 5 includes a high-level description of the recommended actions proposed as part of the documents reviewed, and the year of the report in which these recommendations were made.

Generally, the recommendations made as part of previous reports have included the following:

- **Distribute information about Edgewood.** One typical focus of the proposed strategies has been with creating information sources about Edgewood to provide interested parties (both developers and businesses). Of the strategies proposed, these efforts have appeared to be the most pursued by the City, given that these take relatively few resources and provide ongoing support for other economic development activities.
- **Coordinate general business attraction activities.** A second strategy has involved regular attraction strategies to draw new businesses and development into Edgewood. The 2012 Economic Development Ad-hoc Committee Report highlighted that these efforts could be supported by a full-time staff member with the City but also recognized that available resources would be limited for this position. Without dedicated staff, current City staff have pursued these efforts as part of their own work.
- **Create a distinct brand for the City and Town Center.** One specific concept related to marketing Edgewood has been the development of a branding strategy for the city as a whole or the Town Center in particular. These campaigns are not without notable risk, but they can provide a strong focus for other marketing and development strategies.
- **Develop plans and policies to support desired development.** Almost immediately after incorporation, Edgewood has identified the Town Center and Meridian Corridor as the economic center of the community. As such, the City has worked almost from the beginning to develop a series of plans for the area, and has incorporated this work into the City's Comprehensive Plan. Additionally, there have also been ongoing efforts to adjust zoning regulations and provide for development standards that help to achieve the vision for the area.
- **Coordinate a public/private partnership to develop a catalytic mixed-use project in the downtown.** The 2014 Economic Assessment and Preliminary Strategies Report as well as the 2015 Comprehensive Plan have indicated that leveraging City-owned properties along Meridian Ave E would be one approach to spur new development in the Town Center. This could also be combined with partnerships to encourage different types of catalytic projects, such as co-working spaces.

Exhibit 5 Proposed Actions and Outcomes from Previous Studies

PROPOSED ACTION	YEAR	RESPONSE
Revisit development standards, particularly for size restrictions	2003	Created a Master Plan for the development of the Town Center and Meridian Corridor
Prepare marketing brochure and distribute to a prepared list of developers.	2004, 2012, 2014	Developed a Town Center marketing brochure and related marketing/promotional materials
Adopt a Planned District Overlay for the SW quadrant of the Town Center	2004	(not completed)
Attract anchor tenant(s) to spark a retail cluster, e.g., library, drug store, medical office, multifamily.	2006, 2010, 2012	Worked to attract a Pierce County Library branch; regular business recruitment activities conducted by staff
Lower impact fees and streamline permitting processes to be more competitive with surrounding jurisdictions	2010	Internal permitting processes have been streamlined to reduce costs and improve permitting times
Encourage the development of a new Subarea Plan for part or all of the Meridian Corridor	2010	(not completed)
Hire a full-time City economic development staff member	2012	(not completed)
Construct a community reader board at City Hall	2012	Economic development information available on City website and at City Hall
Create city webpage with business information	2012	City webpage with business information developed
Analyze potential use of public lands to spur economic development	2014, 2015	Preparing a site plan for City Hall property as a public/private partnership
Revisit zoning standards for Town Center and for retail businesses specifically	2014, 2016	Comprehensive Plan updated to reflect development priorities in the Town Center

Progress on these strategies has been limited by available resources, but the City has taken distinct and intentional steps to work within these constraints with efforts to encourage new development that would boost the local economic base. Note that the later sections of this report will examine how these efforts could be refocused and refined to help achieve the overall concepts and goals for the Town Center and Mixed Use Residential areas.

Conclusions

As detailed by the final report of the City of Edgewood's Economic Development Ad Hoc Committee in 2012:

“Edgewood is trying to bootstrap its economic engines on a shoestring budget. The goal is to encourage, invite and promote businesses to the City, particularly along the LID corridor. It needs to take advantage of every opportunity it can find to achieve that goal. Those ideas that require little or no resources in time and money should be top candidates for implementation to reach our goal.”

This statement reflects many of the lessons and limitations discussed in previous studies, as described in this section:

- **Edgewood is resource-constrained with respect to potential economic development activities.** The primary obstacle to more aggressive economic development strategies in Edgewood will continue to be with limited resources. Although building the economic and sales tax base of the city is important, available resources will challenge significant investments by local government, especially in cases where immediate returns are unclear.
- **As such, the vision for the Town Center and Mixed Use Residential areas will be achieved largely through private development.** There are some opportunities for the City of Edgewood to be involved with development in key locations, such as in the area around the City Hall campus. However, given the constraints in available resources, development is largely envisioned to be managed by the private sector, with some supporting public investment, particularly in sewer, streets, and parks.
- **New commercial development has been projected to be small-scale, proceeding intermittently over time.** Although previous studies have recognized that new commercial development will likely occur, the scale of the local market, the smaller potential capture area, and the presence of existing retail commercial development in Milton along the Meridian Corridor means that long-term potential for new commercial growth may be somewhat limited, and will likely exhibit as intermittent projects versus continuous development.
- **Smaller projects over fragmented ownership will challenge the development of a pedestrian-oriented mixed-use concept.** Given local demand and the role of Meridian Ave E as a traffic arterial, new commercial development as part of projects will either need to be auto-oriented, or cluster in a way that allows for both pedestrian and auto-oriented access. Given the fragmentation of ownership, it will be difficult for individual projects to develop the “critical mass” alone to create a strong retail node, especially over the short-term.

- **Multi-family development has been assessed as the most feasible use in the study area overall.** Previous reports have indicated that at the time of those reports, multi-family projects were the most feasible option for developers. Although retail and office development projects were likely to be practical over the longer term, especially as the population of the city continues to increase, these projects are less likely to be developed in the short-term.

Overall, the development of single-use multi-family residential projects as opposed to mixed-use or commercial projects in the Town Center and Mixed Use Residential zones is consistent with the findings of previous studies. Although demand for commercial space may increase over time, recent patterns with short-term development appear to be consistent with these previous conclusions that residential development is more feasible. A staged approach may be necessary to promote short-term growth of higher-density residential uses, with planning for long-term development to support commercial and retail uses that can take advantage of a larger local customer base.

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Community Profile

Overview

The first step to evaluating the role of the Town Center and Mixed Use Center zoning districts in encouraging commercial growth in Edgewood is to examine the City of Edgewood and the broader Meridian Corridor in both a local and regional context. Note that while this corridor is split between the Cities of Edgewood and Milton, it essentially operates as a single retail node for the purposes of the local market.

In this review, we detail the following:

- A high-level review of the **major features** of the surrounding area
- **Population and housing** characteristics of the City of Edgewood, including future projections of growth
- Characteristics of **local employment**, including commuting patterns and the potential for growth
- A summary of **local economic activity**, including the regional market draw and activity related to municipal revenue
- Details about **recent commercial and residential development** in the area, including development located within the Town Center and Mixed Use Residential areas

Community Profile: Summary of Findings

This section highlights considerations for how the City would manage broader issues of economic development that would impact the Town Center and Mixed Use Residential areas into the future. Major findings include the following:

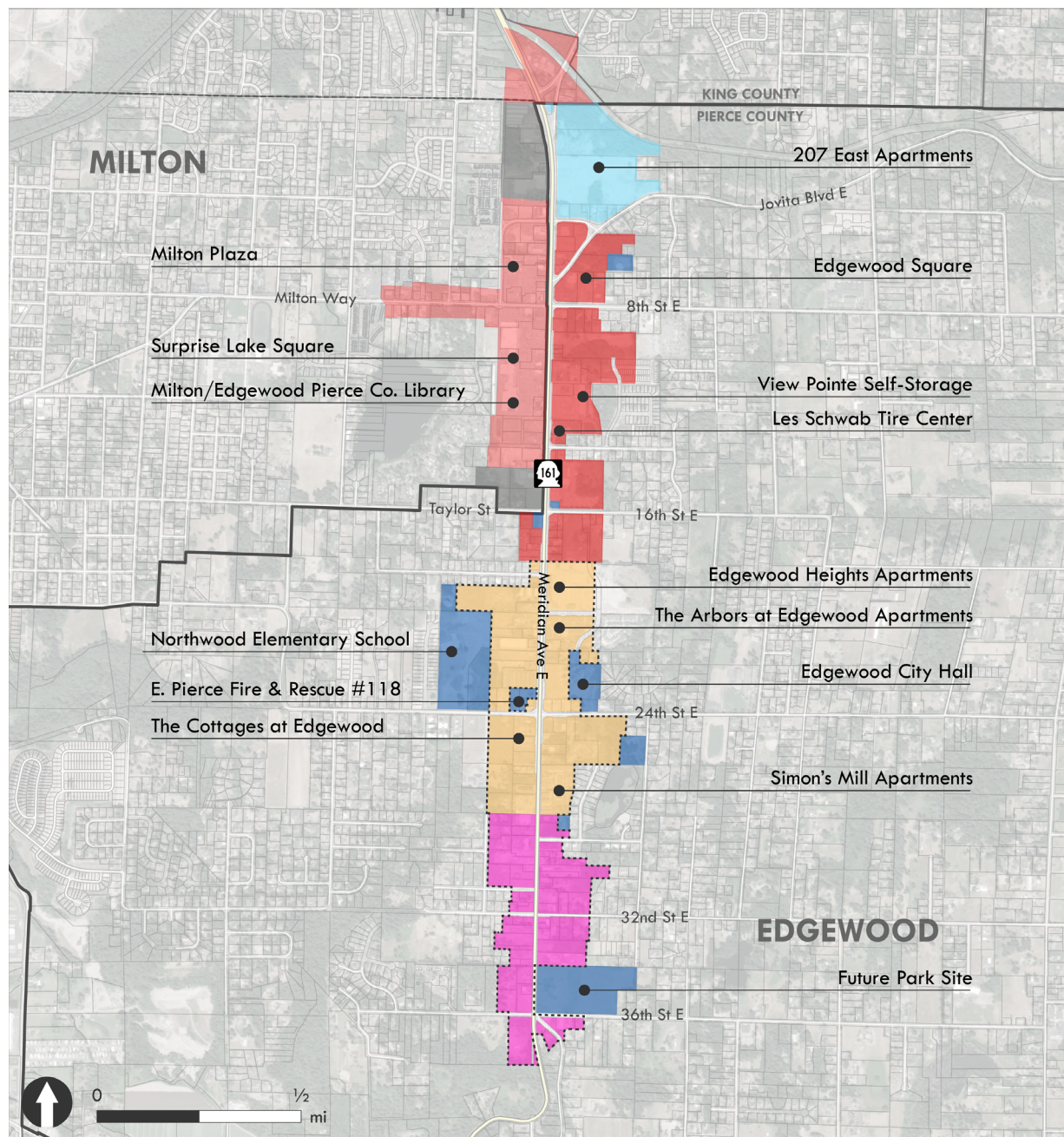
- **Previous population targets for Edgewood were low and have been reduced over time.** Previous growth projections suggested that the population of Edgewood would not grow quickly, and targets have been reduced further over time as regional and County planning efforts have focused growth along major transit corridors (such as through VISION 2050). These policies could be changed in the future with more regular transit service in Edgewood to support long-term concepts for the Town Center.
- **New multifamily projects have resulted in significant recent growth, however.** The Meridian Corridor overall has experienced significant multi-family residential growth recently, including in the Business Park zoning district in the north section of the corridor. Altogether, this includes about 1,152 units that are new, planned, or under construction, which outpaces growth along the Corridor in Milton. This has also resulted in a notable increase in multifamily units versus single-family housing in the city.
- **Edgewood is primarily a community of commuters.** With respect to local jobs, historic data and recent trends indicate low rates of employment growth for the city and a low employment-to-population ratio when compared to Edgewood's neighbors. Commuting patterns also show that Edgewood residents are employed throughout the region, while workers in the city tend to be drawn from the surrounding area.
- **Growth in retail in Edgewood will be challenged by competing retail centers with regional access.** One major obstacle with developing retail in Edgewood over the long term will be with competing areas with similar offerings. Retail centers in Federal Way, Puyallup, Auburn, and Sumner are accessible by major regional routes, and will have a larger draw for customers. Economic development initiatives encouraging unique regional offerings or shopping and services that cater to residents will likely be more successful.
- **Local commercial development may also be challenged by high area-wide vacancy rates.** Due to local vacancies in office, medical office, and retail, primarily in Milton, it may be difficult to market new commercial space in mixed use developments along the Meridian Corridor in the short term. This excess capacity may accommodate local needs over the next few years, especially with respect to auto-oriented uses.
- **Future planning for development should consider the Meridian Corridor as a whole.** Although this report is focused on solutions for the Town Center and Mixed Use Residential areas, long-term planning of the entire Meridian Corridor will likely be necessary. Vacancies in the shopping centers in Milton could lead to mixed-use and multifamily redevelopment opportunities, and the 207 East Apartments multifamily development project could be connected to other amenities along the corridor.

Major Features

Exhibit 6 provides a high-level view of the zoning and major features of the commercial, industrial, and public lands within the Meridian Ave E corridor. These include the following:

- **Edgewood zoning districts.** Along the Meridian Ave E corridor, Edgewood includes the following five zoning districts:
 - The **Business Park (BP)** zoning district, intended for a wide range of commercial and employment uses, as well as light industrial and apartments.
 - The **Commercial (C)** district, intended for large-format, auto-oriented commercial uses, potentially with a regional scale, as well as uses compatible with commercial development.
 - The **Town Center (TC)** designation, intended for a pedestrian-friendly mixed-use center with retail, residential, services, and seniors housing.
 - The **Mixed Use Residential (MUR)** district, which is intended to include medium-density residential development as well as complementary commercial uses.
 - The **Public (P)** district is also included in this corridor, which accommodates major local and state government and public institutions.
- **Milton zoning districts.** The City of Milton also manages commercial and employment uses within the corridor as part of their “Uptown Special Planning Area”. Policies for the Uptown area have been developed to reinforce its position as a vibrant commercial center, and transition the area towards a mix of uses. Land uses in the Uptown area are currently managed as part of two zoning districts:
 - The **Business District (B)** is intended for business uses that serve the community and the region through the development of integrated commercial centers.
 - The **Light Manufacturing District (M-1)** provides for heavy commercial and light industrial uses within the corridor.
- **Recent multifamily development projects.** Along the Meridian Corridor, there are four large apartment projects comprising over 1,100 total multifamily housing units that have been proposed or developed, or are under construction. Although they include on-site amenities, they do not have commercial space aside from property management offices. These projects include:
 - **207 East Apartments** (292 units) is a low-rise development currently under construction in the BP zoning district. Of the 292 units in this project, 114 units are 1-bedroom, with 156 2-bedroom and 22 3-bedroom units.
 - **Edgewood Heights** (452 units) is a two-phase low-rise apartment development in the Town Center zoning district, owned by Falk Development Inc. The first phase was completed in 2019, and includes 220 apartment units (44 1-bedroom, 140

Exhibit 6 Project Study Area and E Meridian Ave Corridor, Zoning and Major Features



LEGEND

- City of Edgewood
- County boundary
- City boundary
- Parcels
- Study Area

Zoning (Edgewood)

- Commercial (C)
- Mixed Use Residential (MUR)
- Town Center (TC)
- Business Park (BP)
- Public (P)

Zoning (Milton)

- Business District (B)
- Light Manufacturing District (M-1)



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; BERK, 2020.

2-bedroom, and 36 3-bedroom units). The proposed phase 2 would include an additional 232 units.

- **The Arbors at Edgewood** (254 units) a complex of three-story garden apartments in the Town Center area adjacent to Edgewood City Hall which was completed in 2016. It includes 78 1-bedroom, 132 2-bedroom, and 44 3-bedroom units.
- **Simon's Mill Apartments** (154 units) is a complex of garden apartments built in 2016 by Rush Properties, Inc. in the southwestern portion of the Town Center area. It includes 4 studio, 75 1-bedroom, 63 2-bedroom, and 12 3-bedroom units.
- **Senior living community.** The Cottages at Edgewood is a senior memory care facility that opened in 2015. This facility includes three self-contained 4,700 sf cabins with a capacity of about 60 residents and round-the-clock staff.
- **Shopping centers.** The City of Milton includes two shopping centers within their Business District. This includes:
 - **Surprise Lake Square**, a 204,000 sf community shopping center anchored by a 55,000 sf Safeway supermarket. From 2009–2018, this center had significant vacancies, peaking at over 43% in 2011. Since 2018, about 29,000 sf of total space in this center has remained vacant.
 - **Milton Plaza**, an 89,000 sf neighborhood shopping center, previously anchored by a 53,880 sf Albertsons's which closed in 2017. As of 2020, about 30,000 sf of retail space in this complex is vacant.
- **Auto-oriented commercial development.** Within Edgewood, there have historically been smaller auto-oriented uses developed along the Meridian Corridor. Since 2010, commercial development in this corridor in Edgewood has included:
 - A 9,856 sf Les Schwab Tire automotive center, built in 2012
 - A 2,329 sf Jackson's Food Stores mini-mart, built in 2012
 - A 240 sf espresso stand, built in 2013
 - A 3,064 sf Taco Time fast food restaurant, built in 2016
 - A 1,758 sf Starbucks café, built in 2016
 - View Pointe Self-Storage, a 92,000 sf self-storage facility built in 2016
- **Government, public, and community uses.** In this area, there are several government and public uses that anchor the community. These include:
 - Edgewood City Hall, constructed in 2010
 - Northwood Elementary School
 - East Pierce Fire and Rescue Station No. 118
 - The Milton/Edgewood branch of the Pierce County Library System, located in Surprise Lake Square

- A site proposed for a future 18-acre park, located at the corner of 36th St E and Meridian Ave E
- The North Hill Adventist Church, a 4,700 sf building constructed in 2010

Edgewood Population and Housing

A summary table of key housing and population statistics for the city of Edgewood is included in **Exhibit 7**. Comparable statistics are provided for Pierce County for reference.

Population

As of April 2019, the population of Edgewood was 11,390 residents. Although the city experienced nominal growth for about 15 years after its incorporation in 1999, recent development has promoted relatively rapid growth, especially in a regional context. The following exhibits provide an understanding of this based on comparisons with its neighbors:

- **Exhibit 8** provides the population of the city and peer communities within the area from 2000 to 2019.
- **Exhibit 9** compares average net growth rates for Edgewood and other communities over five-year periods between 2009–2014 and 2014–2019.
- **Exhibit 10** highlights total relative net growth from 2000 for Edgewood and other communities.

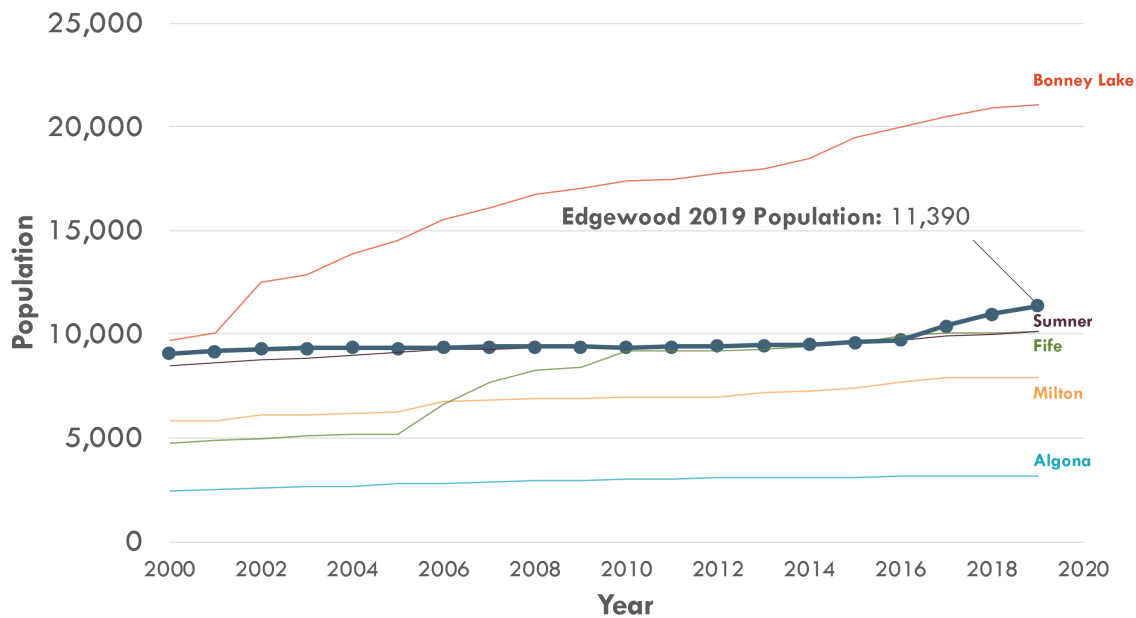
This information highlights several points of interest with respect to previous growth:

- **Edgewood has historically experienced very little population growth.** One major trend with population is that for years after incorporation, Edgewood experienced relatively little growth. From 2000 to 2014, the city increased by a net 436 residents, and overall population increased by about 0.3% per year.
- **Over the past few years, the city's population has increased at a rapid rate.** Since 2014, however, growth has been significant, with a 17% increase in population between 2016 and 2019. In fact, Edgewood added a net 685 residents between 2016 and 2017, representing more growth in one year than from incorporation in 1999 to 2016.
- **While some communities in the area have grown significantly over time, Edgewood's recent growth has been dramatic in comparison.** Some communities in the region have experienced significant growth over time: Bonney Lake has experienced the most intense growth, tripling in population since 2000 through annexation and development. However, the relative growth that Edgewood has experienced has been very high in relation to its neighbors. While Edgewood grew by 17% over the past three years, Bonney Lake and Algona grew by about 5%, and Puyallup and Sumner grew by about 4%.

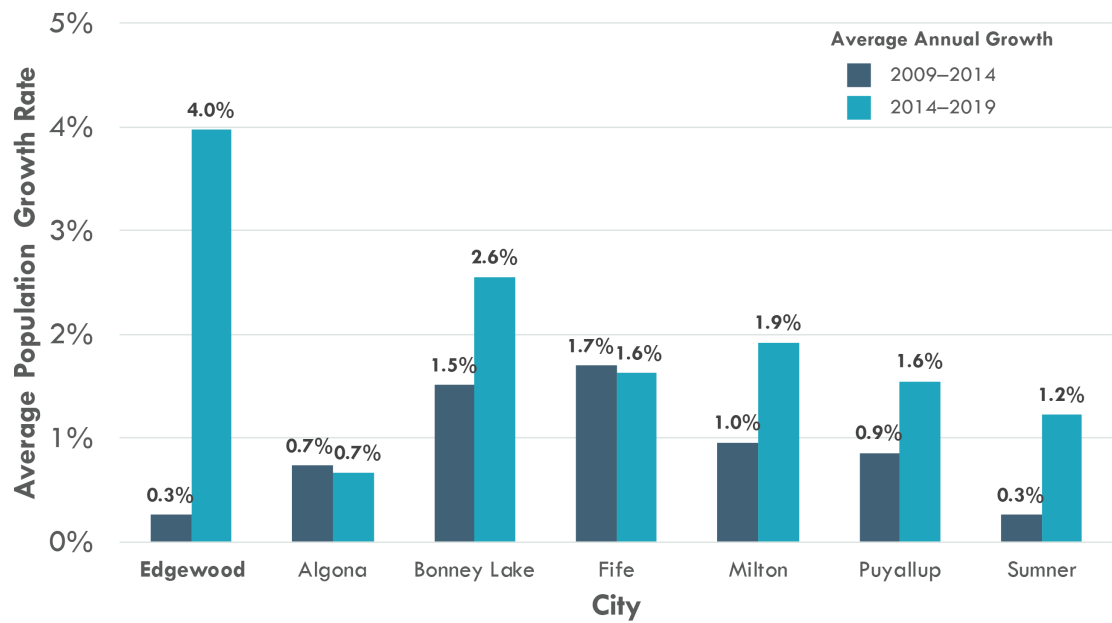
Exhibit 7 Edgewood Population and Housing Characteristics

	Edgewood	Pierce County
Total Population (2019)	11,390	888,300
Persons per household (2014–2018)	2.77	2.65
Persons under 18 years	21.2%	23.5%
Persons 65 years or over	16.9%	13.8%
Median household income	\$97,984	\$67,868
% of persons in poverty	4.6%	8.7%
% of persons with bachelor's degree or higher	32.3%	26.4%
% foreign-born persons	3.6%	9.8%
Total Housing Units	4,576	353,089
Single-Family Housing	79.7%	67.1%
Multifamily Housing (2+ units)	16.1%	25.3%
Mobile Homes and Other Housing	4.2%	7.6%
Owner-occupied housing, percent (2014–2018)	78.3%	61.7%
Median value of owner-occupied housing (2014–2018)	\$367,400	\$277,000

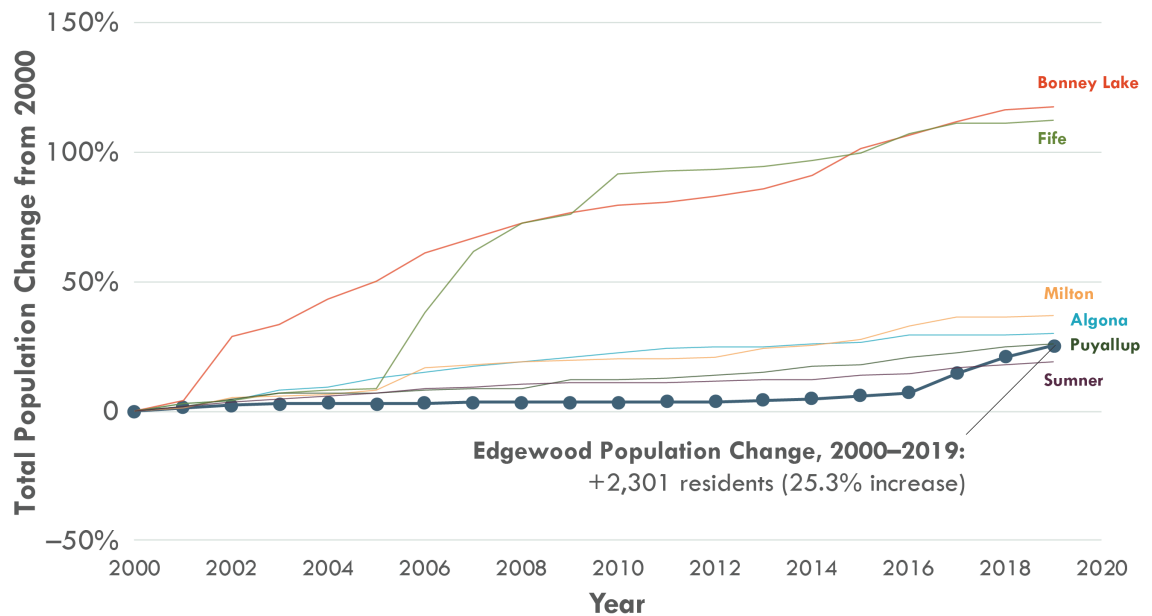
Source: WA Office of Financial Management, 2020; US Census ACS, 2019; BERK, 2020

Exhibit 8 Population Growth by City, 2000–2019

Source: WA Office of Financial Management, 2020; BERK, 2020.

Exhibit 9 Five-Year Average Annual Population Rates by City, 2009–2019


Source: WA Office of Financial Management, 2020; BERK, 2020

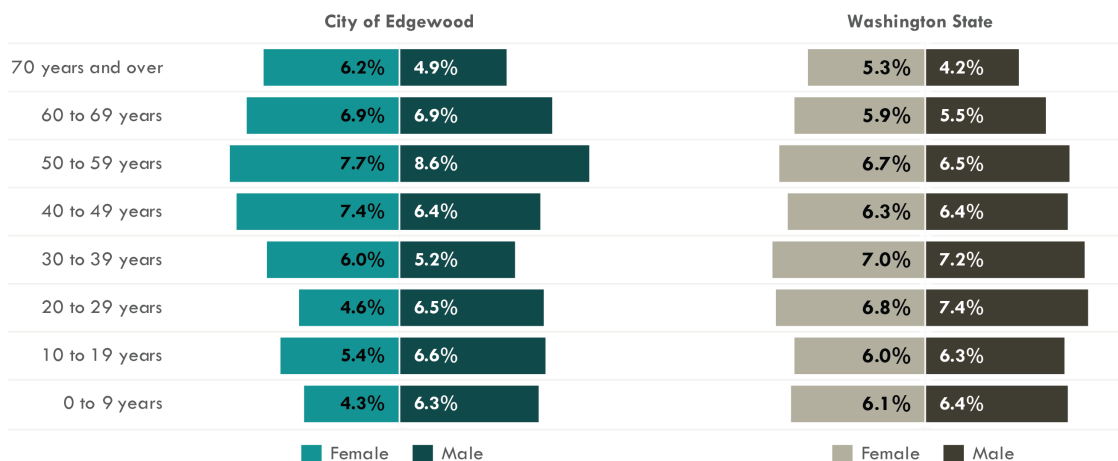
Exhibit 10 Relative Population Growth by City, 2000–2019


Source: WA Office of Financial Management, 2020; BERK, 2020.

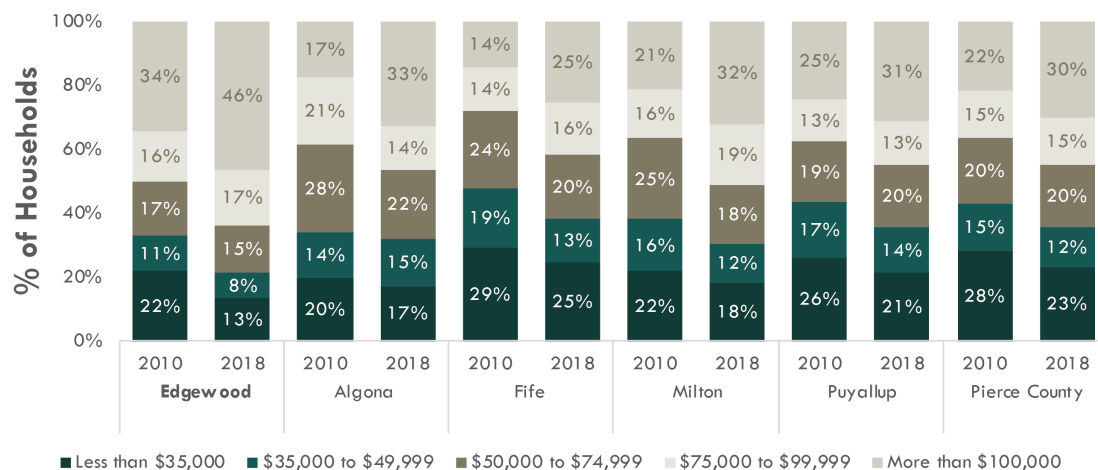
Exhibits 11–15 provide breakdowns of population characteristics of Edgewood to present details about what the community is like, and how these characteristics have changed over time. These characteristics include the following:

- **Age.** The distributions of age by cohort for the City of Edgewood and Washington State are provided in **Exhibit 11**. This distribution highlights overall that Edgewood residents skew older, with a smaller relative proportion of children and younger adults under 40.
- **Household income.** **Exhibit 12** provides details about household income distributions in Edgewood and surrounding cities for 2010 and 2018, and **Exhibit 13** presents median income and the change over the 10-year period for these cities. Generally, Edgewood is wealthier than surrounding communities, with a median income of \$97,984 in 2018. Median wealth in Edgewood has grown by 31% from 2010 to 2018, which is more than the County as a whole and the selected neighboring communities, and households earning over \$100,000 now represent almost half of the households in the city.
- **Race.** **Exhibit 14** provides a general breakdown of race for Edgewood and other cities, with detail about the non-white populations in **Exhibit 15**. Overall, Edgewood has the smallest proportion of people of color among the surrounding communities examined, but this proportion has been increasing over the past several years.

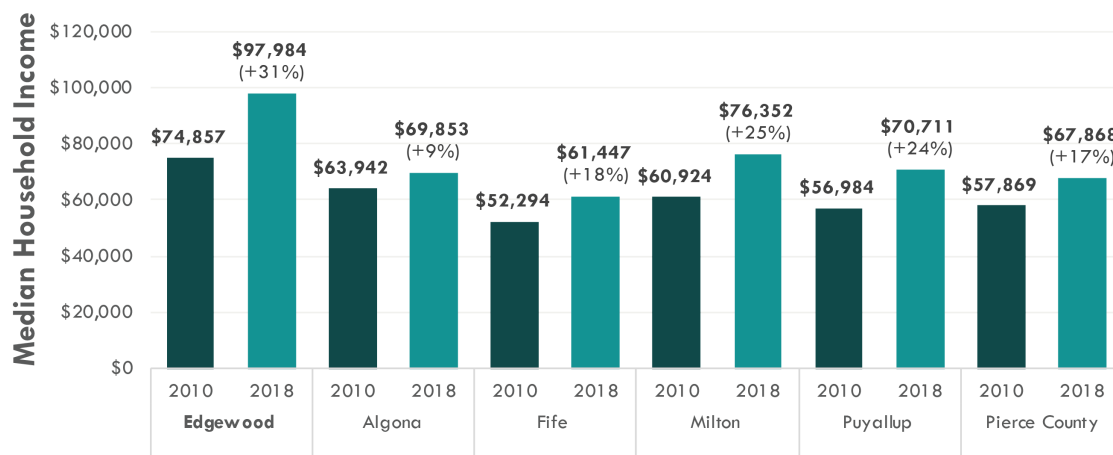
Exhibit 11 Population Age Distribution, Edgewood, 2018



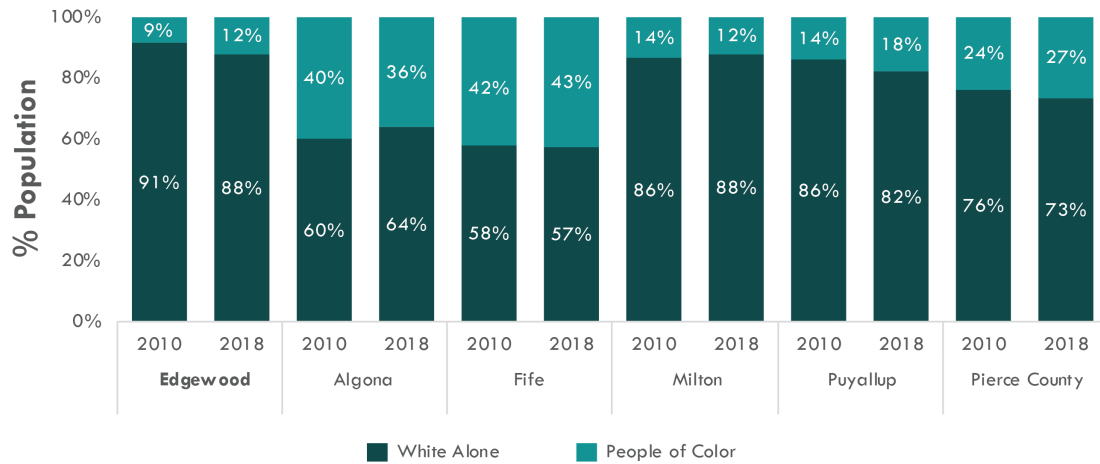
Source: American Community Survey, 2010 & 2018; BERK, 2020.

Exhibit 12 Household Income Distribution by City, 2010 and 2018


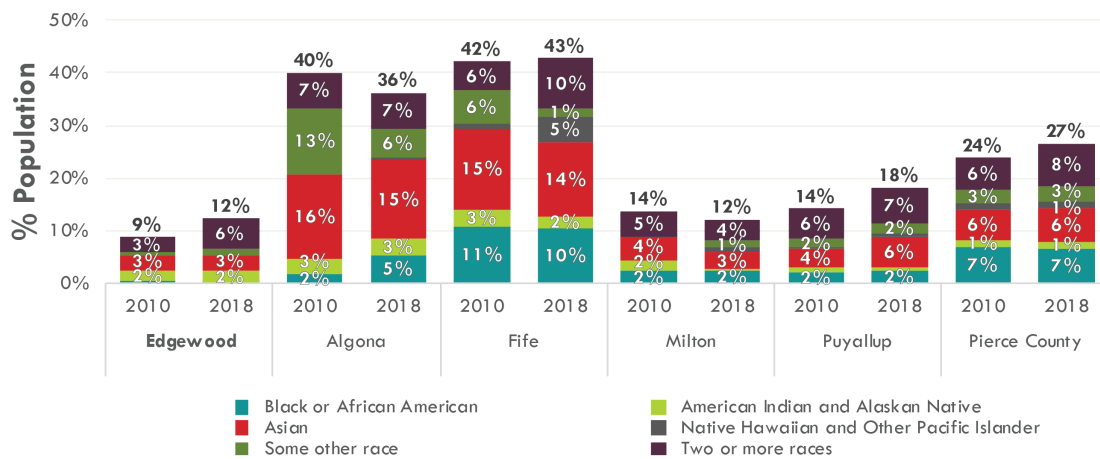
Source: American Community Survey, 2010 & 2018; BERK, 2020.

Exhibit 13 Median Household Income by City, 2010 and 2018


Source: American Community Survey, 2010 & 2018; BERK, 2020.

Exhibit 14 Population Distribution by Race, Edgewood, 2018


Source: American Community Survey, 2010 & 2018; BERK, 2020.

Exhibit 15 Detailed Population Distribution by Race, Edgewood, 2018


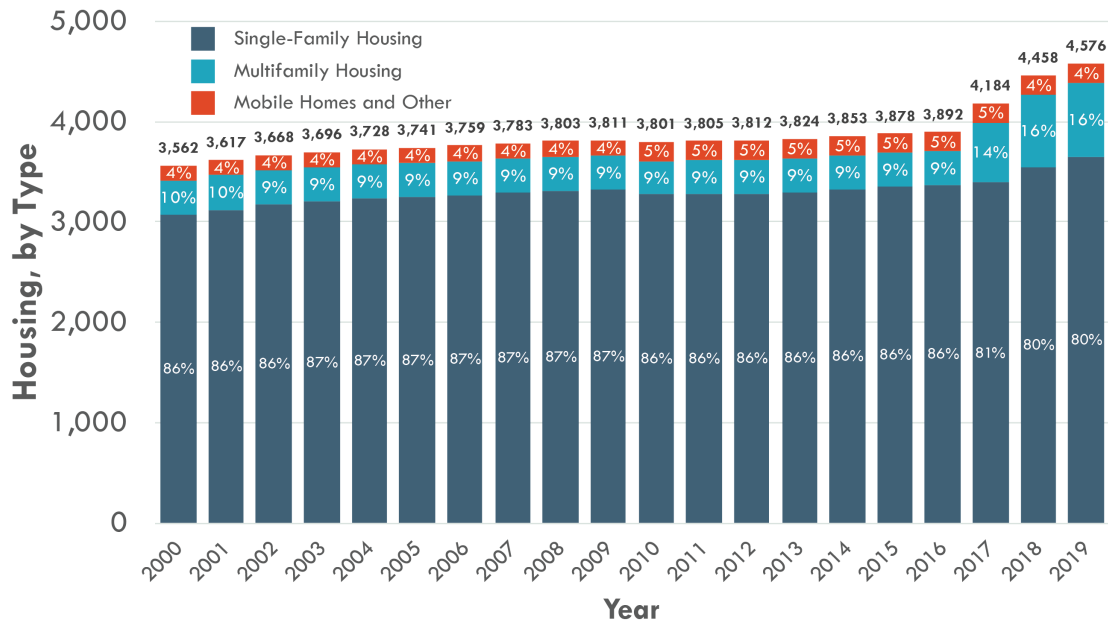
Source: American Community Survey, 2010 & 2018; BERK, 2020.

Housing

As of 2019, Edgewood has 4,576 housing units: 3,648 (80%) of these are single-family units, with 736 (16%) multifamily units and 192 (4%) mobile homes and other housing formats. To provide detail on trends, **Exhibit 16** shows the change in housing units in Edgewood from 2000 to 2019, and **Exhibit 17** compares the proportion of single-family housing to total housing units across neighboring cities. These demonstrate the following:

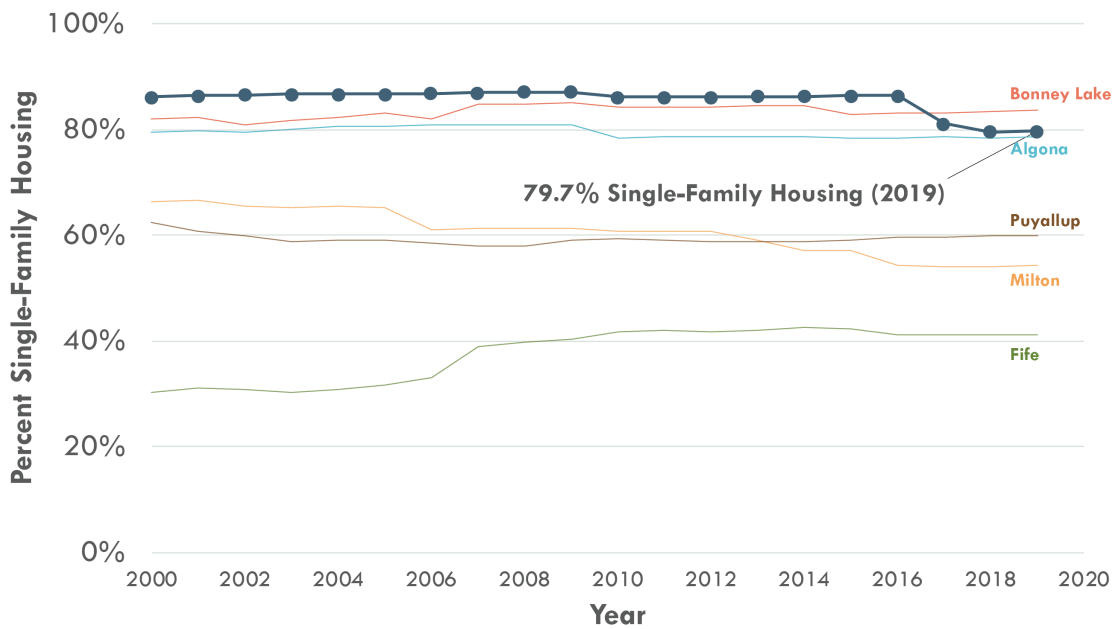
- **Multifamily housing has grown significantly in the past few years in Edgewood.** As with population figures, multifamily housing development in Edgewood has been a recent phenomenon. From 2000 to 2016, the city lost 8 units of multifamily housing, likely small multiplexes. After 2016 however, multifamily housing has more than doubled, increasing by 400 units between 2016 and 2019.
- **This growth in multifamily housing is expected to continue with future projects.** The stock of multifamily housing in the downtown is expected to continue to increase from these statistics. These figures do not consider Edgewood Heights phase 1 (completed in 2019), 207 East Apartments (currently under construction), or Edgewood Heights phase 2 (proposed). With all three of these projects, the stock of multifamily housing is expected to increase by another 746 units, again doubling the number of units in the city.
- **Other communities have experienced similar changes in their housing mixes, due in part to an increase in the number of multifamily projects being developed.** However, with the addition of more projects into the Meridian Corridor area, the proportion of multifamily housing in the community will increase to about a quarter of housing in the city. That will outpace cities such as Bonney Lake and Algona, although it will still be higher than other cities in the area.

Exhibit 16 Housing by Type, City of Edgewood, 2000–2019



Source: WA OFM, 2020

Exhibit 17 Percent Single-Family Housing by City, 2000–2019



Source: WA OFM, 2020

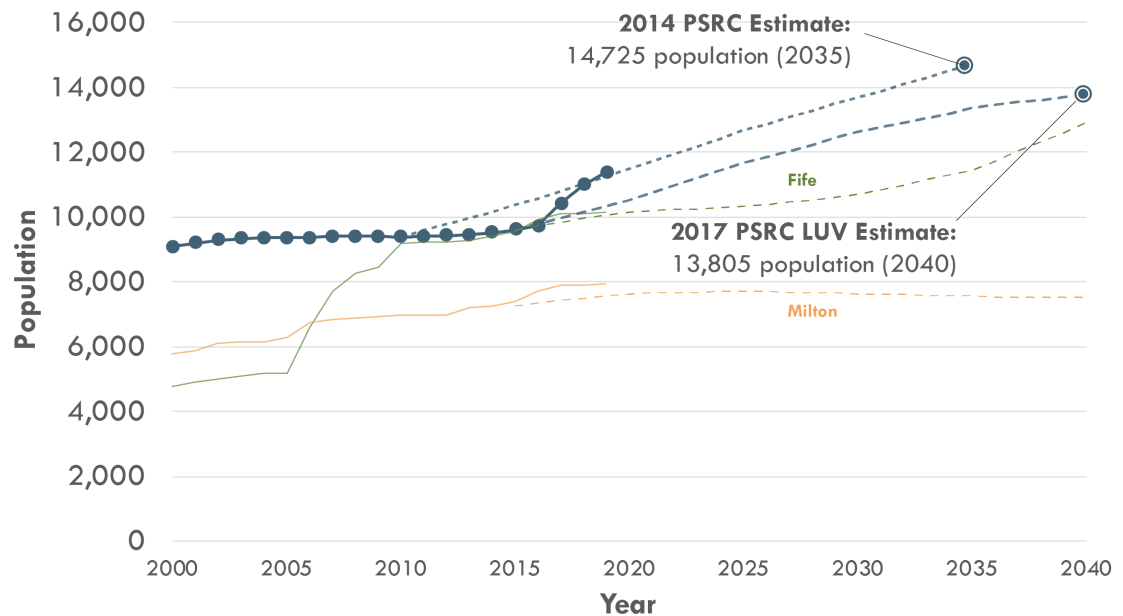
Growth Projections

Future population growth projections for Edgewood have been developed to support regional and local planning efforts. For this study, three projections are examined:

- Population targets for 2030 used as part of the 2014 Pierce County Buildable Lands Report indicate that Edgewood would increase by 4,313 residents between 2010 and 2030.
- PSRC projections from 2014 are referenced as part of the 2014 Economic Assessment and Preliminary Strategies report provided to the City of Edgewood. This estimate is largely comparable to the projections from the Buildable Lands Report and indicates a population of about 13,700 by 2030 and 14,725 by 2035.
- The 2017 PSRC Land Use Vision Dataset (version 2), developed in April 2017 to evaluate expected growth under PSRC growth models, includes an estimate of 13,805 residents by 2040.

The latter two projections are provided in **Exhibit 18**, along with comparable projections for the cities of Fife and Milton for comparison.

Exhibit 18 Population Growth Projections, 2020–2040



Source: WA Office of Financial Management, 2020; CAI, 2014; PSRC, 2020.

Although estimates in the short-term are challenging, newly completed and potential future development could add around 750 multifamily housing units to the city, increasing population by 1,300 to 1,700 residents once occupied. This would mean that the city would be about 800 residents short of the earlier 2030 target, and 900 residents short of the latter 2040 target. Depending on the amount of single- and multifamily development in other parts of the city and size of these projects, these growth targets could be achieved with about 2–3 additional multifamily projects similar in size to recent projects.

As referenced in the previous chapter, the VISION 2050 report from the PSRC includes a lower allocation of future population growth to several Pierce County cities. The County is also currently in the process of identifying future growth targets. Future policies may adjust growth targets, and given the regional focus on growth in areas served by transit, these targets may be reduced. Encouraging further growth may require adjusting these targets through negotiation with Pierce County, and potentially even applying for future status as a PSRC Regional Growth Center.

Employment

A summary of covered employment counts for the city of Edgewood is included in **Exhibit 19**. This information is based on employment data provided by the PSRC, which is aggregated based on two-digit NAICS codes into major sectors. This includes covered employment breakdowns for the years 2008, 2013, and 2018, with the amount and percent of employment in each major sector.

According to the PSRC, “covered employment” includes employment covered by the Washington Unemployment Insurance Act. Typically, this represents about 85–90% of total employment, excluding self-employed workers, proprietors, CEOs, and other groups of non-insured workers. The 2014 Pierce County Buildable Lands Report assumes that total employment includes 12.1% to account for mobile workers and work-at-home employees.

Employment by Sector

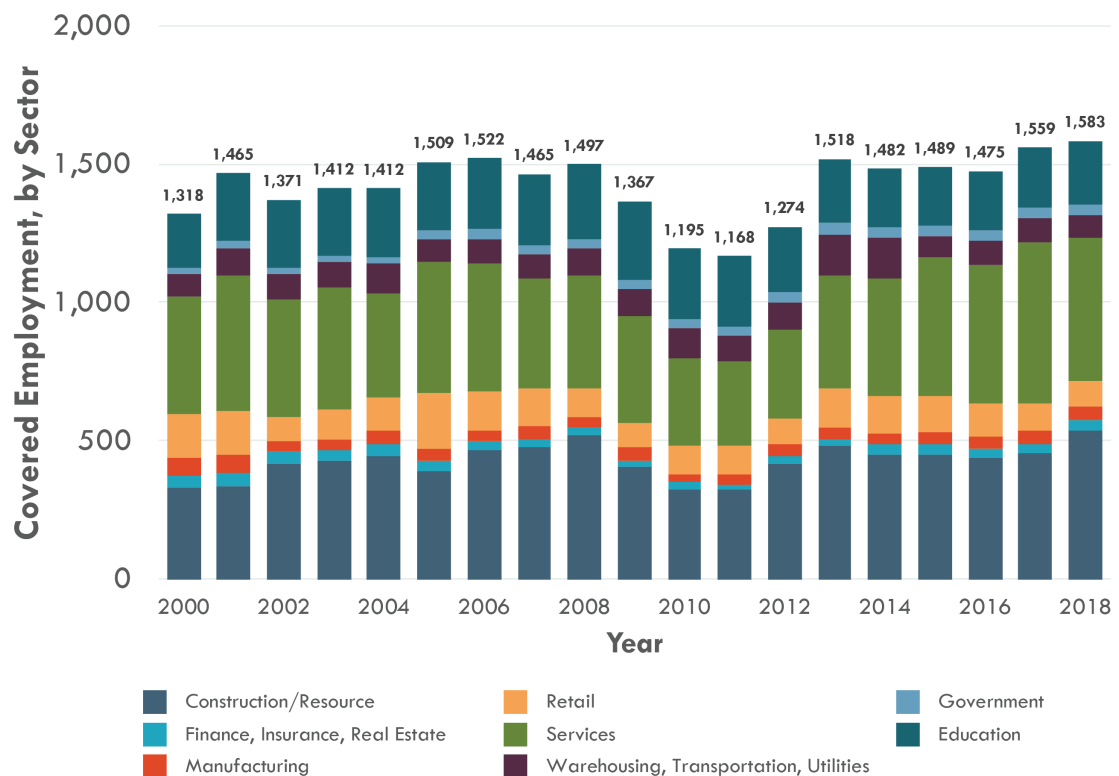
Exhibit 20 includes a chart showing covered employment in Edgewood from 2000 to 2018 by year, broken down by PSRC major sector. Highlights for this employment data include the following:

- **Edgewood has experienced relatively low employment growth during its history.** Between 2000 and 2018 period, covered employment increased from 1,318 to 1,583 jobs, an increase of about 20% or approximately 0.4% per year. During this same period, Pierce County employment grew by over 30%, or about 1.2% per year.

Exhibit 19 Employment Statistics, City of Edgewood

Sector	2008		2013		2018		Avg Growth Rate	
	Emp.	%	Emp.	%	Emp.	%	2008–13	2013–18
Construction/Resource	518	35%	484	32%	535	34%	-0.7%	1.4%
FIRE	30	2%	21	1%	40	3%	-6.2%	10.1%
Manufacturing	38	3%	43	3%	49	3%	2.9%	2.6%
Retail	102	7%	139	9%	92	6%	4.9%	-8.3%
Services	412	28%	410	27%	519	33%	-1.8%	6.3%
WTU	98	7%	149	10%	80	5%	5.7%	-12.5%
Government	30	2%	40	3%	40	3%	6.9%	-0.3%
Education	270	18%	233	15%	229	14%	-3.8%	0.2%
TOTAL	1,497		1,518		1,583		-0.5%	1.0%

Source: PSRC, 2019.

Exhibit 20 Proportion of Employment by Sector, City of Edgewood, 2000–2018


Source: PSRC, 2019.

- **Recent employment growth in Edgewood has been greater than historic trends, but still lower than the County average.** After the recovery from the recession in 2012–2013, Edgewood has experienced a greater amount of growth. From 2013–2018, employment grew by 4.3% (or an average of about 1% per year). This was outpaced by regional growth rates, however, as employment in Pierce County overall increased by about 15% during that same period (an average of 2.9% per year).
- **The most significant economic sector in Edgewood is the Construction/Resource category.** Although this sector does incorporate resource industries such as mining, US Census data indicate that this is focused on construction employment in Edgewood. Overall, jobs in this sector accounted for about 34% of the employment in the city in 2018. For the period of 2013–2018, employment expanded by about 11% (51 jobs), or an average of 1.4% per year. This major sector growth was also outpaced by growth in Pierce County during this same period, with a total of 43% growth, or 7.3% per year on average.
- **Other employment sectors of interest include Services and Education.** Services (33% of employment) and Education (15% of employment) also amount to significant portions of the total workforce. Although employment in Education has not changed substantially in the 2013–2018 period, Services did grow by about 27%, or 6.3% per year on average. This was the only sector that provided more growth than Pierce County as a whole, where it grew by only 18%, or 3.3% per year.

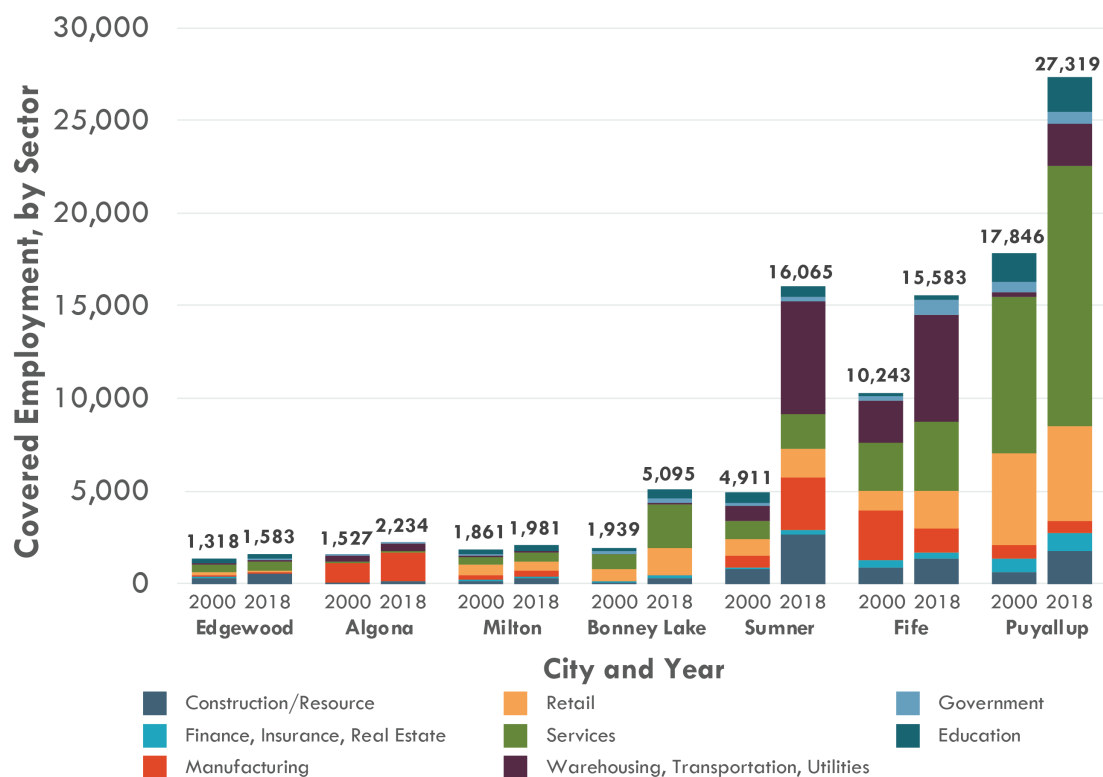
Comparisons with surrounding communities are also provided in Exhibits 21–24:

- **Exhibit 21** provides overall covered employment for Edgewood and peer communities in the area, with breakdowns by PSRC major sector
- **Exhibit 22** presents the proportion of covered employment by major industrial sector for area peer communities, for 2000 and 2018
- **Exhibit 23** shows relative covered employment growth in Edgewood and peer communities between 2008 and 2018
- **Exhibit 24** provides average yearly growth rates for Edgewood and peer communities for 2008–2013 and 2013–2018

These figures highlight the following:

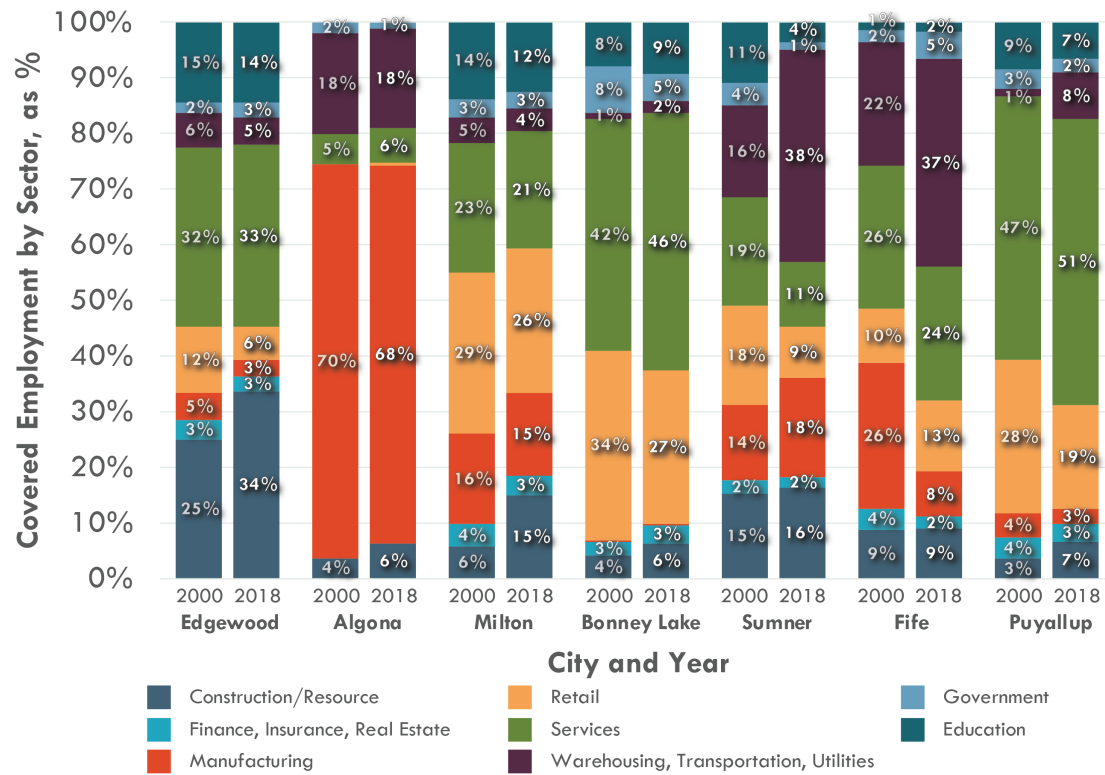
- **Other cities in the area have had more competitive job growth over time.** In comparing growth rates over time, Milton has had comparable growth in employment to Edgewood, but other cities have attracted a much larger proportion of employment in recent history. In particular, Sumner has increased employment by 35% over the 2013–2018 period, and Bonney Lake has had employment increase by 24% in that same period.

Exhibit 21 City Employment by Sector, 2000 and 2018



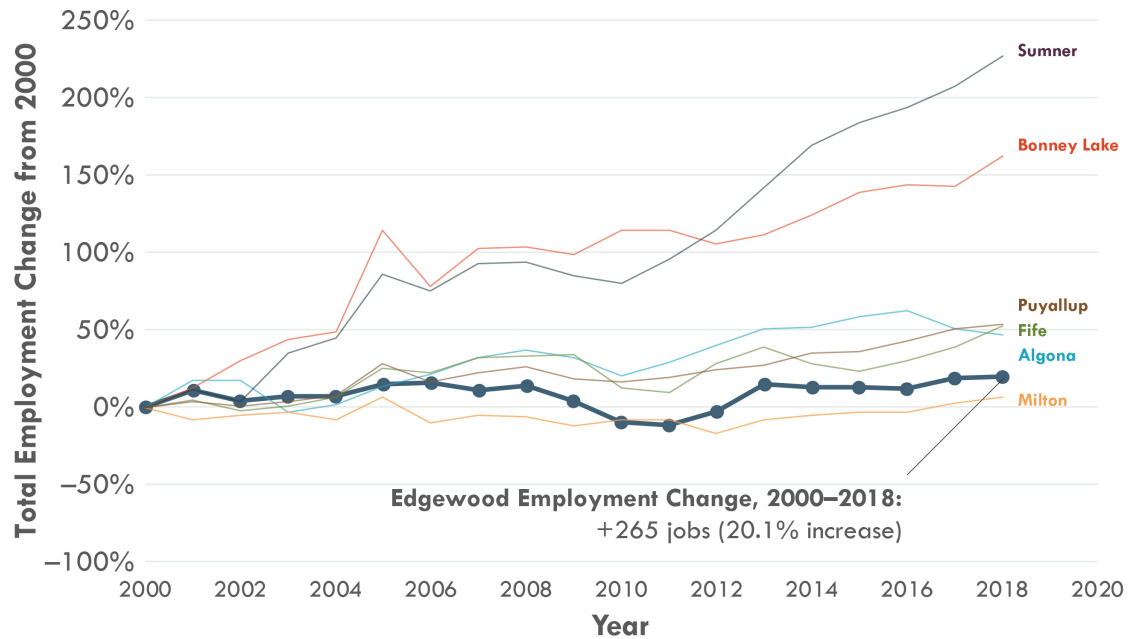
Source: PSRC, 2019; BERK, 2020.

- **The proportion of employment in the Construction/Resources major sector is highest in Edgewood compared to other communities.** Although the absolute amount of employment in Construction/Resources in Edgewood is lower when compared to other cities, this sector has a greater relative importance to the local employment base.
- **Increases in warehousing and logistics have dominated historic trends with several cities in the area.** Sumner, Fife, and Puyallup have experienced notable employment growth since 2000 in the Warehousing, Transportation, and Utilities sector. This has been related to the accessibility of these locations to the Port of Tacoma, and the increasing importance of the Port to cargo shipments.

Exhibit 22 Proportion of City Employment by Sector, 2000 and 2018


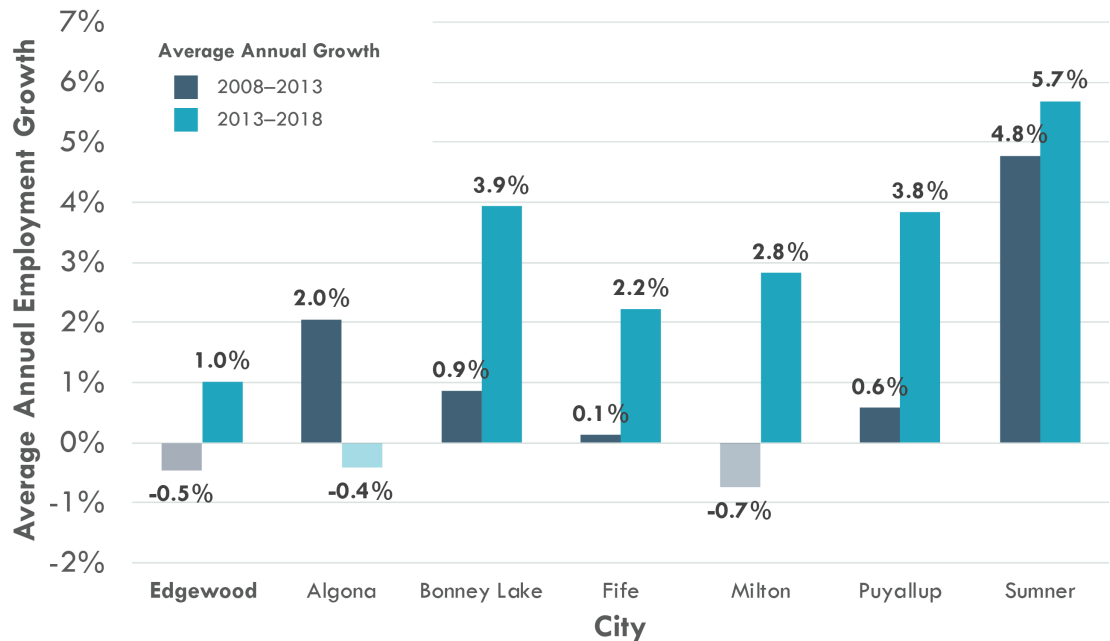
Source: PSRC, 2019; BERK, 2020.

Exhibit 23 Relative Employment Growth by City, 2000–2018



Source: PSRC, 2019; BERK, 2020.

Exhibit 24 Five-Year Average Annual Growth Rates by City, 2008–2018



Source: PSRC, 2019; BERK, 2020.

Growth forecasts

Future employment growth projections for Edgewood have been developed to support growth planning at the local, county, and regional levels. Three projections are included in **Exhibit 25** for assessment:

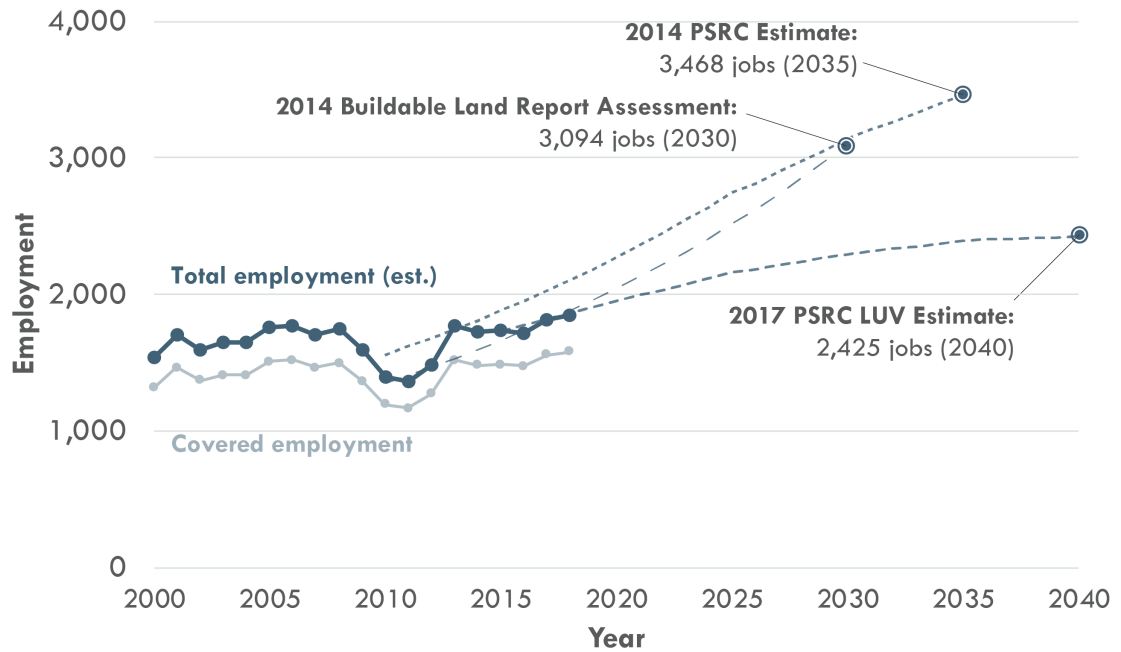
- Employment targets for 2030 used as part of the 2014 Pierce County Buildable Lands Report indicated that total employment in Edgewood would increase by 1,742 jobs between 2010 and 2030, to a final total of 3,094 jobs.
- PSRC projections from 2014 are referenced as part of the 2014 Economic Assessment and Preliminary Strategies report provided to the City of Edgewood. This estimate suggests total employment of 3,468 jobs and covered employment of 3,048 jobs by 2035.
- The 2017 PSRC Land Use Vision Dataset (version 2) includes a projection of total employment of 2,425 jobs by 2040.

An estimate of total employment is also included in this chart. For this evaluation, covered employment is inflated by 16.5% to account for the difference between 2015 covered employment and total employment values reported in the 2017 Land Use Vision. As noted previously, this includes self-employed workers, proprietors, CEOs, and other groups of non-insured workers.

These projections indicate the following:

- **The lower growth estimates consistent with the 2017 model are likely to be more reasonable as future targets.** Although short-term economic disruptions will likely change outcomes over the next few years, the long-term prospects for growth would likely be comparable to the most recent 2017 PSRC Land Use Vision allocation model. While growth at the rate identified in earlier studies may be possible, this would reflect a very high rate of growth (2–4% per year) that has not historically been experienced in Edgewood. On the other hand, the 2017 model has an overall rate of employment growth at about 1.3%, which generally fits with recent growth trends and expected changes in regional and County policy.
- **Future employment growth will be located primarily in the Retail and Services major sectors.** The 2017 model also generally identifies that future employment growth in Edgewood is primarily driven by an expansion of Retail and Services. Each of these major sectors expand by about 60% for the 2020–2040 period under this model, and contribute most of the expected growth during this period.
- **Accommodating this new growth would require about 120,000–250,000 square feet of new development.** Growth estimates based on the 2017 PSRC Land Use Vision would

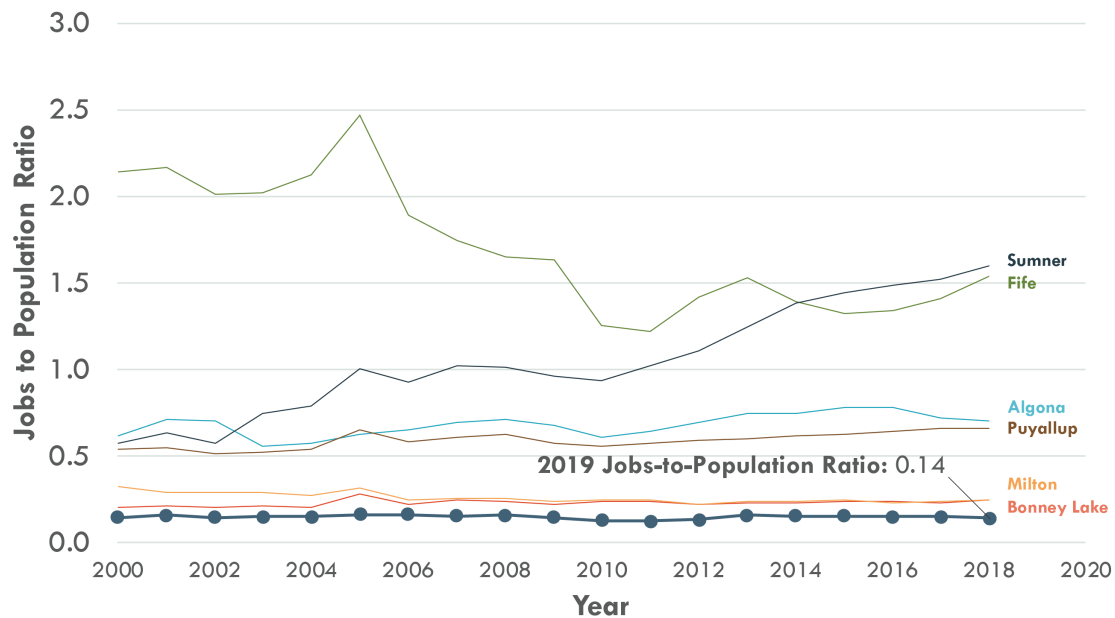
Exhibit 25 Projected Covered Employment Growth, 2020–2040



Source: CAI, 2014, PSRC, 2020.

require accommodating a net increase of about 470 new jobs, about 50 which would be expected from home-based businesses and mobile workers. This would likely require about 100,000–250,000 square feet of new development by 2040, depending on the mix of retail and service uses.

- **Self-employed workers, including those working from home-based businesses, may represent a significant amount of local employment.** It is also important to note the potential role of self-employed workers in Edgewood in local employment. Comparisons between total employment as reported in the 2017 Land Use Vision dataset and covered employment calculations suggest that this would amount to about 16% of the total local workforce. Home-based businesses may contribute to the local economy and sales tax base depending on their activities, and for Edgewood these businesses may continue to be a strong element of local employment.

Exhibit 26 Covered Employment-to-Population Ratio, by City, 2000–2018

Source: PSRC, 2020; WA OFM, 2020.

Employment-to-population ratio

Exhibit 26 provides a chart of the covered employment-to-population ratio for Edgewood and peer communities. Historically, Edgewood has had the lowest ratio of employment to its population of peer cities, coming in lower than surrounding communities over time. In fact, in 2018 this ratio of 0.14 is one of the lowest in Pierce County, larger only than the towns of Carbonado (0.08) and Steilacoom (0.09).

Although this highlights the general role of Edgewood as a largely residential community, it also suggests the need for additional local business, and the potential for additional growth related to increasing the population of the Town Center and Meridian Corridor areas. As a large part of the future increase in population will be related to multi-family development in these areas, encouraging appropriate retail and services to support this population will be one strong potential area for growth.

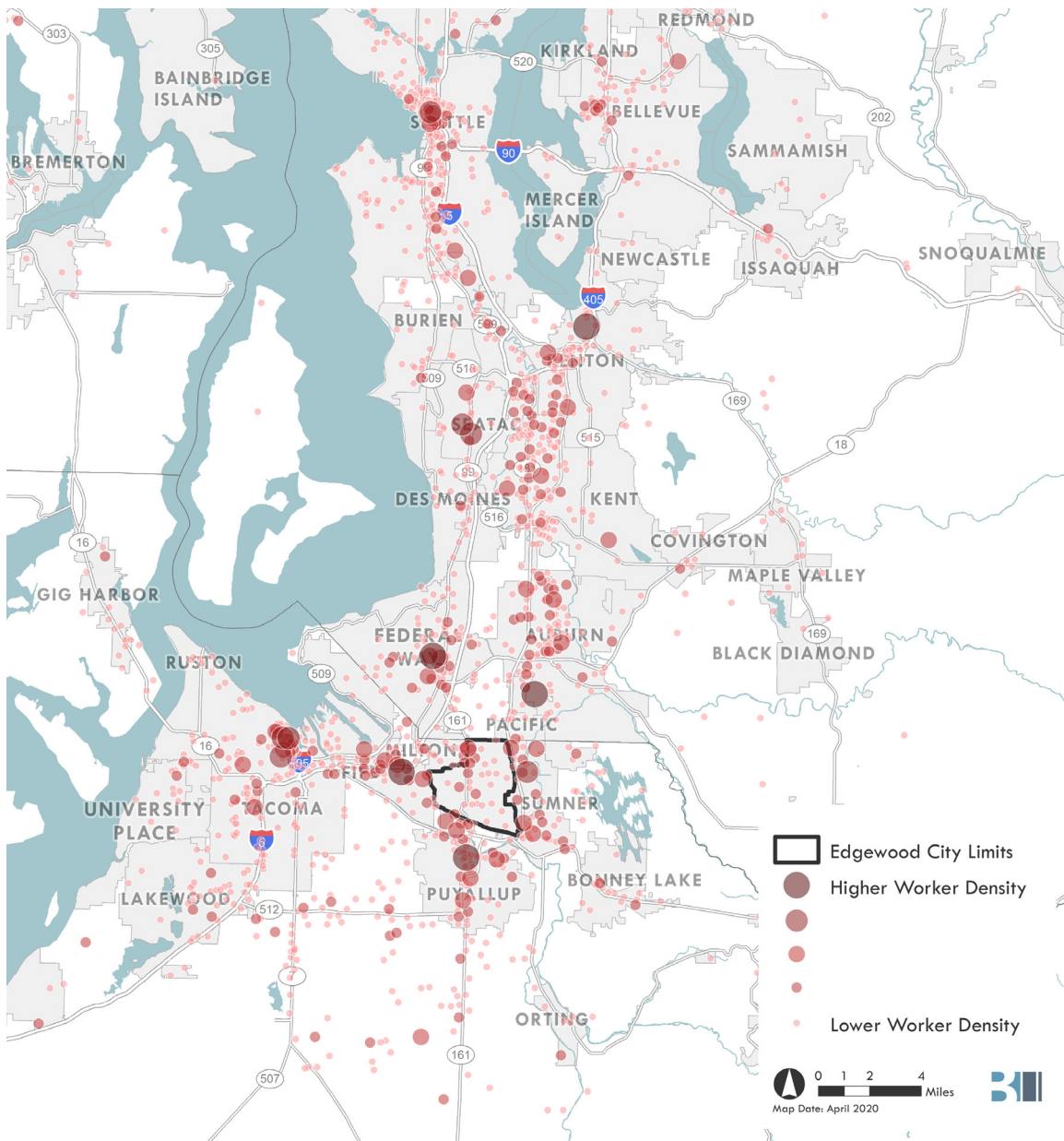
Commuting patterns

Information from the US Census Longitudinal Employer-Household Dynamics dataset was used to describe the commuting patterns of workers and residents in Edgewood:

- **Exhibit 27** provides the work locations of Edgewood residents by census block group, with overall statistics on the number of residents leaving to work elsewhere.
- **Exhibit 28** identifies where workers in Edgewood live by census block group, and provides summary statistics on whether workers in Edgewood reside in the community or come from elsewhere.

These figures indicate the following:

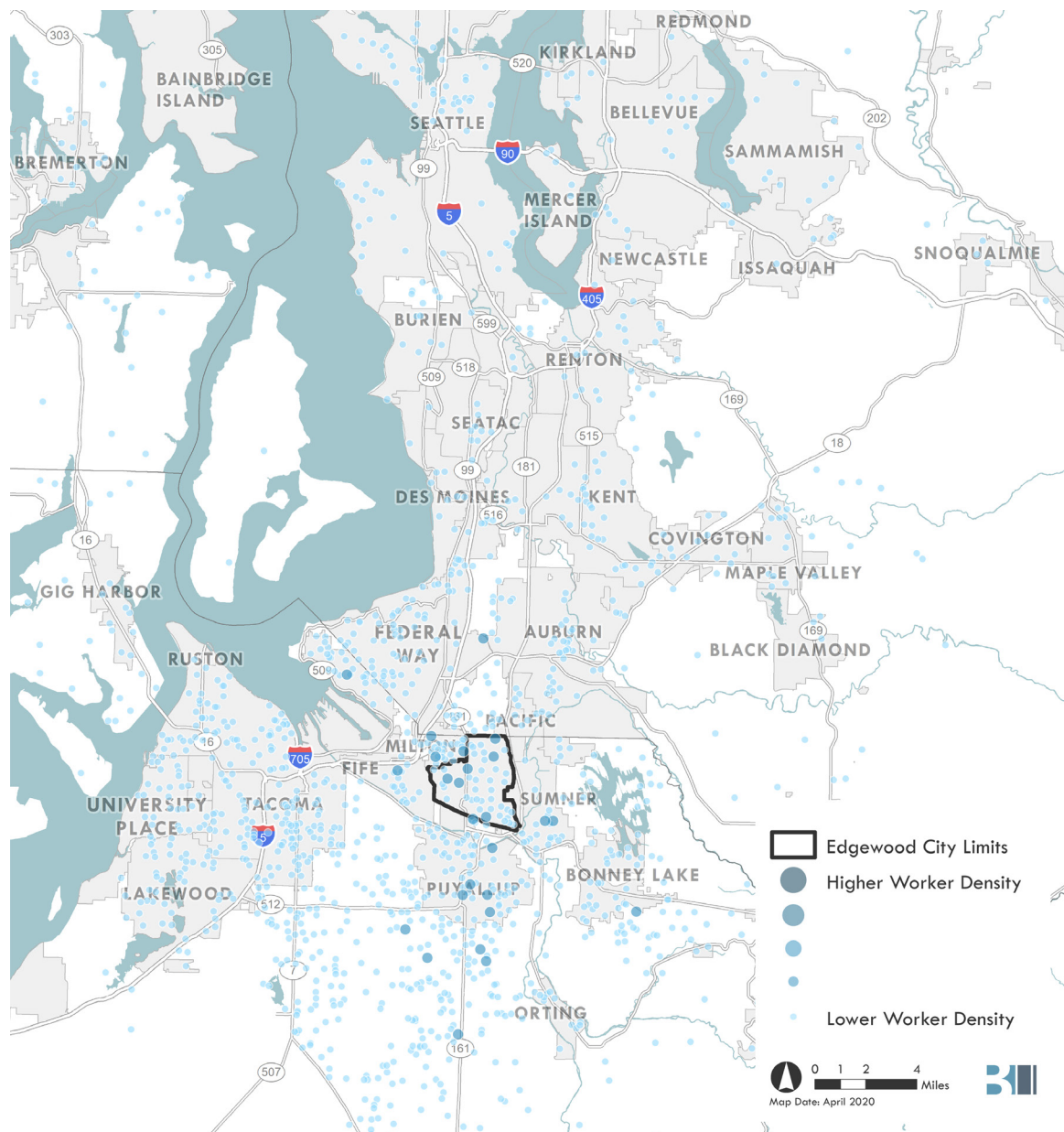
- **Very few workers both live and work in the city.** According to these statistics, only about 3.8% of the jobs in Edgewood are filled by employees that also live in the city, and of the total workforce living in Edgewood, only about 2.3% work in the city.
- **Commuting patterns of Edgewood residents are more regionally focused.** From the data represented in Exhibit 27, Edgewood residents appear to commute largely to regional employment centers. About 12% of local workers commute to Seattle and 11% to Tacoma, with Auburn, Puyallup, and Kent being other major destinations for commuters. Employment in the region is still a focus, however, with 46% of workers from Edgewood commuting 10 miles or less to get to work.
- **Workers in Edgewood are more drawn from the local area.** The distribution of resident locations of workers in Edgewood tends to have a more local focus. Commuters tend to come in most often from Tacoma (10% of workers), with other major destinations from South Hill (5%), Puyallup (4%), and Seattle (4%). This suggests that Edgewood does not tend to serve as a regional draw for workers, with about 47% of employees living less than 10 miles away.

Exhibit 27 Work Locations of City of Edgewood Residents, 2017

Top work locations for residents

City	Percent of Workers
Seattle city, WA	11.8%
Tacoma city, WA	11.1%
Auburn city, WA	6.9%
Puyallup city, WA	6.8%
Kent city, WA	6.3%

SOURCE: US CENSUS BUREAU, 2019.



Exhibit 28 Residence Locations of City of Edgewood Workers, 2017

Top residence locations for workers

City	Percent of Workers
Tacoma city, WA	10.2%
South Hill CDP, WA	5.0%
Puyallup city, WA	4.4%
Seattle city, WA	4.2%
Edgewood city, WA	3.8%

Source: US Census Bureau, 2019.



Economic Activity

Evaluating the local market for new spending that can support additional retail uses is another important consideration in determining how much new development can be supported in the Town Center and Meridian Corridor. This section includes two distinct evaluations:

- An assessment of the identified spending and local demand based on the ESRI 2017 Retail MarketPlace analysis tool, which is based on US Census and private business data.
- A review of taxable retail sales data provided from the Washington State Department of Revenue. Annual data for this data set is available up to 2018.

Market area and spending patterns

To understand the existing balance between local supply and demand for retail goods and services, it is first necessary to understand the market area that the Meridian Corridor is likely to serve. Although businesses may have a broader reach, it is likely that for more general retail formats, there are a number of competing areas that could also provide similar services.

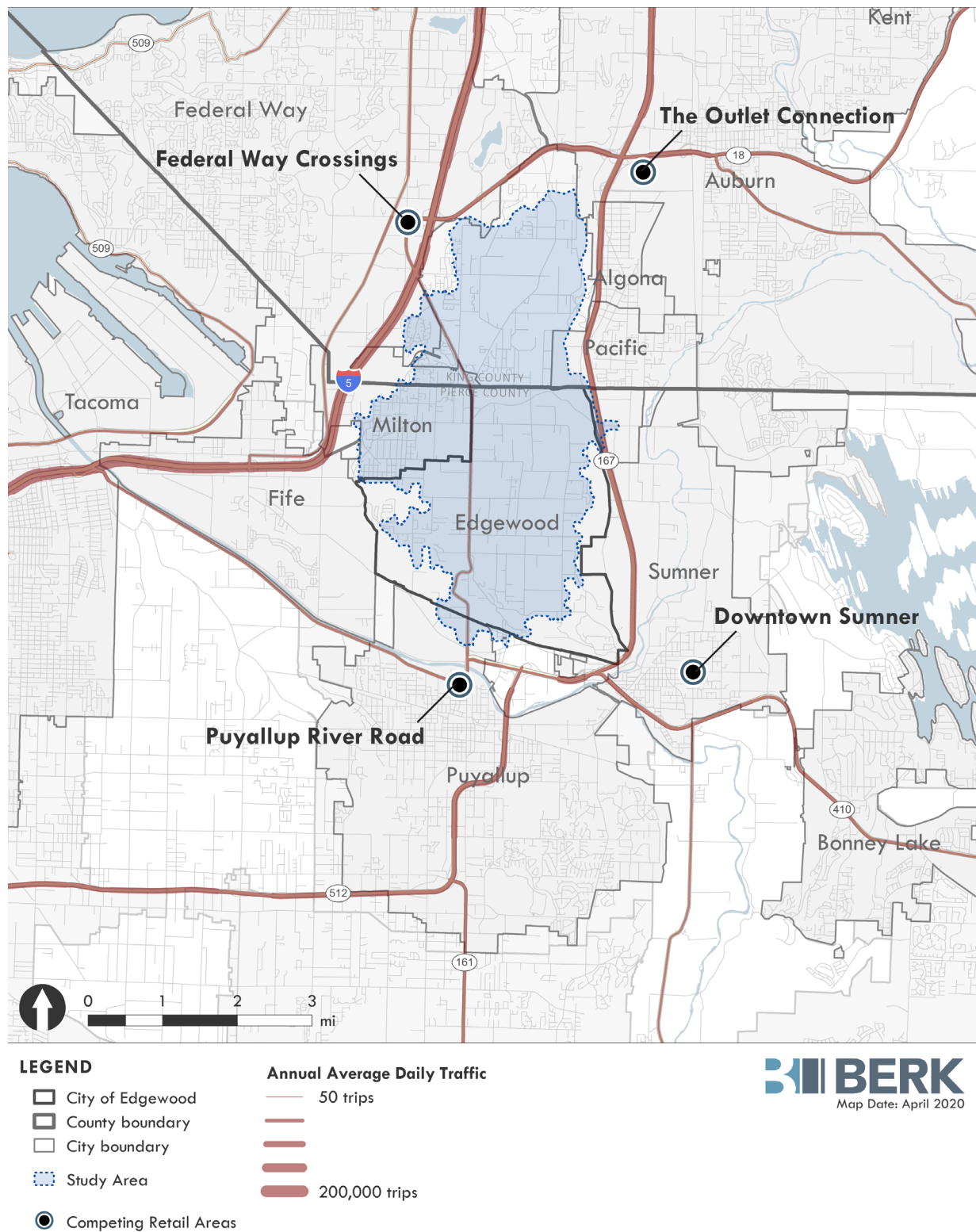
Exhibit 29 delineates a boundary for a potential market area generally based on a 5-minute driving distance. To develop this market area, we identified four potential locations for retail that would likely compete with available offerings:

- **Federal Way Crossings**, a large retail power center located off I-5 along S 348th Street
- **The Outlet Connection**, a large 118-store regional shopping mall in Auburn with a Walmart Supercenter in the immediate area
- **Downtown Sumner**, which includes a Fred Meyer and smaller retail and restaurant opportunities
- Retail shopping located in Puyallup at **River Road and N Meridian Ave**, which includes a Fred Meyer and other retail and restaurant uses

The proposed market area considers all areas with drive times that are closest to Meridian Ave E, which includes most of Edgewood and Milton, as well as Lakeland South in King County. Although these other retail centers do not necessarily include all competing retail in the region, they do include most of the general retail uses that are common business types in retail areas.

This map also includes current estimates of annual average daily traffic for state routes and highways in the region. This highlights one primary challenge with retail uses in this corridor:

Exhibit 29 Meridian Corridor Market Area and Surrounding Retail Nodes



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; WSDOT, 2019; ESRI, 2020; BERK, 2020.

high traffic volumes on I-5 and SR 167 provide a greater volume of customers at major interchanges, including for Edgewood residents traveling outside the community. This is due to increase with the completion of the realignment of SR 167 expected within a few years. Lower pass-by road traffic will reduce the ability of businesses along Meridian to compete with other regional destinations.

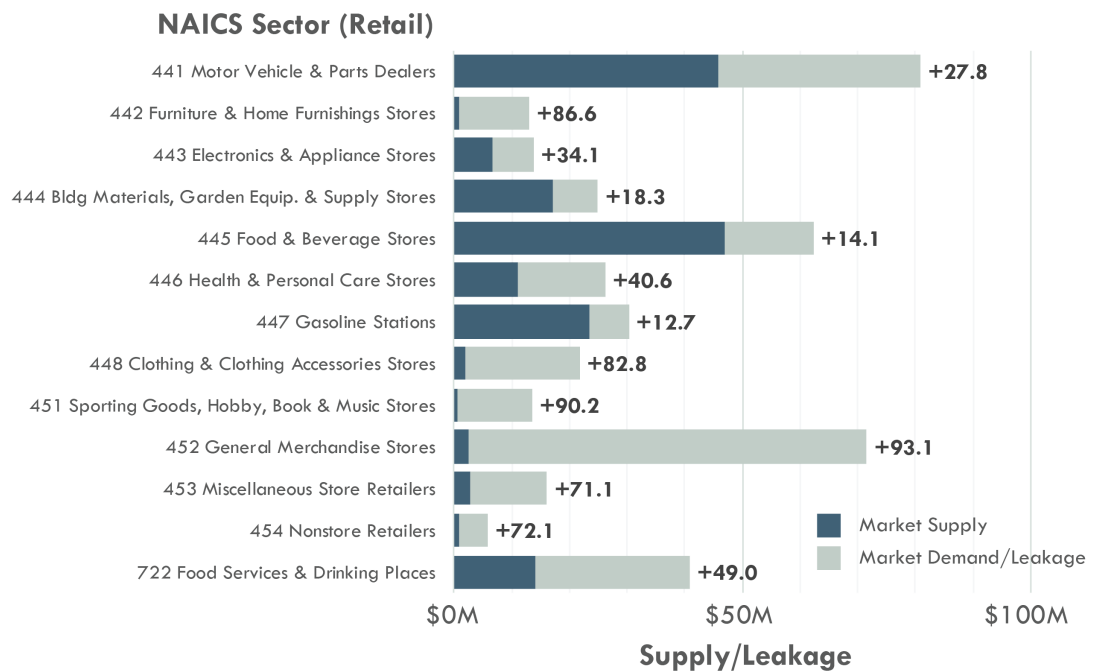
According to the analysis conducted, this area included about 27,308 residents in 10,259 households in 2019. Overall, there is a total retail potential in this area of about \$421 million per year, with an available supply of retail sales of \$175 million. This leakage of about \$246 million per year, or an estimated 58% of total demand, suggests that a majority of consumer demand is being fulfilled by businesses outside of the market area.

Two figures provide a summary of key details from the ESRI Retail MarketPlace analysis:

- **Exhibit 30** provides a display of the high-level findings from the 2017 Retail MarketPlace analysis, aggregated according to three-digit subsector NAICS retail codes. The available supply of retail is provided in dark blue, with the light grey representing unfulfilled demand and leakage out of the identified market area.
- **Exhibit 31** presents a table with more detail on the retail supply/demand analysis by three- and four-digit (subsector/industry group) NAICS codes for retail and restaurant uses.

This information indicates the following:

- **Generally, there are several industry groups that have high local potential for retail.** The greatest opportunities for addressing unfulfilled retail include Department Stores, Automobile Dealers, and Restaurants/Other Eating Places. While in the case of automobile dealerships and restaurants there are some local businesses representing these industry groups, there are no businesses in the Department Stores group listed in this data.
- **A limited number of industry groups are well-represented in this market area.** Although most business types present a distinct retail gap with leakage to other centers, there are a limited number of industry groups with businesses that supply the needs of the market area and are successful in drawing in market demand from other areas. These include NAICS 4412 Other Motor Vehicle Dealers; 4413 Auto Parts, Accessories & Tire Stores; and 7224 Drinking Places – Alcoholic Beverages. Similarly, the supply for 4451 Grocery Stores addresses about 86% of demand, suggesting that the general demand for food shopping is being met within this corridor.
- **Some adjustments to these values may be necessary when considering future actions.** The figures in this analysis represent data from 2017. Although the closure of the Albertson's may not be completely reflected in this data, an examination of taxable

Exhibit 30 Local Market Supply and Leakage, Meridian Corridor Market Area, 2017


Source: ESRI Business Analyst, 2020; BERK, 2020

retail sales for Milton suggests that there may not have been a strong effect from this closure. Similarly, the Dollar Tree in Surprise Lake Square may represent some additional retail sales supply for general merchandise stores.

Exhibit 31 Detailed Market Supply and Leakage Analysis, Meridian Corridor, 2017

NAICS Subsector / Industry Group	Demand	Supply	Retail Gap	Leakage/ Surplus Factor
441 Motor Vehicle & Parts Dealers	\$80.9 M	\$45.7 M	\$35.1 M	27.8
4411 Automobile Dealers	\$62.6 M	\$15.8 M	\$46.8 M	59.7
4412 Other Motor Vehicle Dealers	\$11.7 M	\$23.1 M	-\$11.4 M	-32.7
4413 Auto Parts, Accessories & Tire Stores	\$6.5 M	\$6.8 M	-\$0.3 M	-2.0
442 Furniture & Home Furnishings Stores	\$13.0 M	\$0.9 M	\$12.1 M	86.6
4421 Furniture Stores	\$6.8 M	\$0.0 M	\$6.8 M	100.0
4422 Home Furnishings Stores	\$6.2 M	\$0.9 M	\$5.3 M	74.0
443 Electronics & Appliance Stores	\$13.8 M	\$6.8 M	\$7.0 M	34.1
444 Bldg Materials, Garden Equip./Supply	\$24.9 M	\$17.2 M	\$7.7 M	18.3
4441 Bldg Material & Supplies Dealers	\$22.5 M	\$16.9 M	\$5.6 M	14.1
4442 Lawn & Garden Equip & Supply Stores	\$2.5 M	\$0.3 M	\$2.2 M	77.3
445 Food & Beverage Stores	\$62.3 M	\$46.9 M	\$15.4 M	14.1
4451 Grocery Stores	\$54.1 M	\$46.3 M	\$7.8 M	7.7
4452 Specialty Food Stores	\$5.9 M	\$0.3 M	\$5.6 M	90.1
4453 Beer, Wine & Liquor Stores	\$2.4 M	\$0.3 M	\$2.1 M	77.8
446 Health & Personal Care Stores	\$26.2 M	\$11.1 M	\$15.1 M	40.6
447 Gasoline Stations	\$30.3 M	\$23.4 M	\$6.8 M	12.7
448 Clothing & Clothing Accessories Stores	\$21.8 M	\$2.0 M	\$19.7 M	82.8
451 Sporting Goods, Hobby, Book & Music	\$13.5 M	\$0.7 M	\$12.8 M	90.2
452 General Merchandise Stores	\$71.6 M	\$2.6 M	\$69.0 M	93.1
4521 Department Stores Excluding Leased	\$45.8 M	\$0.0 M	\$45.8 M	100.0
4529 Other General Merchandise Stores	\$25.8 M	\$2.6 M	\$23.2 M	81.9
453 Miscellaneous Store Retailers	\$16.2 M	\$2.7 M	\$13.4 M	71.1
454 Nonstore Retailers	\$5.8 M	\$0.9 M	\$4.9 M	72.1
722 Food Services & Drinking Places	\$40.9 M	\$14.0 M	\$26.9 M	49.0
7223 Special Food Services	\$0.7 M	\$0.0 M	\$0.7 M	100.0
7224 Drinking Places - Alcoholic Beverages	\$1.2 M	\$1.2 M	-\$0.0 M	-0.6
7225 Restaurants/Other Eating Places	\$39.0 M	\$12.6 M	\$26.4 M	51.1
Total Retail Trade	\$380.2 M	\$161.0 M	\$219.2 M	40.5
Total Food & Drink	\$40.9 M	\$14.0 M	\$26.9 M	49.0
Total Retail Trade and Food & Drink	\$421.1 M	\$175.0 M	\$246.0 M	41.3

Source: ESRI Business Analyst, 2020; BERK, 2020

Taxable retail sales

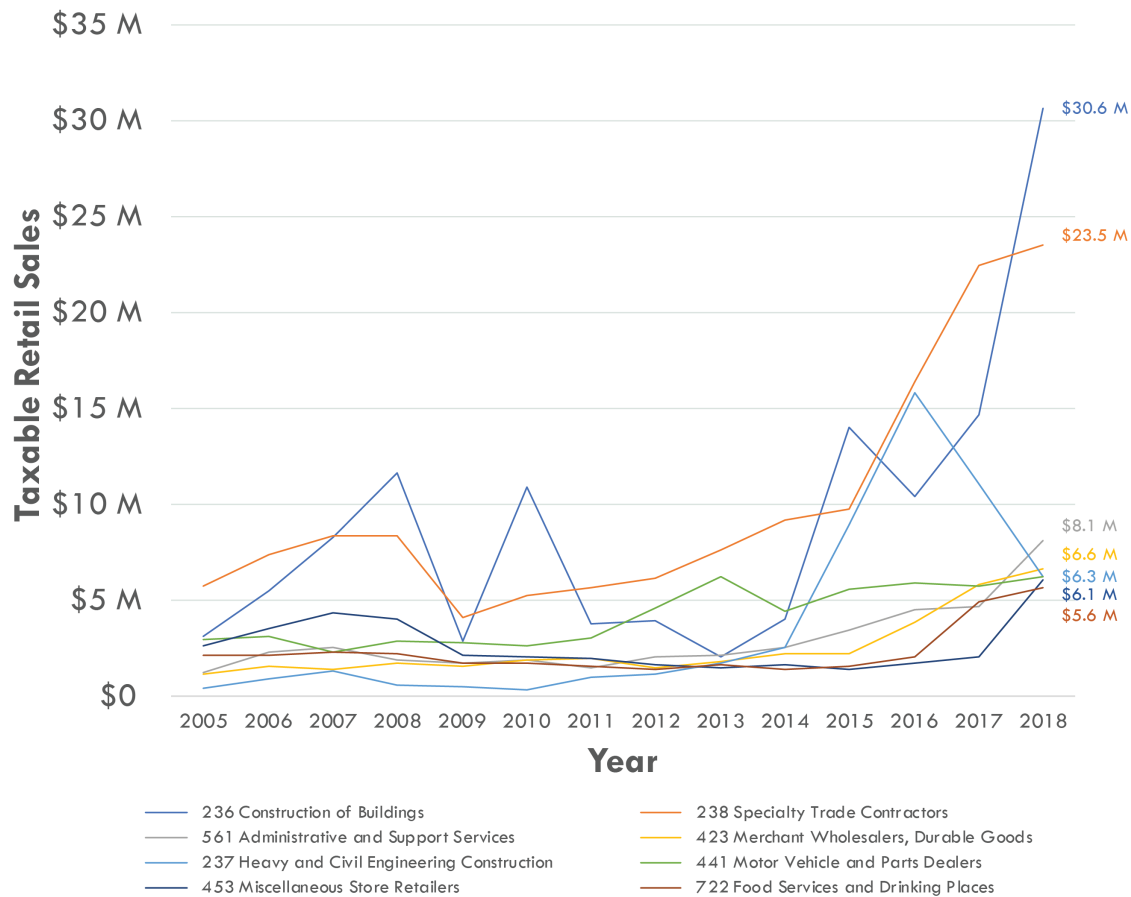
Another approach to examine economic activity within the city and region is to evaluate taxable retail sales and changes over time. Data sets from the Washington State Department of Revenue provides taxable retail sales as divided by NAICS code of the originating business.

This information is presented in two exhibits:

- **Exhibit 32** provides an estimate of the highest taxable retail sales by subsector in the Edgewood economy. Note that this does not include certain types of sales that are tax exempt, such as some types of food sales. This includes data from 2005–2018, as well as calculations for growth rates in sales for 2013–2018.
- **Exhibit 33** presents taxable retail sales by sector across five peer communities, as well as five-year growth rates in taxable retail sales. Note in this case that Milton only covers the portion within Pierce County.

These figures provide the following information about retail activity in the city, and resulting impacts on municipal finances:

- **Total taxable retail sales in Edgewood are notably smaller than in other communities.** Among other cities in the area, Edgewood has a relatively small base of economic activity with about \$52 million in sales in 2013, increasing to \$141 million in 2018. While Milton has generally the same magnitude of taxable retail sales, other communities have a greater sales activity. (With Puyallup at \$2.6 billion in taxable sales due in no small part to car dealerships along River Road to the south of Edgewood.)
- **Construction dominates recent taxable retail sales in the city.** As noted with employment, Edgewood has a considerable amount of taxable retail sales (and resulting sales tax remittances) associated with construction, including NAICS 236 Construction of Buildings, 238 Specialty Trade Contractors, and 237 Heavy and Civil Engineering Construction. In 2018, these three subsectors amounted to 43% of all taxable retail sales in the city. As cities charge sales taxes based on the location of the building or improvement, this suggests that this is due to recent building activity in Edgewood, in part due to new residential growth.
- **Relative growth in taxable retail sales in Edgewood has been notably higher than in other communities.** When comparing across jurisdictions, taxable retail sales have increased by about 22% per year, due in large part to increases with receipts from construction, as noted before. However, although construction sectors were responsible for the largest changes, other subsectors, such as Administrative and Support Services, Merchant Wholesalers, and Miscellaneous Store Retailers have also experienced above average growth.

Exhibit 32 Taxable Retail Sales, Top Subsectors, City of Edgewood, 2005–2018

NAICS Subsector	Taxable Retail Sales		2013–2018 Change	CAGR
	2013	2018		
236 Construction of Buildings	\$2.1 M	\$30.6 M	+\$28.6 M	71%
238 Specialty Trade Contractors	\$7.6 M	\$23.5 M	+\$15.9 M	25%
561 Administrative and Support Services	\$2.1 M	\$8.1 M	+\$6.0 M	31%
423 Merchant Wholesalers, Durable Goods	\$1.8 M	\$6.6 M	+\$4.9 M	30%
237 Heavy and Civil Engineering Construction	\$1.7 M	\$6.3 M	+\$4.5 M	29%
441 Motor Vehicle and Parts Dealers	\$6.2 M	\$6.2 M	+\$0.0 M	0%
453 Miscellaneous Store Retailers	\$1.5 M	\$6.1 M	+\$4.6 M	33%
722 Food Services and Drinking Places	\$1.7 M	\$5.6 M	+\$3.9 M	28%
444 Building Material / Garden Equipment	\$2.1 M	\$5.4 M	+\$3.3 M	21%
811 Repair and Maintenance	\$3.9 M	\$5.4 M	+\$1.5 M	7%
Other categories	\$21.5 M	\$37.5 M	+\$16.0 M	12%
TOTAL	\$52.2 M	\$141.4 M	\$89.2 M	22%

Source: WA Department of Revenue, 2020; BERK, 2020.

Exhibit 33 Taxable Retail Sales, Edgewood and peer communities, 2018

NAICS Sector	Edgewood	Bonney Lake	Fife	Milton*	Puyallup	Sumner
11 Agriculture, Forestry, Fishing and Hunting	0%	0%	0%	0%	0%	0%
21 Mining, Quarrying, and Oil and Gas Extraction	-	-	0%	-	0%	0%
22 Utilities	0%	0%	0%	0%	0%	0%
23 Construction	43%	20%	7%	17%	11%	12%
31-33 Manufacturing	2%	1%	1%	2%	1%	2%
42 Wholesale Trade	6%	3%	8%	4%	3%	8%
44-45 Retail Trade	26%	55%	69%	45%	65%	56%
48-49 Transportation and Warehousing	0%	0%	0%	1%	0%	0%
51 Information	5%	3%	1%	4%	3%	3%
52 Finance and Insurance	1%	1%	0%	0%	1%	1%
53 Real Estate and Rental and Leasing	1%	1%	4%	1%	1%	5%
54 Professional, Scientific, and Technical Services	2%	1%	1%	1%	1%	1%
55 Management of Companies and Enterprises	-	-	-	-	-	-
56 Admin / Support / Waste Mgmt / Remediation	6%	3%	1%	3%	2%	2%
61 Educational Services	0%	0%	0%	0%	0%	0%
62 Health Care and Social Assistance	0%	0%	0%	0%	0%	0%
71 Arts, Entertainment, and Recreation	0%	0%	0%	0%	1%	0%
72 Accommodation and Food Services	4%	10%	5%	16%	8%	6%
81 Other Services (except Public Administration)	4%	2%	3%	5%	2%	3%
92 Public Administration	-	0%	0%	-	0%	0%
TOTAL	\$141.4 M	\$644.2 M	\$982.9 M	\$115.6 M	\$2,605.3 M	\$658.4 M
2013 TOTAL	\$52.2 M	\$388.3 M	\$666.4 M	\$76.4 M	\$1,752.0 M	\$481.3 M
CAGR, 2013-2018	+22.1%	+10.7%	+8.1%	+8.6%	+8.3%	+6.5%



Development

One final component in an overall contextual view is with respect to ongoing development in the Meridian Corridor. Although the specific focus of this report is on the Town Center and Mixed Use Residential areas, the entire corridor supports a significant amount of commercial development. Evaluating this area and comparing it to broader regional conditions can be important to determine potential strengths and weaknesses of the local market for new development.

Market characteristics

As a first step, real estate market characteristics for three broad real estate classes (office, retail, and multifamily residential) are highlighted. These market characteristics are evaluated over two geographies:

- Commercial, industrial, and mixed-use areas of the Meridian Corridor, including areas within the City of Milton
- A regional market defined by the Federal Way/Auburn, Puyallup, and Tacoma Suburban CoStar Research Submarkets

These varying scales are intended to highlight how the local Edgewood market compares to broader dynamics.

Relevant market statistics are represented in Exhibits 35–38. These are based on available market information from CoStar, and include the following:

- **Exhibit 34** includes yearly lease rates per square foot for office, retail, and multifamily residential properties (converted for comparison)
- **Exhibit 35** provides local and regional vacancy rates for the three property classes
- **Exhibit 36** describes capitalization rates for the region, providing a general understanding of relative risk and the relationship between revenue and value
- **Exhibit 37** provides projected sale prices per square foot for office and retail properties, and sale prices per unit for multifamily residential properties

These charts highlight several interesting relationships relevant to the evaluation of future development prospects in the Town Center and Mixed Use Residential areas:

- **Multifamily residential development is more price competitive in Edgewood than in the broader regional market.** Over the 2000–2019 period, there has been a consistent premium present in the multifamily development in this corridor. Over time, this premium has decreased from almost \$0.30 per sf/month in 2000 to about \$0.15–0.20 per sf/

month today. Overall, this premium likely represents the desirability of higher-end multifamily housing in Edgewood to potential residents.

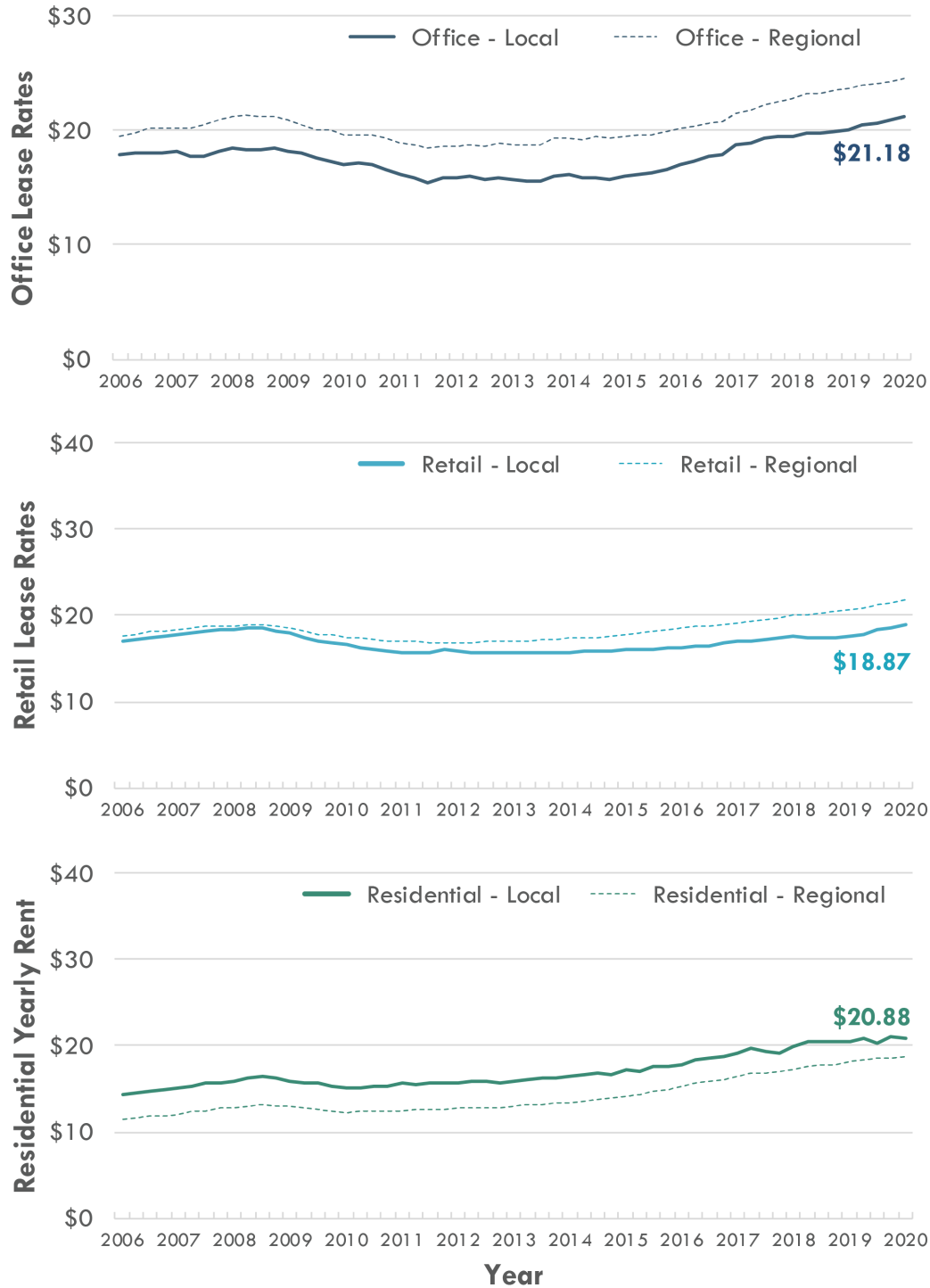
- **Vacancy and capitalization rates also suggest that the residential development may be more desirable than other real estate classes.** Examining the vacancy rates for residential development in Exhibit 36 indicates that while there are spikes in local vacancy rates due to new housing units coming online, these rates will generally revert to regional averages over time. Similarly, overall regional capitalization rates for multifamily are significantly lower than for other real estate, indicating a higher value for generated revenue.
- **Office space in the area is limited, and recently rents have been significantly lower and vacancies higher than the regional average.** Overall, CoStar records include about 150,000 sf of office space in the corridor, consisting largely of class B and C office space, with some medical office space included. Lease rates in the corridor have generally been about \$3/sf/year cheaper than the regional average. While vacancies have historically been lower than the regional overall, recent vacancies in the Surprise Lake Medical Center in Milton in 2019 have contributed to an overall increase to 11% office vacancy in Q1 2020.
- **Retail space has experienced significant vacancies over time, and rents have been lower than the regional average.** Retail space has experienced significant vacancy rates since 2009, likely related to the previous recession. From 2009 to the present, these rates have varied from 12% in Q1 2020 to up to 22% in 2016. This is likely due in part to significant vacancies in the shopping centers located in Milton. Lease rates pre-recession were only about \$0.40–0.70/sf/year less than the regional average, but recent lease rates have been almost \$3/sf/year less.

Development activity

Available records from the King and Pierce County tax assessment offices were used to identify non-residential development that has occurred in the region since 2010. This information provides a perspective on how development in Edgewood has compared to other surrounding communities.

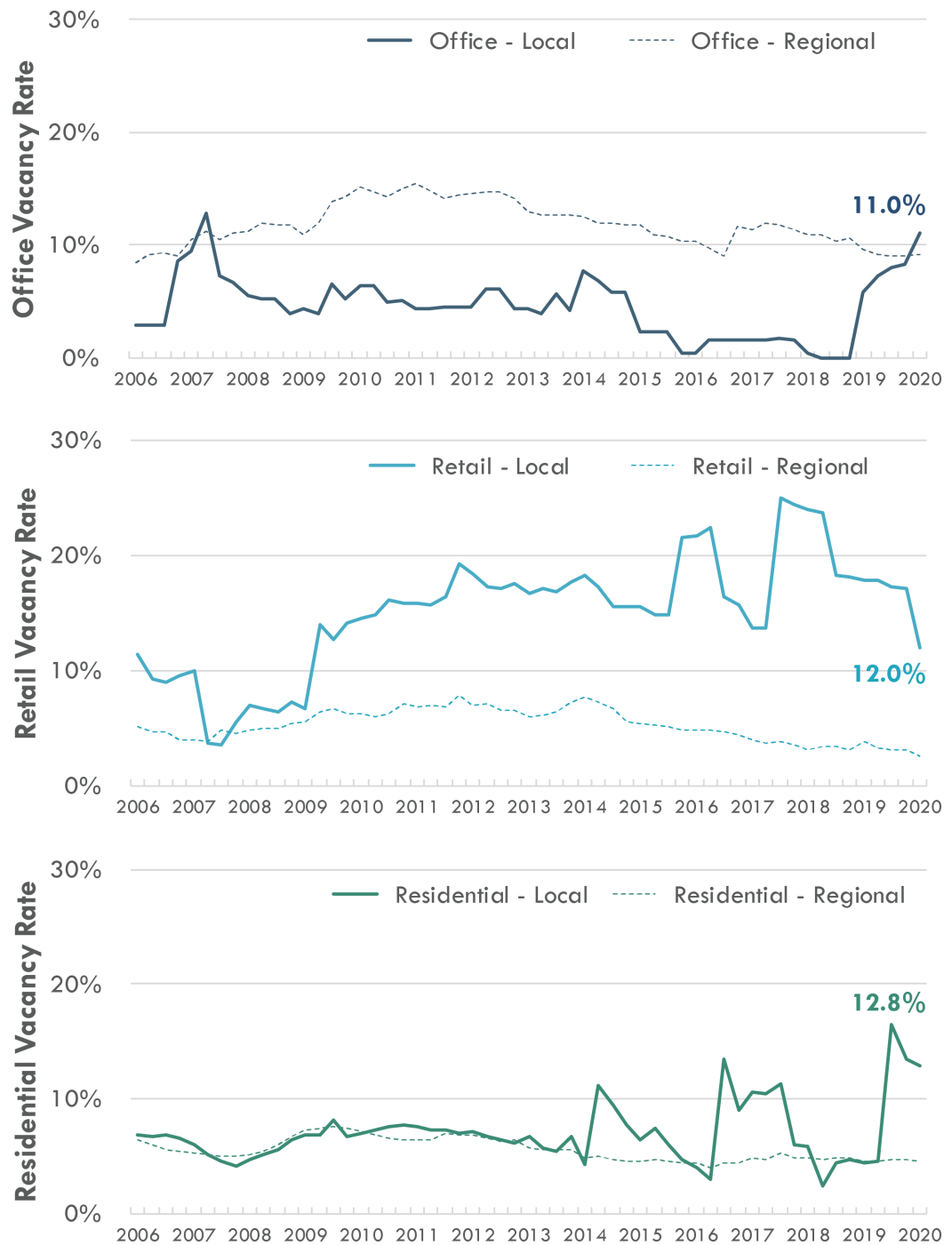
Exhibit 38 provides a table that presents an overall classification of these uses, as well as a summation of the total building square footage developed in each category for Edgewood and nearby cities. Note that this classification filters out all improvements that are not heated to ensure that garages, accessory structures, and other improvements are not included.

Exhibit 34 Yearly Lease Rates by Property Type, Meridian Study Area and Region

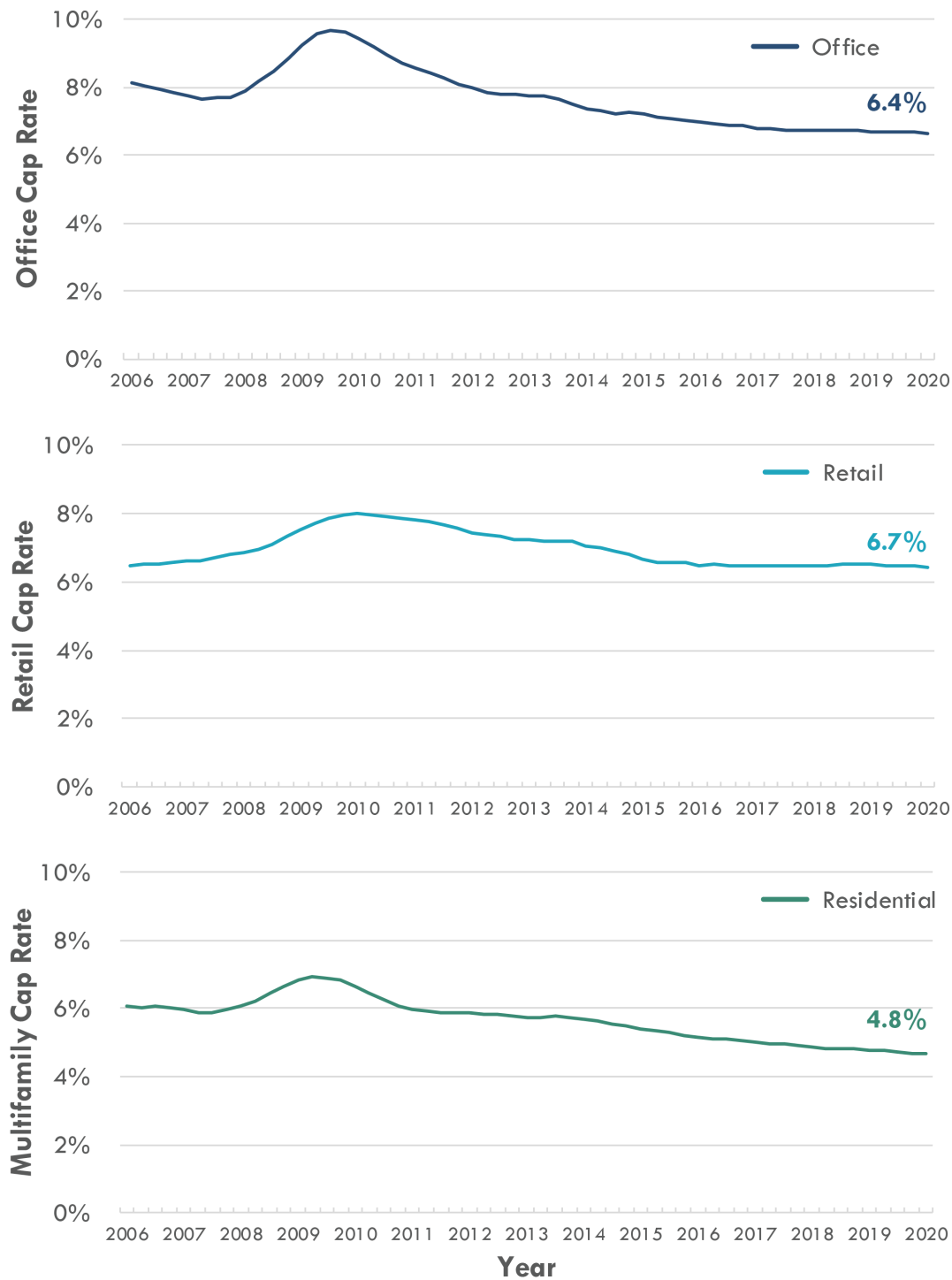


Source: CoStar, 2020; BERK, 2020

Exhibit 35 Vacancy Rates by Property Type, Meridian Study Area and Region

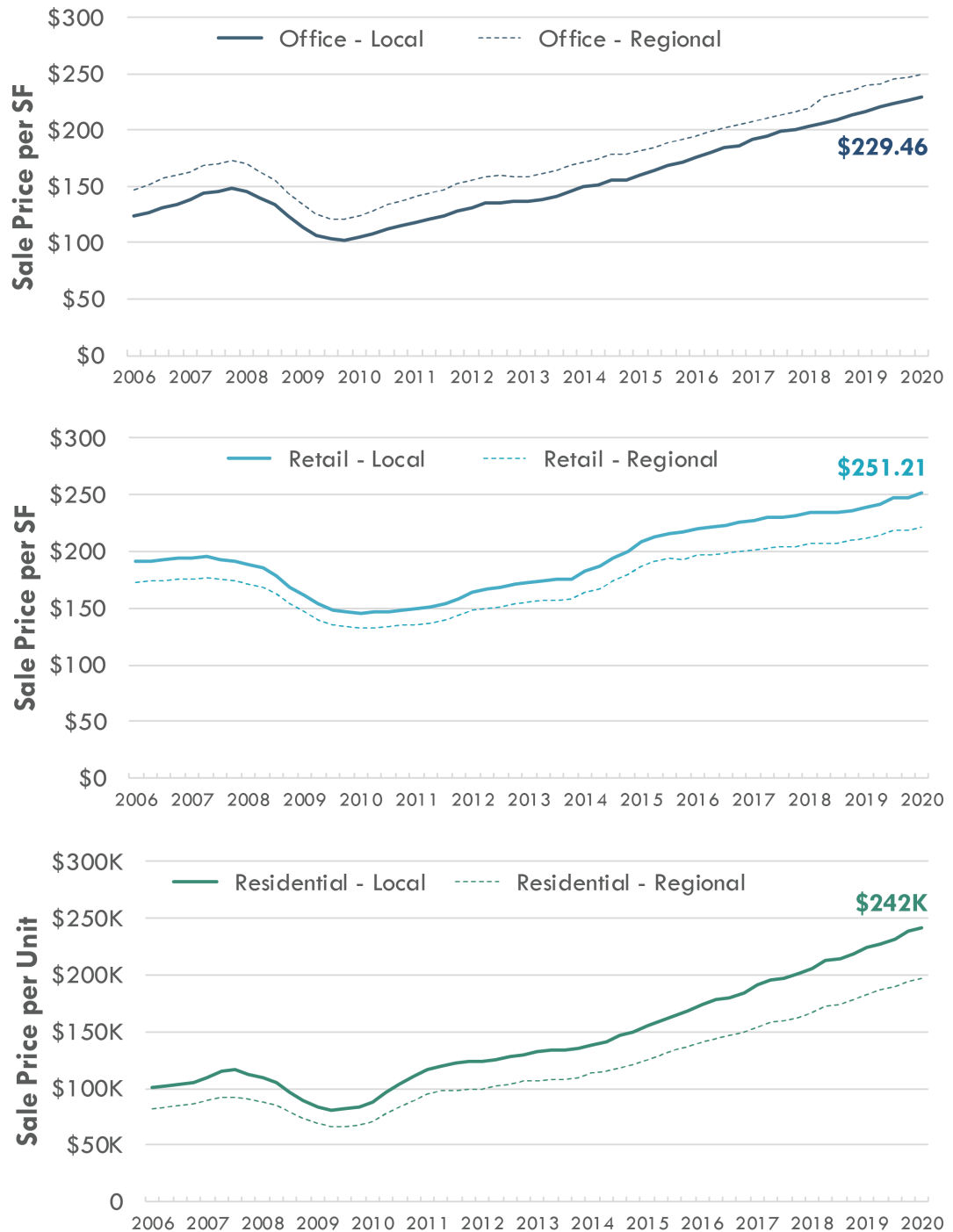


Source: CoStar, 2020; BERK, 2020

Exhibit 36 Capitalization Rates by Property Type, Meridian Study Area and Region

Source: CoStar, 2020; BERK, 2020

Exhibit 37 Property Sale Prices by Property Type, Meridian Study Area and Region



Source: CoStar, 2020; BERK, 2020

Exhibits 39–42 provide mapping that shows the spatial distribution of new development as noted in the summary table:

- **Exhibit 39** provides the location and general amount of all new development in the region
- **Exhibit 40** highlights regional retail development locations since 2010
- **Exhibit 41** notes the location of regional warehouse development, including miniwarehouse projects
- **Exhibit 42** provides the location of new medical offices and hospital development, including convalescent care facilities

From this information, the following elements about regional development activity can be noted:

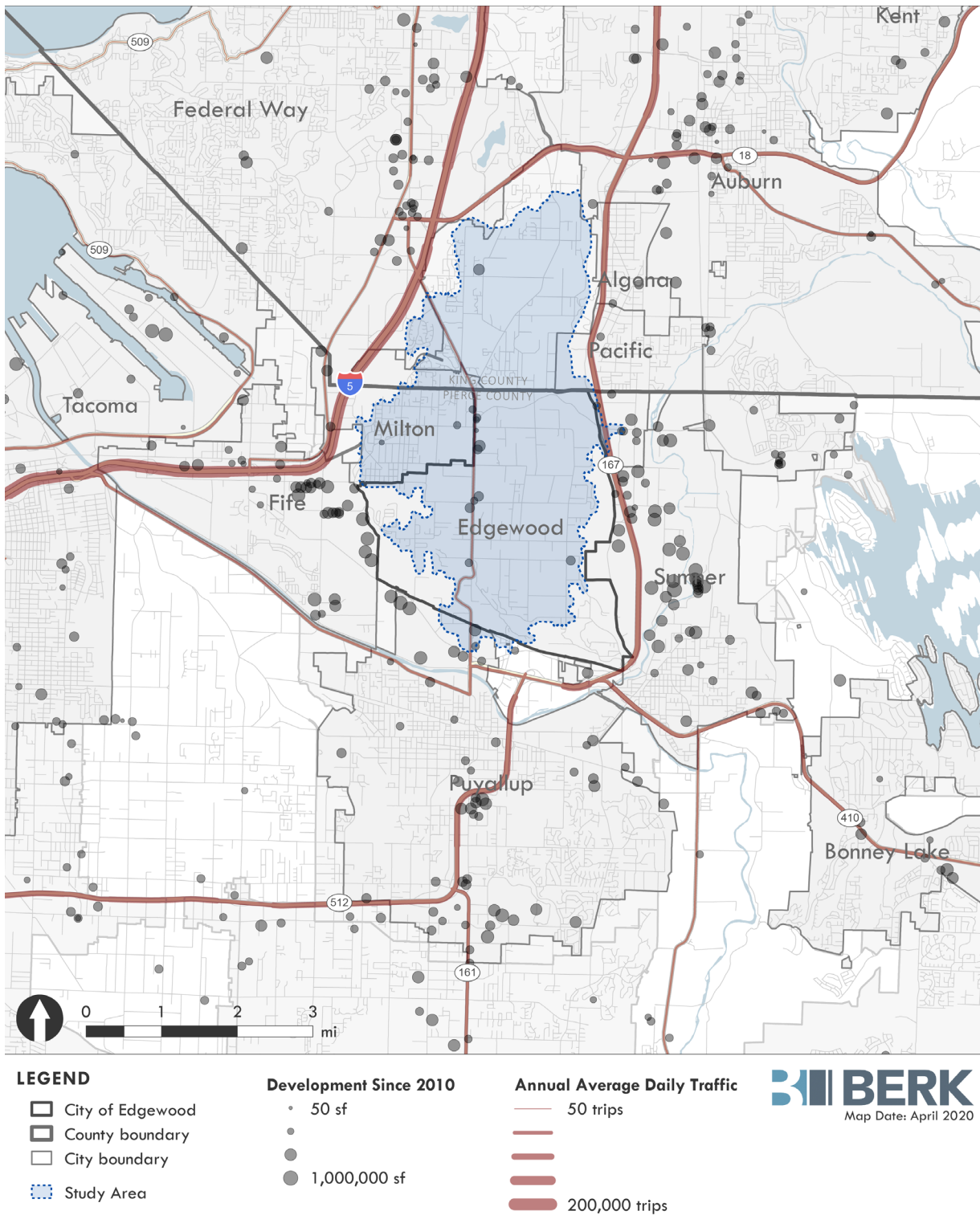
- **Regional retail development has been limited in smaller cities, but recent retail projects in other communities have influenced the market draw for Edgewood.** Regional retail development has been limited in some comparable smaller cities. From 2010 to the present, Edgewood has developed a total of 17,250 sf of new retail (including restaurant uses), which is higher than the 4,771 sf total constructed in Milton. However, Puyallup developed over 282,000 sf of new retail space in the same period, with new retail offerings along River Road positioned to compete with Edgewood for retail offerings.
- **Warehouse development in the region has been considerable.** According to the filtering and categorization used, warehouse development has been very significant across the region. This is particularly true in Sumner (about 5.6 million sf developed), Puyallup (2.9 million sf), and Fife (2.6 million sf). Although Edgewood could potentially accommodate these uses in areas away from the Town Center, this will not likely be a focus of large-scale development in the city.
- **Development of medical office and similar facilities in the area has primarily been focused in Puyallup.** Between hospital, medical office, and other medical uses, Puyallup has seen over 1.1 million sf of new development since 2010. These uses are primarily focused around the MultiCare Good Samaritan Hospital and the South Hill area. Although there is some market for other professional/medical offices in the area, this cluster will be strong competition for specialized medical services.

Exhibit 38 Regional Development Activity by Selected Cities, 2010–2019

Development Category	2010–2019 Development, in square feet					
	Edgewood	Bonney Lake	Fife	Milton	Puyallup	Sumner
Culture / Recreation / Community	15,100	1,713	-	-	49,650	108,592
Education	-	884	-	-	267,055	89,724
Government	15,000	20,915	88,392	-	16,449	-
Hospital	-	-	-	-	293,067	-
Hotels/Motels	-	-	-	-	153,438	57,021
Industrial	-	-	-	-	50,350	52,913
Medical Office / Services	16,880	111,357	16,182	11,249	827,896	11,818
Mini-Storage	71,828	-	-	-	-	-
Office / Services	-	84,104	53,242	48,524	12,672	130,697
Resource	-	-	-	-	4,320	-
Retail Trade	17,250	151,794	200,583	4,771	282,906	47,891
Transportation and Utilities	-	-	-	-	12,623	-
Warehousing	-	230,677	2,220,846	43,841	929,925	5,077,470
TOTAL	136,058	601,444	2,579,245	108,385	2,900,351	5,576,126

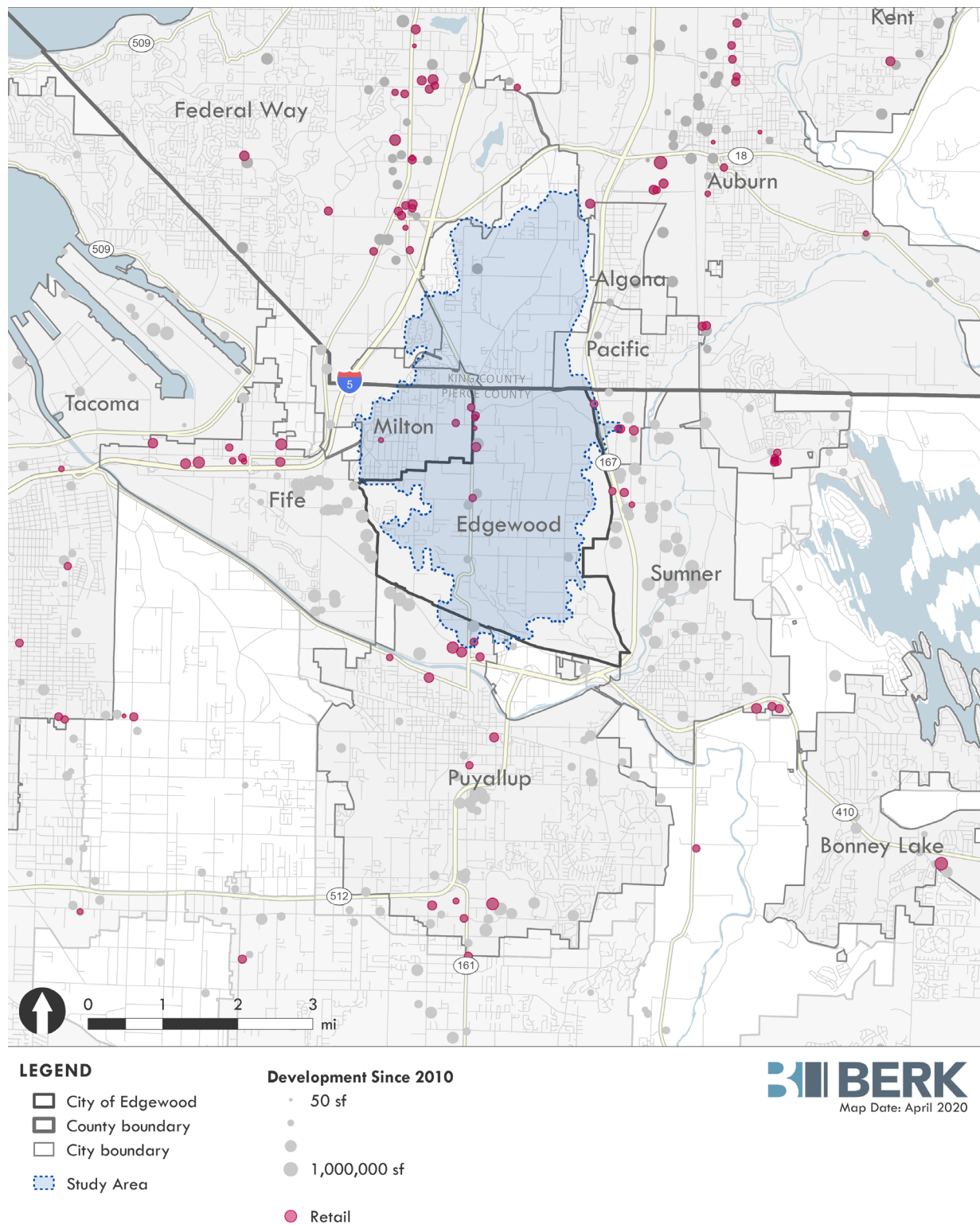


Exhibit 39 Regional Development Patterns, 2010–2019



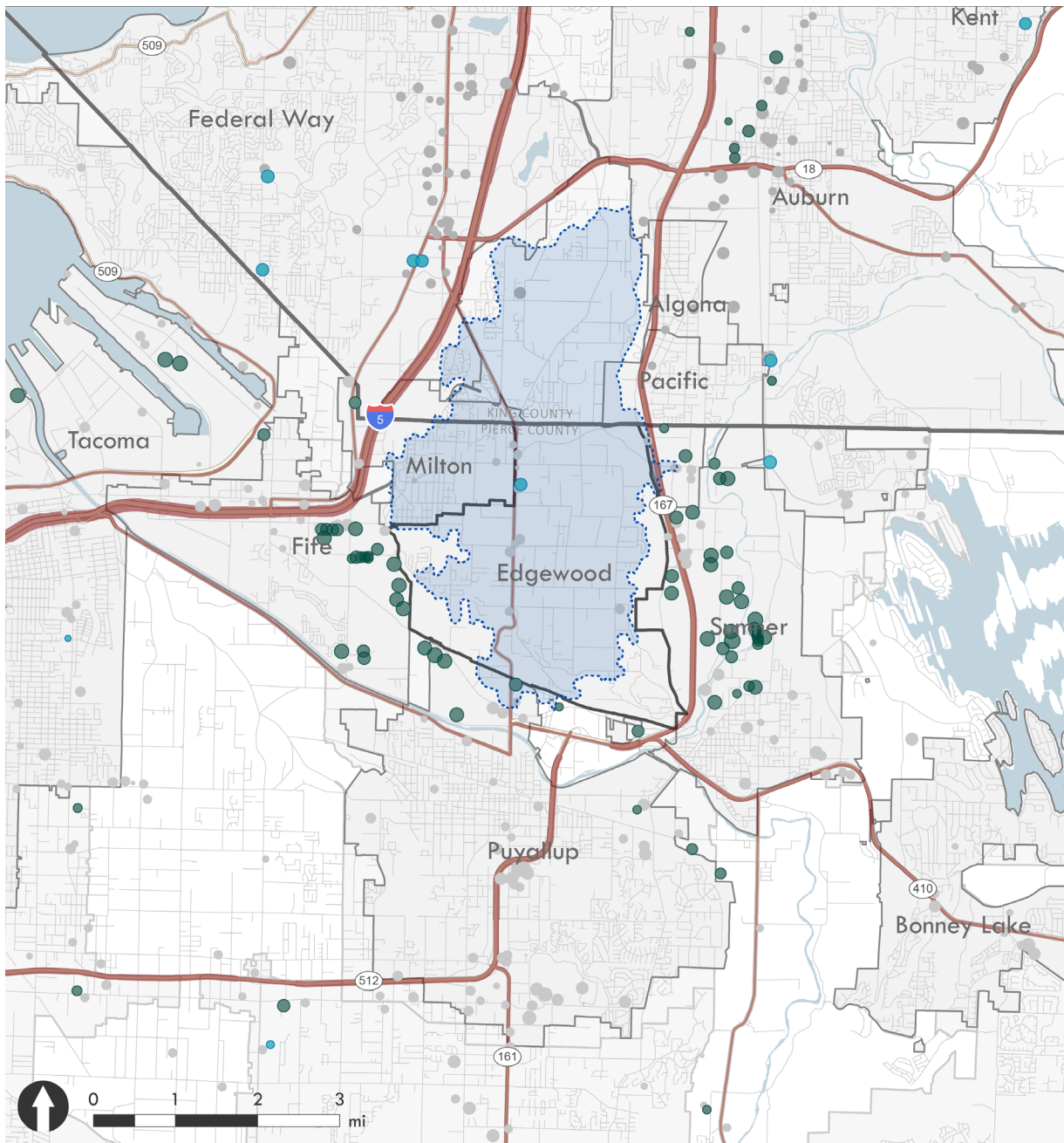
Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; ESRI, 2020; BERK, 2020.

Exhibit 40 Regional Retail Development, 2010–2019



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; ESRI, 2020; BERK, 2020.

Exhibit 41 Regional Warehouse Development, 2010–2019



LEGEND

- City of Edgewood
- County boundary
- City boundary
- Study Area

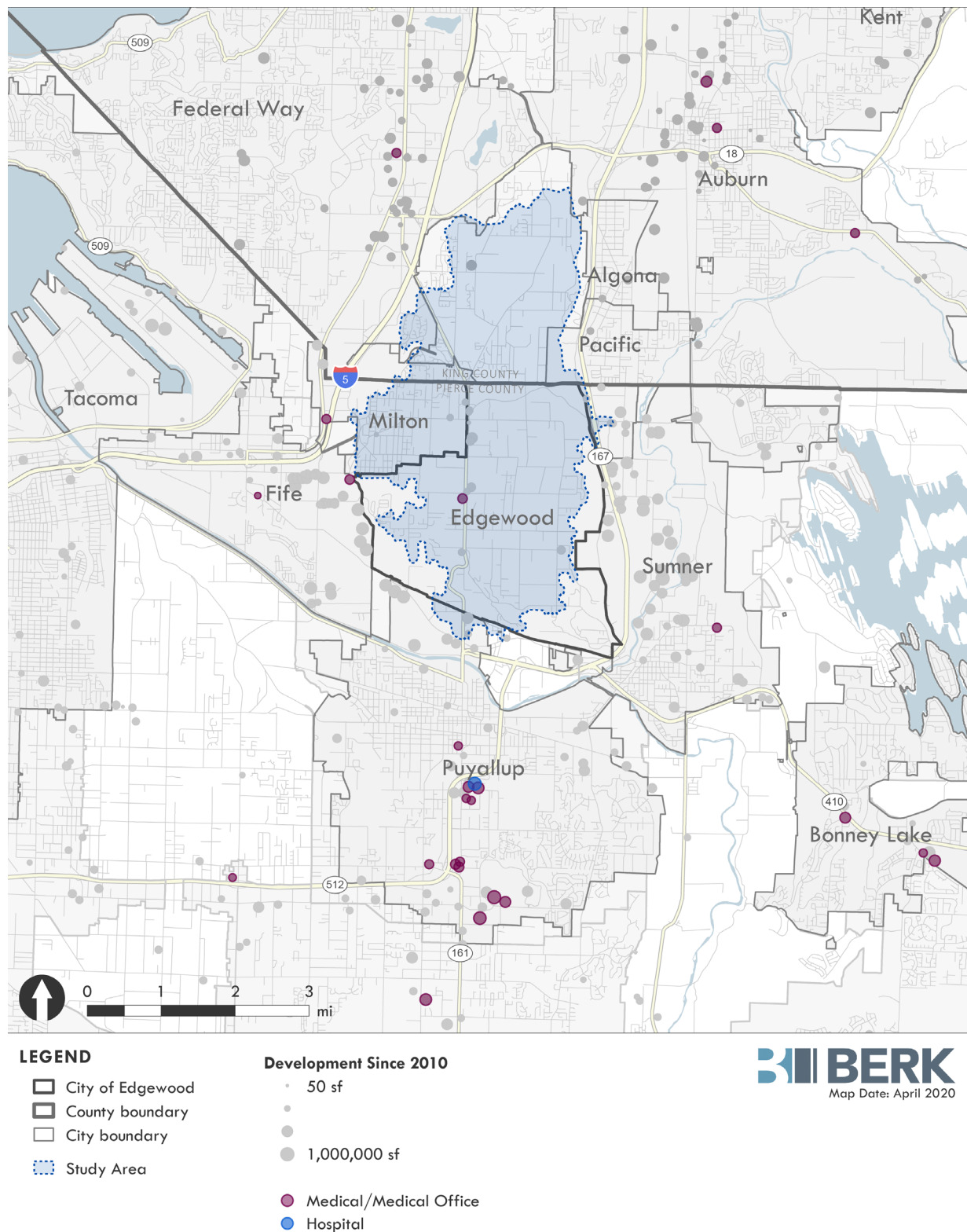
Development Since 2010

- 50 sf
- 1,000,000 sf
- Mini-storage
- Warehousing



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; ESRI, 2020; BERK, 2020.

Exhibit 42 Regional Medical Office Development, 2010–2019



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; ESRI, 2020; BERK, 2020.

Conclusions

From the review conducted, the following elements are critical in factoring into the evaluation of the study area for future economic growth:

- **Recent development in the Meridian Corridor has focused on multifamily housing, which will dramatically increase the population in the area.** Between 2016 and 2019, 628 multifamily apartment units in three discrete projects were completed in the commercial/mixed-use zones along Meridian Ave E. With the construction of an additional 292 units and future development of 232 units, there is likely to be a significant shift in the population of the city and downtown.
- **Historically, growth in employment and economic activity in Edgewood has been limited, especially in comparison with its peer cities.** A low employment-to-population ratio, along with low taxable retail sales and retail capture within the local market suggests that Edgewood and the Meridian Corridor have not experienced the same historic growth that other communities have. While Meridian Ave E is an important regional route, it does not receive the same traffic as other competing retail centers, and as such its market reach may be more limited.
- **Projections for both population and housing have been shifted downwards for Edgewood over time.** Estimates for future population and employment growth identified for Edgewood have been amended over time. The most recent 2017 version of the PSRC Land Use Vision dataset, as well as the concepts for the VISION 2050 Regional Growth Strategy suggest that future growth targets for Edgewood could be lower than in previous plans, especially if recent efforts towards developing the Town Center and Meridian Corridor are not recognized. Note that an increase in Pierce County Transit service in the corridor could help to position the Edgewood Town Center as a key center and support allocation of additional growth to the community.
- **Strong opportunities exist for attracting retail and services that are specifically directed to residents drawn to the Meridian Corridor and Town Center.** As noted, regional competition with retail nodes in other communities will continue to be a challenge over time. However, development of multifamily housing with supporting improvements in walkability can help to support a mix of uses in the center and corridor, which can help to retain more local business and increase the consumer draw within the local area.
- **Short-term development of commercial spaces in mixed-use projects may be complicated by higher retail vacancy rates.** Vacant retail spaces in the area, which are largely found in the shopping centers in the Milton portion of the corridor, may provide slack capacity that can accommodate some local retail growth over the next several years. This can provide a level of uncertainty for developers that may be interested in accommodating future retail or professional office spaces into projects, but could face challenges with leasing these spaces.

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Study Area

Overview

Building from the review of the City of Edgewood and the commercial corridor along Edgewood Ave E, this section examines the specific elements of the study area relevant to the development of commercial and mixed-use projects within the Town Center and Mixed Use Residential zoning districts. This includes a review of the following:

- **Current land use concepts** for the Town Center and Mixed Use Residential zoning districts
- An assessment of **existing conditions**, including recent development and impacts on developable lands and achieving growth targets
- A **development regulations review**, identifying key changes to land use regulations which could support the long-term development of feasible mixed-use projects.
- An assessment of **place-based branding** for the Town Center as part of promotions for economic development.
- **Information from interviews** conducted as part of this research.
- A **pro-forma analysis of development alternatives** in the TC and MUR zones based on recent economic conditions.

This section concludes with a short list of lessons learned and recommendations for future efforts to attract new development.

Study Area: Summary of Findings

Based on the assessment of overall economic conditions, this section evaluates how conditions and policies specific to the Town Center and Mixed Use Residential zoning districts will influence future development. Major findings from this review include the following:

- **There is building capacity remaining in the Town Center and Mixed Use Residential districts.** Although the three recent multifamily projects in the Town Center zoning district are large, they have been denser than the assumptions used in previous analyses for calculating available capacity. While these projects took up larger underutilized parcels available for development, there is remaining capacity for achieving goals for higher-intensity mixed-use commercial and residential development.
- **Recent development patterns are consistent with what is being seen in the region.** Based on discussions with developers and other real estate professionals, the type of multifamily development along the Meridian Corridor is consistent with development in other communities. It has been driven in the region by a lack of available land in the region, changes in lifestyles and housing demand, and the appeal of residential projects for investment.
- **Streamlining regulations can provide clearer direction to private development.** Management of land uses through the Edgewood Municipal Code has been confusing given the complexity of the descriptions of allowable uses. Supporting clearer descriptions and providing more options for conditional use permits can make this system more flexible. Other changes in Code, such as adjusting requirements for FAR bonuses and relaxing setback requirements to accommodate commercial uses, can also streamline these regulations.
- **Adjustments to the uses allowed under regulations can also support desired mixed-use development.** Revising the uses allowed in the TC and MUR zones can also support the long-term development of these districts. Permitting more flexible commercial/employment uses is one approach, possibly through small-scale craft production linked to local retail and live/work units for small businesses providing personal and professional services. Restricting self-storage facilities can also prevent the potential development of incompatible uses.
- **Mixed-use development will still be challenging in the short term.** Although the changes detailed in this section will help, including commercial space in mixed-use projects in the short-term will be a challenge. Beyond the challenges with developing pedestrian-oriented spaces discussed previously, local vacancies and capitalization rates suggest that these spaces would be challenging to lease and would also result in a project of lower value at sale. Long-term development of a walkable, higher-density neighborhood and increases in demand for local commercial space could promote these uses in the future, however.
- **Overall, developing a complete mixed-use center will require a long-term strategy.** Although recent multifamily residential development has been dramatic, longer term development is challenged by existing improvements, land costs, and fragmented ownership. A few more vacant parcels can be developed, but larger-scale redevelopment will require further tightening of the market to make redevelopment of older buildings more feasible.
- **The City also has additional options to promote desired development.** While developing a complete neighborhood in the Town Center and Mixed Use Residential districts will be a longer-term strategy, the City has other options to promote desirable, sustainable development aside from regulation. Continuing to inform and coordinate between individual landowners about development opportunities and providing a consistent marketing campaign through branding of the Town Center can help in these efforts.

Current Land Use Concepts

Concepts for the TC and MUR zoning districts can be found in both the Edgewood Comprehensive Plan and the Municipal Code. The definition of these districts in both documents provide a general vision for intended development.

Town Center (TC)

The Town Center district is currently defined as follows in City of Edgewood policy:

- **Comprehensive Plan:** “The Town Center designation is intended to support a well-designed, pedestrian-friendly community center that reflects Edgewood’s unique local character and rural roots. It allows for a range of uses including a variety of vertical and horizontal mixed-use development, pedestrian-oriented retail, multifamily residential, senior housing and civic uses. Compatible uses are also allowed.” (LU.I.i)
- **Municipal Code:** “The Town Center (TC) zoning district is envisioned as the heart of Edgewood, reflecting a unique local character and rural roots. Borrowing from traditional town development patterns and forms, the TC is envisioned as the most walkable area of the city, with a mix of multistory and single-story buildings framing the street and other public spaces. The TC zone accommodates a range of compatible uses emphasizing a variety of vertical and horizontal mixed-use development, pedestrian-oriented retail, multifamily residential, senior housing and civic uses. The TC zone complements local traffic, bicycle, and pedestrian circulation and provides connectivity to public open spaces.” (EMC 18.80.080(B)1)

This guidance highlights the role of the Town Center as a major mixed-use node in the community. Individual policies also focus on a goal to “establish Town Center as the commercial, mixed use heart of Edgewood.” (Goal LU.V). The policies in the Comprehensive Plan for the Town Center also include the following elements:

- Serve the community and attract regional visitors (LU.V.a)
- Catalyze development with City-owned property (LU.V.b)
- Work with developers to build projects that serve the community (LU.V.c)
- Support distinctive landmarks (LU.V.d)
- Promote a mix of uses and encourage ground-floor commercial or public uses as part of all development (LU.V.e and g)
- Support pedestrian-oriented features and uses (LU.V.f)
- Explore opportunities for public spaces and recreation facilities (LU.V.h)

- Manage transitions to single-family uses (LU.V.i)
- Prioritize capital investments to achieve the development of the Town Center (LU.V.j)

Mixed Use Residential (MUR)

The Mixed Use Residential district is currently defined as follows in City of Edgewood policy:

- **Comprehensive Plan:** “The Mixed Use Residential designation is intended to accommodate a range of medium density residential housing types and to provide a visual and functional transition between residential neighborhoods and areas of more intensive development. A mix of land uses is allowed, including commercial, professional and other uses that are compatible with neighborhood character.” (LU.I.i)
- **Edgewood Municipal Code:** “The Mixed Use Residential (MUR) zoning district accommodates a range of medium density residential housing types to meet consumer preferences, changing household sizes and market demands. A mix of land uses is allowed including some commercial uses and professional office uses to provide diverse economic development opportunities, while maintaining neighborhood compatibility. This zone provides a visual and functional transition to areas of more intensive development and adjacent residential neighborhoods. Within the Meridian Corridor, achieving a high level of connectivity with streets, pedestrian and bicycle routes both within this district and to the adjoining TC district is a major goal.” (EMC 18.80.080(B)3)

Specific policies are not included for the Mixed Use Residential area, but comparable policies are provided by the Plan that are also applicable here, such as the development of ground-floor commercial uses, integration of walkable and bikeable development to promote access, and desire for high-quality design and development quality.

Existing Conditions

Overview

The Mixed Use Residential and Town Center zones are displayed on a map of the Meridian Corridor in **Exhibit 43**. This map includes all major projects in this area from 2010–2019, classified according to size and general classification.

Existing development and new projects

Existing development is described for the TC and MUR zoning districts in the following tables:

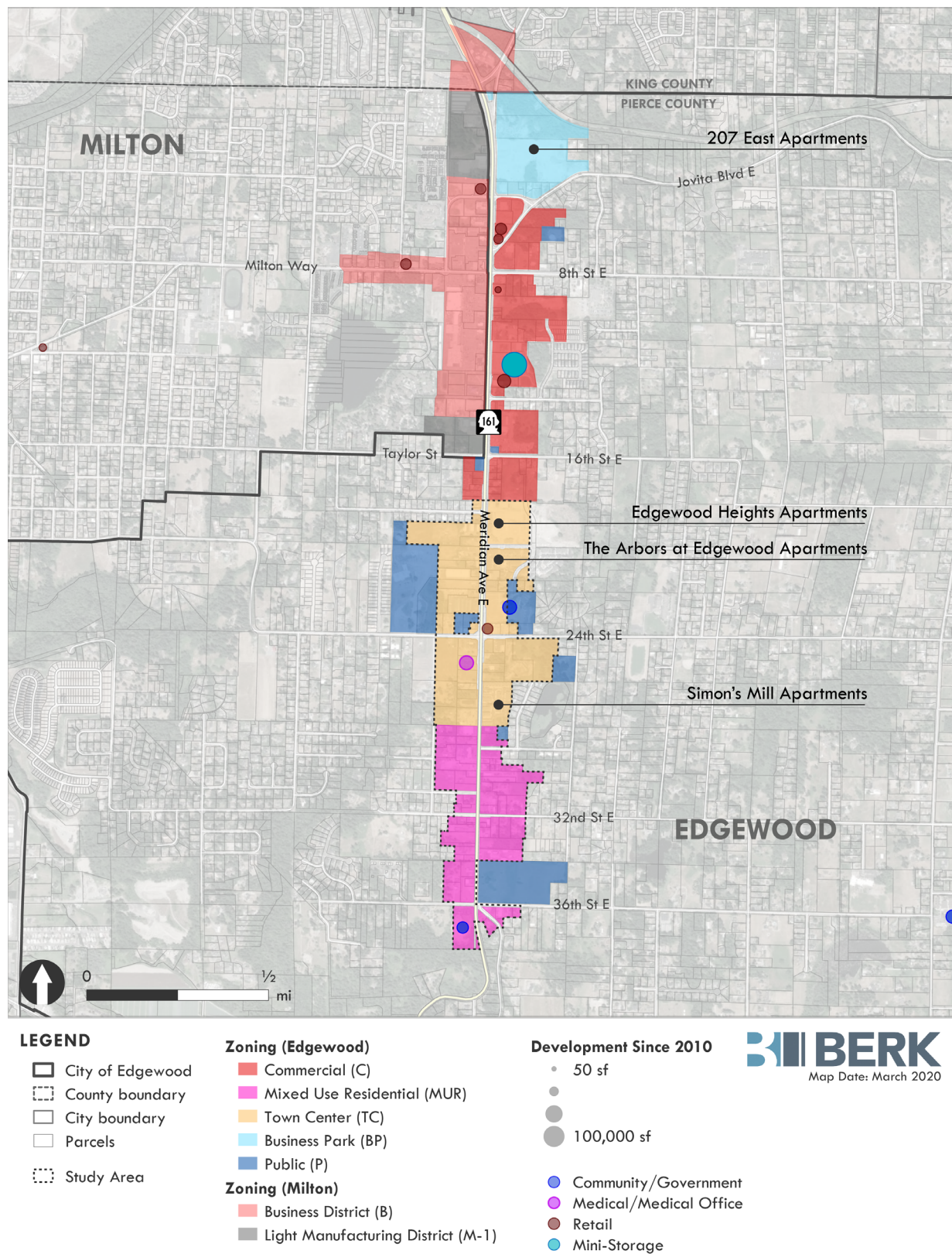
- **Exhibit 44** includes all non-residential uses in the TC and MUR districts
- **Exhibit 45** includes the counts of housing units in the Town Center and Mixed Use Residential areas

Exhibit 46 provides a list of existing development completed by 2019, as well as the proposed phase 2 for the Edgewood Heights project.

Highlights from these development statistics include the following:

- **The Mixed Use Residential zoning district largely includes older housing and commercial building stock, with significant potential for development over time.**
The statistics available for development in the Mixed Use Residential district show a significant amount of older buildings in lower density development, with about 137,000 square feet of non-residential floor space (which includes two churches). It is very likely that these sites will be identified for redevelopment if market demand for higher density housing increases over time.
- **Minimal development has occurred in the Mixed Use Residential area to date, however.** Although the Mixed Use Residential zone has been identified as a location in the city to accommodate future mixed-use projects, there has not been a substantial project in this area over the past 10 years. Only one single-family house and a church building have been developed, with no market-rate higher density projects constructed.
- **The Town Center zoning district includes less existing development, and more sites are available for new projects.** As opposed to the Mixed Use Residential district, the Town Center has received more growth over time, with a convenience store, memory care facility, and three multifamily residential projects. Aside from this development, however, opportunities for growth in this area are likely largely on lightly developed sites, as older development in this zone is relatively sparse.

Exhibit 43 Project Study Area and E Meridian Ave Corridor, Projects Developed, 2010–2019



Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; BERK, 2020.

Exhibit 44 Current Non-Residential Development in TC and MUR Districts

Property Type	Square Feet	
	MUR	TC
Auto Related	4,320	-
Bank	-	2,401
C-Store w/Gas	1,200	2,329
Education	3,120	-
Gen Warehouse 20,000 to 199,999 SF	68,916	-
Gen Warehouse up to 19,999 SF	6,425	2,590
Geriatric Services	-	16,880
Light Industrial	13,348	-
Medical	3,078	2,598
Office Class B	-	3,900
Office Class C	19,826	-
Religious Service	6,961	-
Retail Stand Alone	2,160	20,556
Snack Bar	-	94
Strip/Flex	8,166	9,260
TOTAL	137,520	60,608

Source: Pierce County Assessor Treasurer, 2020; BERK, 2020

Exhibit 45 Current Residential Development in the TC and MUR Districts

Property Type	Housing Units	
	MUR	TC
Single Family Residential	20	6
Duplex	2	-
Mobile or Manufactured Home	1	1
Apt Low Rise up to 19 Units	8	-
Apt Low Rise 20 to 99 Units	-	36
Apt Low Rise 100 Units Plus	-	628
TOTAL	31	671

Source: Pierce County Assessor Treasurer, 2020; BERK, 2020

Exhibit 46 Development Activity in TC and MUR Zones, 2010–present

Zoning	Parcel	Name	Use Description	Year Built	Housing Units	Non-Res SF
MUR	0420103042		Single Family	2011	1	-
MUR	0420161008	North Hill Adventist	Religious Service	2010	-	4,900
TC	0420094143	The Cottages at Edgewood	Geriatric Services	2014	-	16,880
TC	0420102013	Jacksons Food Stores	C-Store w/Gas	2012	-	2,329
TC	0420102111	The Arbors at Edgewood	Apt Low Rise 100 Units Plus	2016	254	-
TC	0420106034	Edgewood Heights	Apt Low Rise 100 Units Plus	2018	220	-
TC	0420106034	Edgewood Heights Apartments Phase II	Apt Low Rise 100 Units Plus	-	232	-
TC	3625000374	Simon's Mill Apartments	Apt Low Rise 100 Units Plus	2016	154	-
TOTAL					861	24,109



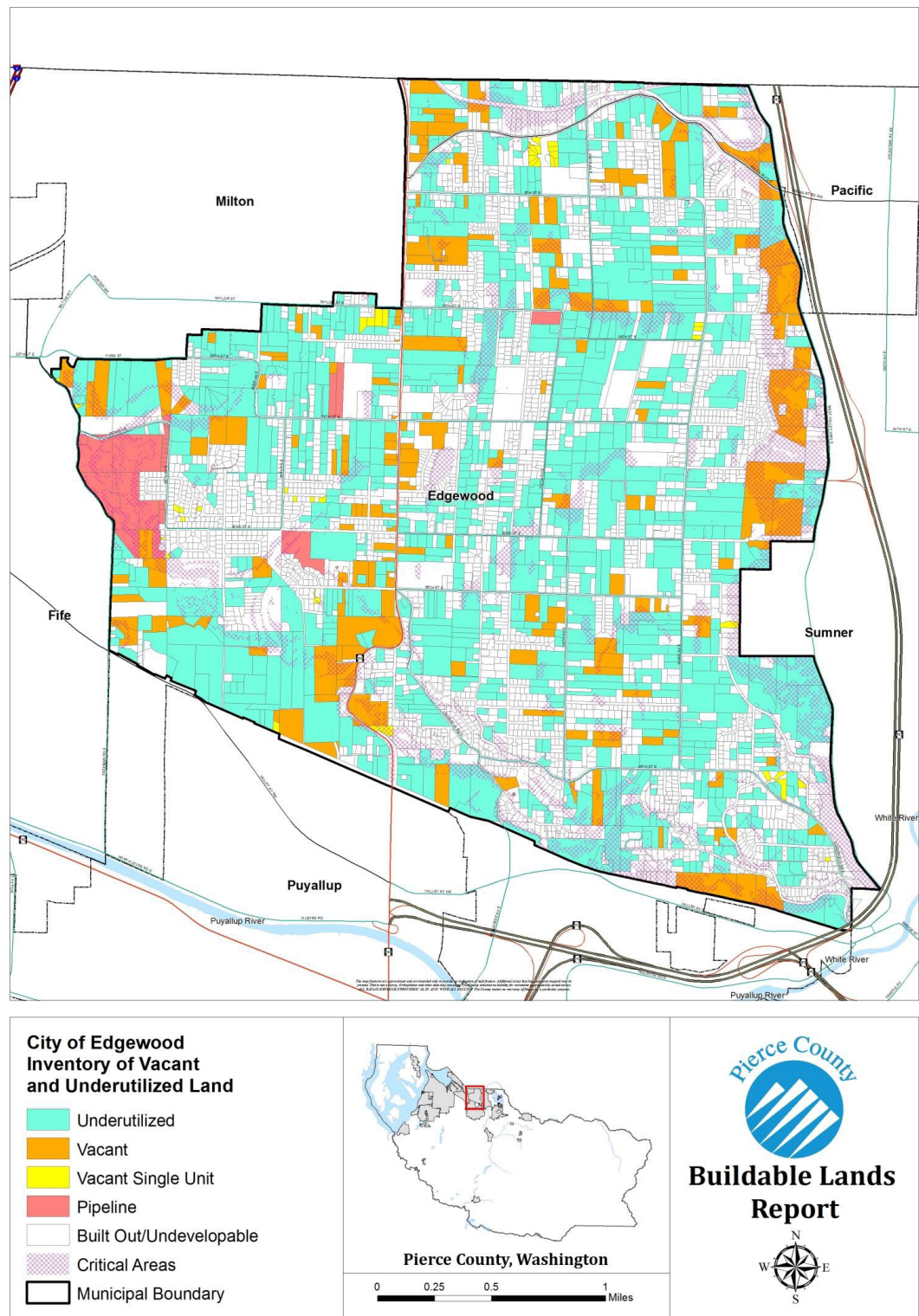
Future development potential

Exhibit 47 provides a map from the 2014 Buildable Lands report, showing the location of vacant and underutilized properties from the calculation of the current capacity of available land in Edgewood. From this map, it can be seen that there has been considerable development on available parcels identified as vacant in this map within the Town Center zoning district.

Several elements of previous reports are key in evaluating whether future development potential has been impacted by the large multifamily residential projects included in the Town Center:

- **Recent development does not exceed the land capacity devoted to housing in the 2014 Buildable Lands Report.** With respect to the Town Center, calculations from the 2014 Buildable Lands Report identify that as of 2010, approximately 15.2 acres of vacant lands and 43.4 acres of underutilized lands were located in the Town Center district, amounting to approximately 58.6 acres for development. Since 2010, projects have been sited on about 21.4 gross acres, with approximately 37.2 acres of land remaining. While most of this is available as land for redevelopment or infill versus vacant parcels, it can provide additional opportunities for new growth and development in this district. In the Report, 70% of this land was allocated to housing, while 30% was intended for new employment uses. However, even under this assumption, about 19.5 net acres remains in this district for new housing growth.
- **Alternative calculations drawn from the 2015 Comprehensive Plan also indicate that recent growth has not exceeded housing capacities.** The Comprehensive Plan includes alternate land capacity calculations based on the older 2007 Buildable Lands Report. For this assessment, about 70 acres were identified as developable, with a 70%/30% split between land devoted to housing and employment. In this case, a 25% market factor was used to adjust lands available for development, and a deduction of about 40% was used to consider roads, parks and other reductions to effective developable area. If the market factor is used to adjust the gross area available, this amounts to about 52.5 gross acres for overall development, and 36.7 acres available for housing. In both cases, there are still
- **Higher development densities have kept more developable land available for use in the Town Center district.** In the Town Center, new development has been achieved at higher densities than what was indicated in the 2014 Report. The assumptions provided with the Report indicated that the overall assumption was that development in the TC district would be at 24 housing units per adjusted net acre. Based on the adjustment factors used in this assessment, the three completed projects and one project in progress in this district provided new development at 32.0 housing units per gross acre, or about

Exhibit 47 2014 Edgewood Buildable Lands Map



Source: Pierce County, 2014

38.4 units per net acre. This represents a 60% increase in the effective density in this area, which can provide an opportunity to increase the overall capacity for development in this area. Comparable calculations with the 2015 Comprehensive Plan indicate that new development achieved 65 units per net acre, about 36% over this existing target.

Based on these calculations, the following conclusions can be reached:

- **Housing capacities for the Town Center district in previous studies have not been exceeded.** Assumed land capacities for housing incorporated into the 2014 Buildable Lands Report and the 2015 Comprehensive Plan have not been exceeded by recent growth. This is due in part to the higher than assumed aggregate densities in these projects. Although the lack of retail or office development in these projects deviates from the assumptions in previous calculations, this is consistent with a relatively low rate of employment growth in the city, and higher vacancy rates for retail development in the broader area.
- **There has been little growth in the Mixed Use Residential area, potentially due to the costs of redevelopment versus development of vacant parcels.** Given the higher amount of existing development and lower proportion of vacant parcels in the Mixed Use Residential area, it is likely that initial multifamily growth in the area has been gravitating towards other districts that would not require future land development. Although some larger vacant portions of parcels can still be found in the Town Center, it is likely that growth will slow down when remaining developable land requires redevelopment of a site.

Development Regulations Review

Overview

As part of a review of potential options for the City of Edgewood to encourage economic development in the Town Center and Mixed Use Residential areas, this report provides an overview of potential changes to Edgewood land use policies and regulations that could improve development feasibility and the attraction of businesses to the Town Center and Mixed Use Residential areas.

These potential changes include:

- A review of the general management of land uses, including the definitions of land uses and management of permitted and conditional uses (EMC 18.70)

- The setback requirements in the TC zoning district mandating that 30% of the frontage on an arterial to a 150-foot depth is allocated to commercial uses (Table 2, EMC 18.80.080D)
- The framework for FAR bonusing for public amenities (Table 3, EMC 18.80.080D)
- Restrictions on self-storage facilities
- Relaxations of the zoning code for craft production/manufacturing
- Provisions for live-work units

General management of land uses

Concurrent with the review of the Town Center (TC) and Mixed Use Residential (MUR) Districts, the City of Edgewood is evaluating potential revisions to zoning and land use regulations in the Edgewood Municipal Code. As part of this process, the City envisions that the current regulations of permitted land uses can be changed to streamline the process and provide consistency and clarity to the public and landowners.

One area of interest is with the definition of uses under the Code. The current system of land uses types and levels that is found in EMC 18.70 is a complex list that is difficult for users to parse and understand. It also appears to incorporate detailed regulation of the intensity of uses in definitions, without a clear rationale for this additional step outside of other regulation of built form elsewhere in the Code. These definitions are confusing and the level of detail does not appear to serve a genuine public purpose. Therefore, these land use definitions should be changed, with accompanying adjustments to the allowable uses by zone.

Regulating land uses within a municipal zoning code can be managed different from community to community, and there is no single consistent source for defining the land uses to be included. In many cases, these definitions can have multiple sources, and even develop incrementally over time as the code is amended. Communities working to develop an entirely new structure for their zoning code can rely on different possible sources for these definitions. These can include:

- **North American Industrial Classification System (NAICS) codes.** The federal Office of Management and Budget, in collaboration with its Canadian and Mexican counterparts, developed a coding system for classifying business establishments for statistics record-keeping and analysis purposes. These codes are typically grouped according to the general production processes used for certain types of goods and services, and present a hierarchical approach to clustering similar businesses. A high-level summary of these codes at a three-digit level is provided in the Appendix.

- **Washington State Department of Revenue / Pierce County Assessor Land Use Codes.** Under RCW 36.21.100, the Washington State Department of Revenue is required to prescribe use classes of real property for the purposes of property tax assessment reporting, which are provided under WAC 458-53-030. This list is presented as two-digit land use codes, which can be used as a basis for more detailed land use codes to be developed by individual counties for record-keeping. For Edgewood, the Pierce County Assessor-Treasurer has developed a four-digit system, incorporating a second level of detail to define land uses. The DOR and Pierce County systems are provided in the Appendix.
- **Definitions from other communities or model codes.** Although the zoning definitions found in other communities or model codes may not be dependent on a consistent system from a higher-level source, most systems are typically developed from common practice in the field. Many of these designations have had a basis in the needs for consistent planning regulation, as well as defense against legal challenges. Because of this, these can be more robust in managing land uses in a community than other types of land use classifications.

In practice, these systems all have advantages and disadvantages when applied to land use regulation. A hybrid approach relying on a combination of these three approaches, using the NAICS land uses as a base, is likely to be the most efficient approach.

These revisions to the definitions of land uses should consider the following:

- **Some land uses may be required to be regulated based on their impacts, not on the business NAICS codes.** NAICS definitions and associated codes may provide a definition for the function of a business in the economy, but their actual on-site activities may vary considerably. The most important example of this is with respect to office space: regular office functions are likely to be independent of the type of business, and should be regulated separately from the topic area of the business.
- **Accessory activities should also be regulated separately.** Onsite activities such as site display or storage or parking should be managed separately from the main activities. These regulations should be consistent across different site uses to ensure an even application of these requirements.
- **Sexually-oriented businesses and marijuana production, processing, and sales will require separate consideration under the zoning code.** There are specific uses that may not be directly comparable to NAICS designations, and require additional requirements and restrictions. These should be evaluated on a case-by-case basis.
- **Uses should be aggregated where possible to allow for some flexibility.** Providing detailed descriptions of land uses in regulation may reduce the applicability of these

constraints in other situations. Where possible, land uses should be aggregated and generalized to provide City staff with flexibility and discretion in land use regulation.

- **Crosswalks to existing systems for land use designation should be developed to provide guidance.** Although it may not be useful to regulate based on a direct translation of the NAICS framework, the City should maintain a crosswalk that relates NAICS codes to particular land use definitions to provide guidance in regulation. This can assist staff in making determinations about the requirements for a specific business in a district of interest.
- **Administrative and conditional use permits can be used to assure that local development is maintained to a high standard without the need to unilaterally exclude certain land uses.** The flexibility of this type of review can be supported further with a clear definition of guidelines for the review process made available to applicants.

Setback requirements for multifamily residential projects

Requirements in the current Edgewood Municipal Code mandate that residential single-use projects in the Town Center zone that are three acres or greater preserve a minimum of 30% of the area within 150 feet of the arterial right-of-way line as retail or office commercial uses (see EMC 18.80.080D, Table 2, note 3). These requirements are intended to ensure that sufficient land is maintained to provide for future commercial growth along the Meridian Corridor, with residential development provided further from the arterial right-of-way.

This requirement is challenging for several reasons:

- **Current development is largely avoiding these restrictions.** The development projects at The Arbors at Edgewood, Edgewood Heights, and Simon's Mill Apartments do not have significant setbacks along Meridian Ave E in accordance with these requirements, despite their largely residential focus.
- **Restricting this requirement to only a portion of the total frontage will likely lead to sporadic, unconnected development.** Providing only 30% of the total frontage on an arterial for current or future commercial development can maintain space in the Town Center district for commercial development. However, without clear guidance on where that 30% is located, these designated areas could be located sporadically along arterials, resulting in patches of potential commercial development that may not be well-integrated with the pedestrian networks in the area.
- **Development on areas reserved under these requirements may be focused on auto-oriented uses.** Retaining the areas within 150 feet of an arterial likely means that if these sites are used for new commercial development, they will likely include

auto-oriented uses. These uses may not integrate well with the rest of the neighborhood, especially if these sites are developed later without proper conceptual planning.

- **Removing a significant portion of a site from immediate residential development may reduce the feasibility of a project overall.** Although 150 feet does not extend across the entire width of the TC zones along arterials, it can still amount to a significant percentage of the total site. In these cases, losing higher-density residential development to required areas for commercial development can reduce the expected returns from a single-use residential project.

For these reasons, incorporating setback requirements to promote horizontal mixed use would appear to work against the notion of building a connected, walkable neighborhood with integrated retail and office uses. This requirement should be dropped to allow for the

FAR bonusing

One element of the Edgewood Municipal Code that appears to add significant complexity without a strong guiding concept is the provision for permitting greater height and density on a development site in exchange for certain provisions made by the developer. This list is included as Table 3 under EMC 18.80.080D, and has 15 individual items that include:

- Development of the parallel road network
- Addition of a public park or plaza
- Inclusion of a through block connection or alley enhancement
- Vertical mixed-use development
- Underground or structure at-grade parking
- Affordable housing
- Ground-floor pedestrian-oriented commercial development
- LEED Gold or Silver certification
- Multi-modal pathways
- Public meeting room
- Water features
- Public art

Fulfilling these requirements can provide a bonus to floor area ratio (FAR), with increases from 0.25 to 1.5 (dedication and construction of the parallel road network). For the TC zone, FAR can increase from 1 to 4, while FAR in the MUR zone can increase from 0.5 to 2. Increases beyond an FAR of 3 in the TC zone also provide an additional 10 feet of allowable building height.

This approach to receiving considerations from developers in exchange for increased development capacity should consider the following:

- **Some items on the list are critical to achieving the overall mixed-use concept for the neighborhood.** This list does provide incentives to realize major planning goals. The development of the parallel road network, green spaces, and multi-modal pathways as part of projects can be essential. These incentives can in fact be an very important approach to building out the neighborhood according to the overall concepts identified.
- **Other items tend to be minor, likely with limited public benefit in comparison to their value to developers.** Other bonuses present incentives for other types of benefits that may be relatively minor in relation to achieving the overall concept for the Town Center and broader Meridian Corridor. For example, incentives for LEED certification, water features, meeting rooms, and public art may provide some level of benefit to the community, but these considerations are generally secondary in achieving a walkable neighborhood concept.
- **Finally, some elements are likely to be adopted independently by developers when they support feasible development.** Characteristics such as mixed-use development, ground-floor retail, and underground / structure parking are likely to be explored in situations where these building formats make sense. In these cases, providing a benefit to FAR may encourage development types which are not necessarily well-suited to current market conditions.

Overall, a primary recommendation for this list is to remove extraneous items and focus on achieving the long-term urban form for the neighborhood. This section of the zoning code should be simplified to focus the intent on developing the walkability and connectivity of the Town Center and Mixed Use Residential zones. Directing incentives towards this goal and removing extraneous items can ensure that the benefits from increased development capacity are more specifically directed to achieve the long-term urban form concept for this area.

Self-storage facilities

Self-storage facilities present a challenge to cities. Although there is a rising need for personal storage, especially in urban areas where living spaces are smaller, mini-warehouse style storage facilities present a difficult use to incorporate into certain neighborhoods.

- **Challenges to urban form and character.** From a neighborhood development perspective, a self-storage facility does not typically support lively street frontage given its large potential footprint. Because of this, new mini-warehousing uses can negatively impact the aesthetics and feeling of neighborhood character, especially in areas with a mix of uses that rely on non-motorized traffic for customers.

- **Impacts to municipal finances.** The development of a self-storage facility does provide for an increase of improvement value and a corresponding increase in property taxes for a site. However, units rented for 30 days or longer are assumed to be leased real estate, and are not subject to sales taxes that would be received by the City. This reduces their fiscal sustainability with respect to municipal budgets.
- **Minimal employment benefits.** This type of development also provides relatively minimal yields of new employment for the size of proposed facilities. This can complicate efforts to achieve local employment targets with available land capacity.

Overall, these characteristics mean that locating self-storage facilities in areas that would potentially have more productive uses, such as in the Mixed Use Regional area, would have significant and negative effects to the city. Where possible, self-storage facilities should be excluded from areas where more productive commercial and mixed-use projects are expected in the long-term, or alternately, should be provided with specific development requirements to minimize their size and impacts on the neighborhood environment.

Craft production uses

Although typical zoning codes attempt to separate residential and retail uses away from other uses that may conflict due to noise, odor, or other types of nuisances, some communities have experimented with accommodating light manufacturing uses with minimal off-site impacts into neighborhoods. These uses, which typically include a related retail component to link the business with the neighborhood, can provide for onsite production of goods for sale.

The most visible examples of this type of use has been with the small-scale production of alcoholic beverages as part of micro-breweries, small wineries, and micro-distilleries. However, this can incorporate other types of uses related to production, including:

- Other food and beverage production, such as coffee roasteries, bakeries, or confectionaries
- Manufacturing of crafts, including jewelry-making, pottery, or glassblowing
- Limited artisanal production facilities for other consumer goods, such as small textile mills, woodworking shops, or metalworking shops
- Limited crop production, such as through indoor vertical farming

Technological changes have allowed these uses to operate with much less nuisance to surrounding properties, and design requirements and size or production limits can ensure that regular operations do not unduly impact neighbors. Visitors and patrons can also see the production of these goods in person, and some businesses provide educational courses and tours as well.

One successful example of this use in practice has been with the City of Tacoma. Under the Tacoma Municipal Code, “craft production” is defined as: “A commercial use that involves the production of arts, crafts, foods, beverages or other product with on-site production and assembly of goods primarily involving the use of hand tools and/or small-scale equipment.” Examples referenced by the City of Tacoma specifically include: ceramic art, candle-making, custom jewelry manufacture, bakeries, and coffee roasting. (TMC 13.06.700B)

Additional zoning requirements mandate that it “must include a retail/eating/drinking/tasting component that occupies a minimum of 10% of usable space, fronts the street at sidewalk level or has a well-marked and visible entrance at sidewalk level, and is open to the public” along with landscaping around storage areas and operation of activities within an enclosed buildings. (TMC 13.13.06.200)

Providing a craft production designation as part of the zoning code can provide several advantages to the Town Center area:

- **These provisions in the zoning code can provide flexibility for compatible businesses.** Flexibility with uses and activities within a zone can help to attract and retain businesses in the community. A craft production designation in the Code is aligned with the trend to permit micro-breweries within a zone. However, this allows for more flexible interpretations to ensure that similar types of light manufacturing can be included in an area under comparable requirements.
- **Craft production presents strong opportunities for promoting tourism.** Providing for small-scale manufacturing specifically oriented to retail production and on-site sales can present a potential draw for tourists and visitors to the community. Valued types of local production can present a wider draw, and can even provide a local reputation or brand, and anchor a broader cluster of related local offerings.
- **Policies promoting small-scale production can also support the growth and development of small businesses in the community.** Small businesses are often drawn to areas that allow craft manufacturing. Providing a retail component to the business can bring in the revenue to support initial efforts to scale up production, and size and production limitations are not a strong constraint to these businesses.

Live-work units

One potential option for accommodating broader options for employment in the city is with “live-work units”. These housing formats combine both residential and commercial uses within the same dwelling. Many cities in Washington expressly permit this type of unit within different residential and commercial zones to promote small businesses and to encourage mixed use communities. This use is distinct from home occupations, which are frequently

allowed in residential zones. Home occupations typically require that structures maintain a distinctly residential character and that commercial business operations do not allow for passer-by customers or multiple on-site employees. Live-work units do not incorporate these restrictions, although some zones will specify allowed commercial uses or size restrictions.

- **Seattle** began integrating live-work units into their zoning code in 2003. Live/Work units are categorized as non-residential uses and today are permitted within Commercial, Neighborhood Commercial, Residential Commercial, and Mixed Use zones. Additionally, Midrise and Highrise Residential zones allow live/work units with added restrictions on the type of commercial activities allowed. Permissible business types include: business support services, food processing and craft work, general sales and services, medical services, offices, or restaurants.
- **Tacoma** permits both live-/work and work-live units. The distinction between these two types is made by floor space: live-work units require residential use to comprise 50% or more of the floor space and work-live units require commercial use to comprise 50% or more of the floor space. In general, these units are restricted to 3,000 SF and are permitted in Commercial, Mixed Use, and Downtown zoning districts. The resident of the dwelling must be the business owner or a business employee. Business uses allowed for Tacoma units include: assembly, office/café/business, retail, and manufacturing. Marijuana businesses and hazardous or storage uses are not allowed.
- In **Sumner**, live-work units are incorporated into the municipal code for Planned Mixed-Use Development (PMUD) districts. PMUDs are permitted in Neighborhood Commercial, Central Business District, and General Commercial zones. Commercial districts also allow “accessory residential uses” where a single-family residence is incorporated as “an integral part of a commercial building for the exclusive use by the owner-operator of the business”.

Incorporating these as part of local zoning in Edgewood, especially with respect to the Mixed Use Residential and Town Center uses, has several distinct advantages:

- **Live-work units can be strong alternatives to ground-floor retail/office uses in residential projects.** Many live-work units in residential projects are provided with street frontage, typically with ceiling heights typical of commercial street-level activities. This can provide flexible options for accommodating businesses, especially when the market for residential space is strong, but the local environment would not support standard retail uses.
- **Live-work units can provide support for home-based businesses.** As a community, Edgewood appears to have a significant number of home-based businesses and employees working remotely. Providing live-work spaces as an option for these workers can provide more flexible alternatives, and these units can even serve as incubator

spaces for certain types of businesses when dedicated commercial space would be too expensive.

- **Future market demand could potentially be accommodated through remodeling or reusing the space.** Live-work units on the ground floor of buildings can be designed for flexible uses, and potentially even future conversion to other types of space. In certain cases, it may be desirable to plan for these units to be converted to single-use residential or retail spaces to accommodate future needs.

Town Center Branding

What is Branding?

One modern trend in local economic development has been to cultivate and advertise the offerings of a community through a consistent theme or brand. These “destination branding” or “place-based branding” strategies are typically based on elements of a community’s existing reputation and build a distinct image for publicity that can distinguish it from competing communities, both locally and over a wider area. Efforts such as these can be integrated with other types of advertising and outreach to attract new residents, businesses, and visitors, and enhance the draw of local businesses.

Branding efforts for a place often include several elements, both to communicate the concept for the community and support and maintain the assets of a place that are key to the brand. Branding campaigns may include:

- An overall vision, theme, or concept
- A tagline or slogan to express the concept
- Graphic design standards (e.g., fonts, color palette, logo)
- Signage for gateways, wayfinding, and information
- Neighborhood design guidelines or standards
- Public art and landmarks
- Targeted advertisements and business attraction efforts
- Community festivals and events
- Guidance for local decision-making to maintain and enhance the brand (e.g., does this keep Portland weird?)

It should be noted that efforts at community branding may not necessarily provide substantive results for the investment, however. A common criticism of municipal branding

efforts is that the results can be generic, providing a message that is too general to be applied only to the place in question. Similarly, without the participation of stakeholders, these efforts are often seen as a top-down effort with little effect in the community. One statistic in 2012 from an Australian place-branding consultant suggested that about 86% of over 5,000 brands examined have failed within a year of launch, often abandoned due to a lack of return, low participation, or other issues (North, 2014). This statistic highlights that while a branding approach may be a useful strategy, it must be planned and coordinated effectively to be successful.

Example: Leavenworth, WA

Leavenworth became a Bavarian theme town in the 1960s in hopes of revitalizing the local economy, devastated after the Depression and loss of its railroad. After years of committed advocates garnering community support, Leavenworth finally worked to transform into a tourism-based theme town. The two main champions of the initiative purchased land in the downtown area for a remodel aligned with the new aesthetic. Other property owners followed suit, and the town facelift was completed using private funds and volunteer efforts.

This transformation included substantial investments of time and energy. Leavenworth introduced a series of festivals, redeveloped its downtown business district, and incorporated design codes to reinforce the town's selected character. The Leavenworth Design Review Board, established in 1970, upholds these aesthetic standards today.

Unusual restrictions reinforce the Bavarian theme. In determining whether the proposed placement, construction, change, addition, or alteration conforms to exterior design of the Old World Bavarian architectural theme, the design review board shall consider the compatibility of the proposed exterior design with the existing design review board approved Bavarian structures and designs in the commercial zone districts of the city and the city's urban growth area and may, in addition, consult the following publications which contain many examples of architecture, including some examples that are specific to the Old World Bavarian architectural theme (LMC 14.08.030)

All signs permitted within the commercial zoning districts of the city shall be compatible in design and color with the Old World Bavarian Alpine theme and with the buildings and uses with which they are associated. Signage shall include Baroque, Rococo, Classical, or Bavarian folk art graphics or elements (such as shape or ornamentation). Sign design and Baroque, Rococo, Classical, or Bavarian folk art graphics or elements shall conform with examples shown in the booklet of photographs entitled "Portfolio of Photographs of Old World Bavarian Architecture and Signs for the City of Leavenworth" referred to in LMC 14.08.100 or as approved by the design review board. (LMC 14.10.180)

Recommendations

The City of Edgewood should be open to explore the possibilities of branding in the future for the Town Center. As noted, this can provide an overall guiding theme for economic development activities and add a distinct sense of local character to promote the community. This can be important as Edgewood works to compete with other communities across the region to attract residents, businesses, and visitors.

The main challenge for Edgewood will be whether the Town Center is developed enough to have a distinctive identity to promote through a branding campaign. Although new residential projects have been completed in the corridor, building a brand may require attracting additional businesses and building other assets in the Town Center before a concept would be seen as unique and genuine.

If (or when) the City decides to support a branding strategy for the Town Center, there are several elements to consider in focusing this effort and improving its chances of success.

- **Initial development of a brand should be collaborative, bottom-up, and exploratory.** Although many cities and towns strive to build a local brand, the most difficult challenge is the buy-in from the community. As maintaining a local brand requires consistent effort across the entire community, a topdown effort from the City may not provide an authentic, shared message. To this end, this process should be led primarily by private business and community leaders with support from the City, and it should work to openly explore what the Town Center should be known for.
- **Brand images should be bold and capitalize on existing and future opportunities.** As noted, many place-based brands fail in part because they do not create a distinct emotional connection for stakeholders or potential visitors. Successful brands typically adapt unique local assets and features in a powerful and positive way to highlight a community's strengths, and deliver a unique message that can be incorporated into outreach materials. These should also highlight elements that can be used by local businesses in their own branding as well.
- **Brand strategies should be incorporated into an ongoing campaign.** Integrating a brand into the identity of a place such as the Town Center will involve not only front-end tasks of developing a graphic style and marketing campaign, but ongoing activities to maintain and update the brand as needed. Regular events, targeted recruitment efforts, and integration of the brand into other decision-making about the Town Center will be necessary to ensure that the brand continues to be a success.

Stakeholder Interviews

As part of the research conducted for this project, we worked to contact developers to understand the issues involved with real estate development in the region and in Edgewood. Based on an interview conducted for this project and previous discussions with other developers in the area, the following points have been identified as relevant as part of the discussion on the Town Center and Mixed Use Residential areas.

- **Challenges with single-family residential development are driving multifamily projects.** The Pierce County Urban Growth Boundaries have been restricting the ability for new growth across the County from being accommodated in single-family homes. While many developers were holding onto land from before the last recession for development, many that are trying to acquire new land are facing escalating costs due to scarcity.
- **Generally, multifamily development in Pierce County overall is tending toward major corridors.** These locations provide services and capacity for volumes of traffic that are necessary to support these types of developments.
- **Large-scale office development is a challenging proposition throughout the region, except in key urban centers such as Seattle and Bellevue.** Residents are more likely to commute to get to work in Seattle or Bellevue rather than stay and work at a local office in their community.
- **Multifamily development as a new lifestyle choice.** There are a wide range of preferences for housing in the region, but tastes are changing. Multifamily projects with significant amenities are seen as an alternative choice now, especially for young professionals and older adults looking to downsize. Not all amenities will pencil out, but there is generally a trend towards the live-work-play type of concept.
- **The cost of development varies significantly based on a range of factors.** In terms of the local regulatory environments, both Sumner and Edgewood have more predictable processes and developer-friendly approaches, while Puyallup and Gig Harbor are seen as having more challenging regulatory conditions for development.
- **Attracting well-known national tenants for properties can be key for success.** Attracting national/multinational tenants to local retail commercial spaces can help to support a lower cap rate and higher value for these properties. Attracting these tenants can be critical when attracting interest in additional development of this type as part of a mixed-use center.

Analysis of Land Development

Current land available

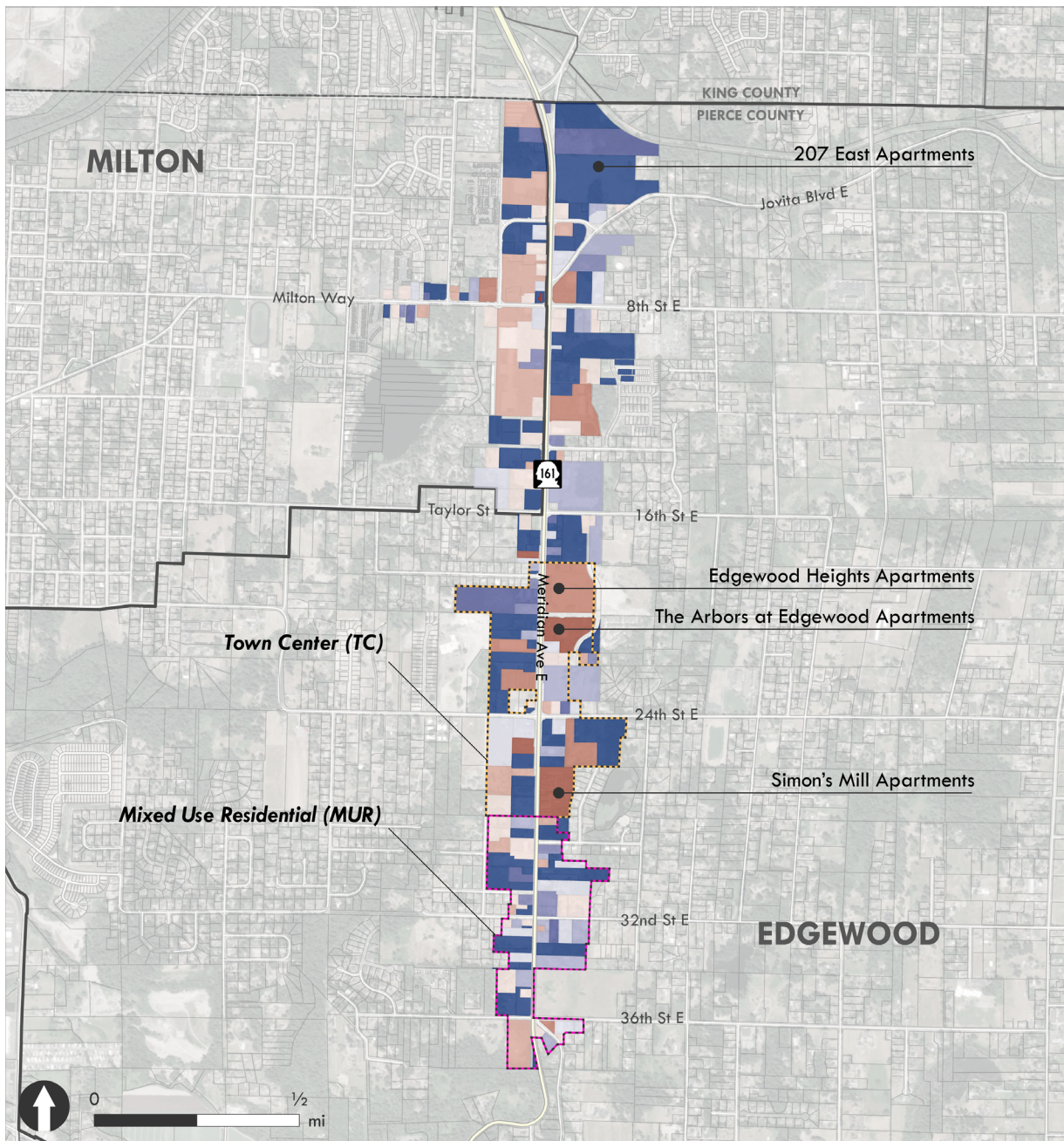
The current availability of land for development in the Town Center and Mixed Use Residential areas is important to understand the future potential for growth along the Meridian Corridor. Exhibit 48 includes a map of the assessed improvement values as a percentage of total value by parcel in the Meridian Ave E corridor, which indicates:

- Parcels with intensive development value located on the site, which are unlikely to be available for future development (red)
- Parcels with some level of development, which may be available for future redevelopment, especially in cases where existing structures are older and obsolete (light red to light blue)
- Parcels with little to no development value located on the site, which may be vacant parcels available for use (blue)

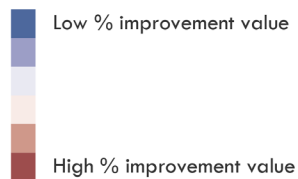
Note that this analysis does not evaluate the configuration of parcels or any other development limitations present on the site, such as wetlands or drainage issues.

This exhibit highlights the following:

- **Available parcels in the Mixed Use Residential area are smaller, and they generally tend to have greater improvement values per unit area of the parcel.** The recent developments in the Town Center stand out as significant outliers with high improvement value from new construction. However, the areas in the Mixed Use Residential district generally appear to be smaller, and these parcels generally tend to have moderate assessed improvement values when adjusted for the size of the property. As such, these parcels may be targeted in the long term for redevelopment.
- **Recent multifamily residential projects took advantage of “low-hanging fruit” with respect to available sites for development.** Although the distributions of land and improvement values suggest that there are likely additional sites available for development in the Town Center area, the recent high-density multifamily projects likely took advantage of larger parcels with lower on-site improvement values that would be easier to develop. Further development in this corridor is possible and there are some vacant and underdeveloped parcels available for use, but will likely be more challenging over time as ideal sites (large sites with few improvements and frontage on Meridian) are taken up with new development.

Exhibit 48 Property Improvement Value as a Proportion of Total Value, Meridian Corridor, 2019**LEGEND**

- City of Edgewood
- County boundary
- City boundary
- Parcels
- Study Area Districts

Percent of Property Value as Improvements

BERK
Map Date: March 2020

Source: King County GIS, 2020; Pierce County GIS, 2020; City of Edgewood, 2020; City of Milton, 2020; Pierce County Assessor-Treasurer, 2020; BERK, 2020.

- **Long-term efforts to encourage more intensive development, especially in the Mixed Use Residential district, may require efforts to coordinate development over time.**
Given that many of the sites in the corridor have significant improvement value already present, development may be feasible only after these buildings have depreciated further in value. In addition, smaller parcel sizes will also challenge the development of larger projects. This is especially the case in the Mixed Use Residential area, and may impact the pace of development there in the short term. The City, in partnership with the Economic Development Advisory Board and external organizations, is working to support this coordination with landowners and developers in the area, including opportunities for future joint projects.

Pro forma analysis

This section describes the findings associated with a pro forma analysis of new prototypical development in the Town Center and Mixed Use Residential areas of Edgewood. These models assume the following:

- In each case, the feasibility of a development on a four-acre site is evaluated for both the TC and MUR zones.
- Each project is assumed to achieve the maximum FAR for the site, and relies on surface and structure parking to accommodate parking requirements. FAR bonusing is assumed to be achieved through site improvements, but not including improvements to the parallel road network.
- Values for housing rents, commercial lease rates, and vacancies are drawn from the estimates for the local market provided in the previous section.
- Land prices are assumed to be based on the assessed value of sample properties from the area.
- Building costs are drawn from RSMeans and assumed to be constant across all the scenarios conducted.
- Capitalization and interest rates are based on values drawn in January 2020, as shown in Exhibit 36 in the previous section.

These projects are assumed to be managed for a 6-year hold period as rental properties and sold at the end of this period.

From the models developed for land development, the following trends can be identified:

- **Overall, residential development feasibility is strongly related to land costs.**
Highlighting the trends noted previously, available land costs are a strong input to the feasibility of residential projects. Parcels with existing improvements on the site,

especially buildings that still have productive uses, will be priced higher and will not be cost-competitive in the short term for these projects.

- **The redevelopment of Mixed Use Residential areas are also less feasible at present given the lower amount of additional development intensity that can be achieved.** Generally, new development in the Mixed Use Residential zoning district is already challenging, given more fragmented parcel ownership and more improvements located on these properties. However, the lower allowed height and intensity of new development means that it will be challenging to receive better returns from redevelopment projects. Projects in this area will likely consist of infill until the existing buildings on site will depreciate further.
- **Allowing additional density in the Mixed Use Residential could spur earlier development but would not be consistent with existing concepts.** Considering that the lower potential gain in intensity that could be received with new development in the Mixed Use Residential areas may delay new projects in these areas, one solution would be to increase FAR and heights in these areas. While this is a potential option, this would significantly adjust the land use concept for this area, and it would not align with the concept of providing a transition area for the Town Center. It could be explored as part of a new plan for the Corridor, however.
- **Integrating mixed-use development provides somewhat lower returns and an increase in project risk.** In evaluating the different scenarios for mixed-use residential/commercial versus single-use residential projects, a clear conclusion is that commercial spaces do not currently represent a strong benefit for potential projects. Although base commercial rents alone do not represent a dramatic loss in likely project revenue, especially if higher-end uses such as medical office could be accommodated, high local vacancies and high capitalization rates suggest that these spaces would be a greater risk for investors. For horizontal mixed use, especially in low-rise projects, lower returns may also be spurred by smaller commercial buildings with lower heights and development intensities.
- **Generally, developing a sustainable mix of commercial and residential uses will depend on encouraging the amenity value of the commercial uses to neighborhood residents.** Beyond straightforward calculations of the feasibility of mixed-use projects under current conditions, there is also the future amenity value residents could have with living in a complete, walkable neighborhood with local retail and service options. The long-term development of this concept could make retail/service commercial uses one element to make Edgewood Town Center a competitive location for drawing in future residents.

Conclusions

The analysis from this section indicates the following elements relative to the analyses conducted:

- **Recent growth does not exceed available building capacity.** Over the short term, available capacity in the Town Center and Mixed Use Residential areas retain capacity to support future growth. Based on earlier calculations from the 2014 Buildable Lands Report and the 2015 Comprehensive Plan, the development capacity available in the Town Center has not exceeded identified capacity for housing growth. Note, however, that this may be due to the presence of large vacant parcels available in the TC district; development in the MUR district has been minimal, likely due in part to existing development in that area.
- **Flexibility with the zoning code can help to facilitate new development.** The recommendations provided in this section highlight potential options to make the zoning code in Edgewood flexible and able to accommodate a wider range of possible uses. Incorporating a flexible use list and providing live-work units and spaces for craft production in particular can encourage smaller businesses to locate and grow within Edgewood.
- **Branding efforts can be worthwhile if there is a clear understanding of the risks involved.** Incorporating branding into marketing and outreach efforts for the City can be a strong way to provide an overall theme to efforts to market the city to visitors, tourists, and potential new residents. These efforts should work to build on local resources in a unique and interesting way, and should be part of a community-led, bottom-up process if possible. Good planning for these efforts is essential, especially as there is the potential for failure if there is little buy-in or if the proposed brand is not a good fit.
- **The distribution of property sizes and value suggests that smaller properties with improvements may be a challenge for coordinating development along the corridor.** For the Town Center and especially the Mixed Use Residential districts, existing development on smaller parcels may pose an obstacle to development, especially in the short term when many of these properties are still in productive use. Efforts by the City to coordinate development opportunities between landowners may help to facilitate new projects in these areas over time.
- **Pro forma analyses highlight that development of residential/commercial mixed-use is a challenging proposition in the short term.** Regardless of format, mixed-use development results in lower risk-adjusted returns. For horizontal mixed-use, the footprint of single-story retail commercial space replaces multi-story residential buildings on a site, resulting in a decline in returns. Accommodating office and retail into vertical mixed-use projects will also reduce project returns because of high local vacancy rates and capitalization rates.

Recommendations for Action

Overview of Findings

Through plans and policies developed since incorporation, The City of Edgewood is working to develop a strong and resilient downtown at the Town Center, supported by a corridor of commercial development along Meridian Ave E. One of the primary challenges to this effort is that the community is strongly oriented to commuters that primarily access destinations by car, and the broader area contains several regional and super-regional centers that provide opportunities for regular shopping. While Meridian Ave E does provide some regional connectivity, these other centers are positioned to take advantage of a broader market area for growth.

Local conditions in the retail and office real estate markets also signal challenges with realizing this vision, at least according to short-term trends. Limited rates of retail commercial development over the past decade and high vacancy rates along the Meridian Ave E corridor suggest significant competition with the regional market. Future opportunities may need to take advantage of a different community-based model to achieve a healthy mixed-use commercial center.

To this end, one long-term strategy to guiding the Town Center would involve bringing a critical mass of potential customers for the desired mix of retail uses for a commercial node. Linking the Town Center with surrounding neighborhoods and encouraging higher-density residential growth would be effective in drawing in local patrons to the types of businesses typical of a mixed-use center. This would present an alternative vision that would distinguish Edgewood Town Center from other commercial nodes, and draw in surrounding residents to local businesses.

A final note: as of the development of this report, the full effects of the COVID-19 epidemic on regional and local economies are unclear. The short- and mid-term economic impacts will be very significant in a region strongly dependent on international trade, and local retail and service businesses will be challenged. Because of this, it is essential that Edgewood develop a consistent and realistic strategy to managing new commercial development during this recovery. Providing clear direction by shifting strategies away from competition with regional retail centers and towards needs for local business will be essential in developing a healthy and sustainable Town Center into the future.

Recommendations

The recommendations from this report are in three categories:

- Advice to Council regarding the interim zoning ordinance as it applies to the Town Center and Mixed Use Residential zones.
- Recommendations on strategies to promote the development of downtown Edgewood along the Meridian Ave E corridor as a mixed-use center.
- Specific strategic recommendations for the TC and MUR zones to promote long-term development of a mix of uses.

Interim Zoning Ordinance

From the information described in this report, **we recommend that the interim zoning ordinance be lifted, with no need for immediate changes** to address the lack of commercial space in new multifamily residential projects. The rationale for this includes the following considerations:

- **High commercial vacancy rates.** There have been high vacancy rates in the local commercial real estate market, which suggest that the addition of more commercial space in mixed-use projects is not immediately required. There may also be challenges to fill these spaces with tenants once developed
- **Lower feasibility of mixed-use projects.** Given high vacancy rates and concerns about demand, commercial spaces in mixed-use projects will typically reduce net revenue from a project when compared to projects that include only residential uses.
- **Lower rates of commercial development.** Generally, the Meridian Ave E corridor has not experienced significant commercial growth over the past several years, with only about 13,000 sf of combined commercial space developed since 2010. Requirements to include considerations for commercial development into new projects will increase

the costs of these projects and reduce the amount of development, while doing little to achieve the goals of plans for the Town Center and Meridian Ave E corridor.

- **Challenges with mixed-use formats in an auto-dependent corridor.** Commercial spaces incorporated into mixed-use projects along Meridian Ave E will be largely dependent on traffic along this corridor for business. Present multimodal connections for pedestrians and other users are not sufficient to link Edgewood and Milton residents with businesses in a walkable, mixed-use format. However, effective integrating auto-dependent uses into the design of a walkable neighborhood is a challenge, especially with individual residential/mixed-use projects.

Overall, encouraging multifamily development in the study area can help to support the development of a mixed-use center in three ways:

- **Supporting downtown improvements.** Many of the improvements to support a complete downtown community, such as pedestrian infrastructure, a parallel street network, and high-quality public spaces, can be built as part of these projects.
- **Building local demand.** More residents in multifamily developments will be able to access local retail and services in the mixed-use center and provide a stronger customer base for local businesses.
- **Encouraging desired commercial formats.** The discontinuous commercial spaces included in mixed-use projects are not guaranteed to contribute to active street frontage, especially if these spaces are not supported by the local market and would be challenging to lease at this time. Encouraging development after local demand is established can build on a larger customer base and support more desirable commercial development for a mixed-use center.

Recommendations for TC/MUR zones

Finally, there are recommendations that can be applicable specifically to requirements in the TC and MUR zones to encourage desirable commercial development that will help achieve long-term community goals:

- **Encourage flexibility with commercial uses in the TC and MUR zones.** Expanding the ability for the City to regulate uses through conditional or administrative use permits (potentially paired with design guidelines for these zones) can give the flexibility for a wider range of appropriate businesses to locate in these zones while addressing significant local impacts posed by their activities.
- **Promote live/work options for local home businesses.** Flexible spaces for small businesses, including typical home-based businesses and start-up business, can be an effective strategy to promote local economic development opportunities. Live/work units

can also encourage additional business activity in locations that may have a largely residential focus to development over the short term.

- **Permit local craft manufacturing.** One potential way to encourage new business types in the TC and MUR zones would be to permit small-scale craft manufacturing with a retail component. These activities can include food and beverage production, such as breweries, distilleries, and bakeries, as well as other artisan-style manufacturing with limited off-site impacts such as woodworking, glassblowing, or furniture-making, with limited scale/production capacity. The retail component allows these uses to support an active street frontage and build a connection with the surrounding community.
- **Exclude self-storage facilities from MUR zones.** Although general demand for self-storage facilities has been increasing, these uses provide minimal street frontage activity, employ relatively few workers, and result in lower increases in improvement value and property taxes than other potential commercial uses. These uses should be excluded from the MUR areas where they are currently allowed, and encouraged to locate in commercial and industrial areas located away from the Meridian Ave E corridor.
- **Remove setback requirements for multifamily residential projects.** Setback requirements in the current Edgewood Municipal Code for residential single-use projects in the TC zone have not been successful in preserving these spaces for future development. In cases where they may be applied, the requirements also allow for site designs that can spread out commercial uses, and even encourage discontinuous commercial development that may not support a walkable mixed-use center. These requirements should be removed.
- **Reorganize requirements for FAR bonusing in the Code.** Current Edgewood land use regulations provide additional FAR for optional features, as defined in EMC 18.80.080D, Table 3. Removing unnecessary items in this list of features and providing a greater focus on those project additions linked with the physical concept of the corridor can help to implement the current plans for green space and transportation infrastructure for the Town Center and Meridian Ave E corridor.

Additional Strategies

In addition to specific recommendations, there are several general strategies that can support the growth of mixed-use commercial development in the study area:

- **Promote a long-term planning perspective that involves short-term residential development and multimodal improvements.** As noted with the recommendations about the interim development ordinance, more intensive residential development along the Meridian Ave E corridor can help to support greater local demand for these services into the future. This can also be promoted with a walkable/accessible urban environment

(e.g., sidewalks, parallel streets, accommodations for bicycles, etc.) in the TC and MUR areas according to existing plans.

- **Provide for joint long-term planning with the City of Milton.** One challenge with ongoing planning for the Meridian Ave E corridor has been the split in jurisdiction between the Cities of Edgewood and Milton. Collaborating with Milton on ongoing efforts to build the overall corridor as a distinct destination and coordinating land use planning and branding for the area could help to support sustainable long-term growth for both cities.
- **Explore options for collaboration with larger developers.** Achieving high-quality multifamily residential, commercial, and mixed-use development can be assisted by larger developers, especially those that have had experience with integrated mixed-use projects and larger, coordinated developments.
- **Maintain efforts to coordinate collaboration between landowners regarding future development opportunities.** Future development that realizes the vision for a mixed-use center, especially in the Mixed Use Center zoning district, will depend on projects on smaller parcels with existing improvements. Coordinating between these landowners to encourage infill and larger redevelopment projects across multiple parcels can help to realize the vision for these areas, especially after larger developable parcels are expended. The activities of the Economic Development Advisory Board in this area should continue, supported by other long-term strategic planning for this area.
- **Identify opportunities for local business collaboration and branding.** Supporting local economic growth will require ongoing efforts in business recruitment and retention. Beyond these efforts, however, the City should work to highlight clusters of existing businesses and promote new businesses that can help distinguish the character of the area. Themes such as the ethnic Russian character of the area can be included as an ongoing element of branding efforts to highlight downtown Edgewood.
- **Support long-term transit improvements.** Providing for more intensive and walkable residential development along Meridian Ave E and encouraging sustainable transportation solutions may require additional transit capacity, with stops linked to future development projects in the Town Center zone. This should involve consultations with Pierce Transit to Route 501 (Milton-Federal Way) and 402 (Meridian) to increase capacity, and integration of current and planned transit stops with plans for new development. This can also encourage more development to be allocated to the Meridian Corridor.

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