Redeveloping Central Issaquah

Building Blocks for Sustainable Communities
Technical Assistance

Prepared for the City of Issaquah based on Technical Assistance provided by Forterra on March 7th, 2013, funded by the U.S. Environmental Protection Agency’s Building Blocks for Sustainable Communities Program
INTRODUCTION

The City of Issaquah received technical assistance from Forterra as part of the Environmental Protection Agency’s Building Blocks for Sustainable Communities Program, to engage regional developers around redevelopment of its commercial core. To accomplish this, Forterra brought together key regional developers and City staff and facilitated a focus group to explore the issues, barriers, and opportunities around redeveloping Central Issaquah from a primarily suburban built environment with parking lots accounting for more than 75% of its developable area, into a walkable, urban core. Focus group information and discussion outcomes are presented below, and all focus group comments are included as originally recorded.

Participants in the focus group included Forterra staff as facilitators, City of Issaquah staff, and regional developers.

Forterra: Jeff Aken, Nick Cilluffo, Chris Hoffer (US Department of Housing and Urban Development)

City of Issaquah: Trish Heinonen, David Fujimoto, Dave Favour, Lucy Sloman, Keith Niven, Andrea Lehner, Christen Leeson, Brad Liljequist

Developers: Ron Sher (Metrovation), Dan Foster (Orion Commercial Partners), AP Hurd (Touchstone), Hal Ferris (Spectrum Development Solutions), Gary Young (Polygon Northwest), Irma Dore (Axis Planning & Development)

FOCUS GROUP SUMMARY

The Eastside Developers Focus Group was held on March 7, 2013 at Issaquah City Hall. In addition to regional real estate professionals with experience in commercial and residential development, participants included City staff from Development Services, Office of Sustainability, and Economic Development. Following an introduction and overview of the Central Issaquah Plan (the redevelopment plan for the City’s commercial core) and the implementing Development and Design Standards, staff from Forterra facilitated dialogue around several key issues: community and open spaces; financing; housing; and sustainability.

The overall focus of the discussion was on strategies for transitioning Issaquah from a suburban to “small-scale urban” community. Overall, participants praised the city for their proactive and collaborative approach, and saw promise for Central Issaquah based on its existing strengths and community assets. Participants were also eager to share their support for the Central Issaquah Plan. Key takeaways from the focus group include the need to: identify and focus growth in key community locations; choose one thing and do it well; lead capital improvements with public investment; and reward initial development with flexibility.
Community and Open Spaces
One of the fundamental elements in the recently adopted Central Issaquah Plan is a “Green Necklace” of parks, tree-lined streets, and other shared spaces that balances the increased urban character of redevelopment. Participants all agreed that these amenities were important but felt that the costs to developers related to this, especially when combined with other impact fees, would drive developers to build elsewhere. In exploring solutions, the focus group discussed the need to identify, improve, and connect existing community assets like Tibbetts Valley Park, Lake Sammamish State Park, the transit center, library, and farmers’ market. This was seen as a way to maximize limited resources by improving those destinations that, with a small amount of investment or modest improvements, could become vibrant community spaces throughout Central Issaquah.

As part of this cost-conscious, “open space improvement” mindset, participants recommended investing in activities and programming to increase the use of existing community assets, as well as allowing flexibility for creative solutions in meeting the goals of the Green Necklace. For example, converting a parking lot into a basketball court may be a short-term, lower cost alternative to financing a brand new park while maintaining future potential for park development. This approach would achieve the goal of providing vibrant community spaces incrementally when financing becomes available.

Similarly, developers were enthusiastic about opportunities to focus on existing amenities by investing in walking and bicycling to enhance connectivity, particularly given the growing popularity of regional bicycling, evidenced by the launch of Puget Sound Bike Share (http://pugetsound bikeshare.org/). Issaquah is also in a unique position to capitalize on nearby amenities by creating connectivity through Central Issaquah to key destinations such as parks, the transit center, the library, the farmer’s market and the East Lake Sammamish Trail. The group was enthusiastic about the upcoming pedestrian and bike master plan, with some interested in becoming involved through an external stakeholders group.

Financing
The City of Issaquah was particularly interested in hearing new perspectives on how to finance the Green Necklace and other capital improvements envisioned by the Central Issaquah Plan. Although the developers appreciated this long-range planning for redevelopment, they were concerned that the aggregate costs of development (impact fees, permit fees, community space requirements or in-lieu fees, and bonus density costs) could prevent initial investment. One model discussed was the redevelopment of the nearby BelRed Corridor, where public funds were invested in a core area that catalyzed and benefited new development. Developers were pleased with the proposed approach for housing in the Urban Core. An expanded approach could also provide benefits for mixed use projects outside the Urban Core. In general, developers preferred a “reward the pioneer” approach that reduces upfront costs and increases public investment to jumpstart development.

Downtown Bellevue Park was mentioned as an example to consider, where incremental public investment was the catalyst for future higher-density development in South Bellevue. Another example is the streetscape improvements made by the City of Mercer Island (funded in part by a federal grant) to catalyze development in its nascent Town Center. Participants noted that many of the improvements to streets and parks benefit all residents of Issaquah, current and future, so the costs for these livability improvements should not be shouldered by new development alone. As a result, participants favored more incremental development expectations and increased public
funding, maximized by investing in a core location and by making improvements to existing amenities.

Parking was also discussed, with concerns about underground parking requirements given the associated costs of structured parking and the availability of free parking. In particular, developers were concerned that the parking requirements are too high and would lead to less height and less overall density. The BelRed Corridor was again brought up for comparison, where providing more generous surface lot parking helped spur initial development, with the goal of achieving density so that transit could effectively meet the needs of future residents, resulting in incrementally less parking being provided over time. Additional concerns were voiced about requirements for structured parking, in particular, given the high water table.

**Housing**

The Central Issaquah Plan, under a Regional Growth Center scenario, envisions providing more than 7,000 units of housing, relying on multiple incentives, rather than mandates, to ensure residential development. As developers debated the appeal of multifamily housing in Central Issaquah, they listed a variety of benefits to consider marketing: **affordability; connection to Eastside schools and the community without the costs or maintenance of single-family homes; apartment living conducive to young families with children; and a quality of life that is closer to nature with a more “homey” feel.** Capitalizing on affordability and quality of life, particularly in connection to bicycle mobility and a variety of community assets, was seen as a unique strength of Central Issaquah. Proximity to I-90 and job centers was brought up as a short-term selling point, with the belief that “quality of life is the best form of economic development,” and overtime entrepreneurs and new companies would choose to locate to Issaquah.

To attract new development, participants emphasized the importance of having at least one successful development around a community asset, like Tibbetts Valley Park or the transit center, which would signal to other investors that Central Issaquah is a good development choice. Recommendations for attracting residential developers also included an **increase in Floor Area Ratios**, which were seen as a limiter to attaining maximum heights, as well as **setting impact fees per unit rather than per square foot**, which was seen as more conducive to dense, multifamily development with smaller units.

**Sustainability**

A number of policies within the Central Issaquah Plan and other City plans outline potential sustainable building strategies. Although focus group participants agreed that building green was generally better than not, they cautioned against being overly prescriptive. Instead, they emphasized the importance of promoting dense, compact development and alternative transportation to address environmental problems. One solution was to **allow for alternative, private transit service**, which would help meet transportation needs until density levels were high enough to support public transit. A related issue brought up was how to address the higher combined cost of housing and transportation in Issaquah, compared to Seattle or Bellevue, given the potentially greater need for two cars per household.

When asked if there was a strong market for green multifamily homes, developers felt that it remained a niche market, particularly given the low cost of utilities in the Pacific Northwest. More important, they felt, was **flexibility in green building standards**, given that many developers are interested in going green but often unwilling to make expensive investments to meet regulations or seemingly arbitrary green building standards. Developers preferred an approach that rewarded
meeting overall environmental objectives but was less prescriptive and that made room for flexible and creative solutions.

RECOMMENDATIONS

In sum, the developers in the focus group had positive reactions to the effort of the City and the intent of the Central Issaquah Plan. The lively conversation resulted in numerous suggestions and constructive feedback that will be helpful for City staff as they make final edits to the Development and Design Standards and, in time, begin implementation of the Central Issaquah Plan.

Important considerations to keep in mind going forward, based on key themes that emerged during the focus group, include:

- **Identify and focus growth in key community locations.** To catalyze development, certain high priority areas should be designated within the larger redevelopment area, based on access to existing community resources, like parks, the transit center, the library and the farmers’ market. This will allow for future development to leverage existing investments and spread organically throughout Central Issaquah.

- **Choose one thing and do it extremely well.** By focusing on key elements, whether a certain location or specific theme, the Development and Design Standards can work to ensure that Issaquah retains its unique identity as it redevelops over time.

- **Lead capital improvements with public investment.** Many capital improvements not only benefit all Issaquah residents, but they also improve quality of life, contribute to the unique identity of the City as a great place to raise a family, and help spur initial development. Public investment priorities should be access to open spaces and the outdoors, including opportunities to enhance connectivity via biking and walking.

- **Reward initial development with flexibility.** Overall, the common theme of the discussion was the need for flexibility, which will attract developers and result in projects that achieve the long-term vision of the subarea. In each of the discussion areas, the group encouraged the City to focus on achieving desired outcomes, and was pleased to know that administrative flexibility is embedded throughout the Development and Design Standards. Having this flexibility in the early stages of redevelopment will result in incremental improvements that ultimately achieve the vision of Central Issaquah being a small-scale urban environment with a mix of uses and diverse residential population.
AGENDA

Meeting: Eastside Developers Focus Group
Date: March 7th, 2013
Time: 11:30-1:30pm
Location: Eagle Room, Issaquah City Hall, 130 E. Sunset Way

Central Issaquah Plan (CIP) Development and Design Standards

1. Introductions

2. Overview of Central Issaquah Development/Design Standards

3. Questions
   a. What development/design codes can spur the transition from suburban to walkable urban?
      i. Acquiring Community/Open Space
      ii. Financings capital facilities through growth and development
      iii. Getting housing in the urban core
      iv. Sustainability
      v. Transition from suburban to small scale urban

4. Final Thoughts on these questions

5. Conclusion & next steps
FOCUS GROUP COMMENTS (as originally recorded)

Attendees
Forterra: Jeff Aken, Nick Cilluffo, Chris Hoffer
City of Issaquah: Trish Heinonen, David Fujimoto, Dave Favour, Lucy Sloman, Keith Niven, Andrea Lehner, Christen Leeson, Brad Liljequist
Developers: Ron Sher (Metrovation), Dan Foster (Orion Commercial Partners), AP Hurd (Touchstone), Hal Ferris (Spectrum Development Solutions), Gary Young (Polygon Northwest), Irma Dore (Axis Planning & Development)

Topic #1: Community and Open Spaces
AP: Is the green space along roads? Removed?
Trish: Some street trees, but also green space on property, at building entrances, or neighborhood parks if large enough parcel. Marked locations (on Community Space map) are in need of neighborhood park (in return for floor square footage)
Hal: Asking new developers to carry heavy load (transportation, other impact fees). Good plan, but can’t carry this load. Other cities don’t have as many impact fees. Land here also difficult because water table and other factors. Can’t see this working, too many things piling on top of each other. Lots of white space in the map area, green is around it. Need to create a core – use public money to get this going, then build organically from core.
Ron: Hal right on. Can work later on with critical mass, but you got to get them started. Create at least initially some kind of seed for a particular area, or way to get development going. Then fill requirements later on, but got to get that momentum. Number one and number 2, money for parks and infrastructure, and then money for things right outside, and frontage. Maybe better to look at these together not separate; aggregate load that goes with piece of property and city has degree of flexibility for allocating.
Gary: Reality of development today, equity required is moving closer to 40%. First things to come up: feasibility. To extent that costs load on, project doesn’t start. Tendency for density; want to go up but then have to go down in height because need for parking; need parking and cars to get somewhere and bike distance is too far, everywhere in Northwest. Summarize: density-side, not going to work because lower prices elsewhere. Density benefits available but won’t get utilized (though day will come). More desirable areas to start, City needs to be flexible. Ron’s example with Crossroads. Progression over 20 year period, with add-ons. Start with lower expectation, provide opportunity to save land, and then address incrementally as development comes.
Ron: So many costs on front end because planning for 20-30 year. Wonderful, but be wary of getting islands of developed land surrounded by no sidewalks.
AP: Concur, need to be flexible. Think of prescriptions and think of things that aren’t needed. Example of underground parking – expensive, so instead, just ease up on requirements. 146 million parks levy in Seattle results in open, sterile, play structure all the same. Instead what are other ideas of what you want for parks? Opportunities for places where don’t have to do much, like basketball court in parking lot. Not standards-based, so tricky. When putting in restrictions, do they really need to be there?
AP: Why parking minimums?
City staff: With Rowley, had no minimum, community became unglued. Minimum was a response to requests from council and community. Public needs to see responsible growth. Have concern over spillover parking.

Hal: Parking concerns. Don’t pay in Issaquah and underground is expensive. Calculate FAR, does parking above grade count against? Issaquah is long way from underground parking. With BelRed update, concept for parking is using demand of what people know today (2/1000 is low). Vision is transit-served. Build parking and have it serve additional growth without using more.

AP: Free street parking makes it worse, would be impossible to make money in underground garages.

AP: Also, desire for more MF development – but why does someone come to live in an apt in Issaquah?

Others: Affordability. Connection to Eastside community (schools, shopping, people like the composition, but can’t afford single lot or don’t want maintenance). Also service job employees. Great mobility access along I-90.

Hal: Also good schools here. Lived in apt above fish hatchery. Walkable, grocery store. Access to outdoors. Issaquah has its own character. Feels more homey.


Keith: Heaping on of impact fees, buying for density. Certain amount in city pro forma. We heard you guys say maybe step it down. So what are your ideas? What can we mull around?

Ron: Think of it as certain amount of money that can be spent overall, whether by city or developer. What is best way for city, for that money to be spent – build parking? Build sidewalks? Not ‘our money or developers money’ – how do you spend money together. If making unnecessary improvements, then throwing money away.

**Topic #2: Financing through growth and development**

Hal: Green necklace serving more than just residents. How does this vision get started? With BelRed, Planning Commission was to put money into public benefit (pick a place for core to get started; acquire land and build). Put money into core, pick a spot. Build on something already have. Library? Farmers market? Issaquah has these. Something unique/different and where to put that. Leverage off of that. Tibbetts Valley Park not inviting, but maybe it could be. Pick a spot, make it your heart. Same with Yesler Terrace, put your heart there and grow out; use community to decide. Can’t do TIF, VCF.

Dan: Points being made are that you need a unique feature. Don’t compete. Looking for catalyst here. How to tap parks to create unique sense of place, create spark for new development. 80-acre master plan in middle of 3000 acre plan. Gotta watch soft cost ratio. For example, in California, high tolerance to pay fees, but unsuccessful project had huge impact fees, 50% of project costs – no one interested in investing capital.

Ron: If you could do TIF... Are doing property tax stream later that weren’t frontended but could have been frontended if had TIF. Add tax revenue that’s coming from properties.

Dan: Not a community concern. Engage people from different communities. Ball parks. Right about necklace plan.

AP: Mom of 5yr old. Apartments, won’t let kid go out. If value proposition is great place to raise family, then how to do multifamily? Require backyards?
Keith: But that’s dipping into same pot – if building courtyard, plus impact fees, that would be too much.

AP: Provide flexibility. Put perimeter block and not require parking, then becomes competitive form.

Dave: Administrative flexibility is embedded throughout the Development and Design Standards. Most standards can be adjusted by staff if the proposal is consistent with the vision and intents.

Keith: Not sure buy it. But, essentially going with form based codes, so could work.

Hal: In Issaquah, they’re looking at multifamily with much higher density than perimeter housing could provide.

Lucy: Maybe perimeter blocks as good transition. But on perimeter, may not be close enough to transit.

**Topic #3: Housing**


Dan: Took bus route 218 straight to Pioneer Square. So direct. Work with transit agencies to enhance access, gets people to their jobs and then back to family. Promote development around transit nodes, speed up development. Where, how to attract brains.

Irma: Or have job within walking distance.

Keith: Safe haven for Seattle workers? Bus routes 554 to 218. Being able to get downtown without driving in traffic, in 20 minutes, is a jewel. Different from end game – so maybe this is an existing strength. Like progressive, techy companies create vibrancy. Like South Lake Union.

AP: These people are part of 2 working families, not convenient for both. Smaller cities lack critical mass of employment and can’t attract these people. Centrality is important for people’s decisions.

Lucy: Moved away from hub model for growth and now network. Issaquah is not yet one of those nodes.

Jeff: Consider mountain biking, etc., and quality of life.

Ron: Quality of life is best form of economic development. I see bicycling growing tremendously, it’s transformative. Now seeing regional bike routes. Should tie this in and focus on bicycles.

Hal: Puget Sound Bike Share coming. Issaquah is bike friendly compared to Seattle, Bellevue. This will help with long-term core.

Hal: Back to FAR. Build at those heights; typically come in at 4 at a 65 foot. 4.1 FAR, 85 get to 4.75. Your max reduces capacity by half, would otherwise be built to those heights. Under parking, FAR are too low. BelRed Plan started at .5 FAR (existing); first pass was 2. Got back that FAR was too low.

AP: Residential with a little more glazing. Later, could convert to commercial. Flexibility.

Lucy: Have built for commercial, but actually residential. Does encourage entrepreneurial activities.

Lucy: Regarding FARs being too low: can go to height, then pay fee. Is there a difference between upfront costs and paying for extra height?

Hal: It’s all together, cost is cost. Podium with levels on top, that is a loser. Have to have four stories, due to immediate cost structure. Combination of all of these lead to...? Waive impact fees for affordable housing? Why using per unit, and not per square foot? That burdens smaller units. On Eastside that approach is embedded, based on single family
home development, doesn’t translate to urban. Finance world changed from where it was at.

Gary: Why mess with height if never going down because water table? Some land owners not invested. Bellevue, takes time. So many assets (library, transit center; income level stratification). Keep flexible, where it makes the most sense. Makes sense to reward pioneer; reduce upfront costs.

Brad: Hearing we need some catalysts. Ron talking about ped/bike. We’re working on bike-ped this year. Plaza the better model? Or prime pump between features? We have library and transit center and amazing state park. So should we, given limited money, put resources into mobility (linear green necklace) or invest in a single place?

AP: Idea of plaza less compelling. Like Ron’s idea of bicycle connectivity is good. Pick something a bit different and do it. Look through ULI or APA and plaza is a ‘me too’ strategy. If you already have catalyst sites, then do bike mobility. All these people excited to live in Northwest, that could be great story.

Irma: Able to hit multiple spots, keep spending local.

Ron: Agree with that, but how can you make biggest difference? For example, maybe you have a park but it’s not quite there. Need something like a capital improvement plan that answers how to maximize investment and create additional community from existing resources that aren’t quite there (maybe 90%).

AP: Are the assets too spread out?

Ron: Right, need to be able to get from here to ‘there.’ Might be place in between two ‘theres’.

Dan: Yes, need to say “this is better than...” Focus on Tibbetts, because close to transit and shopping needs. Vehicle access. Economic growth with bicycle. Developers want to hear a success, other than a Rowley (necklace) or invest in a single place.

Ron: So much about changing habit. If everyone knows about an event and work to promote, can change people’s habits on how they use assets. Activities, interactions.

**Topic #4: Sustainability**

Brad: Very green, dozen LEED projects, highest number of built green homes. City provides free consultation to projects, information and education. Building permit expedient. Actively broker financial incentives. What’s current state of affairs? What helps you as developers?

AP: Really important with high density, not too focused on low impact development standards for site. These are very cost-prohibitive in compact areas, yet concentrating growth in compact areas achieves same goals even if not using low impact development. In this region, 60-70% of carbon emissions are to/from buildings. Anything to reduce car trips makes bigger win than energy efficiency, green building.

Gary: Agree. Kirkland P&R, a little broad. Had to jump around between what to follow because mixed use. Looked at 16 different alternatives! Then Metro said this is good as it gets, needs to be an example and add lots else on. Not pass buck, but it is a cost issue. As you go through list, project can stop.

Dan: Stick with easy stuff.

AP: When neighborhoods transitioning, difficulty with transit. Alternative transit service – maybe allow route taxi? Allow employers, create legal framework for those things to be allowed to happen. Could be a big environmental win and reduce parking requirements, which maybe helps with permeable surfaces. Creates opportunities for market to come in and not force developer to do something.
Brad: Pure incentives, what is most helpful?
Keith: Is there an ROI to pass along green building to tenant? Can developer get something back for green investment by marketing to the green market? If you incorporate energy efficiency and market utilities, can you up the rent based on this? Or are people not interested?
AP: Utilities here are so cheap, it doesn’t make a difference.
Gary: Offering in single family housing. Environmental advantage of city. To date, homebuyers looking to save money, not the environment. Find other ways to get things done. Someone going to pay more rent? That’s a small segment. Like cottage home, they have to be willing to pay a premium.
AP: We develop commercial but not so different. Energy is only $2 out of $33 per sq foot. That is small. But if rents are cheaper and a family can get by with one car in Issaquah, that’s huge. Need to sell the economics of living in Issaquah.
Ron: Would all like to build green, rather than not, but getting to the next level or standard sometimes becomes ridiculous. Rather than huge investment to get one point for the standards, maybe developer would rather just give to parks fund!

**Takeaways**
Ron: Like the attitude of City staff. Asking the right questions, have been listening.
Dan: Encouraged by focus group. Been around Central Issaquah Plan. Didn’t see this as much in Redmond, Sammamish. Leverage gateway location to suburbs.
AP: Same. Parting thoughts: you’re doing a good job figuring out strengths. Let people know strengths and be open to ideas, even if not in plan – be willing to give exceptions to find creative solutions. String up lights, paint the street, build structure – all those things that give interest are probably against the rules somewhere. “We’re excited to do cool stuff.”
Gary: Very progressive city. Pleased to be a part what’s involved. Issaquah is unique. Flexibility everything, keeping options open. Save “dry powder” and set aside money for when right opportunity comes along. But going to connectivity vs plaza, focus on Tibbetts and Transit Center. See plans as nodes, little neighborhoods within plan. Different with BelRed Corridor, which is a dream, unfolding over twenty years, between two major employment centers. BelRed with transit makes it happen. Here, have series of neighborhoods and increase connectivity.
Irma: Process, continue with collaboration. Explore out of the box ideas. Keep those in mind, flexibility is key.
All: Willing to show support, send email, etc.
FLIP CHART NOTES

Acq. Comm. Parking?
- 1. FAR levels too low.
- 2. Free street parking makes garage parking less profitable.
- 3. Think re: res. forms that are accommodating to families, i.e., perimeter block housing - more away from just MF.
- 4. To get cs/los - figure out the best way to spend City lvpr. $ together. Look at it as our $.

Acq. Comm. Space
- 4. Get some things lower expedient issues
- 5. Density want to go up but then must go down to get parking = too costly. Trade off/benefit must be used.
- 6. Be FLEXIBLE, i.e. Don’t put in parking minimums. Figure out another way to get parking (share).
- 7. Parts opportunities where we don’t have to do much now.

Acq. Comm. Open Space
- 1. Lots of imp fees other cities don’t have. Results in project that won’t work.
- 2. Where would you want it to start?
- 3. Might work later on once you get critical masses. Need to plan seed.
**HOUSING**

1. Work w/ transit agencies for best access. Enhance transit notes.
2. Get housing close to amenities/necessities
3. Safe haven for residents/work force
4. Market quality of life
5. Focus on bikes/bike share.

6. FAR too low and reducing. Down by half. (Height high/FAR low).
7. Mixed use is tough now. R & D priority is to make successful retail. Allow more flex on 1st floor.
8. Which areas are transit areas for walk?
9. Power project opportunities?

*Connectivity is key when there already are lots of cool things. Pick something special and make it exceptional (i.e. bike mobility).*

*What do you already have that can take just little resources to put it over the top.*

*Need to have the “it” that is great & serves as main direction.*

*allow creativity & flexibility w/ sight on common thread/goal.*
Sustainability

- LID is not well suited for dense development.
- Car trips are main source of carbon emissions.
- Added costs are project stoppers.
- Turn focus to larger picture, and not just the building.
- Alt. transit provided by city?

ROI based on green features being marketed & paid for by tenants?
⇒ times buyers looking to save & boost by way of green components

⇒ Mobility is significant source for savings & sustainability.
⇒ Margins are much greater than implementing green building req’s

Bike Plan!!

- Ongoing discussions
⇒
- Leveraging gateway location
- IP strengths & communicate them.
- Ensuring flexibility that allow uniqueness in projects
- Preserve & for ultimate opportunity
- Take advantage of existing strengths