



City of Tacoma
Planning and Development Services

**Agenda Item
D-3**

To: Planning Commission
From: Brian Boudet, Manager, Planning Services Division
Subject: **Mixed-Use Centers Zoning Code Update**
Date of Meeting: January 22, 2014
Date of Memo: January 16, 2014

At the next meeting on January 22nd, the Planning Commission will continue its discussion regarding the Mixed-Use Centers Zoning Code Update (Annual Amendment Application #2014-04). This project is designed to evaluate the existing regulatory standards applicable within the centers and identify potential barriers to achieving the desired development.

As staff discussed at the last meeting, the City has retained the services of BLRB Architects to assist in the analysis, stakeholder engagement, and drafting of recommendations. Attached is a preliminary draft report from BLRB, which includes an overview of the process and stakeholder engagement, key issues identified, and some potential options for changes to the Mixed-Use Centers code requirements that could be considered. At the meeting staff will review the draft document with the Commission and facilitate a discussion about the preliminary findings and potential code changes.

If you have any questions, please contact me at 573-2389 or bboudet@cityoftacoma.org.

c: Peter Huffman, Director

PURPOSE

Mixed-Use Centers were created in the mid-1990's to accommodate expected future growth. They were designed to promote principles of urban design which attract people to live and work in functional, vibrant, sustainable "urban villages" better utilizing our transportation and utility infrastructure and easing development pressure on our region's growth boundary.

In the two decades since their creation there has been relatively little development. It was expected that these revised regulations would generate interest from the development community but the results have failed to meet expectations.

The goal of this report is to identify city policies or regulations that may be impeding desired development activity and to suggest alternatives that may be pursued which strengthen the community vision and reinforce core principles.

EVALUATION PROCESS

This *Mixed-Use Centers Zoning Code Update* project is designed to evaluate the existing regulatory standards applicable within the neighborhood centers and identify potential barriers to achieving the desired results.

The planning department initiated this process by identifying one potential development site in three separated neighborhood mixed-use centers. Each site is located on the center's *designated core pedestrian street* near the primary intersection. A prototype building design was created for evaluation on the three individual sites. Details on the prototype and sites can be found in Appendix A. The first review phase was completed by city staff (see Appendix B) and included a matrix that referenced applicable land-use code section requirements to each of the three sites, significant observations, and an environmental services pre-submittal checklist.

The second phase of the work was completed BLRB Architects. The goal of this phase was to identify the obstacles that would be encountered in a typical private development process. Our team approached this project as we would for a private developer. We researched the municipal land-use code and regulations that include occupancy/use, envelope standards, height bonuses, yard space, landscape buffering, zone transition, off-street parking, façade articulation, upper story step-backs, mass reduction, roofline standards, windows/openings/transparency requirements, façade surface standards, pedestrian standards, fencing/screening standards, utilities, traffic, and storm water requirements.

A pre-development meeting was held with city staff to present our code review data. City staff included experts from planning, environmental services, traffic, fire, and engineering. We verified our assumptions, listened to feedback from the staff, and identified additional constraints, requirements, and city processes that are not described in the code. Each department expressed clear goals for how new development could interface with city infrastructure for optimum results.

We concluded our research with a workshop where the study team and city staff interviewed a group of local developers. The goal of the meeting was to identify the real and perceived obstacles that hinder development in Tacoma. We solicited their input and listened to their values, concerns, and ideas for potential solutions. Details of this meeting are found in Appendix D.

DRAFT

PROTOTYPE BUILDING

At the heart of a vibrant, functional, and sustainable urban neighborhood is a successful mix of choices for housing, shopping, services, employment, mass transit, biking, walking, and various public amenities for gathering and playing.

The basis of our evaluation is a 100' x 100' prototype building provided by the city. The building's relatively narrow width combined with high density makes it a beneficial infill project for any of the various mixed use centers.

The building program includes the following:

- Retail - at the street level; type 1A construction
- Live-Work - alternate in place of retail/office; type 1A construction
- Office – at the second level; type 5A construction
- Dwelling Units - 8 units per floor for 3-4 floors; type 5A construction
- Penthouse Units - 4 top floor units with mezzanine and private deck; type 5A construction
- Parking – at grade, below grade or above street level
- Access - parking access off the rear alley; pedestrian access from the main street
- Circulation - two exit stairs; one elevator
- Entry – minimal lobby
- Other - utilities, garbage and mechanical equipment as needed
- Yard Space - decks as required

Modifications to the prototype were required to align the design with site constraints and industry standards. Changes made included adapting the prototype to a flat site, adding a refuse/recycling area near the alley, and revising parking circulation. The building footprint was also necessary for each site to match the prototype to the lot depth (see appendix C for each revised prototype).

SITE ANALYSIS

Proctor Mixed-Use Center

- 100' wide x 122' deep
- NCX zone; adjacent to RCX zone on the east
- Corner lot at the intersection of North 26th & Adams Street
- One block east of the primary intersection at 26th & Proctor
- North 26th street is a designated core pedestrian street
- Adjacent to existing one story retail on the west
- Across the street from Washington Elementary School to the east
- Alley access on the north – 16' wide right of way
- Pedestrian access on the south from N. 26th – 80' wide right of way
- 45' height limit | 65' height limit with bonus

Martin Luther King Jr. Mixed-Use Center

- 100' wide x 130' deep
- NCX zone; adjacent to RCX zone on the east
- Mid block lot between South 14th and 15th streets on Martin Luther King Jr. Way
- Three blocks south of the primary intersection at 11th & Martin Luther King Jr. Way
- Martin Luther King Jr. Way is a designated core pedestrian street
- Adjacent to existing one story single family and multifamily residential
- Across the street from existing underutilized retail
- Alley access on the east – 20' wide right of way
- Pedestrian access on the west from MLK – 80' wide right of way
- 45' height limit | 85' height limit with bonus

56th & South Tacoma Way Jr. Mixed-Use Center

- 100' wide x 110' deep
- NCX zone; adjacent to RCX zone on the _
- Mid block lot between South 52nd and 53rd streets on South Tacoma Way
- Four blocks north of the primary intersection at 56th & South Tacoma Way
- South Tacoma Way is a designated core pedestrian street
- Adjacent to existing one story commercial and surface parking
- Across the street from existing underutilized commercial
- Alley access on the east – 20' wide right of way
- Pedestrian access on the west from South Tacoma Way – 100' wide right of way
- 45' height limit | 85' height limit with bonus

DEVELOPER OUTREACH FEEDBACK

The study team and city staff initiated a workshop meeting with five local developers. Three other developers were interviewed over the phone. The meeting was two-hours long and was structured as an informal discussion. A series of questions were asked, and we recorded their observations and opinions. The information below is a representation of what we heard.

Each development project has unique influences, challenges, and opportunities that shape buildings and their neighborhoods. These influences can be organized into major categories such as market (supply, demand, and median income), lending/finance, and regulations. These factors exist in each market but the magnitude of each attribute varies for each neighborhood, city, and region.

A predominant factor that shapes development in Tacoma is market economics. Tacoma is a blue collar city with industrial roots. Our median income is 26% lower than Seattle, the closest major urban center. Our top-10 employers are the military, public schools and universities, health care, local and state government, and retail stores. Few of our major employers are in high-paying industries, and this limits the maximum rents the market can demand. Market factors are very complex and difficult to change.

Tacoma is also limited because it is a secondary financial market. Low rents result in low yields and increased risk for investors and eliminate Tacoma from the consideration of national banks and institutional real estate investors. Nearly all development that occurs in Tacoma is completed by local developers and financed by local banking. Once local developers build the market and it achieves strong fundamentals, the market has potential to be viable for the institutional market. The key to financial improvement is to collaborate with local developers and help them be successful.

The goal of this study was to uncover regulatory and policy obstacles that hinder development in the neighborhood mixed-use centers. Developer feedback was definitive that city policy and regulations was not the obstacle for development. They

unanimously believed Tacoma market conditions were the obstacle. Larger scale developers did not have difficulty having access to capital, but access to financing was a major issue for the small scale developers.

Developers praised the performance of city staff and policies. There were positive opinions about the current city leadership and economic development activities. The Tacoma Planning and Development Services (PDS) process was universally considered the best in the region. The fire department and Tacoma Public Utilities were the only two city entities that were negatively described. In both cases, developers expressed concerns that these groups made unilateral decisions that sometimes had major negative impacts to budget and schedule. Examples included requirements for major sprinkler upgrades to existing buildings during annual inspections, city installation of water service that was not competitively priced, and requirements to incorporate an oversized above-ground power vault during construction.

Using current market conditions, the developers believed most projects today are not viable, based solely upon on-site development costs. The cost of new development is nearly double the price of an existing structure and it is more viable to renovate existing buildings than to build new. If a new project is viable, the margins are so thin that any amount of off-site project costs can kill the deal.

Their recommendation is to focus on modifying development regulations that are the most likely to: a) improve market economics and financial market obstacles, b) be considerate of the financial challenges confronted by our local developers, minimizing unnecessary on-site and off-site expenses.

FINDINGS & RECOMMENDATIONS

The study process involved rigorous investigation of individual land-use regulatory requirements, and their impacts on the prototype building. The barriers and obstacles encountered, and potential solutions to consider, are described below.

Section 13.06.300.D – Land Use Requirements

Requirement – Multi-family uses are prohibited at street level along core pedestrian streets. An exception allows entrances, lobbies, and common facilities for uses above or behind street level. This exception is limited to 75' or 50% of the façade, whichever is less.

Finding –The retail demand fluctuates with the economy and this requirement may be a barrier to a successful development. The developers identified this requirement as one of the most challenging on-site requirements. Moreover, the vibrancy of urban streets is not dependant on 100% commercial use. Successful neighborhoods are often a messy mix of many uses with high levels of activity.

Recommendation – Create flexibility that allows for adaptability to market fluctuations.

- a. Revise the requirements for street level use on designated core pedestrian streets to include work/live space.
- b. Shorten the length of designated core pedestrian streets around the primary intersections. This will create more compact and active retail cores and enable developers to meet market demands for space. This revision must include revising the parking requirement exemption to be tied to designated pedestrian streets rather than designated *core* pedestrian streets

Section 13.06.300.E2 – X-District Height Bonuses

Requirement – The design prototype requires use of the both the 20' level one and the 20' level two height bonuses.

Finding – All three project sites qualified for the 5' bonus for ground floor retail or restaurant, and the 10' bonus for 50% project area dedicated to residential use. Two sites qualified for the 10' bonus for 50% structured parking. South Tacoma Way did not qualify for this bonus due to the shallow (110') site depth and would need to purchase an additional 5' through incorporation of one of the other bonus features. There are 18 options for level one bonus features that provide public benefit and the potential for excellent projects.

The only option for the level two height bonus is the purchasing of transfer development rights (TDRs).

FINDINGS & RECOMMENDATIONS

Section 13.06.300.E2 – X-District Height Bonuses (continued)

Recommendation –

a. Expand the ground floor retail or restaurant bonus feature to include work-live as an available option. Work-live is defined exactly the same as live-work with the exception that it is within a B or M occupancy (rather than R-2) with a maximum workspace of 50% of the available area. Work-live provides the option for retail fronts with apartments in the back. Work-live has not been adopted by the building department yet.

Section 13.06.300G - Yard Space Standards

Requirement – Projects with a zero-lot line typology are required to provide a minimum 35 square foot deck or patio for each tenant and a rooftop deck that is accessible to all tenants, visible to multiple dwelling units, has access to sunlight, and includes landscaping, furniture, and lighting.

There is an exception to this requirement for projects located within 300-feet of a public park or public school. Only one of the three sites can take advantage of this exception.

Finding – Yard space requirements are challenging for small scale projects like the prototype building. Large projects have open spaces between building wings due to the optimum configuration of housing units, while small projects do not. A small project would likely need to displace critical housing units to make space for a roof patio.

Requiring individual patios for every unit in a neighborhood mixed-use center is not practical or desirable. There are major aesthetic implications for this section of the code. Patios and roof decks are also both water intrusion concerns and weaknesses in the building envelope. Patios and roof decks are beneficial amenities and pleasant design features but should be amenities utilized to differentiate product and not baseline code requirements. This requirement is unrealistic, cost-prohibitive, and a potential aesthetic eyesore.

The intent of this section is to provide opportunities for children to play outside. It is debatable whether this requirement resolves this concern. Unit patios are not ideal play environments, and a roof deck would be a marginal outdoor play space.

The exception for proximity to a public park or school is also challenging. The implication is that if there is not a park within a set distance, it is the responsibility of the developer to provide one.

FINDINGS & RECOMMENDATIONS

Section 13.06.300G - Yard Space Standards (continued)

Recommendation –

a. Remove the yard space requirement for projects with a Floor Area Ratio (FAR) above 2.5. This will eliminate all neighborhood mixed-use centers from being governed by this section while retaining the section for the lower density neighborhoods for which it was intended. b. Revise the existing exception from 300-feet to one quarter mile. This is the commonly accepted walking distance for urban neighborhood living. All three sites would be exempt from the yard space requirement with a more reasonable walking distance requirement.

Section 13.06.501.H.2 – Mass Reduction: Upper Floor Streetfront Stepbacks

Requirement – Step the building façade back at either the 5th or 6th floor (depending on the width of the right-of-way). There is an exception that allows a maximum 25' width of façade to ignore the stepback requirement for a distinctive corner tower element such as a turret.

Finding – The intent of this section is to limit the vertical proportions of the streetscape to achieve neighborhood scale and provide access to daylight on the sidewalk.

If underground parking is desired, the options for locating stair towers are limited, and the front façade is a likely location. Front or corner stairways are a direct conflict with this section.

This section unnecessarily creates a subjective preference for buildings with corner towers and turrets

Recommendation – Expand the exception to increase the ability of the designer and developer to better utilize restrictive sites and improve potential design solutions.

a. Revise the corner tower exception to allow the 25' wide stepback exemption anywhere along the façade. Corner lots would be allowed one exemption per street facade.

FINDINGS & RECOMMENDATIONS

Section 13.06.503A – Residential Transition Standards: Upper Story Stepback

Requirement –For properties across an alley from a residential zone the rear façade of the building must not intercept a 45-degree angle beginning from the inside edge of the required landscape buffer and 25' above finish grade.

Finding – Although this requirement did not specifically impact our three selected sites we examined the affect it would have made on our project should the zone across the alley have been residential. The result was a reduction of nearly half the potential dwelling units.

Recommendation – Revise the regulation in such a way to minimize impact to the mixed use development while remaining sensitive to the scale of the residential neighborhood. This issue may not occur on many sites within the city and warrants more study.

- a. revise the starting location of the 45-degree angle to the edge of the residential zone
- b. revise the starting height of the 45-degree angle to 35'. This is the standard height limit for residential zones.
- c. change the requirement to a single required step back of 12'-15' at the fourth floor.

Section 13.06.510 – Off-Street Parking & Storage Areas

Requirement – The three study sites were located on core pedestrian streets and within ten feet of the right-of-way. They are all exempt from public parking requirements. Without the exemption the required number of parking stalls would vary from 41-71 depending on whether the building contained commercial office space.

The design prototype utilizes the level one height bonus. One option to earn the bonus is to provide at least 50% of the typical required parking stalls on-site in structured parking. For the purposes of the prototype, the minimum parking requirement (without commercial offices) is 22.

Finding – The parking requirements provide many options for developers, from no on-site parking to full structured parking. Our goal was to achieve minimum on-site parking equal to one stall per dwelling unit (35-38 units per prototype design). All project sites are flat with vehicle access from the alley. We explored three separate parking configurations.

The *parking at grade* scheme was the lowest cost option and resulted in 23 parking stalls. This design accommodated 16 stalls within the building footprint and 7 stalls in the alley. This scheme is available for all project sites and achieves 56% of the desired minimum stalls. This scheme is limited to 16 structured parking stalls and would not qualify for the height bonus.

The *parking above* scheme resulted in 32 parking stalls. This design incorporates two parking decks within the height of the first floor retail, maximizing parking stalls without excavation. The

FINDINGS & RECOMMENDATIONS

Section 13.06.510 – Off-Street Parking & Storage Areas (continued)

second level is reached via an internal ramp. This scheme is available for all project sites and 78% of the desired minimum stalls. This option would qualify for the height bonus.

The *parking below* scheme resulted in 47 parking stalls. This design incorporates two parking areas, a smaller deck at grade and a full site deck below grade that is access via an internal ramp. The underground deck is only viable for lots with depth of 130' or longer. This scheme provides 100% of the desired minimum stalls and would qualify for the height bonus.

A hybrid scheme is possible that would incorporate the parking above and parking below decks, resulting in two small parking decks and a full site below grade deck. The hybrid scheme enables 63 total parking stalls and would qualify for the height bonus.

Recommendation –

- a. increased percentage of allowed compact stalls in mixed use districts
- b. revise the parking exemption for buildings within ten feet of the right-of-way on designated core pedestrian streets to include projects that provide commercial space within ten feet of the right-of-way on all designated pedestrian streets

ADDITIONAL CONSIDERATIONS

Finding – The requirements for off-site improvements such as utilities, storm water, sewer, sidewalks, etc create additional challenges for potential development. In general, the smaller the project size the greater the challenge.

Recommendation – Create more flexibility for off-site improvements by providing exceptions based on project size.

- a. projects with a street presence of 50' or less
- b. projects with a street width of 100' or less
- c. projects with a street width of 150' or less

Finding – Navigating the zoning code is difficult because each and every section is not labeled as is found in other industry codes such as the International Building Code.

Recommendation – Label each and every section of the zoning code in a similar style to the International Building Code.