

BEC NISSEN

UW BE598 SEMINAR, WINTER 2018

**STAYING IN PLACE : DESIGNING FOR
COMMUNITY RESILIENCE**

Mt Baker Study: Creating a resilient and inclusive economy



Why support local businesses?



As well as keeping money in the local economy, local businesses:

- Make twice as many donations to local non-profits and community organisations
- Are more likely to use other local businesses for services and supplies
- Have lower environmental impact
- Decrease customer driving, and increase walking and transit use
- Create more jobs - for example, independent retailers create twice the number of jobs compared to amazon, for the same revenue
- Provide culturally appropriate goods and services in the community

"Locally owned businesses also sustain much of the social fabric of neighborhoods, and recent research has found a strong relationship between their prevalence and community well-being, including higher income growth and lower poverty rates, as well as increased levels of civic engagement." ¹

Challenges for local businesses in Seattle

"94% of businesses in Seattle have between 1 and 50 employees." ²

As reported in Seattle's Commercial Affordability Report:

"Seattle's rapid growth has caused significant commercial affordability challenges for small businesses:

Price: Space is becoming more expensive

Availability: Space is harder to find, particularly in appropriate sizes for small businesses

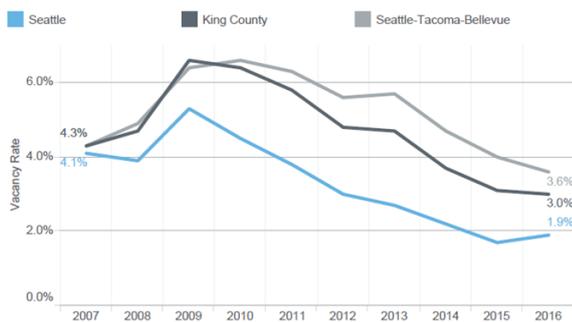
Construction: The amount of new construction is impacting small storefront business

Financing: Small businesses have difficulty accessing lending capital

Resources: Small businesses are disproportionately affected by knowledge or skills gaps, primarily due to lack of resources

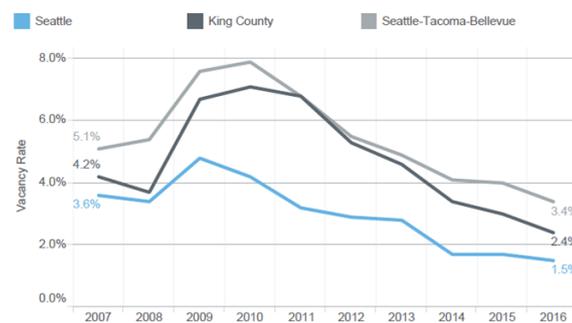
Permitting: Lapses in the permitting and design review processes place undue burdens on small businesses" ³

RETAIL VACANCY RATE



Source: CoStar

INDUSTRIAL VACANCY RATE



Source: CoStar

BUILDINGS WITH AVAILABLE SPACE(S) UNDER 1000 FT²

- Buildings without available spaces under 1,000 s.f.
- Buildings with available spaces under 1,000 s.f.

Existing



Proposed, Under Construction, and Under Renovation

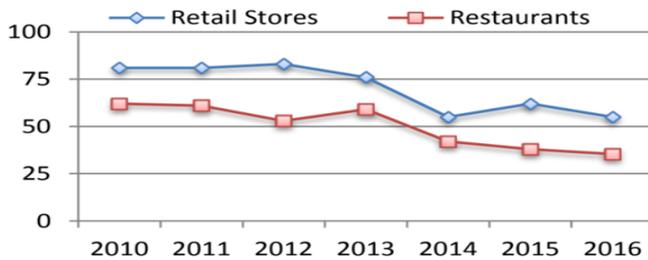


Source: CoStar. Includes buildings with available retail space as of August 31, 2016.

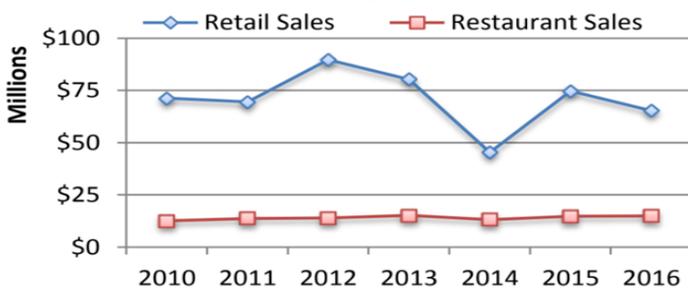
Small commercial leases are becoming more expensive and harder to find.

Challenges for businesses in Mt Baker

Number of Restaurants and Stores



Restaurant and Retail Sales



Retail Vacancy and Lease Rates



Image source: Office of Economic Development, 2016 Mt Baker Neighborhood Profile

The 2016 Mt Baker Neighborhood Profile shows that small businesses in the neighborhood experience the same issues with increasing rents and low commercial vacancy rates as the rest of Seattle. While sales remain at their 2010 levels, rents continue to increase.⁴ In addition, the area is in the bottom 10 census tracts for small business lending per capita.⁵

The City of Seattle reports that “The North Rainier Hub Urban Village is on pace to meet the housing target for 2024 having already reached 56.7% of the target through 2014. The area has experienced job losses in recent years and is behind the pace needed to meet the 2024 target.”⁶

Seattle’s 2017 Commercial Affordability Advisory Committee Recommendations included:

- **Co-locating affordable commercial uses within public space or transit-oriented properties**
- **Promoting small-scale commercial pockets in residential areas especially where prior commercial use existed**

9 IDEAS to build a resilient, inclusive economy in Mt Baker



POLICY

1. Small Business Assistance
2. Include affordable commercial in surplus land development
3. Use the City's 'temporary use permits' to vitalise the town center
4. Take advantage of 'Seattle Mixed' zoning to build innovative mixed-use industrial

PARTNERSHIPS

5. Retain and recruit light industrial and 'green' businesses
6. Work with developers early on
7. Broaden ownership of commercial properties

PRACTICE

8. Create events for community connections and networking
9. Build resilience through community ownership

POLICY AND ZONING

1. Small Business Assistance

- **Ensure local businesses are aware of the City's 'Commercial Affordability' programs**
- **Advocate for incremental property tax adjustments**
- **Connect local businesses to the City's minority and women owned businesses procurement program**

The 2017 Commercial Affordability Action Plan committed City funding to small business support in the form of: a) a new Commercial Affordability Consulting Team to connect small businesses with real estate owners and provide a range of business planning support; and b) financial support for microbusinesses through a zero-interest loan program.

As rent increases create displacement pressures for small businesses in the area, Baker, existing business diversity could be supported through tax adjustments that tie property tax assessments to the building's income, rather than market value. While the Commercial Affordability report recommended exploration of this option, further advocacy is needed to push this forward.

The city also encourages minority and women-owned business to tender for public procurement with a streamlined application process. Ensure local businesses know about this program and develop skills to access it.



POLICY AND ZONING

2. Include affordable commercial in surplus land development

- **Build connections between the Office of Housing and the Office of Economic Development**
- **Work with both these Offices to advocate for small commercial spaces within surplus-land given to affordable housing developments.**

When the city gives surplus land to affordable housing developments, these often contain ground floor commercial spaces, typically large-footprint spaces.

The Office of Housing and Office of Economic Development could collaborate to ensure ground floor commercial spaces prioritize small spaces, in order to create opportunities for local, small business to lease these spaces.

In addition, explore opportunities to create an affordable commercial leasing program. For example, Prosper Portland is offering commercial rent reductions in their Lent Commons development.



POLICY AND ZONING

3. Use the City's 'temporary use permits' to vitalise the town center

- **Rapidly co-locate affordable commercial opportunities in vacant lot and spaces around the Mt Baker light rail station, by creating a hub of super small, temporary commercial spaces.**

WIn the lead up to the Accessible Mt Baker redevelopment, consider activating the light rail station and surrounding vacant lots with a range of pop-up stores and markets, using the City's Temporary Use Permits

Temporary use permits are available for uses less than four weeks (eg. Farmers Markets) and for non-permanent structures up to six months (eg. Pop-up shops and restaurants).

Creating temporary structures offers businesses a low-risk way to trial business viability.



CASE STUDY

Low-cost pop-up shops incubate successful new businesses in Muskegon, Michigan

"Some downtown developers are now choosing to build smaller spaces on the first floors of their new constructions because they have seen how that "micro-retail" size accommodates businesses more effectively".(7)

Seeking a low-cost, low-risk way to create opportunities for small, local businesses, the city of Muskegon took inspiration from local farmers markets and created 12 simple wooden buildings ranging from 90-150 square feet at a cost of just \$5,000-6,000 per chalet. Built on a vacant strip of land in a declining area downtown, the buildings opened for business in May 2017.



"The chalets have not just created initial opportunities for new businesses, they are also helping existing businesses grow and helping developers to fill permanent storefronts.. as new mixed-use developments go up downtown, the owners have struggled to find commercial tenants that were either a) able to afford the rent on a typically-sized first-floor storefront, or b) willing to take a leap on a downtown space with little commercial activity around it." (8)

Images and text from:
<https://www.strongtowns.org/journal/2018/2/19/low-cost-pop-up-shops-create-big-value-in-muskegon-michigan>

POLICY AND ZONING

4. Take advantage of 'Seattle Mixed' zoning to build innovative mixed-use industrial

- **San Francisco, New York and Vancouver, BC are currently building mixed light-industrial and residential developments in neighborhoods near downtown and with good transit access.**

“Urban light industry can: create high-wage, low-barrier-to-entry jobs; diversify urban economies; replace imports with locally made products; improve regional self-sufficiency; and provide unique retail experiences and a local sense of place.” [9]



To attract local businesses and entrepreneurs, industrial spaces in mixed-use developments should be small-scale (usually around 1000 sf, and no larger than 5000 sf). This small-scale light industrial sector is often called PDR – production, design and repair.

The Mt Baker Hub's business district action plan proposes a hybrid model of light industrial and pedestrian with three primary sectors (light industrial, services focused on residents, and office).[10]

CASE STUDY

Light manufacturing in San Francisco's Mission District



This image and text from: <https://www.timbuk2.com/content/about-manufacturing.html>

The factory (shown above and on left below) is located in a residential street, and the building has been adapted from previous uses.

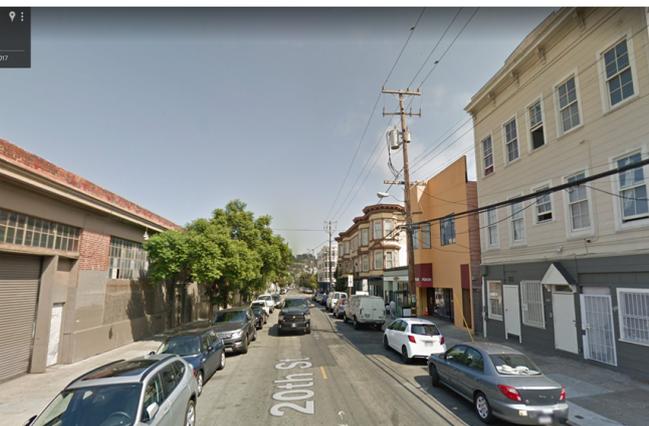


Image source: Google Maps

Timbuk2 began manufacturing bicycle messenger bags in San Francisco in 1989. Over time, the company has expanded, and currently does around \$8 million in sales annually. While the company has expanded to two off-shore factories, it retains its original factory in San Francisco's Mission District as well.

The factory employs 45 people; 13 on the production line and the remainder in sales, marketing and management. The factory is housed in a former automotive repair shop, on a mixed-use and residential street. Retaining local manufacturing is important to the brand.

CASE STUDY

New mixed-use 'MX' zoning in Vancouver, BC

Light industrial uses will occupy the first two floors of the 11 floor 'Strathcona Village' development. Extra construction costs have included complying with requirements for industrial buildings and additional provisions to ensure that odors and noise do not bother residents, including a separate ventilation system.[11]



Image source: <http://www.strathconavillageworkspaces.com/>

"...In general, there's been an increase in smaller-scale manufacturing lately...Small food operations, producing anything from pickles to ice cream to salami, Etsy-focused craft operations, artisan studios for furniture and glass, craft brewing and more have created a demand for small-scale industrial space." [12]

PARTNERSHIPS

5. Retain and recruit light industrial and 'green' businesses

- **Ensure 'anchor' green business A+R solar remains in neighborhood**
- **Create a strategy to attract other light industrial and small businesses with an environmental focus**

As per the 2010 Neighborhood Plan, Mt Baker has an excellent opportunity to create an identity around being a 'green hub'. Strategy for business recruitment and retention around this identity could be further developed.

6. Work with developers early on

- **Articulate community business development strategy with developers before design stages**
- **Connect small businesses looking for space with developers**

Having a community strategy about the types of local businesses that are desired and viable in the neighborhood would allow for discussions with developers in the pre-design stages of new developments.

Discussions should highlight the importance of small spaces to local business recruitment.

PARTNERSHIPS

7. Broaden ownership of commercial properties

- **Work with Community Development Organizations such as SEED and the Mt Baker Housing Association to increase the number of commercial condominiums in the area**

Increasing the diversity of owners of commercial properties in the area would strengthen the resilience of these small businesses and the neighborhood.

Supporting small businesses to access capital and developing commercial condos is a proven way to achieve this.

CASE STUDY:

The Claremont: Commercial Condos in South Seattle Developer: SouthEast Effective Development (SEED)



THE CLAREMONT
3333 Rainier Ave S
Seattle, WA 98144

Units: 68 residential units and four commercial condominiums

Commercial Space: 5,420 square feet

Completed: 2011

PRACTICE

8. Create events for community connections and networking

- **Run networking events for small businesses, developers and community members that reflect interests and aspirations of the community**

Further develop a vision and strategy about the type of development that the community would like to see, by offering a range of events that connect businesses, community organisations and community advocates.

Events might highlight the 'green hub' vision, for example by hosting movie nights about green businesses.

9. Build resilience through community ownership

- **Community ownership of land and businesses increases resilience through increasing diversity and connectivity in the community**
- **Community ownership can be achieved through community-owned businesses, or community-owned property.**

Community ownership of businesses can take the form of a community-owned store, consumer-cooperatives like PCC, BECU, or REI, or worker-owned cooperatives such as Patty Pan Grill (at Farmers Markets in Seattle). Mt Baker is already home to farmer-owned cooperative Darigold.

Community Land Trusts and community-owned investment cooperatives can be used for community ownership of commercial properties.

CASE STUDY

NEIC: Community Property Investment Cooperative

The Northeast Investment Cooperative (NEIC) allows the community to pool resources and "collectively buy, rehab, and manage commercial property in their neighborhood." [13]

OVER
200
MEMBERS

Memberships cost \$1000 and members earn dividends when the coop is profitable.

"Our members share a desire to address pockets of disinvestment and vacancy in our community, and recognize that by pulling together and sharing risk we can do together what none of us could do alone." [14]

NEIC seeks tenants that reflect community values and works with them to create the right fit-out.



Image and text from: <http://www.neic.coop/>

NEIC real estate advertisement:
"NEIC is seeking a proven business, aspiring entrepreneurs with a good plan, or a combination of the above... Ideal tenants will be sustainable, independent, and locally owned businesses that will hire, buy, and give back to the community." [15]

Endnotes

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About the project

This report was written for a class at the University of Washington's College of the Built Environment. The class was an interdisciplinary studio/seminar class tasked with studying resiliency around the Mt Baker light rail station in Seattle, WA.

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