

# 2013

## 13-0288 - 3. Staff Assessment of CRA Opportunities



Legistar

City of Olympia

1/3/2013

Dear XXXX:

The following is a summary of potential redevelopment sites within the City of Olympia. This information includes a preliminary assessment of redevelopment tools, site opportunities and constraints as well as timelines for select sites throughout the community. The City Council's Community Renewal Area Ad Hoc Committee felt that these criteria would be helpful in refining possible next steps. The sites are not prioritized in this information and we recognize that in their entirety are likely beyond our current budgetary capacity to address. However, we believe that these sites offer great potential for development or redevelopment in our community and we would like your thoughts about these sites, this information and how you believe that we can move forward in our planning process.

In considering your approach to this project please consider our project budget limitations (\$80,000) and how you would assist the city in prioritizing its approach to these sites and creating the best possible base from which to move forward given these limitations. Please identify what additional information you would require in order to move this project forward and how you would engage the public in these planning activities.

We anticipate arranging an in person interview and presentation in early February where you can discuss your thoughts with the Committee.

Should you have any questions please do not hesitate to contact me at:

Office: (360) 753- 8227

Email: [Kstahley@ci.olympia.wa.us](mailto:Kstahley@ci.olympia.wa.us)

Sincerely,

Keith Stahley, Community Planning and Development Director

**Community Renewal Area Preliminary Planning Tools Assessment:**

Sites/Tools	CRA	CDBG/108	Brownfield, Environment	CERB/LIFT	LID/City	Zoning, PA, FB	DA	SAP
1. Sleater/Martin		X				XX - FB	XXX	
2. Pacific/Martin	X	X	XXX - Env.	XXX	XX	XXX - PA	XX	
3. Downtown	XXX	XXX	XXX - BF	XXX	XX	XX - PA	XX	XXX
4. Division/Harrison	X	X			X	XXX - FB		XXX
5. Kaiser/Harrison				XXX	XX	XXX -- PA	XXX	XXX
6. City Landfill		X	XXX - BF					XX

1. CRA - Community Renewal Area as defined by RCW 35.81.
2. CDBG - Community Development Block Grant program as administered by the United States Department of Housing and Urban Development.
3. Section 108 - A loan program authorized by HUD with a loan pool of five times the city's annual entitlement (\$1.8M).
4. Brownfield/Environment - Brownfield grants programs administered through the State of Washington Department of Ecology and the US Department of Environmental Protection. Environment means review of other environmental constraints such as wetlands.
5. CERB - Community Economic Revitalization Board grant program.
6. LIFT - Local Infrastructure Financing Tool.
7. LID/City - Local Improvement District or City investment in infrastructure
8. Zoning - local zoning authority and ability to modify or change zoning designations.
9. PA - Planned Action. SEPA rules allow local governments to approve Planned Actions. A planned action is a development project whose impacts have been addressed by an EIS associated with a plan for a specific geographic area before individual projects are proposed. A planned action involves detailed SEPA review and preparation of EIS documents in conjunction with sub-area plans, consistent with RCW 43.21C.031 and WAC 197-11-164 through 197-11-172. Such up-front analysis of impacts and mitigation measures then facilitates environmental review of subsequent individual development projects.
10. FB - Form Based Code.
11. DA - Development Agreement as provided for in the Olympia Municipal Code.
12. SAP - Subarea Plan.

X - Possible, XX - Likely, XXX - Highly likely

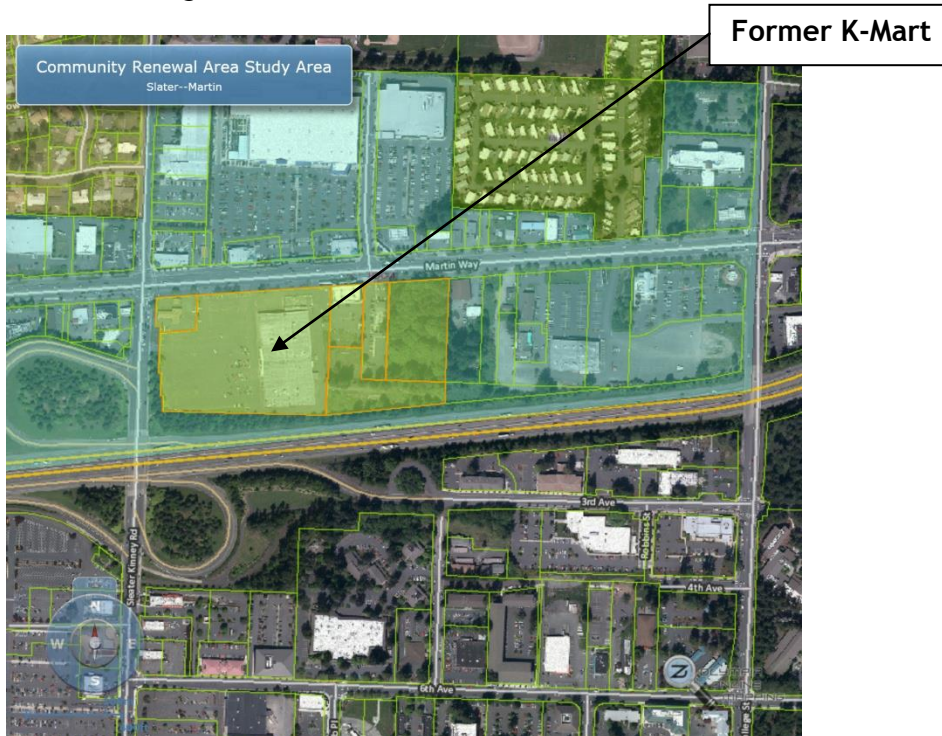
**Community Renewal Area Preliminary Site Assessment:**

<b>Site</b>	<b>Tools</b>	<b>Opportunity</b>	<b>Constraints</b>	<b>Timeliness</b>
1. Sleater/Martin	X	X	-- XXX	XX
2. Pacific/Martin	XXX	XX	-- X	X
3. Downtown	XXX	XXX	-- XX	XXX
4. Division/Harrison	XX	XX	-- X	XXX
5. Kaiser/Harrison	X	XX	-- XX	XX
6. City Landfill	X	XXX	-- XXX	X

1. Tools - relative ability for the city to use the various redevelopment tools at its disposal to effect the redevelopment of the site or area.
2. Opportunity - the relative redevelopment opportunities of the site or the area - return on investment.
3. Constraints - the relative redevelopment constraints of the site or the area.
4. Timeliness - the relative need for action on the part of the City and the readiness of the site for that action.

X - Possible, XX - Likely, XXX - Highly likely

1. **Sleater Kinney/Martin** - A 7.69 acre property located at the southwest corner of Martin Way and Sleater Kinney Road. The site supports a single story 88,000 square foot vacant retail building (former Kmart). The site is currently being considered for redevelopment and has been subject to numerous inquiries from interested developers. The site is a classic example of strip development and contributes to the negative pedestrian environment in the area. There is a large surface parking lot in front of the building with no stormwater treatment. The site has nearly 700 feet of interstate frontage and access on both Sleater Kinney and Martin Way and is in the HDC - 4 Zoning District.



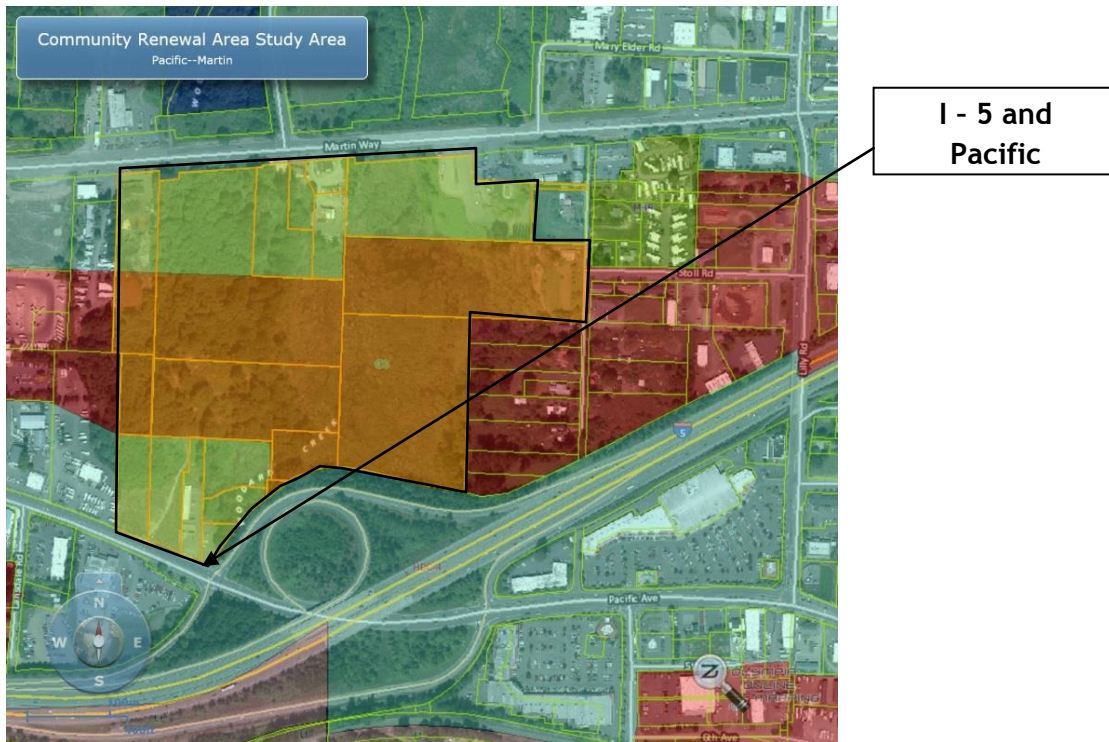
The surrounding area has seen some recent development activity including the Lowes Home Improvement immediately to the north across Martin Way and plans have been reviewed and approved for a Hampton Inn on the property immediately to the east.

**Possible Redevelopment Objectives & Constraints:** The site is vacant and has the potential to become blighted and a blighting influence on the surrounding area. The site has the potential for substantial redevelopment to create a better street edge, improved aesthetics, a more dynamic retail environment and high density housing. The site is within the High Density Corridor and the subject of the Urban Corridors Task Force review. The City's objective is to see this property redeveloped in a manner consistent with the Comprehensive Plan and the Urban Corridors Task Force Recommendations. [Urban Corridors Task Force](#)

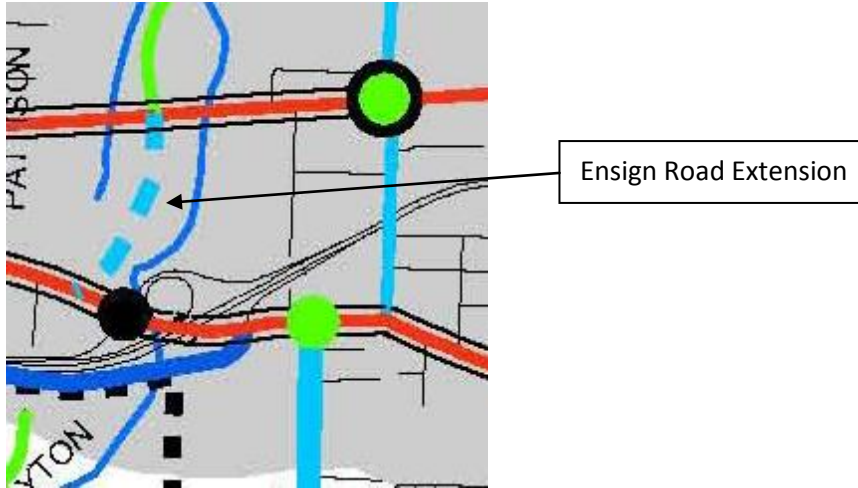
**Preliminary Tools Assessment:** Major impediments to redevelopment of this site appear to be the cost associated with renovating the building and parking lot into a more contemporary and efficient design. The site has potential for inclusion in a CRA and use of Section 108 loan funds to help to shape redevelopment activity. Form based zoning may be applicable at this location to help to further mold redevelopment direction.

**Timing:** The property owner is actively considering redevelopment options.

2. **Pacific/Martin -A 23.** 15 acre property located at the intersection of I - 5 and Pacific Avenue with frontage on both Pacific Avenue and Martin Way consists of a total of nine parcels. The site currently supports a small retail building. In 2009 the site was considered for a Winn Co grocery store and several out parcels along both Pacific Avenue and Martin Way. This property is zoned General Commercial in part and High Density Corridor in part. The total area includes 50 acres, however, many of these are wetlands and have limited development potential.



Ensign Road is on the City's Comprehensive Plan and is planned to extend through the property and connect Martin Way and Pacific Avenue. Ensign Road, north of Martin Way, connects to Providence St. Peters Hospital.



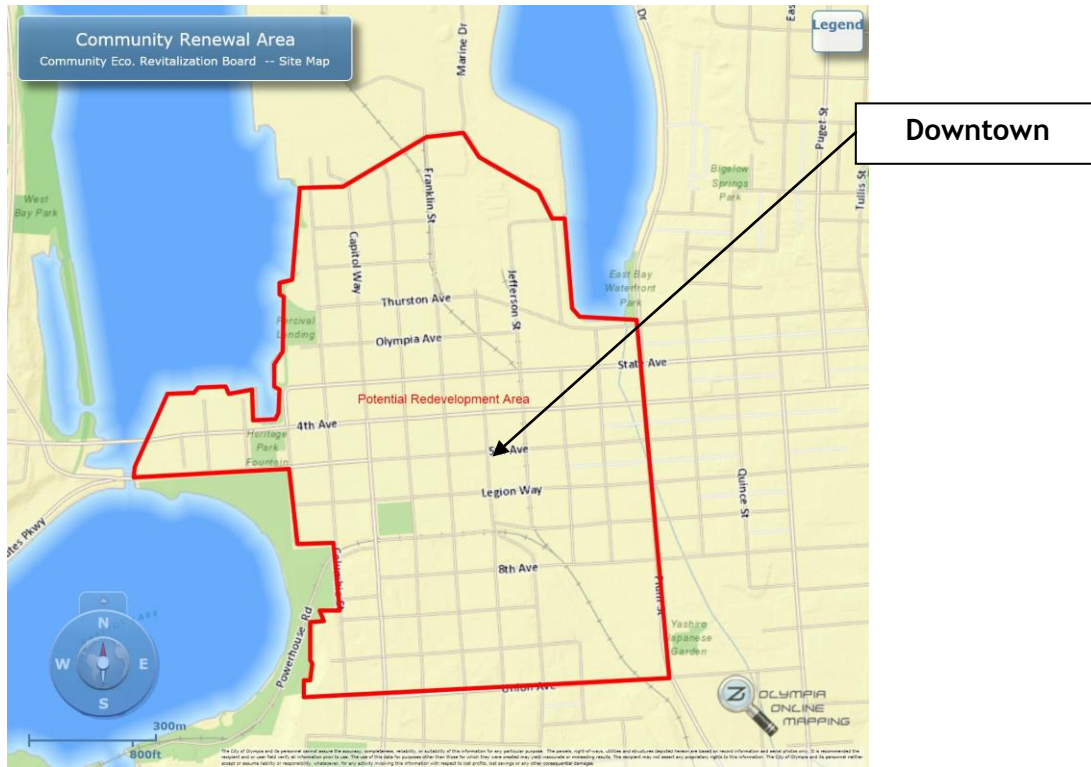
Olympia Comprehensive Plan Map 6 - 3 Transportation Plan 2025

**Possible Redevelopment Objectives & Constraints:** Some buildings on the site are vacant and have the potential to become blighted and have a blighting influence on the surrounding area. These properties comprise the largest undeveloped area within the Pacific Avenue/Martin Way corridor. The City’s objective is to see this property developed in a manner that protects the wetlands on the property and prevents blight from developing while creating a vibrant commercial center. The City also desires to see Ensign Road extended through the property to create a more connected transportation network in the area. The City has received a grant from HUD/EPA through TRPC to conduct infrastructure planning in the area. [Martin Wy District Planning Project](#)

**Preliminary Tools Assessment:** The major impediments to development of this area appear to be environmental constraints by way of wetlands and significant infrastructure costs associated with the development of Ensign Road through the site. A planned action may be appropriate to establish clear wetland boundaries and to clearly establish development potential and limitations. A development agreement may be appropriate to fix development regulations for the property. Pursuing CERB funding to aid in the development of site infrastructure may help to lower the cost of development. A LID may be appropriate to help to offset the cost of infrastructure financing. Joint funding of infrastructure may be appropriate to achieve the City’s goal of connecting Ensign Road to Pacific Avenue while facilitating development of the site. This area may also benefit from the development of a subarea plan.

**Timing:** The property is presently being marketed for sale. No development applications are pending on the property.

**Downtown Olympia** - Downtown Olympia may be considered to be a single site or multiple sites. Downtown is generally considered to be an area bounded on the south by Union Avenue, on the east by Plum Street and East Bay, on the west by Capitol Lake and the eastern shore of West Bay and on the north by Budd Inlet. Downtown is a low to moderate income census tract.



Within this area there are several properties that may be characterized as blighted including:

- a. 308 4<sup>th</sup> Avenue E. (Griswold’s) - building destroyed in 2004 fire and it has been razed leaving an opening on an otherwise intact block. The vacant parcel is approximately 60 feet by 120 feet and is located in the Downtown Business Zoning District.
- b. Department of Fish and Wildlife - three parcels located in the north end of downtown near the Farmers’ Market. Parcel A (600 Capital Way) supports a two story office building, Parcel B (608 NE Washington Street) supports a 900 square foot frame building and Parcel C (6516 NE Washington Street) supports a warehouse that has been condemned since the 2001 earthquake. These three parcels contain approximately 2.86 acres and are located within the Urban Waterfront Zoning District.



The City has entered into an interlocal agreement to jointly develop a plan for redeveloping Parcel A. The Port of Olympia has an option to purchase Parcel B and the LOTT Clean Water Alliance has an option to purchase Parcel C.

The Port has received an integrated Planning Grant from the Department of Ecology to support a Phase II evaluation of the property and to develop a market analysis and conduct community outreach.

- c. Isthmus - nine parcels located between 4<sup>th</sup> and 5<sup>th</sup> Avenues bounded on the east by Sylvester Street and the west by the Capitol Lake spillway. These parcels support a variety of existing buildings including the former Health Department office and Housing Authority office, the nine story Views on Fifth and the one story Capitol Center building. All of these buildings are vacant. These 9 parcels contain approximately 4.85 acres.

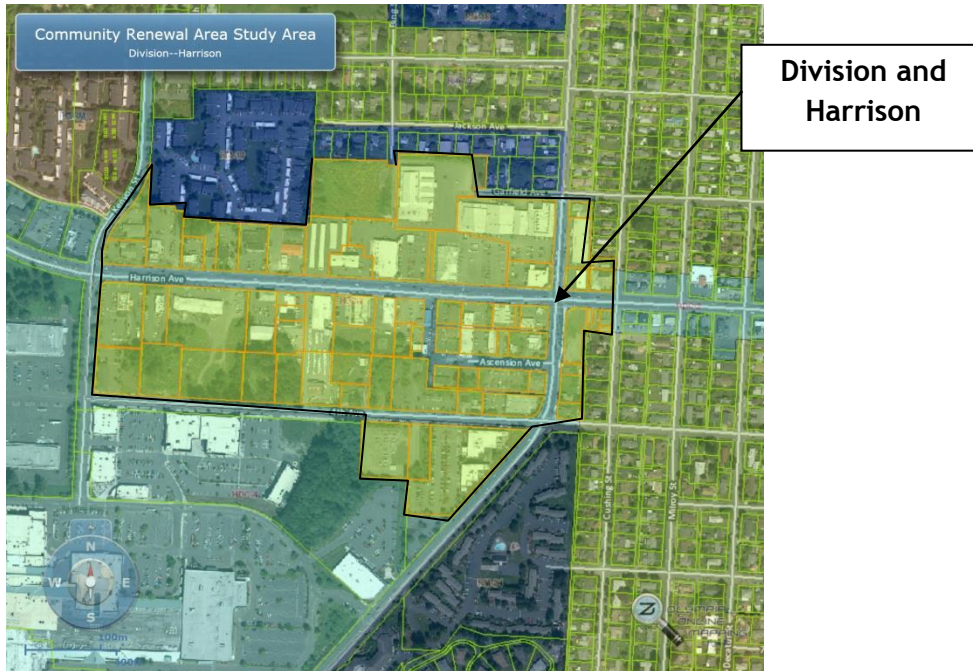
These parcels were subject to a rezone in 2007 to increase the allowed height of the isthmus to 90 feet. This rezone was approved and a development application was filed and is currently under review. Council has subsequently rezoned the property to Urban Waterfront Housing that limits the maximum height to 35 feet.

**Possible Redevelopment Objectives & Constraints:** Downtown remains the focus of the City's redevelopment efforts. Through preservation and reuse of existing building and development of new office, retail and entertainment space the City plans that downtown will remain the cultural, entertainment and specialty retail center of the community. The City's plans also targets significant new residential development to add to this vibrancy. Each of the sites identified above has tremendous redevelopment potential together with significant constraints that will challenge redevelopment efforts.

**Preliminary Tools Assessment:** This area may also benefit from the development of a subarea plan or a master plan. A planned action would also help to facilitate some aspects of the development review process. As a low to moderate income census tract CDBG dollars can be used for projects meeting one of the HUD objectives. Given the blighted condition of buildings on several of the identified sites the CRA is likely a viable tool and could be considered in conjunction with the Section 108 loan program as a tool to spur private development. Brownfield programs from the State and Federal Governments may be helpful in stimulating development on affected parcels.

**Timing:** The Department of Fish and Wildlife is interested in moving forward with testing the market through a Request for Proposal process. A development application is under review for the isthmus property.

3. **Division/Harrison** - this area is dominated by auto oriented strip commercial. Several recent development proposals have brought this area into the community conversation and consciousness. The proposal for a 7 - Eleven at the southeast corner of Division and Harrison was actively opposed by the community while the proposal for a six story residential structure on a 2.27 acre parcel on the northwest side of the intersection was met with similar opposition from surrounding residents. The area is largely comprised of auto oriented strip commercial. The entire study area comprises 31 acres.



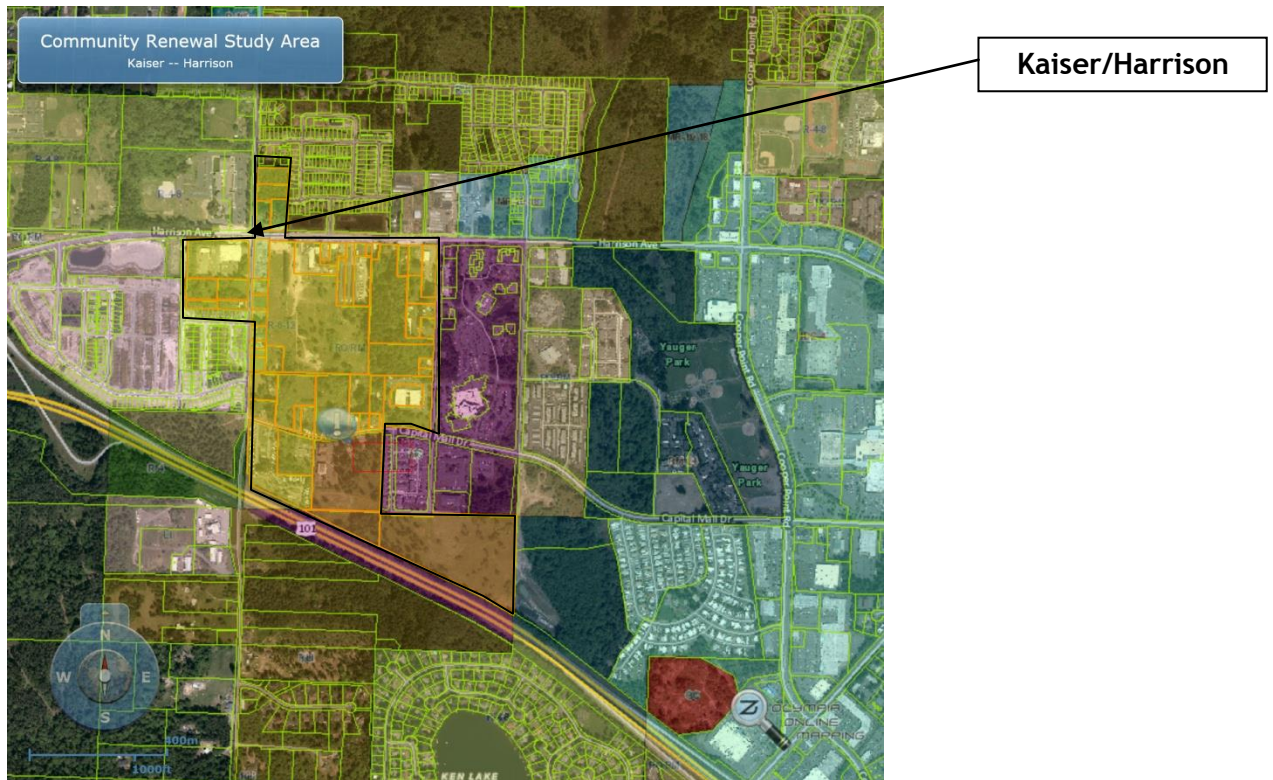
These properties are in the High Density Corridor Zoning Districts.

**Possible Redevelopment Objectives & Constraints:** This area has the potential to become a demonstration project for implementation of our High Density Corridor plans and may be appropriate for application of Form Based Zoning Codes. This area is also within the High Density Corridor and is encouraged to be redeveloped into a more vibrant, pedestrian and transit friendly area.

**Preliminary Tools Assessment:** Major impediments to development/redevelopment appear to be sunk costs in existing buildings that are largely occupied and lack of community consensus about the character of future development in the area. This area may also benefit from the development of a subarea plan and a Form Based Code.

**Timing:** There are no development applications pending for property in the study area, however, the developer of the residential property known as Bing Street has expressed an interest in resubmitting the project for review.

4. **Kaiser/Harrison** - this area consists of approximately 72 acres on the southeast corner, 10 acres at the southwest corner and 4 acres at the northeast corner and an additional 42 acres south of Capital Mall Drive. These properties are both developed and undeveloped, however, the majority of the acreage is currently undeveloped. The zoning in this area is also mixed with Professional Office Multiple Family, Neighborhood Retail, Residential 6 - 12 and Medical Service.



**Possible Redevelopment Objectives & Constraints:** This area is a significant transitional area from the suburban single family residential areas to the north and west and more intense residential and commercial uses to the east and south. The surrounding area is likely to see continued single family residential growth as two new subdivisions have received final plat approval while Woodbury and Bay Hill continue to develop. The study area has significant development potential and could help to create a true neighborhood center on Olympia’s western boundary.

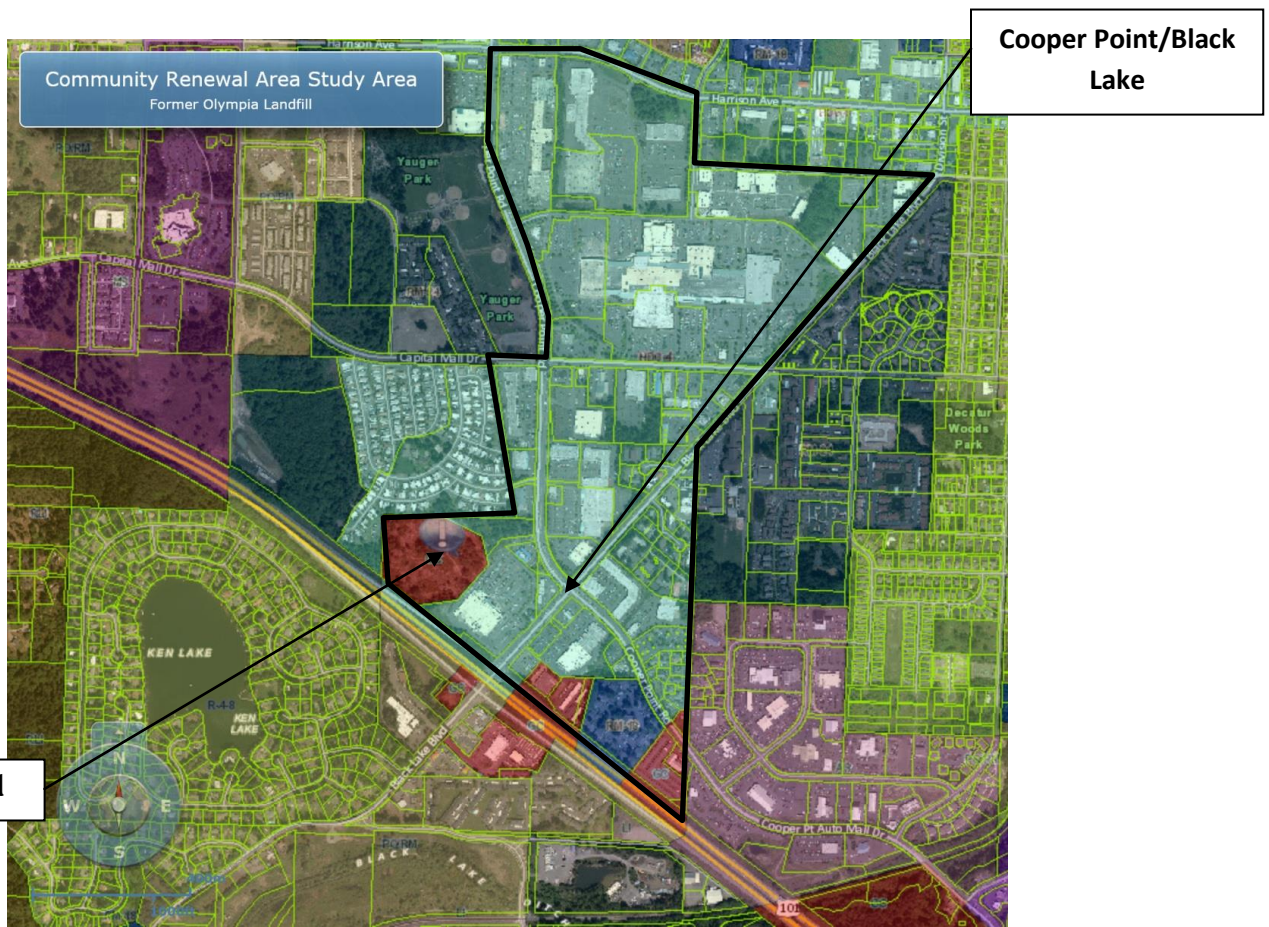
The area is serviced by public transit on McPhee Road and is bounded by arterial and major collector roadways in Kaiser, Harrison and Capital Mall Drive. The Washington State Department of Transportation partnered with the City of Olympia to complete a West Olympia Access Study. This study determined a preferred location for an additional (modified) access to/from West Olympia via SR101. This preferred alternative includes SR101 access at Kaiser Road in the near-term with additional access at Yauger Way in the long-term (beyond 20 years).

The city still needs to complete an Interchange Justification Report (IJR), and has budgeted \$750,000 for our share of this work. We are currently asking WSDOT and the Legislature for an additional \$850,00 to complete this effort. Should this interchange move forward this will have significant impacts on the Kaiser Road area.

**Preliminary Tools Assessment:** This area may also benefit the most from the development of a subarea plan. Presently this area is zoned for Professional Offices. Given the state's outlook on new office construction and the growing residential housing base in the area PORM may no longer be the most appropriate zoning district for this property. Zoning Districts such as Community Oriented Shopping Center and Urban Village or some other new district may be more appropriate. The City has approved a development agreement for the property in the past and it may be appropriate to consider a development agreement again.

**Timing:** The proper owner is exploring alternative development scenarios for the property and has a binding site plan in place.

5. **Olympia Landfill** - this site consists of a 12 acres former municipal landfill within a larger regional commercial area. The surrounding area includes the Wesfield Capital Mall, Top Foods, Toys R Us and other national and local retailers in close proximity to a growing residential base. The zoning in this area is predominantly commercial, however, there is multiple family residential and medical services zoning in close proximity.



**Possible Redevelopment Objectives & Constraints:** The City’s former landfill property sits adjacent to Top Foods and has frontage on US 101 and access to Cooper Point Boulevard through the Top Food site. As a former landfill site there are environmental concerns about the site. The City is working with the Department of Ecology to characterize the nature and extent of these concerns.

The surrounding area has seen significant growth and development over the past five years and continues to be an active area from a retail, medical office and multiple family development perspective. The area has seen new construction for a major renovation of the Westfield Capital Mall adding a new multiplex and reconfiguring the former Mervyn’s space into a variety of national retailers including REI, Old Navy and Forever 21. The Target Center added a Ross Department Store and the vacant Borders Book store was recently filled by T.J. Maxx.

There are also several vacant buildings within the area that could begin to have a blighting influence if not reoccupied. The former Circuit City building on Capital Mall Drive has been vacant for several years and Old Navy’s relocation has left a large vacant space on Cooper Point Boulevard.

Immediately to the west of the study area there has been significant multiple family residential development and medical office development with over 200 garden apartments and a 60,000 square foot same day surgery center opening last year.

**Preliminary Tools Assessment:** The potential for environmental contamination exists on the property and needs to be fully characterized. Once characterized a voluntary cleanup plan could be developed and possibly implemented in conjunction with the redevelopment of the site. State or Federal Brownfields dollars could potentially assist with these efforts.

**Timing:** The City continues to pursue grant opportunities to fund further characterization. Developers have expressed interest in developing the property in the past.