



Newcastle Community Business Center Assessment



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INTRODUCTION

The City of Newcastle was incorporated in 1994 and in 2000 the City adopted the Community Business Center (CBC) Plan. The plan focused on three distinct areas within the CBC District including Coal Creek, the Downtown, and Lake Boren. Coal Creek and Lake Boren have or will be developed consistent with the CBC Plan. However, the Downtown has not transitioned to the pedestrian-oriented mixed-use district envisioned in the plan. The Downtown continues to be defined by low-density auto-oriented commercial development that mostly existed prior to the City's incorporation in 1994. Like many recently incorporated cities in the Puget Sound region, the City of Newcastle desires to develop a community-oriented Downtown.

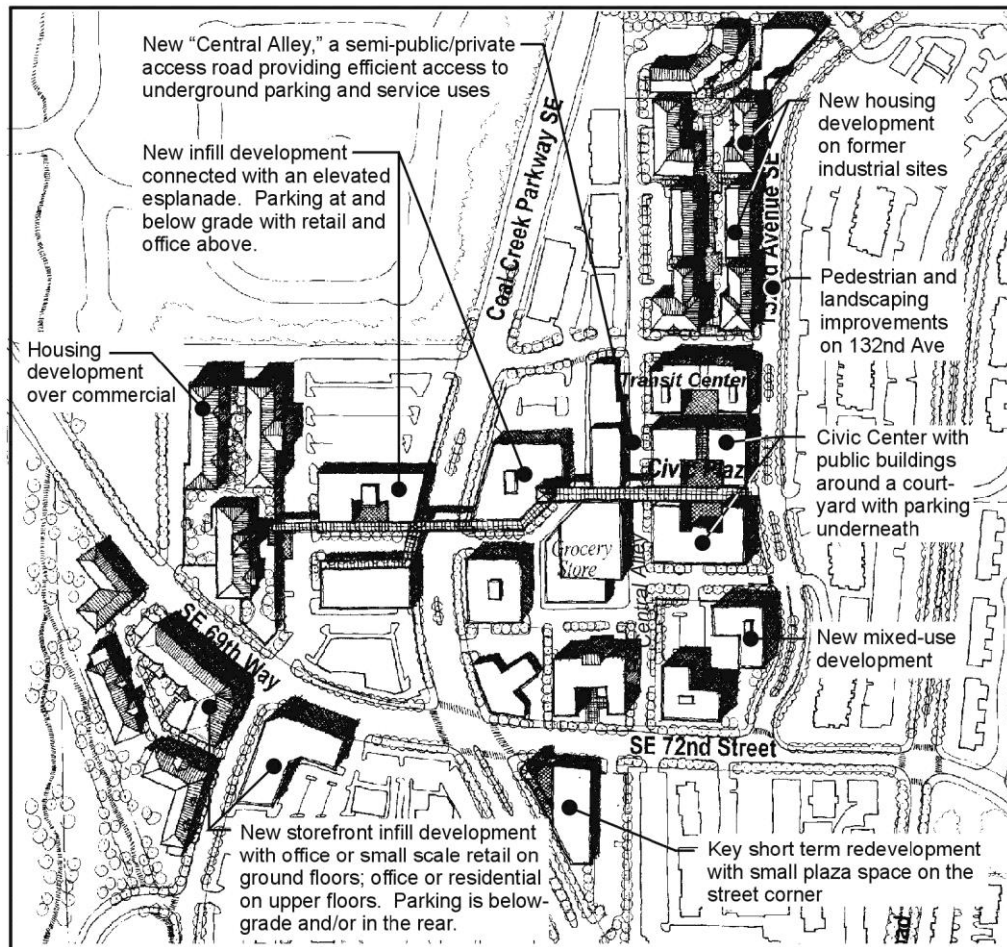
Newcastle is currently experiencing record levels of new development, including in the Downtown area, where two high-density residential projects were recently permitted and are currently under construction. Yet newer high-density residential development has been opposed by neighbors over concerns about impacts to adjacent lower-density residential neighborhoods and the City is interested in understanding how development in Downtown can be integrated with adjacent neighborhoods. In addition, the City is interested in understanding Newcastle's market for development in the Downtown and how the City can be more proactive in implementing the CBC Plan in the Downtown. Exhibit 1 shows the CBC District Boundaries and Exhibit 2 shows the vision for Downtown from the CBC Plan.

Exhibit 1. CBC District Boundaries



Source: BERK, 2015; City of Newcastle, 2015

Exhibit 2. CBC Plan Vision for Downtown



Source: MAKERS, 2000

PROJECT QUESTIONS AND SCOPE

The CBC Assessment addresses the following key questions outlined in the project scope:

- A. Is the CBC Plan consistent with the current vision of the Downtown held by the community?
- B. What are the major factors that have prevented or slowed the implementation of the CBC Plan in the Downtown?
- C. How may the City play a more proactive role in implementing the CBC Plan in the Downtown? What can be done by the City to implement the current vision of the Downtown?
- D. How can the community's goals to create a more walkable, mixed-use, and vibrant Downtown best be integrated with adjacent neighborhoods?

To address the above questions, the CBC Assessment includes the following components:

- **CBC Assessment Advisory Committee (5 Meetings):** The advisory committee members include elected officials, business owners, property owners, and residents. The committee held five meetings from October through January 2016. The findings and recommendations of the committee were presented to the City Council in February, 2016.
 - A public presentation of draft findings was presented to the public on January 21, 2016

- **Economic and Demographic Profile:** A detailed economic and demographic profile is provided in Appendix A and summarized below.
- **Stakeholder Interviews (11 Interviews):** Interviews were conducted with key stakeholders including residents, business and property owners, developers, community organizations, and youth representatives.
- **Public Space Assessment:** The public space assessment addresses the current state of public spaces in Downtown and opportunities to expand and improve public spaces to support the City's vision for Downtown.
- **Development Code Audit:** The development code audit assesses the City's regulations regarding development compatibility, development incentives, and requirements for streets and public spaces.
- **Potential Futures:** Based on the analysis and public input the potential futures address future growth and development scenarios for consideration in a future subarea plan update for Downtown.
- **Findings and Recommendations:** The findings and recommendations address short and long-term recommendations to advance the City's vision and goals for Downtown.

PROJECT FINDINGS AND RECOMMENDATIONS

The major project findings and recommendations of the CBC Advisory Committee are listed below and based on the project components identified above.

A. Is the CBC Plan consistent with the current vision of the Downtown held by the community?

- A-1 FINDING: There appears to be broad support for increased amenities in the Downtown such as restaurants, local retail, parks and public spaces, wayfinding, and pedestrian improvements.
- A-2 FINDING: Divergent opinions exist regarding the height, bulk, and scale of development that is allowed in the Downtown.
- A-3 FINDING: There appears to be a lack of awareness among some community members about the vision for Downtown Newcastle. More awareness about the vision and goals for Downtown is needed to build community support and a common level of understand.
- A-1 RECOMMENDATION: Update the vision and plan for Newcastle's Downtown, building from the CBC Plan and CBC Assessment.
 - i. Form a plan advisory committee of key stakeholders and community representatives to guide the development of the Downtown Plan.
 - ii. Confirm the vision for Downtown Newcastle through broad and targeted public outreach.
 - iii. Use the information from the CBC assessment to build awareness around the planning efforts for Downtown Newcastle.
 - iv. Maintain communication with the public about plan implementation activities and general updates.

B. What are the major factors that have prevented or slowed the implementation of the CBC Plan in the Downtown?

- B-1 FINDING: The Downtown is already developed and plan implementation requires redevelopment that involves the coordination of multiple property owners and the City, which is more challenging, takes longer, and involves more risk than green-field development.

- B-2 FINDING: Key property owners in the Downtown are not interested in redeveloping their properties at this time. The properties are currently revenue generating with low vacancy rates and stable rents.
- B-3 FINDING: Public spaces and infrastructure in the Downtown are currently insufficient to support the plan vision.
- i. The City has not taken a leadership role in addressing public improvements and infrastructure needs in the Downtown. The primary means of planning for new improvements is through development code incentives that have proven ineffective at addressing the major issues.
- B-4 FINDING: Newcastle primarily serves a local market for retail and services. New retail and service growth must be supported by increased population or increasing the City's market share.
- i. Newcastle revenues for groceries exceeds local spending, but has retail sales leakage for all other categories due to limited retail in Newcastle and major regional retail centers in neighboring communities.
 - ii. Opportunities to increase market share in certain retail sectors is limited due to competition from major regional retail centers in neighboring communities.
 - iii. Limited opportunities exist to expand retail space in certain sectors, such as restaurants, through population increases and expanding the City's market capture.
- B-1 RECOMMENDATION: Based on the economic profile and market analysis, develop an updated Downtown Plan that integrates the community's goals for Downtown with market realities to solidify a long-term vision for the Downtown.
- B-2 RECOMMENDATION: As part of the plan update, develop concept designs and a capital program for public space acquisition and/or improvements in the Downtown that address streets, public spaces, parks, parking, and public facilities.
- i. Develop a new concept plan and vision for Coal Creek Parkway to support the development of a pedestrian-oriented downtown.
- B-3 RECOMMENDATION: Work with the Newcastle Chamber of Commerce to establish a Downtown Business Organization to assist with marketing efforts, events, and to pursue development opportunities.

C. How may the City play a more proactive role in the implementation of the CBC Plan in the Downtown? What can be done by the City to implement the current vision of the Downtown?

- C-1 FINDING: The City's role in implementing the CBC plan has primarily been through development regulations and design guidelines, including incentives for expanding and improving public spaces.
- C-2 FINDING: The City has shifted the responsibility for public investments in the Downtown to the private sector through development incentives, which has not proven to be an effective strategy.
- C-3 FINDING: The lack of a clear definition of mixed-use development may allow for relatively stand-alone residential or commercial development that is contrary to the City's vision for the CBC and may result in a significant loss of the City's retail tax base.

- C-1 **RECOMMENDATION:** As part of Downtown Plan development, define the type of mixed-use development that is desired and focus on targeted areas of the CBC where active first floor uses are both feasible and desired.
- C-2 **RECOMMENDATION:** Advocate to King County Metro for improved transit service to regional employment centers.

D. How can the community's goals to create a more walkable, mixed-use, and vibrant Downtown best be integrated with adjacent neighborhoods?

- D-1 **FINDING:** Opportunities for incompatibility between higher density multi-family, mixed-use and single family development is minimal. This is due to the configuration of zoning districts and that many streets provide a buffer between zoning districts.
- D-2 **FINDING:** The Newcastle Municipal Code does not require a buffer between commercial and mixed-use zones and multi-family zones, with the exception of industrial development adjacent to residential zones.
- D-3 **FINDING:** There is a lack of pedestrian infrastructure and amenities to connect the CBC to adjacent residential neighborhoods.
- D-4 **FINDING:** Despite requirements for mixed-use development, the Newcastle Municipal Code lacks a clear definition of mixed-use development.
- D-5 **FINDING:** The CBC Design Guidelines do not adequately address building setbacks/buffers and architectural standards between adjacent developments and zoning districts in the CBC.
- D-6 The 65' height limit is permitted in all zones within the CBC.

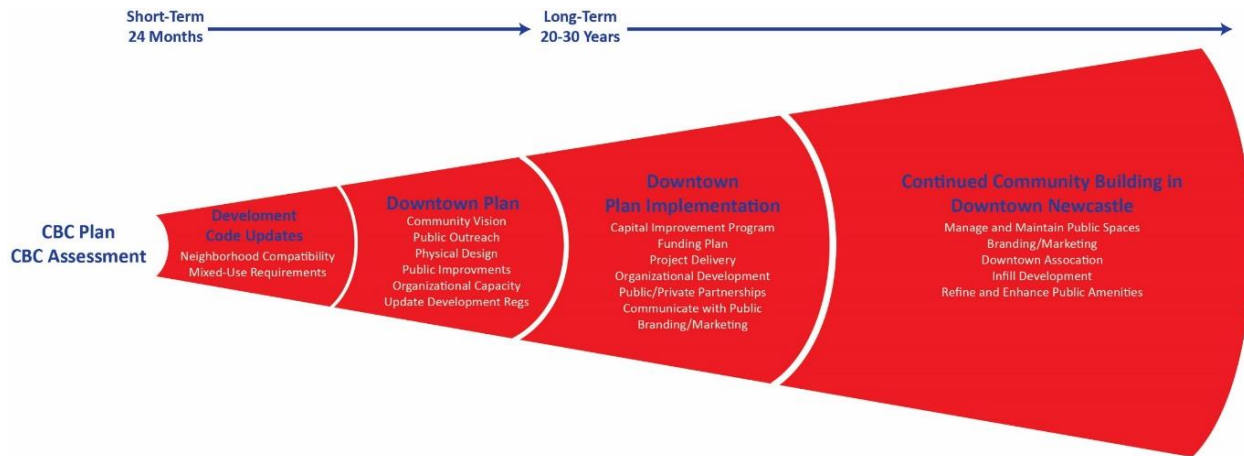
- D-1 **RECOMMENDATION:** Update the City's development code and design guidelines to improve the compatibility between high-density and lower-density neighborhoods and between commercial, mixed-use, and multi-family zones.
 - i. Consider reducing the allowable building height on properties within a specified distance of a single-family zone to improve compatibility between higher-density and lower-density zones.
 - ii. Require a 20' to 30' buffer between development in the CBC, with the exception of a focused area for the highest density urban retail and mixed-use development (e.g. pedestrian-oriented streets).
 - iii. Reconfirm the designation of pedestrian-oriented streets, including the potential for new streets.
 - iv. Define the term mixed-use, which appears to focus on the combining residential and non-residential uses in the CBC.
 - v. Provide greater diversification of development requirements in different zones in the CBC to meet plan objectives.
 - vi. Define the amount of non-residential use that is required for mixed-use development, such as occupying the entire ground floor facing the street(s).
 - vii. Require 100% of ground floor street frontage to consist of pedestrian-oriented uses on pedestrian-oriented streets.
 - viii. Eliminate the mixed-use requirement in certain areas of the CBC away from the core downtown area, such as the Office and Mixed-use zones, to allow for standalone residential neighborhoods.
 - ix. Consider requiring active first floor non-residential uses and a minimum number of stories or density for development in the CB Zone to emphasize building form over land use.

- x. Eliminate the density limit adopted in 2015 for CBC zoning districts since development compatibility will be adequately addressed with other development code amendment recommendations.
- xi. Develop architectural design standards to ensure that development compatibility is considered on all sides of the buildings, not just the buildings' relationship to the street.

D-2 **RECOMMENDATION:** Improve connections from adjacent neighborhoods to Downtown Newcastle, including between the Downtown and the Coal Creek sector via 132nd Avenue and 70th Street.

Going forward, the City should complete the recommended short-term actions within the next 24 months, including development code updates and a new Downtown subarea plan. Following adoption of the Downtown Plan, the City should pursue a detailed implementation plan that includes significant City investments in infrastructure, streets, and public spaces along with public/private partnerships for redevelopment. Long-term implementation of the Downtown Plan could realistically take 20 to 30 years for full implementation. Exhibit 3 highlights the recommended short and long-term actions.

Exhibit 3. Planning Process Diagram



Source: BERK, 2015

BACKGROUND

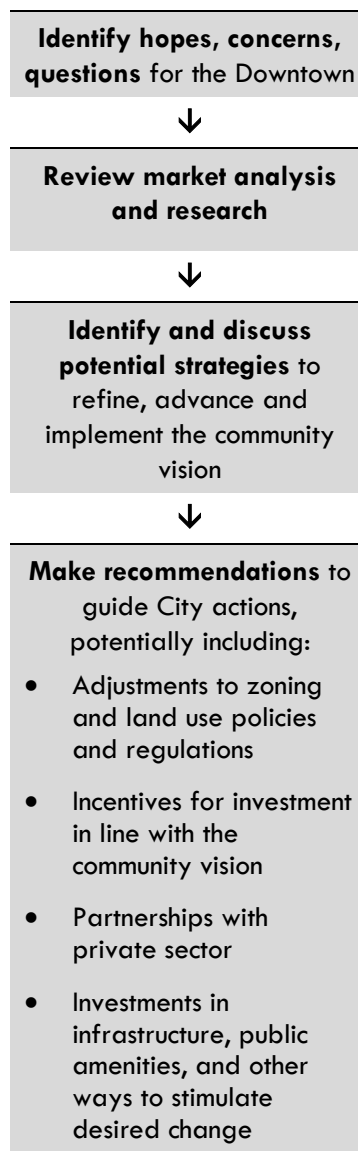
Purpose of the City of Newcastle Central Business Center Advisory Committee

The charge to the City of Newcastle Central Business Center Advisory Committee was to:

To review and discuss current and projected conditions in the Downtown, identifying ways the City can act to refine, advance, and implement the established Vision for the area as articulated in the 2000 Community Business Center/ Lake Boren Master Plan (Plan).

The Committee will operate in an advisory capacity and is charged with making recommendations for consideration by the City Council and Planning Commission.

Over the course of five meetings, the Committee completed the following:



The CBC Advisory Committee held an additional public meeting on January 2¹, 2016 to present the committee's work to date. Approximately 25 people attended, including committee members. The committee consisted of a 1-hour presentation followed by a Q&A session.

City of Newcastle Central Business Center Master Plan 2000

The following is a timeline of key city actions and events related to the CBC since the City was incorporated in 1996.

Timeline

1994	City of Newcastle officially incorporates.
1997	First City Comprehensive Plan.
2000	City of Newcastle Community Business Center/ Lake Boren Corridor Master Plan is adopted on April 27 th , 2000.
2003	Comprehensive Plan update completed.
2007	LMN Architects worked with the City of Newcastle on urban planning and design concepts.
2009	City Hall moved to its current location.
2012	City of Newcastle Public Library opened on December 8, 2012.
2014	Avalon Development Permitted - 900 residential units and 49,000 sf of commercial use (Lake Boren Area). Newcastle Apartments (80 units) and Atlas (98 units) are also permitted in the Downtown.
2016	CBC Assessment completed.

DEMOGRAPHICS AND ECONOMIC DEVELOPMENT PROFILE

The full demographic and economic profile is provided in Appendix A and includes the following components:

- **Demographic Profile:** Compares Newcastle to its neighbors, other similar communities, and King County as a whole. Includes population, household size, median income, education attainment, and housing types.
- **Economic Profile:** Includes Newcastle's employment by sector, retail capture rate by category, retail leakage, the primary and secondary market areas, and other retail and service centers.
- **Future Development Potential and Opportunities:** The City of Newcastle maintains a population forecast based on anticipated new development for the next 20-years. The population forecast was used to estimate future demand for non-residential development based on Newcastle's market profile and conditions.

Demographic Profile

Exhibit 4 provides a summary of Newcastle's demographic profile.

Exhibit 4. Demographic Profile Summary

Demographics	Figure	Notes
Newcastle Population	2000: 7,737 2015: 10,940	<ul style="list-style-type: none"> 41% increase since the CBC plan was developed.
Annual Population Growth Rate	1990 to 2000: 3% 2000 to 2010: 1%	<ul style="list-style-type: none"> Equivalent to Renton Higher than King County and Bellevue
Age Distribution	67% between 18 and 64 24% under 18 9% 65 and older	<ul style="list-style-type: none"> Younger than King County Less seniors than larger neighbors
Race	65% White 25% Asian 20% Other Non-White	<ul style="list-style-type: none"> Higher non-white population than neighbors Became more diverse between 2000 and 2010
Education Attainment	38% Bachelor Degree 25% Graduate Degree	<ul style="list-style-type: none"> More educated than its neighbors and King County as a whole Percentage of residents with graduate degrees increased 10% from 2000 to 2013
Housing Stock	72% Single Family 27% Multifamily	<ul style="list-style-type: none"> Higher percentage of single-family homes than its neighbors and King County as a whole
Housing Occupancy	3,084 Owner Occupied 1,056 Renter Occupied 116 Vacant Units	<ul style="list-style-type: none"> Low vacancy rates
Household Size	2.78 Owner Occupied 1.90 Renter Occupied	<ul style="list-style-type: none"> Higher owner occupied household size compared to its neighbors Lower renter occupied household size compared to its neighbors
Median Household Income	2013: \$109,798 1999: \$78,943	<ul style="list-style-type: none"> Higher than its neighbors and King County as a whole 56% earn over \$100k per year 20% earn below \$50k per year

Demographics	Figure	Notes
Jobs/Housing Ratio	2014: 0.51 Jobs: 2,245 Housing Units: 4,401	<ul style="list-style-type: none"> Lower ratio of jobs to housing than many of its larger neighbors

Source: BERK, 2015; United States Census, 2000-2010; Washington OFM, 2010 and 2015

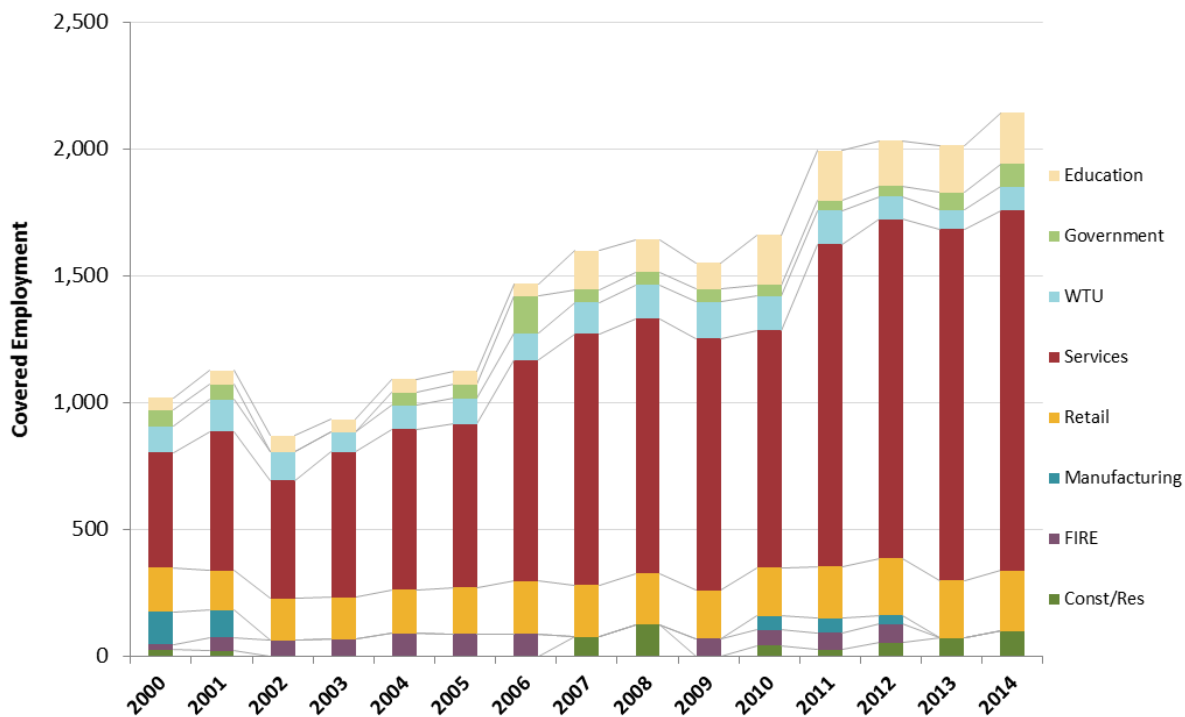
Economic Profile

The following are highlights from the Economic Profile:

Employment

- Compared to its peers or larger neighbors, Newcastle has the highest proportion of jobs (63%) within the services sector. These jobs include: financial services, legal, accounting, food service, dry cleaning, auto repair, pet care, etc. (Exhibit 5)
- The second largest employment sectors are retail (11%) and education (9%).
- Service sector employment has increased in Newcastle both in absolute and relative terms over time. For example, in 2000 Newcastle's 453 service sector jobs comprised 45% of the city's total employment. By 2014, the number of service sector jobs in Newcastle had grown to 1,410 and comprised 63% of the city's total employment.

Exhibit 5. Newcastle: Total Employment by Sector, 2000-2014



Source: Puget Sound Regional Council, 2015; BERK, 2015

Employment Location

- The majority of workers in Newcastle live either within or immediately south of the City in Renton.

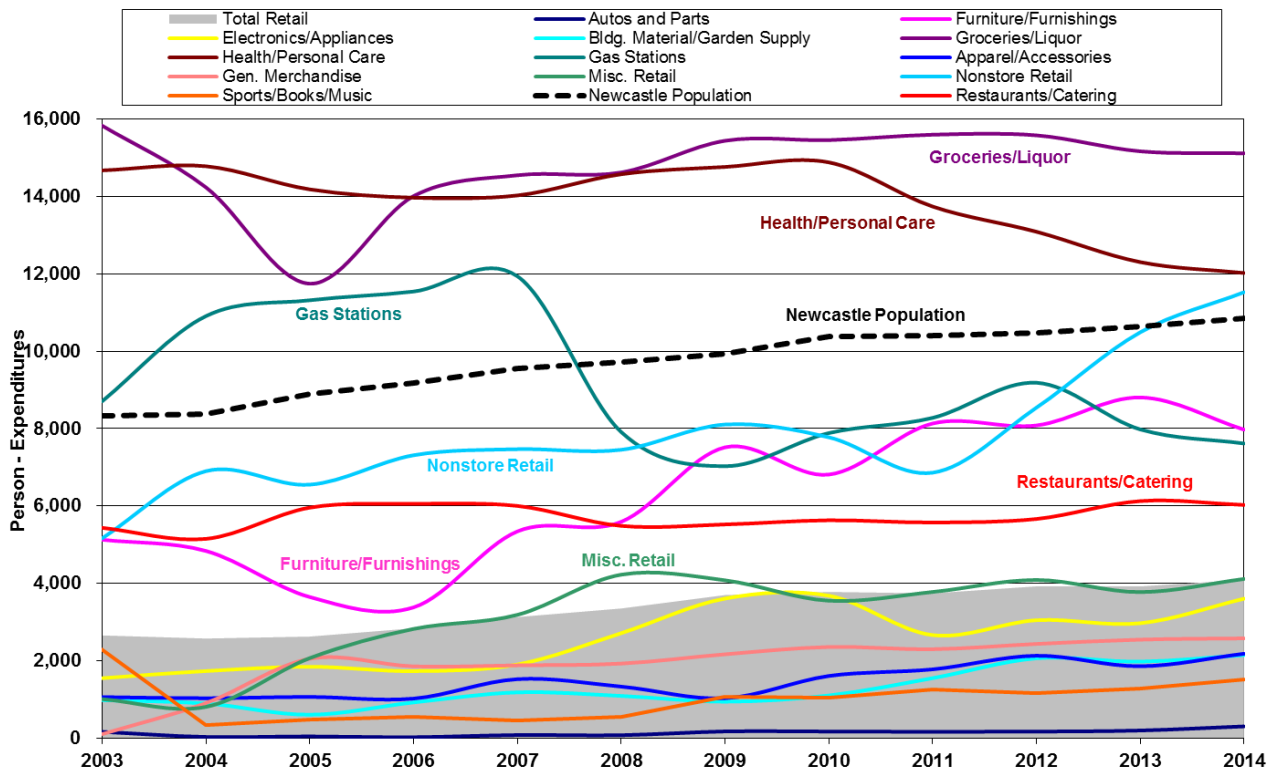
Retail Sales

- Despite a decrease during the recent recession, once adjusted for inflation taxable retail sales have remained remarkably steady between 2000 (\$95.31 million) and 2014 (\$95.33 million).
- In 2014 retail (45%), construction/resources (29%), and services (16%) together comprised approximately 90% of the total taxable retail sales in Newcastle.
- The share of retail as percentage of Newcastle’s total retail sales (TRS) has increased from approximately 41% in 2000 to 45% in 2014.
- Newcastle’s TRS per capita (\$10,072) is well below that of King County (\$24,180) and its larger neighbor cities of Bellevue (\$45,049), Issaquah (\$38,130), and Renton (\$23,583). This reflects the neighboring cities’ relative dominance of the retail sector in the east-central Puget Sound region.

Retail Sales by Category

- The groceries/liquor retail store sector has consistently performed as the City’s leading retail sector over time. The groceries/liquor sector draws in shoppers who live outside of Newcastle. (see Exhibit 6)
- The health and personal care store retail sector has historically been a leading retail sector for Newcastle. Since 2010, Newcastle has been losing its comparative advantage in this sector.
- The restaurant and catering sector offers an opportunity for retail growth as the availability of restaurants in Newcastle is currently underserving its residents as measured by person-expenditures.
- Mirroring sector trends identified in the person-expenditure analysis, Newcastle outperforms in the Grocery/Liquor, Health/Personal Care, and Nonstore Retail sectors.

Exhibit 6. Person-Expenditures: Captured by Newcastle Retailers, 2003-2014

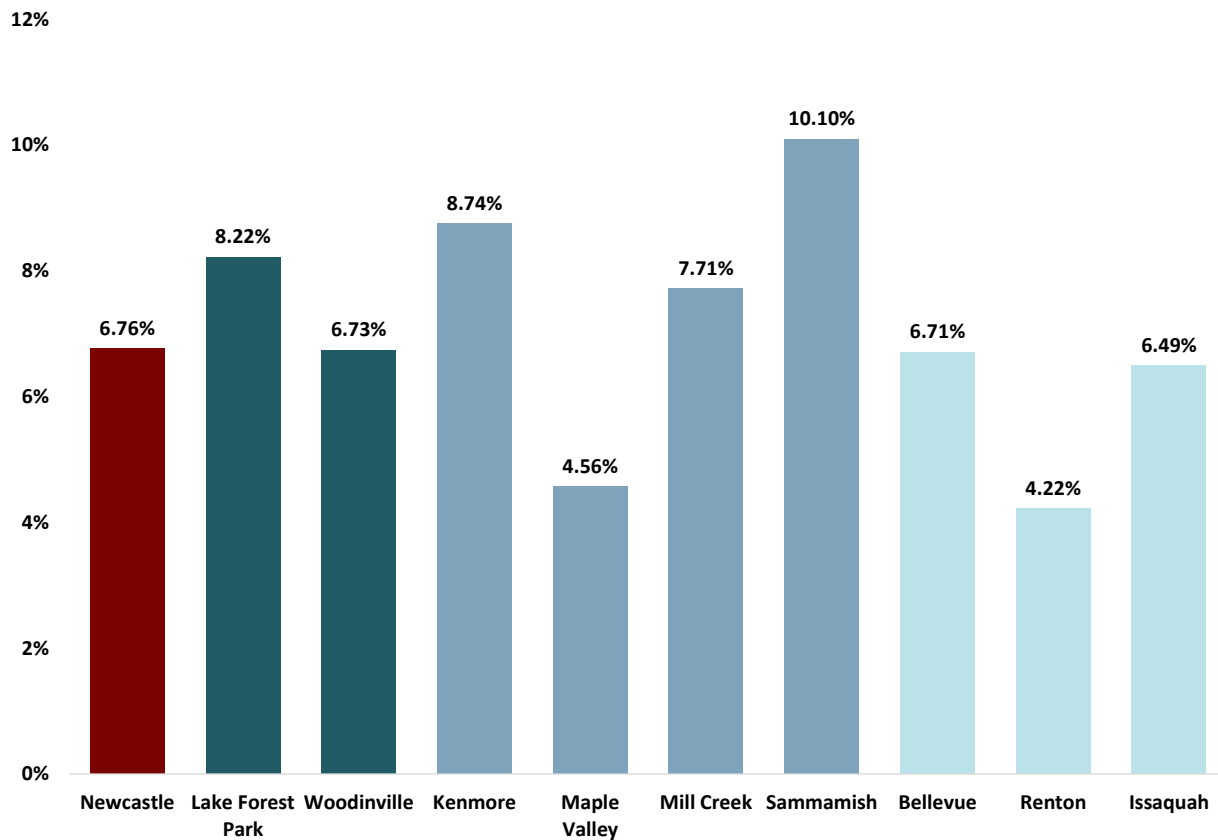


Source: Washington State Department of Revenue, 2015; BERK, 2015

Home-based Workers

- The 2014 American Community Survey 5-Year Estimates indicates that 6.8% or 395 of 5,843 Newcastle workers 16 years and older worked at home. The 2010 American Community Survey 5-Year Estimates indicated that 7.3% or 380 of 5,230 Newcastle workers 16 years and older worked at home.
- In comparison to nearby communities, the percentage of home-based Newcastle workers 16 years and older is similar to the percentage in Woodinville and Bellevue. However, Lake Forest Park, Kenmore, Mill Creek, and Sammamish all have higher percentages of home-based workers than in Newcastle. (see Exhibit 7)

Exhibit 7. Home-based Workers (16 Years and Older), 2014



Source: United States Census, American Community Survey 5-Year Estimates, 2014; BERK, 2015

Recent Development Activity

Exhibit 8 provides a summary of recently permitted developments in Newcastle. The City is experienced record levels of development activity, particularly within the CBC.

Exhibit 8. Recent Development Activity

Development	Residential Units	Year	Location
Atlas	98	2017-18	CBC
Newcastle Apartments	80	2016-17	CBC
Avalon Apartments – 3A	254	2017	CBC
Avalon Townhomes – 2A-F	43	2017	CBC
Avalon Townhomes – 5A	60	2016	
Avalon Townhomes – 5B-5E	21	2017	CBC
Avalon Townhomes – 5B-5E (Phase II)	541	2022-2035	CBC
Other Developments	198	2016-2017	Outside CBC
Total Residential Units:	1,295		
Total CBC Units 2015-2018:	556		
Total CBC Units 2022-2035:	541		
Commercial SF – Avalon:	50,000	2015-2022	CBC

Source: City of Newcastle, 2015; BERK, 2015

Summary of Future Additional Non-Residential Space

As population increases both in Newcastle and the immediately surrounding area, commensurate demand for additional non-residential space will also be generated as new employees and new business are added to support new demands generated by a growing population. Exhibit 9 below presents the summary estimates for future additional non-residential square footage, broken out by economic sector using the 2035 time horizon. Using City-provided population estimates as a baseline and taking into account planned development in Avalon, it is projected that Newcastle will likely add approximately between 46,300 and 67,700 of net additional non-residential square feet by 2035.

Exhibit 9. Summary of Future Additional Non-Residential Space, 2035

Economic Sector	Base	Additional Non-Residential Square Feet - 2035	
Retail and Restaurant	46,800		
Services, Finance, and Real Estate	34,500		
Warehouse, Transportation, and Utilities	16,200		
Construction and Resource	5,600		
Education	3,600		
Government	300		
Total	107,000		

Summary	Low/Conservative (base minus 10%)	High/Optimistic (base plus 10%)
Gross Additional Development Potential	96,300	117,700
Planned for Avalon	50,000	50,000
Net Additional Development Potential In Addition to Avalon	46,300	67,700

NOTE: For all non-residential space estimates, the planned development associated with the Avalon development is expected to realize up to 50,000 square feet of additional new non-residential space mostly in the form of retail, restaurant, and/or service-oriented space. For each of the future non-residential space estimates provided, portions of the future 50,000 square feet Avalon development space should be taken into consideration where appropriate.

Source: City of Newcastle, 2015; DOR, 2015, PSRC, 2015; BERK, 2015

Retail Space

Currently, retail space exists as the predominate type of non-residential space in Newcastle, with an estimated current stock of 153,000 square feet devoted to retail and restaurant use. In estimating future demands for additional retail and restaurant space, three different modeling approaches were used based upon available data: Taxable Retail Sales, Supportable Retail Space, and Employment Forecast. Although each of the retail models estimates future retail space, each model uses different units of analysis: Dollars (Taxable Retail Sales); Built Space (Supportable Retail Space); and Jobs (Employment Forecast). Each approach for estimating future retail space, inclusive of restaurants, is outlined below including the resulting retail square footage estimates.

- 1) Taxable Retail Sales Approach:** The taxable retail sales approach uses current taxable retail sales data, calculated retail pull factors, and forecasted population growth rates as baseline variables in its model. In sum, increased retail sales associated with population growth are translated into associated gains in additional future retail space as shown in Exhibit 10.

Exhibit 10. Future Additional Retail Space – Taxable Retail Sales Approach

Pop. Growth	Pop. 2022	Pop. 2035	2022 Additional Retail Space			2035 Additional Retail Space					
			Current Retail Pull Factor	Target Retail Pull Factor	Target Retail Pull Factor	Current Retail Pull Factor	Target Retail Pull Factor	Target Retail Pull Factor			
1.1%	12,311	13,569	17,900	40%	51,300	53%	84,700	51,800	40%	90,200	128,600
1.5%	13,868	18,550	25,500	40%	60,100	53%	94,600	75,400	40%	117,300	166,800
2.0%	14,424	20,566	34,900	40%	70,800	53%	106,700	106,200	40%	152,600	201,500

Source: City of Newcastle, 2015; BERK, 2015

Using the current retail pull factor of 35% and the projected annual population growth rate of 1.08%, a range between 17,900 and 51,800 square feet of future additional retail space is estimated for Newcastle between 2022 and 2035.

2) Supportable Retail Space Approach: The retail space approach assumes that the entirety of a community’s retail needs are met within the boundaries of the modeled jurisdiction. In other words, the model assumes that residents of a given community are making all of their retail purchases within the jurisdiction and not traveling outside the community to meet those needs. The model then estimates the amount of square footage needed to support and house this level of modeled supportable retail activity. For example, if Newcastle residents made 100% of their retail purchases within Newcastle, there would be an estimated 967,100 square feet of gross supportable built retail space.

A current retail space capture rate is then calculated by dividing the *existing* amount of built retail space by the amount of the modeled, gross supportable retail space in a community. Reflecting the reality of Newcastle’s retail picture whereby many Newcastle residents shop outside the City to meet their retail needs, Newcastle’s approximately 153,000 square feet of existing retail space represents a current retail space capture rate of 16% as shown in Exhibit 11.

As in the retail employment based approach, the model estimates future non-residential space based upon changes in employment levels over time and across sectors. Then a baseline factor of the amount of square feet required to house each new employee per sector is applied. Estimates for future non-residential space based upon gains in employment are shown in Exhibit 13. The model suggests that a range between 27,700 and 82,200 square feet of additional non-residential space can be supported between 2022 and 2035.

Exhibit 11. Future Additional Retail Space - Supportable Retail Space Approach

			Current Cumulative Retail Space Supported by Population			Future Cumulative Retail Space Supported by Population		
Population			Gross Supportable Retail SF	Current Retail SF	Net Supportable Retail SF	Current Retail Space Capture Rate	Target Retail Space Capture Rate	Target Retail Space Capture Rate
City of Newcastle	Growth	Total				16%	18%	21%
Population, 2015		10,940	967,100	152,900	814,200	0	24,200	48,400
Growth, 2016-2022	1,371	12,311	1,088,300		1,088,300	19,200	46,400	73,600
Growth, 2023-2035	1,258	13,569	1,199,500		1,199,500	36,700	66,700	96,700
Total, 2035	2,629	13,569	1,199,500		1,199,500	36,700	66,700	96,700

Source: City of Newcastle, 2015; BERK, 2015.

Using the current retail space capture rate and forecasted population levels as a baseline, alternative target retail space capture rates can then be used to estimate a range of additional retail space needed to support future populations. For Newcastle, using a target retail space capture rate of 18%, the model suggests that approximately 46,400 square feet will be added by 2022 and a total of 66,700 square feet will be added by 2035.

3) Employment Based Approach: An alternative model for estimating projected demand for future retail space involves using employment forecasts for the retail sector. In sum, the model estimates future retail space needed based upon changes in retail employment levels over time and applying an estimated amount of square feet required to house each new employee. This model differs from the other two models in that its focus is completely future forward. Estimates for future retail space demands based upon gains in retail employment are shown in Exhibit 12 below.

Exhibit 12. Additional Retail Space Estimates Based on Employment Forecasts

Forecast Gains by Sector	2022	2035
Retail and Restaurants	15	44
Additional Future Retail Space	7,500	22,000

Source: City of Newcastle, 2015; PSRC Land Use Target Forecasts, 2013

Using PSRC employment forecasts and City data, Newcastle is forecasted to gain an additional 15 jobs by 2022 and 44 jobs by 2035 in the retail and restaurant sector. Using the PSRC assumption of 500 square feet per additional retail space per employee, the gain in additional jobs translates to an estimated additional 7,500 to 22,000 square feet of future additional retail space.

Other Non-Residential Sectors

Unlike the retail and restaurant economic sector, robust baseline square footage estimates for existing built space were not readily available at the sector level for other non-residential economic sectors. As a result, the forecasted employment approach was used as a means to estimate additional space demands for these sectors.

As in the retail employment based approach, the model estimates future non-residential space based upon changes in employment levels over time and across sectors. A baseline factor of the amount of square feet required to house each new employee per sector is then applied. Estimates for future non-residential space demands based upon gains in employment are shown in Exhibit 13 below. The model suggests that approximately 27,700 additional square feet will be added by 2022 and 82,200 square feet by 2035.

Exhibit 13. Additional Non-residential Space Estimates Based on Employment Forecasts

Forecast Gains by Sector	Additional Jobs		Additional Square Footage	
	2022	2035	2022	2035
Services and Finance and Real Estate	47	138	11,800	34,500
Retail and Restaurants	15	44	7,500	22,000
WTU	9	27	5,400	16,200
Construction/Resource	9	28	1,800	5,600
Education	4	12	1,200	3,600
Government	0	1	0	300
Total Employment	84	250	27,700	82,200

Source: City of Newcastle, 2015; PSRC Land Use Target Forecasts, 2013.

Opportunities to Increase Market Share

In the near term, opportunities for Newcastle to increase market share will be limited. As commercial tenants change, there is some opportunity for new businesses to increase the City's market share in certain sectors, such as restaurants. However, the long term opportunity for the City to increase market share is through the high-quality built environment and walkable downtown envisioned in the CBC plan. Improving public spaces, streets, and infrastructure, while facilitating redevelopment of underutilized properties and improving the overall attractiveness of Downtown Newcastle, is the best opportunity to attract new customers to the area. While the area surrounding Newcastle is saturated with regional shopping destinations that are difficult to compete with, the strategic market opportunity for Newcastle is to provide a retail and service environment based on high-quality design, active public spaces, events, public facilities, and pedestrian amenities that define a true "Downtown." These improvements would allow Newcastle to differentiate itself from surrounding regional retail centers, to capitalize on the high traffic volumes by giving people a reason to

stop, and improving the attractiveness of Newcastle as a place to live with diverse housing choices and urban amenities. City policies that should be considered to increase Newcastle’s market share include:

- Updating the CBC Plan focused on rebranding the effort as a Downtown Plan.
- Actively pursuing public/private partnerships for future development opportunities.
- Advocating for improved transit service.
- Developing a detailed capital improvement plan as part of the CBC plan update along with concept designs to attract support for local and outside funding sources including:
 - Streets
 - Public Parking
 - Parks, Plaza, and Open Spaces
 - Pedestrian Amenities (including wayfinding)
 - Infrastructure (as needed)
 - Financing Plan
- Support the establishment of a Downtown Business Organization that can serve as a long-lasting partner with the City in transforming the Downtown consistent with the community’s vision.

PUBLIC SPACE ASSESSMENT

Downtowns are defined in comparison to other development patterns by the amount and quality of public spaces including streets, public buildings, parks, plazas, and pedestrian and bike facilities. Key characteristics of Downtown public spaces are identified below in Exhibit 14.

Exhibit 14. Downtown Public Space Components

Public Space Component	Existing Facilities	Assessment and Opportunities
Pedestrian Connectivity	Sidewalks exist on all streets. Few connections and streets dominated by major traffic arterials.	New street connections are needed to enhance connectivity, increase route options, and decrease travel distances for pedestrians.
Short Block Lengths	Block lengths are 900’ or greater along Coal Creek Parkway.	Additional street connections are needed to develop the Downtown street grid and reduce block lengths. 400 foot long block lengths are ideal for pedestrian mobility.
Pedestrian Facilities and Safety	Sidewalks on all streets.	Feels unsafe due to high traffic speeds, no buffer between the sidewalks and traffic, and many curb cuts.

Wide Sidewalks with Buffer from Traffic	Sidewalks do not have a buffer, such as landscaping or on-street parking, between traffic.	Widen sidewalks and add landscaping or on-street parking.
Wayfinding	Wayfinding exists for the trail system.	Other than the wayfinding signs for the trail system, all signs are auto-oriented signage.
Seating	Small plazas and seating areas exist on private and public properties.	Seating areas are not activated by adjacent land uses and appear underutilized. Additional seating is needed in key locations.
Slow Traffic Speeds (20 to 20 MPH)	Traffic speeds are 30+ MPH on major arterials.	Traffic speeds are too high and traffic calming is necessary to support the transition to a pedestrian-oriented walkable Downtown.
Public Buildings	City Hall and the Library	City Hall and the Library are important Downtown anchors. Additional public buildings should be located Downtown when the opportunity arises. City Hall is in leased space and should remain Downtown. A new City Hall could provide an opportunity to incorporate a park or public space in the design as a civic campus.
Public Parking – On and Off Street	No public parking exists in the Downtown.	On-street parking should be added on key Downtown streets to buffer the sidewalks and provide additional parking in support of local businesses.
Street Trees	Mature street trees present on most streets.	Maintain existing street trees and add street trees when opportunities present themselves.
Parks/Plaza/Open Space	No signature Downtown public space exists. Small plazas exist on a few Downtown properties including City Hall and at the Library.	Public space investments should be considered by the City in future subarea and capital plans.

<p>Integration of Public and Private Space</p>	<p>Public and private spaces are not well integrated. Private properties lack proper pedestrian connections to the street.</p>	<p>As redevelopment occurs, the City should require that new buildings be located at the street edge or that pedestrian connections to the street are provided.</p>
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Source: BERK, 2016

In general, Downtown Newcastle lacks both the amount and quality of public spaces required to support the CBC Plan vision. The Downtown is auto-dominated, lacks a cohesive street grid, supports high traffic speeds – particularly on Coal Creek Parkway – and lacks appropriate buffers along sidewalks (see Exhibit 15 and Exhibit 17). The Downtown does not have general public parking on or off-street, a public park, plaza, or gathering space. Public and private spaces are not well integrated, with poor pedestrian connections from the street to private properties. City Hall and the Public Library are strong Downtown anchors and provide community spaces both inside and outside (see Exhibit 16).

Exhibit 15. Sidewalks on Coal Creek



Source: BERK, 2015

Exhibit 16. Newcastle Library



Source: BERK, 2015

Exhibit 17. Downtown Street Network



Source: BERK, 2015

The CBC plan calls for the development of new streets and public spaces in the Downtown. The primary means for the City to implement these improvements is through incentives in the Newcastle Municipal Code (NMC). The NMC provides incentives for the development of new public spaces and enhancing existing public spaces through increased Floor to Area Ratio (FAR) that allows for an increase in the amount of building square footage that can be constructed. Currently, incentives are provided in the NMC for:

- Pedestrian esplanade or new street connection
- Public plazas
- Open spaces
- Water feature
- Wider sidewalks
- Pedestrian amenities, including weather protection, seating, trash receptacle, bike rack, kiosk, newspaper stand, public art, bus shelter

The incentives have not resulted in significant new or enhanced public spaces in the Downtown. The City does not have any current plans for significant capital improvement projects in the Downtown.

DEVELOPMENT CODE AUDIT AND DEVELOPMENT COMPATIBILITY

The zoning and development standards in the Newcastle Municipal Code (NMC) are one of the primary means by which the City implements the CBC plan. As a result of recently permitted high-density developments in the CBC, several issues have been identified that warrant an audit of the development code. One of the issues is the degree to which the existing Newcastle Municipal Code (NMC) adequately addresses compatibility between higher density commercial/mixed-use development and lower density single-family neighborhoods (see Exhibit 18 for a project under development adjacent to a single-family zone). Portions of the CBC border single-family zoning districts where recent high-density developments have been approved by the City. Compatibility between developments within the CBC will also be addressed in the code audit below through setback and buffer standards and existing design guidelines. A second issue is whether the requirements for mixed-use development need to be further defined as they vary by location and land use.

Exhibit 18. Newcastle Apartments



Source: Studio Meng Strazzara, 2015

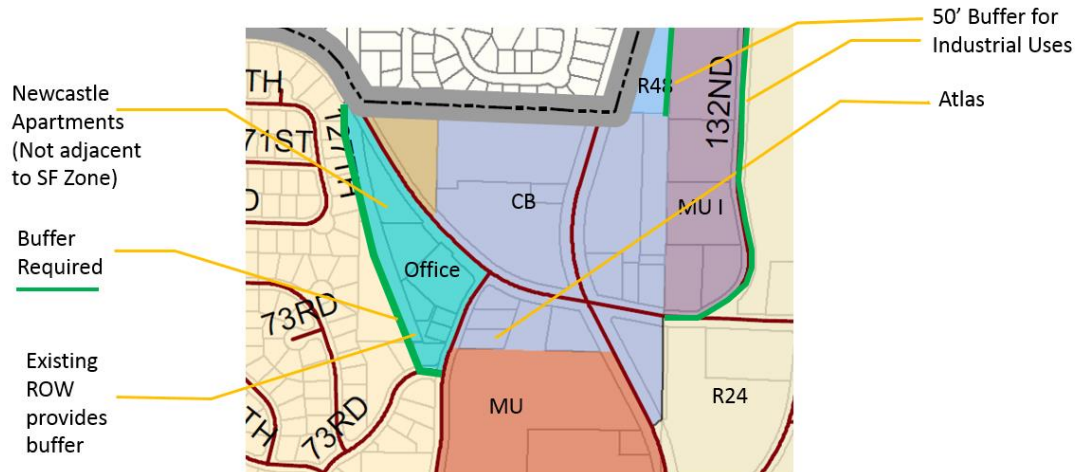
The NMC currently includes the following code standards to address development compatibility:

- **NMC 18.12.040.B.7:** Twenty-foot setback only required on property lines adjoining single-family residential zones, otherwise no specific interior setback requirement.
 - SF Zones: R-1, R-4, R-6, R-8
- **NMC 18.12.040.B.10:** 50' buffer required from industrial development to any residential zone.
- **NMC 18.12.030.A:** The side setback shall be the greater of:
 - Twenty feet along any property line abutting R-4 through R-8.
 - The average setback of the R-4 through R-8 zoned single-family detached dwelling units from the common property line separating said dwelling units from the adjacent multifamily development (Maximum of 60').
- **NMC 18.12.030.A:** 20' to 25' rear setback (for multifamily development).
- **NMC 18.12.030.B.16:** Requires upper level setbacks of 5' for each additional 5' of building height story above 30' (35' in commercial and mixed-use districts) adjacent to single-family residential properties.
- **NMC 18.16.060:** Requires a 20' Type II landscaping buffer where the CBC abuts all other zones outside the CBC unless modified by the Director.

No buffer is required between the CB Zoning District and Multifamily/Mixed-Use Zones, such as in the recently permitted Atlas apartment development. Additionally, while upper setbacks are required

between high-density developments adjacent to single-family zones, the 65' height limit is permitted throughout the CBC. Many of the zoning districts are bordered by streets, which serve as buffers between the different zones. In the case of the Newcastle Apartments development, an existing right of way to the east of the property buffers the development site from the nearby single-family zone (See Exhibit 19). Therefore, no additional on-site buffer was required. Additionally, because the site is not technically adjacent to a single-family zone, no upper setbacks were required.

Exhibit 19. Development Compatibility Diagram



Source: City of Newcastle, 2015; BERK, 2015.

The NMC includes the follow code standards to address requirements for mixed-use development:

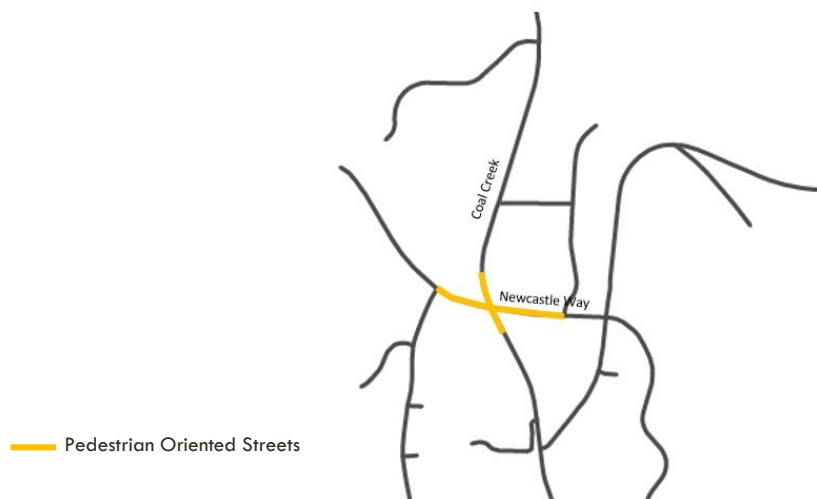
- **NMC 18.08.030.B.3:** Only as part of a mixed-use development subject to the conditions of Chapters 18.14 and 18.15 NMC.
- **Mixed-Use Requirement for Commercial Uses:** At least 50 percent of a building's ground floor street frontage must be occupied by pedestrian-oriented uses as defined in NMC 18.06.446 when fronting Newcastle Way between 129th Avenue SE and 132nd Place SE, or when fronting Coal Creek Parkway 250 feet north or south of the Newcastle Way right-of-way.
- **NMC 18.06.446:** A pedestrian-oriented land use is one that makes the street active by attracting frequent pedestrian visitors throughout the day. The community development director shall determine whether a proposed land use is "pedestrian-oriented" based on this definition, including the criteria and examples provided below. Retail and service uses, other than general office uses and banking, shall generally be considered to be pedestrian-oriented, if the use meets any of the following criteria:
 - A. The use includes substantial window displays of or pedestrian visual access to the products or services for sale by the establishment; or
 - B. The use provides goods that can be consumed on-site; or
 - C. The use provides goods that can be purchased and transported from the site by a pedestrian.

Pedestrian-oriented land uses include but are not limited to the following: theaters/cinemas, plays/theatrical productions, libraries, museums, daycares, beauty and barber salons, department and variety stores, apparel and accessory stores, furniture and home furnishing stores, eating and drinking places, drug stores, liquor stores, used goods and related stores, books, stationery, video and art supply stores, jewelry stores, hobby, toy and game shops, photographic and electronic

shops, personal medical supply stores, fabric shops, florist shops, pet shops, and any other use the community development director deems pedestrian-oriented. (Ord. 2007-364 § 2).

The mixed-use requirements do not define the amount of different land uses that are required to qualify as mixed-use. As a result, recent developments have included only a token amount of non-residential use in an otherwise residential development project. On pedestrian-oriented streets, 50% of the first floor must be occupied with pedestrian-oriented uses, but the requirement for other uses is not stated. See Exhibit 20 for the pedestrian-oriented streets. In addition, there is no minimum building height or density requirement in the CBC, which appears to allow stand-alone single-story commercial uses that may be contrary to the vision for Downtown Newcastle. It may be unrealistic to expect every development in the CBC to be mixed-use, but nonetheless the standard should be more well-defined. Another risk with the current standards is that one of the larger commercial retail properties could be redeveloped with primarily residential uses.

Exhibit 20. Pedestrian-oriented Streets



Source: BERK, 2015

The NMC includes the following design guidelines to address building setbacks:

- **CBC Design Guidelines:**

- Buildings along pedestrian-oriented streets shall be set to the back of the sidewalk, with the exception of providing open space for public use such as plazas, courtyards and seating areas.
- Buildings shall be setback to allow the required sidewalk width. Above 12' buildings may project over the sidewalk with awnings, canopies, bay windows, and/or decks.

The CBC Design Guidelines do not account for building setbacks or architectural design between adjacent developments.

STAKEHOLDER INTERVIEW THEMES

Key stakeholders were interviewed to better understand attitudes and perceptions towards existing and future development in Downtown. Stakeholders included residents, business and property owners, members of community organizations, and youth representatives. Several themes were identified based on the feedback received during the interviews and are listed below.

Desire for increased amenities in the Downtown

Those interviewed expressed a strong desire to see increased amenities in the Downtown regardless of their views on the scale and intensity of development that should be permitted. Highlights from the interviews include:

- “a desire to bring in higher-level businesses. The community is dying for good, high-end restaurants, boutique retail, fitness studios, and commercial needs for general shopping trends.”
- “no big box – we have easy access to that in the region...would love to see more restaurants and specialty stores... like the chocolate store we lost...or artisans like a glass blower.”
- “create some kind of a community center – like a park where people could gather...possibly music in the summer evenings...an outdoor study area...small theater... bring people to the center and keep them there. Currently, there is no central place where people can gather...no place for people to connect...”
- “until major property owners work with us, we won't get the return we're looking for...could put money into expanding sidewalks, better lighting, etc., but if we're left with the same businesses and buildings, it won't do much good.”
- “...disconnect between neighborhoods and Downtown...go to other cities for everything else apart from buying groceries...”
- “Coal Creek Parkway Downtown feels very unsafe for crossing and for walking/biking...cars pulling out of various entrances into shopping centers is problematic.”

Divergent opinions on the desired scale and intensity of redevelopment

There were divergent opinions about the scale and intensity of development that should be permitted, with some interviewees expressing support for the current 65' building height limit, while others felt 35' is more appropriate. Concerns regarding traffic and parking to support new development were also expressed. Highlights from the interviews include:

- “Maximum of 6 stories (65' height)...maintaining a high standard of finish (externally)...buildings stay high-end housing.”
- “Newcastle is losing its special character because of the rampant development that is happening throughout the City, [I] vehemently opposed 65' height....six stories are out of character for the community...”
- “It can be done in a way that is friendly on the eyes, with generous pedestrian and meeting places...being sensitive to the needs of the people.”
- “Being stuck in old ideas of trying to retain a rural atmosphere in a built-up area is a threat.”
- “...right now the strip malls look just like anything else along a highway...there is no reason for anyone to stop...”
- “..parking is a major issue already...there is a difference between uphill Newcastle and downhill Newcastle...there are so many people that don't live within walking distance to downtown...it isn't going to work until people take that reality into account...if they can't park, they will drive further and go somewhere else...they're never going to make it dense enough so that the businesses can be supported by people walking to them only...”
- “...traffic is an impediment to people walking, driving, and living here...it prohibits stopping...”

- “..there is no unified vision on the city council...there is also an inconsistency in vision - what's allowed and what the city council did...”
- “Newcastle is considered a small, saturated market... only supported by additional residential development, and locally-driven consumers...”

Key property owners not interested in redevelopment

The Downtown includes several large-scale retail properties that are key to realizing the long-term vision for Downtown. Representatives from these key properties were interviewed to assess their interest in redevelopment consistent with the CBC Plan for higher-intensity mixed-use development. Highlights from the interviews include:

- “I don't think the current two shopping centers will transition to high-density development...there may be new development around us.”
- “Shopping center is currently successful...low vacancy rate...maintains high rents...not enough incentive to take on the risk associated with redevelopment.”
- “Newcastle is a bedroom community...as much as the City Council and others would like to see it as a destination, it's not...it has good access to local employment and shopping...people would not pay rent to live downtown, they could move to areas with similar downtown amenities at similar rents...”
- “Newcastle is considered a small saturated market...only supported by additional residential development.”
- A larger influx of retail space will take time to absorb...will lower prices in market... some office space may come in such as medical, professional services, banks.

Interest in seeing conversion of 132nd to non-industrial uses over time

The area along 132nd Street consists of primarily industrial uses and the CBC plan calls for this area to transition over time to higher-density mixed-use development. Interviewees were asked for their opinions regarding the transition of this area over time to non-industrial uses. Highlights from the interviews include:

- “...support transition over time to non-industrial uses. I wouldn't want to push away viable businesses...this area could house some professional office space.”
- “...don't think Newcastle is good for industrial use. More high-end residential similar to Kirkland, Redmond... keep industrial areas in Kent and Renton.”
- “It's not pretty, but the businesses are healthy there. The YMCA is thankful that there is a storage unit there because we use it.”

More pedestrian-friendly areas to connect community spaces

Interviewees were asked for their opinion regarding the need for more pedestrian friendly areas to connect community spaces in the Downtown. Highlights from the interviews include:

- “There are some pockets of Downtown Newcastle that are more pedestrian-oriented...it would be great to create more pedestrian-friendly environments that connect the trails, library, and YMCA”
- “Provide a better connection from the schools to the YMCA...younger teenagers cannot access our YMCA after school because they cannot drive and it is not safe to walk...”
- “Newcastle could be more pedestrian friendly, but there is a huge impediment that runs through the middle...Coal Creek Parkway is hazardous, you risk your life walking there.”

Next steps

Interviewees were asked their opinions regarding the next steps for planning the future of Downtown. Highlights from the interviews include:

- “Create some kind of a forum to discuss this...putting it on to a schedule would start this kind of thinking”
- “...genuinely believe this should become an aggressively pushed conversation....pursued aggressively rather than expecting it to come together by itself.... put together a development committee...bring in different players to make this happen.
- “There should be a lot of conversations with local businesses, the City and community members to keep the conversation going about development and upcoming changes...get people more excited so they know what to expect...”
- “Let community organizations and businesses know when commercial space becomes available...”

POTENTIAL FUTURES

Based on the elements of this study, the following potential future alternatives have been identified in Exhibit 21 for further discussion by the community during development of the Downtown Plan.

Potential future A maintains existing development regulations and level of City investments in the Downtown. Potential future A is a low cost option, but may result in decreased competitiveness relative to other retail nodes in the surrounding area.

Potential future B maintains the existing scale and intensity of allowed development (with the implementation of the development code amendment recommendations), but requires that the City take a leadership role to invest in infrastructure, street, and public spaces. Additional residential development is needed to support greater amenities in the Downtown based on Newcastle’s economic profile and conditions. With significant leadership by the City, Newcastle could move forward with further planning and implementation of a Downtown Plan based on potential futures A and B identified in Exhibit 21. Potential future B involves a greater level of effort and leadership by the City to implement the Downtown Plan.

Potential Future C would involve downzoning the Downtown area to essentially preserve existing development and allow limited redevelopment at a reduced scale. This future is low cost and may be less controversial, but could result in declining retail sales over time.

Based on the analysis it does not appear that the CBC could support a regional designation retail center identified in potential future D. Potential future D has been discounted and should not be further considered.

Exhibit 21. Potential Futures Alternatives

Potential Futures	Potential Upsides	Potential Downsides
A. Downtown Status Quo <ul style="list-style-type: none"> Piecemeal business and property turnover No significant City investments in public improvements Maintain existing development regulations 	<ul style="list-style-type: none"> Low-cost/low-risk Additional local serving restaurants, retailers Modest boost in tax base 	<ul style="list-style-type: none"> Could see decrease in competitiveness relative to regional offerings; degrading or loss of anchor retailers
B. Downtown Redevelopment with Proactive Public Investments <ul style="list-style-type: none"> Maintain existing development regulations and increase base development densities Significant investments in public improvements including streets, plazas, open spaces, public parking Create downtown development organization(s) 	<ul style="list-style-type: none"> Additional local serving restaurants, retailers Modest boost in tax base Increased pedestrian connectivity, parks/public gathering spaces Events, marketing, “management” of the Downtown 	<ul style="list-style-type: none"> May not spur private sector development Additional traffic
C. Neighborhood Shopping Center <ul style="list-style-type: none"> Reduce development density, scale, and intensity in Downtown 3 story building height Eliminate mixed-use requirements 	<ul style="list-style-type: none"> No growing pains Less controversial Low-cost 	<ul style="list-style-type: none"> Decrease in retail quality over-time Slow growth in retail sales
D. Regional Destination Retail Center		

Source: BERK, 2015