

Kirkland Industrial Zoning

Prepared for:

City of Kirkland Planning

April 12, 2005

By:

URBANADVISORS LTD

Executive Summary

The City of Kirkland retained Urban Advisors Ltd to assist in providing information for making decisions regarding the current industrial zoning policies. Three issues prompted this inquiry:

- First, given the industrial zoning specified, whether lands designated for industrial or manufacturing uses will likely retain and attract the businesses intended or whether the demands and needs of new users will find the overall characteristics of the area insufficient for their locational needs; and
- Second, based on the study findings, what types of City actions might be needed to attract or retain manufacturing/industrial uses in Kirkland?
- Third, if industrial is less likely, what are the alternatives and how is the transition between uses accomplished?

The Study Areas

Urban Advisors was given six industrial areas, broken into six study sites, to evaluate: Upper Totem Lake (Area A), 405 Business Area (B1), Parmac (B2), Norkirk (Area C), Moss Bay (Area D) and Rose Hill (Area E). While the intent of current zoning is to provide land for industrial, light industrial and “tech” employment, much of the built space in the industrial areas is zoned for and used otherwise.

Change in Employment and Demographic Profile

The primary purpose of industrial zoning in Kirkland was, historically, to provide sufficient space for local jobs at family-wage incomes. Over the years, however, the bulk of employment in Kirkland has shifted to other occupations (classified as Financial Insurance Real Estate and Services by the Puget Sound Regional Council) than either skilled or unskilled occupations involving manufacturing or the trades. Projections to year 2030 by PSRC indicate that this trend will continue. As employment has shifted, the demographic profile of Kirkland has changed.

When we examine household change by age and income we find that in general, households with annual incomes below \$75,000 are decreasing, while those with incomes above \$99,000 are increasing. This indicates that while some households are gaining in income there is also some amount of replacement taking place in which lower income households leave and higher income households move in.

In response to demographic change housing pricing in Kirkland has increased. According to the Kirkland Community Profile, average rents in Kirkland increased from \$624 in 1990 to \$1,241 in 2001, and average home sale prices increased from \$172,196 in 1996 to \$267,508 in the first quarter of 2000. According to the 2000 census, the average value of an owner occupied unit (all units, not just those for sale) in Kirkland was \$318,000, and estimates from ESRIBIS indicate that this value has increased to \$399,000 in 2004. Should this trend continue the average home value is expected to rise to approximately \$497,000 by 2009.

The implications of age shift and income shift are that given the limited land base, housing prices have been bid upward out of the price range of moderate income households, and that

more residents in Kirkland will be working at higher wage jobs as this change continues. To balance the demographic and housing changes with employment will require a shift from lower to higher wage employment within the city if provision of local employment for residents is a policy goal.

Interview Results

As part of the process for this study, interviews were conducted with current tenants, owners and brokers of industrial land in Kirkland. Their comments reflect a history of the change in Kirkland, assessments of current conditions for industrial use, speculations on future use, and ideas for the retention of existing local businesses. The interview comments are summarized below.

Land Pricing for industrial has risen to \$12 per square foot, expensive for distribution but not unreasonable for offices. Interviewees expressed that the lack of available land and rising land pricing are an issue for continued industrial flex space development. All of those interviewed felt that use is shifting toward non-industrial and high-tech uses. The market rent for industrial for existing stock in Kirkland was seen as less competitive than other areas. It was felt by interviewees that the zoning no longer matches the needs of the market.

Those interviewed felt that much of the industrial labor force had to come from outside the city because wage rates would not support housing ownership in Kirkland. It was felt that the local labor force is shifting toward office-based employment including professional services, high-tech occupations and financial occupations (this is confirmed by the enumeration of employment by residence cited in the Kirkland Community Profile as well as long-range trending by PSRC).

Summary of Conclusions

The first major conclusion regarding industrial zoning in the study areas is that the shift from manufacturing, warehouse and distribution uses to other uses is already a factor in the leasing of industrial/flex space. Finding industrial users is increasingly difficult, and warehouse and distribution uses are moving regionally to areas with newer, less costly stock and a local labor force that can live in reasonably close proximity at moderate wage rates. The trend in spec built industrial and warehouse space is occurring elsewhere on less valuable land with highway access.

The combination of demographic change, home pricing, rising land values, regional traffic congestion, and shifts in projected employment militate against the continued feasibility of low-cost space for industrial that can remain competitive in regional and international markets. The trends indicate, on the contrary, that an emphasis should be placed on the creation of higher density employment space for financial, insurance, real estate, services and “tech” uses that can employ higher wage local residents of Kirkland and can afford the land and development costs for higher density.

The most effective change possible is not in the hands of the city, but in the inclinations and actions of property owners of obsolete stock. Because of market changes, industrial zones have become targets for non-industrial use seeking lower rents. As old industrial stock becomes less

useful for its intended use it is leased for other uses to the point that true industrial use becomes isolated. As noted in the Comprehensive Plan, businesses cluster together. When an area becomes predominantly non-industrial, it is less attractive to industrial users.

In considering city actions for these areas it is suggested that the idea of clustering business, providing buffers or transition zones between uses and re-aligning ideas of what is required to attract new business be made the focus of changes. For instance, many retail uses allowed currently do not fit well with industrial use but would be excellent land uses as transitions between industrial and residential land uses. In some cases higher density residential could augment and act as a transition buffer between lower density residential and office/tech use. Office/tech can act as a transition between industrial and commercial areas. At the same time, the “new employment” desired does not need to be placed under industrial zone regulations, but may be an entirely different employment center with its own guidelines for streets, setbacks and mix of uses.

Actions to Retain Business

- Zone for industrial with a finer grain than is done currently
- Buffer needed industrial from neighborhoods and other high traffic use that could cause conflict with truck traffic, noise issues and working hours - create buffers as transition zones that allow the range of non-industrial businesses retail and service specified in the current ILC and LIT codes
- Make an Auto Row Designation separate from Tech land use – group with wholesale trade and distribution use, strip centers or buffer from tech and business park areas

Actions to Enhance Redevelopment

- Adjust zoning for sites overtaken by non-industrial use to better match future employment and neighborhood trends
- Consider some conversion to residential buffers where adjoining residential areas and current use make industrial infeasible
- Resolve zoning to allow very clear certainty for redevelopment.

Actions to Create Conditions for New Business

- Alter code for tech/professional office/FIRE areas in LIT, ILC and PLA areas so that they can be designed for amenities with ancillary retail, services, etc., supportive of other uses
- Adjust height limits and floor area ratios in ILC and LIT to enable conversion to higher density employment
- Setbacks – create differing standards for tech/office areas and industrial areas
- Create separate standards for Truck streets vs. Pedestrian Streets to match intended use, i.e. warehouse/distribution versus tech office areas

Introduction

The City of Kirkland retained Urban Advisors Ltd to assist in providing information for making decisions regarding the current industrial zoning policies. Three issues prompted this inquiry:

- First, given the industrial zoning specified, whether lands designated for industrial or manufacturing uses will likely retain and attract the businesses intended or whether the demands and needs of new users will find the overall characteristics of the area insufficient for their locational needs; and
- Second, based on the study findings, what types of City actions might be needed to attract or retain manufacturing/industrial uses in Kirkland?
- Third, if industrial is less likely, what are the alternatives and how is the transition between uses accomplished?

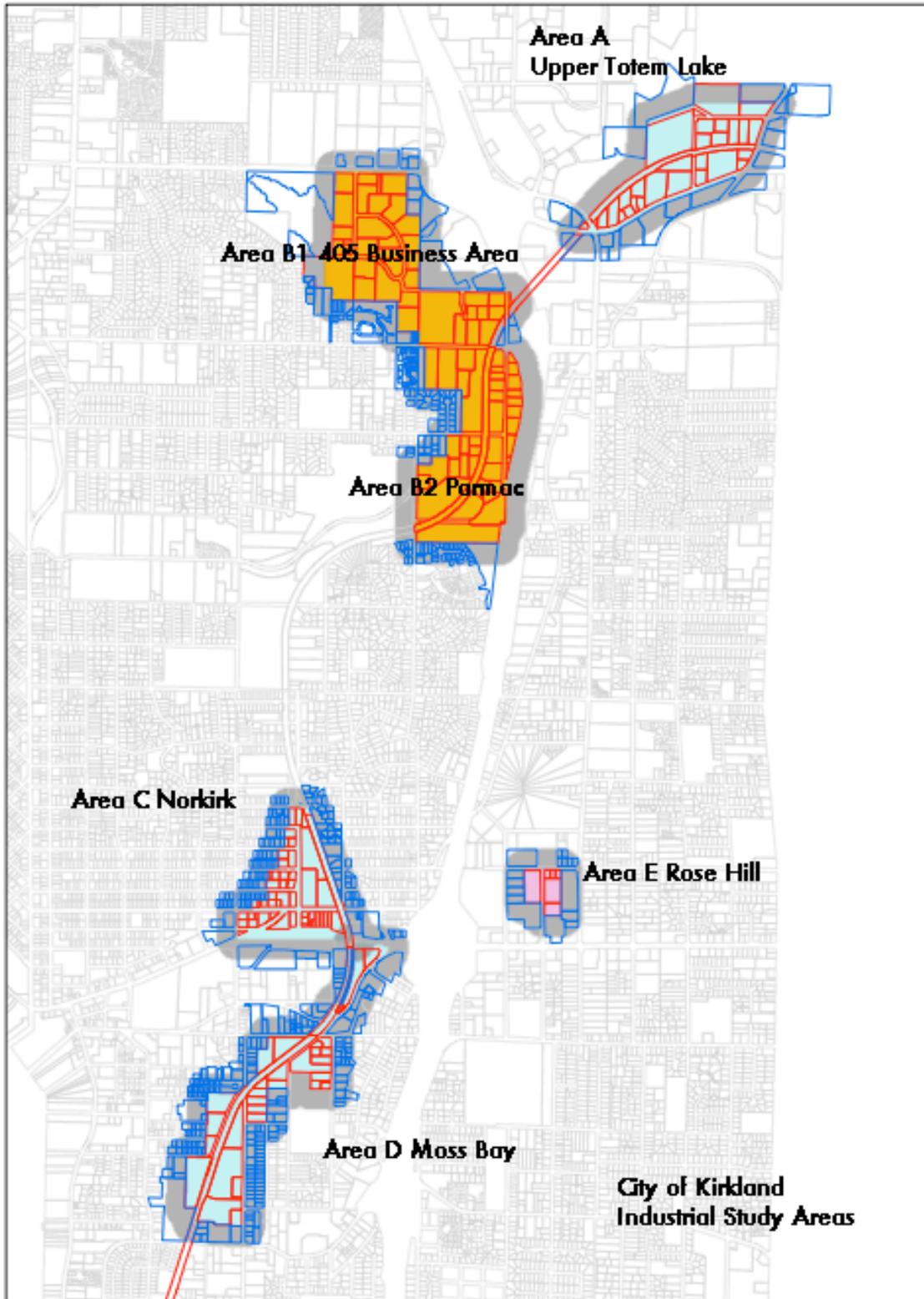
To begin the study, Urban Advisors toured the industrial zones in Kirkland to understand access and site conditions as well as adjacency of other uses to the industrial area. After the tour of industrial sites, Urban Advisors acquired data on industrial trends, both national and local, and from the City Geographic Information System (GIS) database to identify industry clusters, property values and intensity of land use. Urban Advisors also obtained demographic projections from ESRI Business Information Systems and long-term employment projections from the Puget Sound Regional Council (PSRC) in order to understand the dynamics of the labor market in Kirkland.

Following initial data collection Urban Advisors interviewed industrial property owners, tenants, and brokers regarding the current state of the markets for the uses permitted in the industrial zones in the study area. After the interviews Urban Advisors reviewed the data and drew findings based upon the data and the interviews regarding the viability of current zoning and its likely use in the future.

After a review of the information provided from the City's excellent GIS database some further questions regarding land use arose: Why is so little space taken by the intended high-tech uses? Should some office users in pre-1990 space (Financial, Insurance, Real Estate, Services, Professional) be more logically located in space that is more efficient? Should institutional uses co-exist with industrial given the inherent conflicts between use types? Should land intensive uses such as automobile sales be located in industrial zoning areas, precluding more intense use for future jobs if employment is a priority? And finally, is the zoning effectively promoting the re-use of the valuable land resources?

The Study Areas

Urban Advisors was given six industrial areas, broken into six study sites, to evaluate: Upper Totem Lake (Area A), 405 Business Area (B1), Parmac (B2), Norkirk (Area C), Moss Bay (Area D) and Rose Hill (Area E). These areas are illustrated in the map on the following page. Within the entire study area (which includes business commercial in Area E as well as industrial) Kirkland includes six zoning designations comprising a total area of approximately 303 acres of which approximately 38 acres are rights of way. Two of the six zones are industrial/light industrial zones intended for industrial, technology and manufacturing uses: Industrial Limited Commercial (ILC) at 21.45 acres, and Light Industrial Technology (LIT) at 155.82 acres (not including rights of way).



Source: City of Kirkland GIS

The study area also includes three Planned Light Industrial Areas (PLA's 6G, 10B and 11) of 84.5 total acres. In addition there is land zoned BC (Business Commercial) comprising another 2.84 acres of land.

Zoning in the Study Areas

Zoning	Study Area						Totals
	A	B1	B2	C	D	E	
BC						2.84	2.84
ILC	21.45						21.45
LIT	20.46		68.21	25.96	37.23	3.96	155.82
PLA 6G					10.01		10.01
PLA 10B		52.80					52.80
PLA 11		21.65					21.65
Totals	41.91	74.45	68.21	25.96	47.24	6.80	264.58

The Intended Use of the Industrial Zones

The industrial zoning designations LIT and ILC allow the following uses:

LIT Zone Allowed Uses

Manufacturing
Retail Storage Service
Warehouse Storage
Industrial Laundry
Wholesale Printing/Publishing
Wholesale Trade
Contracting Services (Plumbing, etc.)
Retail Banking and Financial Services
High Tech
Office Use
Auction Houses
Kennels
Day Care Centers
Recycling Centers
Public Utility Use
Government and Community Facilities
Hazardous Waste Treatment
Vehicle/Boat Sales and Repairs
Fast Food Restaurants
Public Parks

ILC Zone Allowed Uses

Manufacturing
Retail Storage Service
Warehouse Storage
Industrial Laundry
Wholesale Printing/Publishing
Wholesale Trade
Retail Contracting Services (Plumbing, etc.)
Retail Banking and Financial Services
High Tech
Office Use
Auction Houses
Kennels
Day Care Centers
Recycling Centers
Public Utility Use
Government and Community Facilities
Hazardous Waste Treatment and Storage
Vehicle/Boat Sales and Repairs
Fast Food Restaurants
Public Parks
Retail Rental Services
Retail Dept Store, 75,000 Square Feet or More
Mixed Use with 7 or more uses
Athletic Instruction
Hotel or Motel
Retail Printing/Publishing
Vehicle Service Stations

As industrial zones, ILC and LIT are somewhat unusual in the range of use allowed. The exact requirements for each use are given in sections 55.15 and 57.15 of the Kirkland Zoning Code. Height limits are between 25 and 35 feet, making two building stories the upper limit in both zones.

The Kirkland Comprehensive Plan outlines a series of concepts and goals regarding land use. Among those that are significant for planning the land use for employment zones are the following.

The Land Use Element:

“Seeks a balanced and complete community with shops, services and employment close to home...”

Policy LU-6.1: Provide opportunities for light industrial and high technology uses.

Policy LU-6.2: Encourage and support locations for businesses providing primary jobs in Kirkland

The Economic Element:

“Policy ED-1.5.: Encourage clusters of complementary businesses Industry clusters are geographic concentrations of mutually supportive businesses. In 2003, the prominent business clusters were in the areas of automobile sales and services, art galleries, healthcare, restaurants, high technology, and furniture sales. Encouraging clustering of complementary businesses helps diversify our local economy. Businesses can foster a competitive economic advantage by locating near each other to draw consumers, to be near the wholesale distributor or to attract employees.”

Two major themes are implicit in these statements: that balance requires local jobs for local residents, and that a balanced employment area will offer the possibility of aggregation of business clusters to serve business. A logical result of such policies would be zoning to create employment centers that actually employ local residents, and zoning that reduces conflict between incompatible clusters of uses.

Because of trends in employment and land pricing, industrial use is less competitive than other land uses. The average household income in Kirkland is much higher than the wage provided by industrial or warehouse/distribution employment, and many employees are not residents but commuters from other areas. Land pricing is an issue, as those interviewed have pointed out, because it is now difficult to create an industrial use that can afford the cost of a Kirkland location. To serve the need for local employment posited in the Land Use Element would require businesses that pay significantly higher wages than industrial use does currently.

Business clusters are not only complementary, they are also exclusive, i.e., they locate near like businesses but also avoid areas with unlike businesses or areas with businesses that preclude the provision of a suitable working environment. As an example, automobile dealerships aggregate together and high-tech firms aggregate together, but automobile sales and high-tech do not cluster with each other. High tech firms tend to cluster in two settings: park-like campuses or areas with urban amenities. Automobile sales create large paved areas without urban amenities that depend

upon traffic volume for visibility and access. Both uses are necessary in Kirkland for a balanced economy, but they are not necessarily complementary.

Current Use of Industrial Land

While the intent of current zoning is to provide land for industrial, light industrial and “tech” employment, much of the built space in the industrial areas is zoned for and used otherwise. Services is the largest use, occupying approximately 19 percent of the space, followed by wholesale/distribution at 14.9 percent, manufacturing at 13.8 percent, “tech” business at 12.2 percent, professional offices at 10.5 percent, automobile sales and service at 9.6 percent, retail at 7.5 percent, contractors and construction at 5.7 percent, Financial/Insurance offices at 4 percent and educational/institutional uses (including churches, daycares, dance studios, and education) at 2.8 percent.¹ The average intensity of land use is a floor area ratio of 0.20.²

Table 1: Industrial Area Use by Business Type

	Study Area						Percent/Use All Areas
	A	B1	B2	C	D	E	
Auto	32.7%	0.0%	14.1%	14.6%	0.4%	0.0%	9.6%
Contract	6.6%	0.0%	12.9%	3.1%	4.4%	1.3%	5.7%
FIRE	2.2%	8.6%	0.0%	0.9%	7.4%	0.0%	4.0%
Institutional	1.2%	7.6%	0.0%	2.1%	2.5%	0.0%	2.8%
Manufacturing	15.2%	1.8%	14.3%	11.1%	30.4%	0.0%	13.8%
Professional	1.6%	19.6%	4.8%	3.7%	6.7%	73.9%	10.5%
Retail	9.6%	5.5%	11.1%	4.1%	6.3%	5.5%	7.5%
Tech	4.6%	39.6%	4.8%	2.7%	0.6%	2.8%	12.2%
Services	17.0%	10.1%	18.3%	34.6%	23.3%	14.7%	19.0%
Wholesale	9.3%	7.1%	19.7%	23.0%	18.0%	1.7%	14.9%
FAR of Use	0.14	0.17	0.21	0.25	0.22	0.24	0.20

Source: City of Kirkland GIS

To understand space use, building and use by decade were examined. Table 2 and Chart 1, below, show the percentage of space built by decade. Approximately 24 percent of space was built in the 1990's, very little before 1960 and the bulk from 1960 to 1989.

¹ Services include businesses that do things as opposed to businesses that only sell things. It is a wide category that includes everything from auto shops to beauty shops and hotels. For the purposes of this study, professional services and education have been recorded separately. Restaurants have been classed under Retail. The term TECH has been applied to anything to do with software and computers whether services or sales.

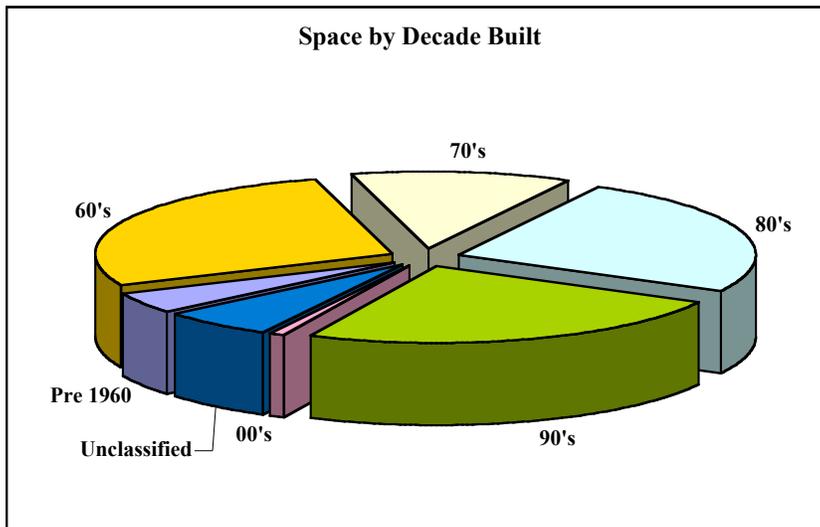
² Floor Area Ratio is defined as the square feet of use divided by the square feet of land on which the use is sited so, for instance, a 10,000 square foot building on a 20,000 square foot lot would have a floor area ratio of 0.5. A ratio of 0.19 would yield a building of 3,800 square feet on a 20,000 square foot parcel.

Table 2
Industrial Area Space Built by Decade

	Square Feet	Percent
Pre 1960	96,116	5%
60's	585,647	28%
70's	251,666	12%
80's	533,181	25%
90's	514,661	24%
00's	18,000	1%
Date Unkown	128,168	6%
Total	2,127,439	100%

Source: City of Kirkland GIS

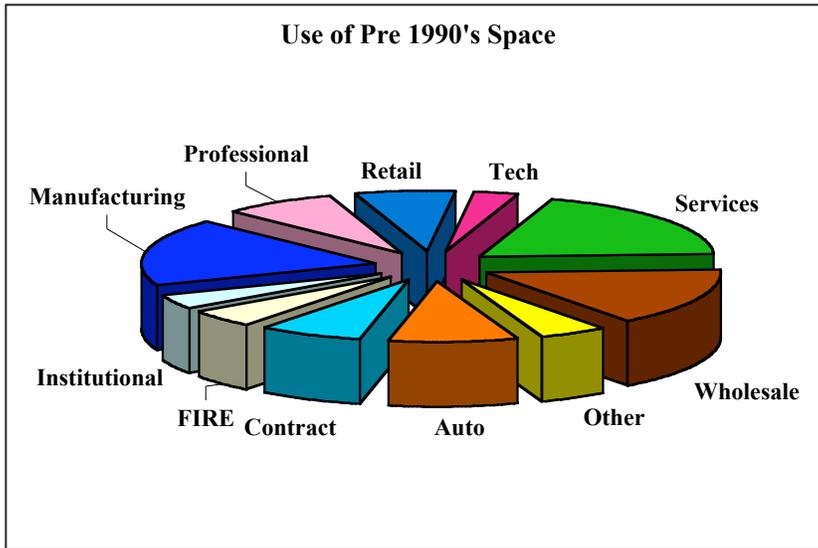
Chart 1: Space by Decade



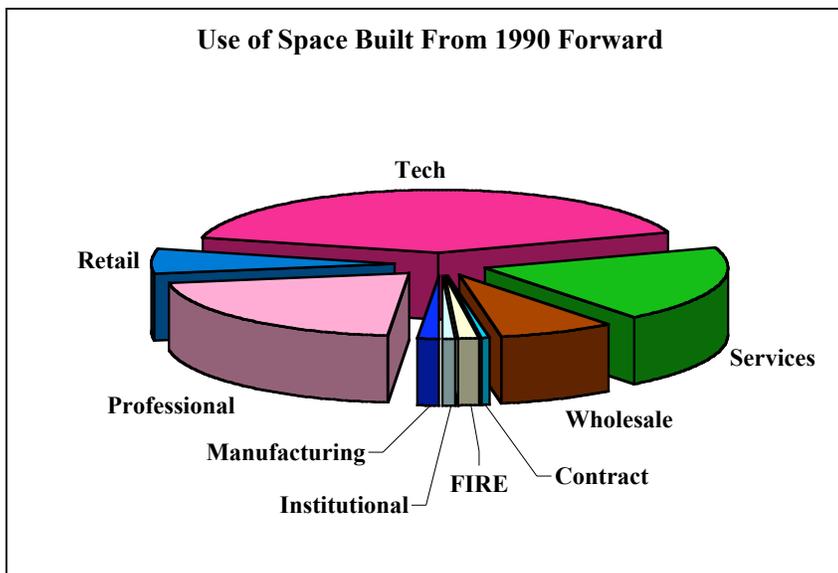
Source: City of Kirkland GIS

The age of structures has an impact on users location choice as is shown in the Charts 2 and 3. Space built before 1990 has been occupied by a number of uses, led by services manufacturing and wholesale/distribution categories, with significant area used for contracting, automobile sales and service, retail, institutional, office and professional uses.

In contrast, 41 percent of newer space is occupied by “tech” business, with the bulk of the remainder going to Professional offices, services, and wholesale distribution. One of the national trends in industrial/tech space has been the choice of buildings, either of historic value and renovated to spec, or newer with electrical and communications systems and a lack of interior barriers to use.

Chart 2: Users of Pre-1990 Space

Source: City of Kirkland GIS

Chart 3: Users of Space Built from 1990 Forward

Source: City of Kirkland GIS

What these charts seem to be telling us is that the stock created before the 1990's is not as attractive to the industries the City of Kirkland has hoped to attract through its light industrial tech zoning. Combined with the difficult economy that was a result of the stock market devaluation of 2000, this has resulted in the use of industrial/flex space for non-industrial uses. Some areas such as the east side of 405 are an artifact of changing zoning in response to changing market conditions. Retail is primarily non-main-street uses that seem to support other uses in the

area (such as flooring, tools and water heaters) and maintains a similar proportion in pre and post 1990 space.

Another factor to be considered is the intensity of land use desired in the City. Given that the current use in the area is of very low intensity even for uses that are now normally developed in Kirkland at much higher intensity, and further, that some inventory can be expected to redevelop because of its age and relative obsolescence (both functional and financial), planning for the future will require examining higher intensity scenarios for appropriate uses, to estimate the capacity in land that may be available in the future.

The economic value of existing building stock is also an issue in redevelopment, as is the effect of zoning restrictions on site coverage and building height. One measure of the viability of building stock is the relative value of buildings to land. Chart 4 below demonstrates the ratio of building to land value by decade of building construction.

Chart 4: Value Ratios



Source: City of Kirkland GIS

The ratio of building to land value by decade built suggests that, in order to achieve financial feasibility, higher value and higher density structures have been created in later decades to offset rising land pricing in Kirkland. It also suggests that for successful redevelopment to take place, should this be necessary, that recapturing the value of land will require densities and types of use

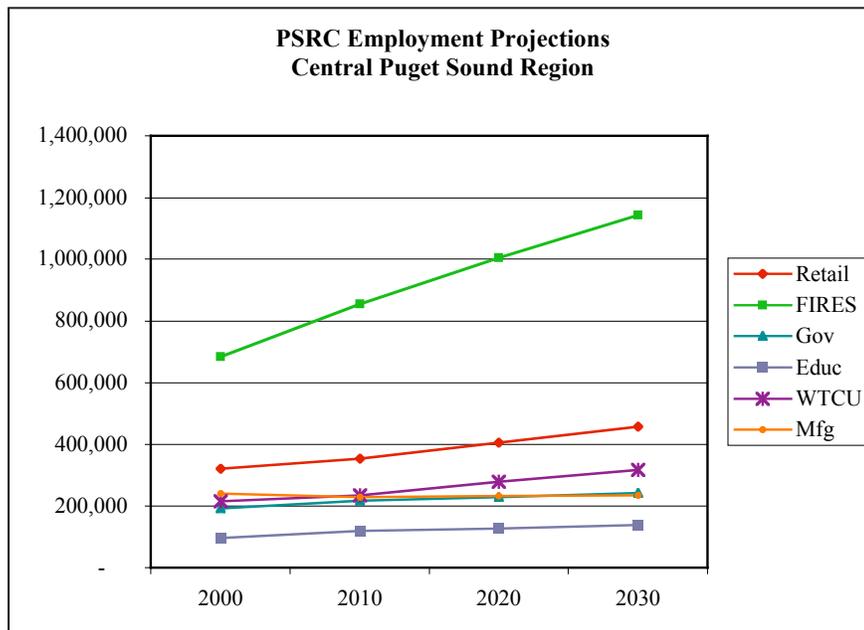
that may not fit traditional single story, low-density industrial development types designated in the zoning.

The patterns of use noted in this analysis raise questions regarding the intended use (and planning comprehensively for future use) that were asked in the introduction. Answering such questions requires understanding trends in industrial real estate in the region and nationally, as well as the space needs of future employment. All of this must also be balanced with the planning requirements of the Urban Growth Area to provide sufficient space for all of the projected future uses including housing, commercial real estate and industrial space.

Industrial Employment Trends in the Central Puget Sound Region

Industrial employment is composed primarily of manufacturing and distribution. According to PSRC, manufacturing employment in the central Puget Sound region is projected to decline slightly from 2000 to 2030, while other sectors grow (see Chart 5). The greatest growth is expected in the Financial, Insurance, Real Estate, Services (FIRES) sector, with an increase of approximately a 460,000 employees to 1.1 million employees, at which point this sector will represent 45 percent of all employment. FIRES employment is followed by retail, with an increase of approximately 137,000 jobs. Wholesale trade, transportation, communications and utilities (WTCU) are expected to increase over the long term by approximately 103,000 jobs. By 2030 manufacturing employment (235,491) is expected to comprise only nine percent of all employment in the Seattle region.

Chart 5: Regional Employment Projections



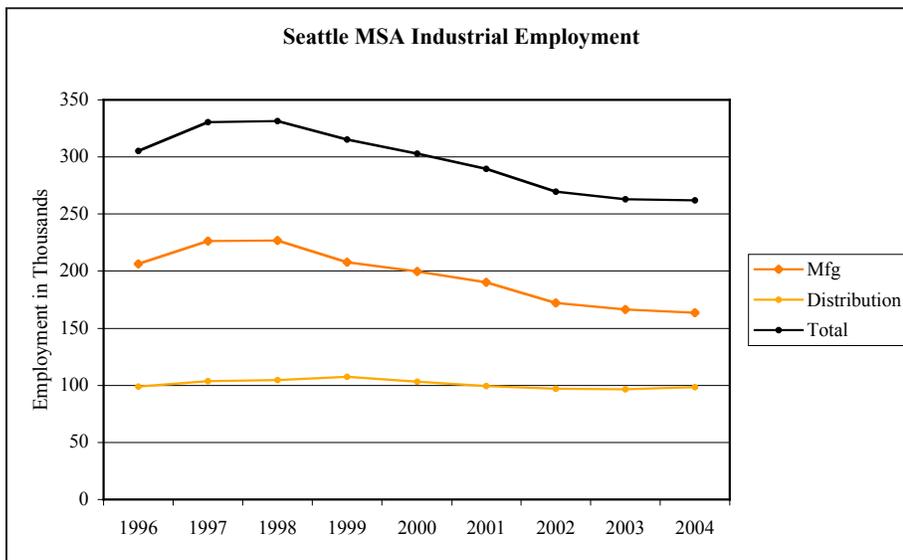
Source: PSRC

In the short term, according to TortoWheaton Research, regional manufacturing is projected to lose employment through year 2004, while distribution remains relatively flat (see Chart 6). Over time, it is clear that the need for new development in the four county region will be spurred by office employment, services, and retail sectors rather than manufacturing and distribution. Trends in employment within Kirkland adhere to a similar pattern.

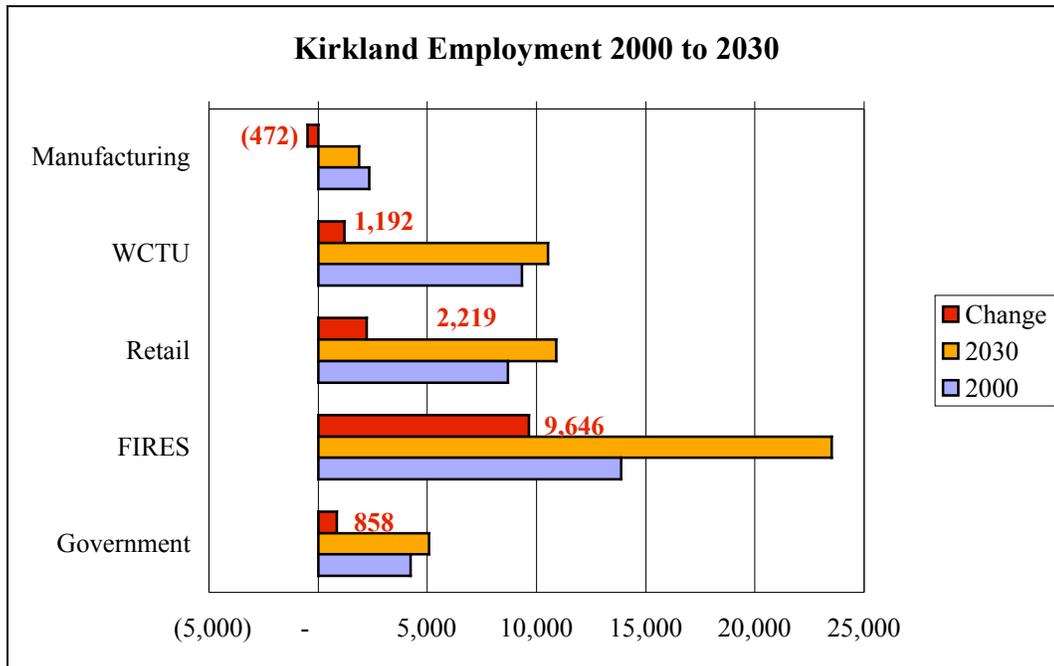
Kirkland Employment Trends

The primary purpose of industrial zoning in Kirkland was, historically, to provide sufficient space for local jobs at family-wage incomes. Over the years, however, the bulk of employment in Kirkland has shifted to technical occupations rather than either skilled or unskilled occupations involving manufacturing or the trades. Kirkland had approximately 39,000 jobs and 45,000 residents in year 2000. Trends from PSRC indicate that employment is shifting from manufacturing to other categories in Kirkland (see Chart 7 below). Consistent with the shift in employment is a demographic shift to higher income groups (see the section on demographics). The demand for housing has resulted in housing values out of the reach of typical industrial employees unless they are long-term residents with existing equity.

Chart 6: Recent Seattle MSA Industrial Employment Trends



Source: TortoWheaton Research

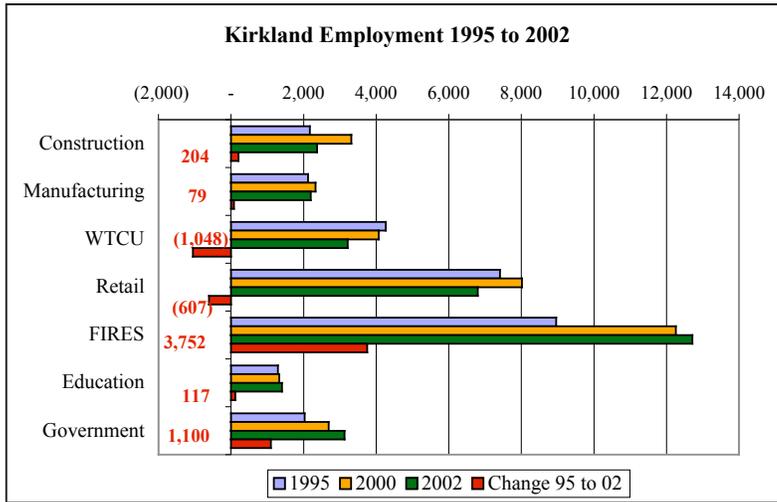
Chart 7: Kirkland Employment From 2000 to 2030

Source: PSRC

Kirkland employment trends projected by PSRC from 2000 to 2030 are presented in Chart 7, above. The largest sector by far is in FIRES employment with over 13,800 jobs. In the case of Kirkland, many of the office jobs are not only in finance or real estate but are office jobs for various sectors including technology. The next sector is Retail with over 8,600 jobs, followed by Warehouse and distribution, Communications, Transportation and Utilities (WCTU) with slightly over 9,300 jobs. In terms of growth in employment by sector, the greatest numbers of new employees were in FIRES, followed by WCTU, Retail, Manufacturing and then Construction. By 2030, 24 percent of jobs are expected to be in industrial land use sectors, (compared with 36.5 percent in 2000), 45 percent in office and services categories, 21 percent in retail and 10 percent in government.³

³ Jobs that use industrial land (not necessarily the broader range of uses allowed by zoning) include construction, manufacturing and warehouse, transportation, communication and utilities (WCTU).

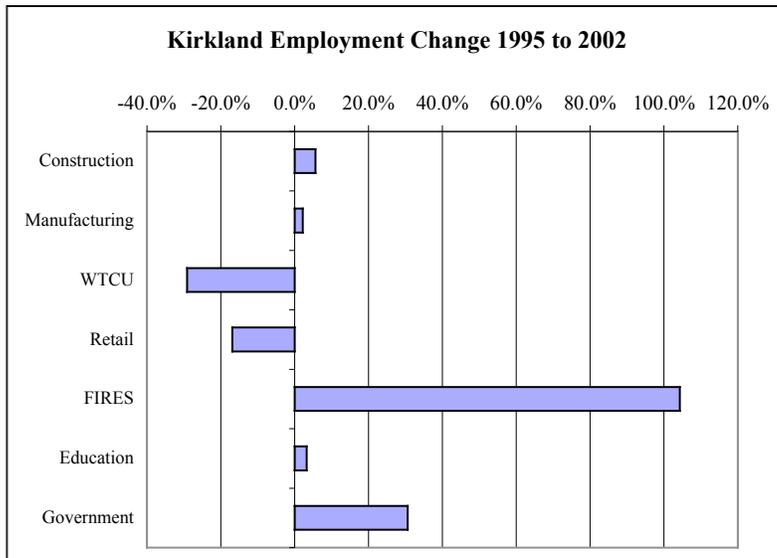
Chart 8: Kirkland Employment Change 1995 to 2002



Source: PSRC

The rate of change by employment sector reveals some interesting trends. Chart 8 shows employment change from 1995 to 2002 while Chart 9 shows *percentage* of employment change from 1995 to 2002.

Chart 9: Percent of Employment Change 1995 to 2002



Source: PSRC

WTCU employment declined approximately 29 percent from 1995 to 2002. FIRES employment grew approximately 104 percent. Manufacturing grew by 2 percent in the same period. Construction provided support services for residential development and the change in office employment. Manufacturing as a primary industry served less of this support function and, in line with national trends, experienced lower growth rates than the other sectors. The decline in

WCTU and Retail shown is consistent with national economic downturn in which fewer goods were shipped, stored and sold.

Jobs provided in Kirkland are not the same as jobs held by residents of Kirkland. As of year 2000, Kirkland residents held 27,454⁴ jobs while employment in Kirkland was 38,827. Because of the way data is collected it is not clear whether residents are employed in the city or in other cities, but it does show that at 11,373 must have commuted from outside the city. What is more significant is that of the 19,841 jobs in construction, wholesale trade, warehousing, transportation, utilities and retail, only 7,140 Kirkland residents were employed in these sectors. This means that at least 12,671 people or 64 percent of the employees must have commuted from elsewhere. In contrast, FIRES jobs and residents employment are roughly in balance.

The implications for land use and transportation policy are not clear, but one possible conclusion is that there may be a need for more housing at appropriate pricing for employees for sectors with lower wage employees. Alternately, one might foresee that, over time, shifting demographics will encourage employers to move where their employees live in order to capitalize on lowered commute costs, and employment will shift to higher income jobs that better match the income profiles needed to afford housing in Kirkland. Neither of these possible conclusions is mutually exclusive; as markets change, projections indicate increasing employment in FIRES jobs, and industrial space trends seem to indicate that industrial uses are moving elsewhere, but there will still be a need for housing for people in the other workforce categories which will still be a vital and necessary part of the local economy.

Kirkland Industrial Space Market Costs and Trends

The Seattle metropolitan area industrial real estate market is broken up into 5 submarkets: Downtown, Eastside, Northend, Southend and Tacoma. Kirkland, part of the Eastside submarket, is competing directly with the Northend and Southend submarkets⁵. According to the Kirkland Community Profile, Kirkland currently has 3.2 million square feet of industrial space, at a vacancy rate over 20 percent according to interviews with local brokers. Kent Valley, on the other hand has over 48 million square feet of space. The entire Southend submarket, Kirkland's immediate competition, has over 111,000,000 square feet of space at a vacancy rate of 11 percent. Asking shell rates for Kirkland space are \$6.24 per square foot, higher than in Kent Valley (\$3.96 to \$5.28 per square foot) or other Southend locations except for SeaTac, which has airport related businesses paying more for proximate locations. The triple net charges in Kirkland (costs over and above the rent paid by tenants) are around \$0.15 in Kirkland, approximately half of industrial shell rents in Kent. With triple net charges, leasing industrial space in Kirkland can cost much more than industrial space in purely industrial areas such as Kent Valley, but is on a par with Redmond which is experiencing the same shift to non-industrial use as Kirkland.⁶

⁴ Numbers from the Kirkland Community Profile

⁵ The Eastside submarket includes Bellevue, East King County, Kirkland, Newport/Issaquah, Kirkland, Woodinville, and the I-90 and 520 corridors. Northend includes Bothell/Kenmore, East Snohomish County, Edmonds/Lynnwood, Everett, Mill Creek/N Creek, North Snohomish County, Northgate/North Seattle and South Everett/Harbor Point. Southend includes Auburn, Federal Way, Kent Valley, Parkland/Spanaway, Puyallup/S Hill, Renton, SeaTac/Burien and Tukwila.

⁶ While Kirkland industrial vacancy sounds high, it is comparable to the Bellevue CBD at 25%, Redmond at 18 percent, and better than areas of Seattle such as the Denny Regrade at 42 percent. Rates for space in Bellevue are \$0.60 per square foot, while in Redmond rates are at \$0.56 per square foot. Redmond has been experiencing a similar shift in industrial to other business as seen in Kirkland.

One of the trends in the current industrial market is for tenants to move from old space to new, more efficient build-to-suit space. This is made feasible by low financing rates. The result is that older space on the market has more difficulty in leasing for its intended use. The current land use trends in Kirkland confirm this, with older industrial/flex space being leased to a variety of non-industrial uses and all industrial use now of light industrial types.

Short-term projections by TortoWheaton Research for industrial space in Kirkland forecast continued high availability rates and low annual absorption. To understand whether there is a continued need for promotion of manufacturing or industrial zoning as a means to support living wage jobs for the residents of Kirkland, one must assess the demographic change in Kirkland and the projected changes to come in the next five years (see the section on demographics, Page 14).

Kirkland Office Market Trends

Kirkland has approximately 4.5 million square feet of office space according to the Kirkland Community Profile. Direct vacancy in 2004 is around seven percent, or 10.6 percent with sublease space included, a lower rate than all eastside markets other than Redmond and the I-90 corridor. Average rents in Kirkland are slightly over \$25 per square foot, virtually the same as the downtown Seattle average, and higher than all other eastside submarkets.

Employment trends projected by PSRC indicate that Kirkland is likely to have a greater need for office space than for industrial flex space over the next 25 years. The current vacancy and strong rental rates indicate that Kirkland is a desirable area for office location. Given the relative value of office space rents to industrial rents, office development is also more likely to be economically competitive than industrial/flex space. Currently, office development is somewhat restricted in the industrially zoned areas due to height restrictions of 25 to 35 feet from floor elevation. A typical low or mid-rise office building would be between four and six stories, or 60 to 75 feet in height. Typical retail/office mixed use buildings would be in the range of 65 to 80 feet (the first floor of retail is normally a 15 foot floor height as opposed to office space at 12 feet).

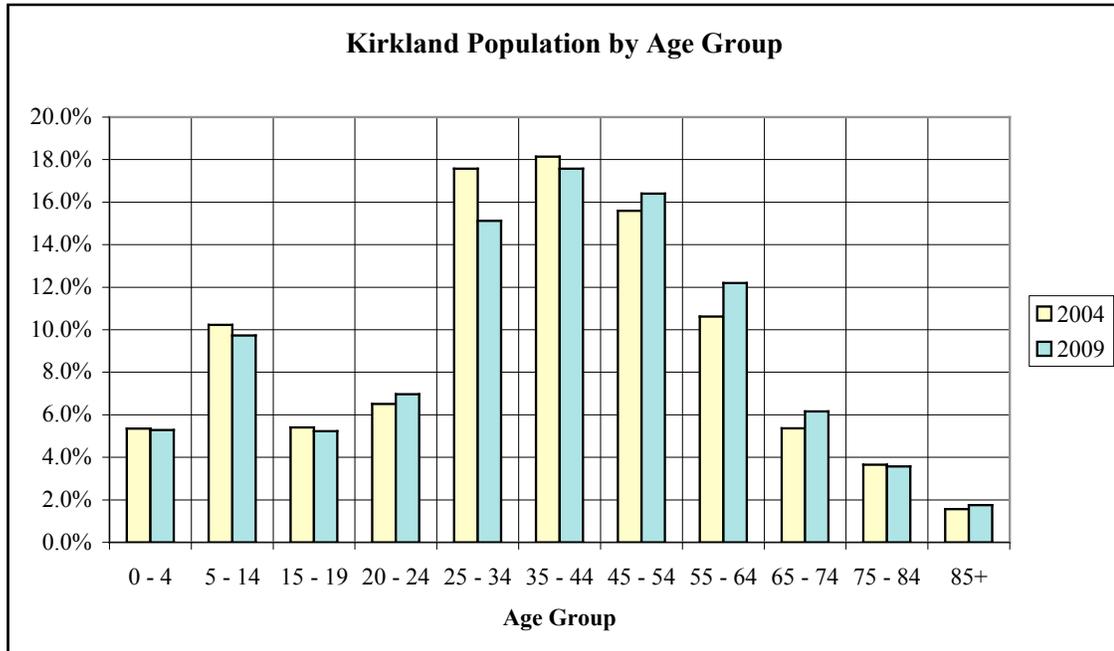
Office users are also sensitive to surrounding land use. According to the Urban Land Institute, “new economy” users are looking for offices with nearby amenities such as cafes, restaurants, banking or ATM’s, and services to support long hours at work, such as convenient access to drycleaners and daycare. They also tend to cluster in areas where there are other like businesses and an available workforce. Downtown Kirkland fulfills these requirements, but the industrial areas are less attractive due to the mix of auto sales, older strip malls and other auto-oriented businesses seeking low space rents.

If we examine the employment trends from PSRC, it would appear that Kirkland will have need of something in the range of 2 million more square feet of office space by 2030. In order to develop office for the future through redevelopment it will be necessary to reconsider height limits and surrounding land use for the office use to be feasible and also appeal to the higher end jobs that would employ local residents. The only way to accomplish development on this scale with the existing land resources is to achieve higher floor area ratios. Higher intensity development can make redevelopment a viable option for many properties that are losing market viability because of industrial competition regionally, nationally, and internationally.

Kirkland Demographic Trends

This section discusses current demographic trends in Kirkland, their implications for local employment and for people locally employed to afford living and working in Kirkland. Data were acquired from the 2000 Census and ESRI Business Information Services (ESRIBIS). Projected population change in Kirkland shows a shift toward older households, as shown in Chart 10 below.

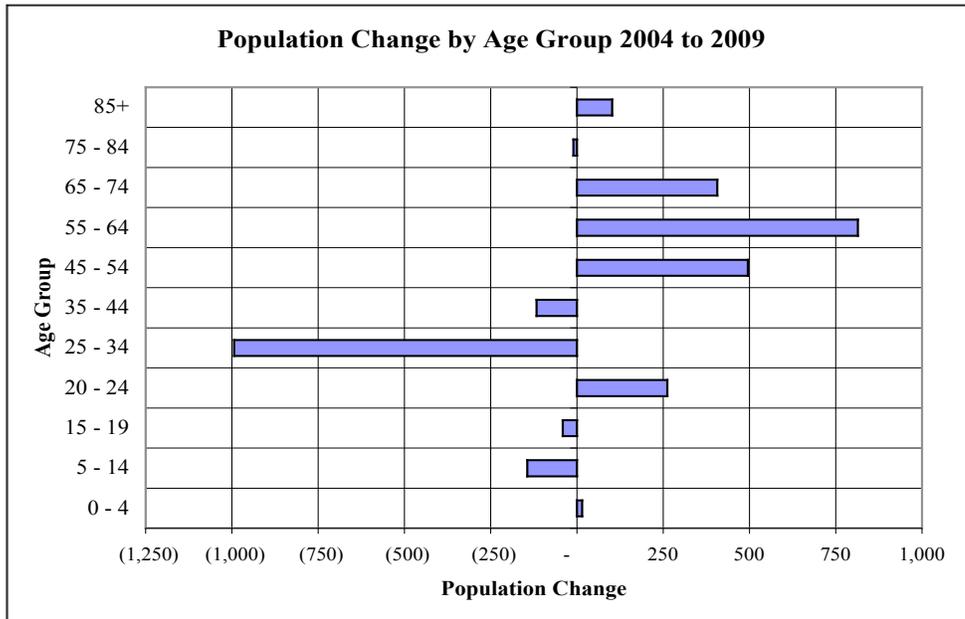
Chart 10: Population by Age Group



Source: ESRIBIS

In order to understand the trend in change, existing population was subtracted from projected population and the result is shown in Chart 11. The greatest positive change is in population between 45 to 74 years of age, and the greatest negative change is in population between 25 to 44 years of age. Some change is simply from age shift occurring over a five year time period, but the trend is marked enough to allow the conclusion that Kirkland is shifting from younger family households to older, smaller households likely to have fewer children at home.

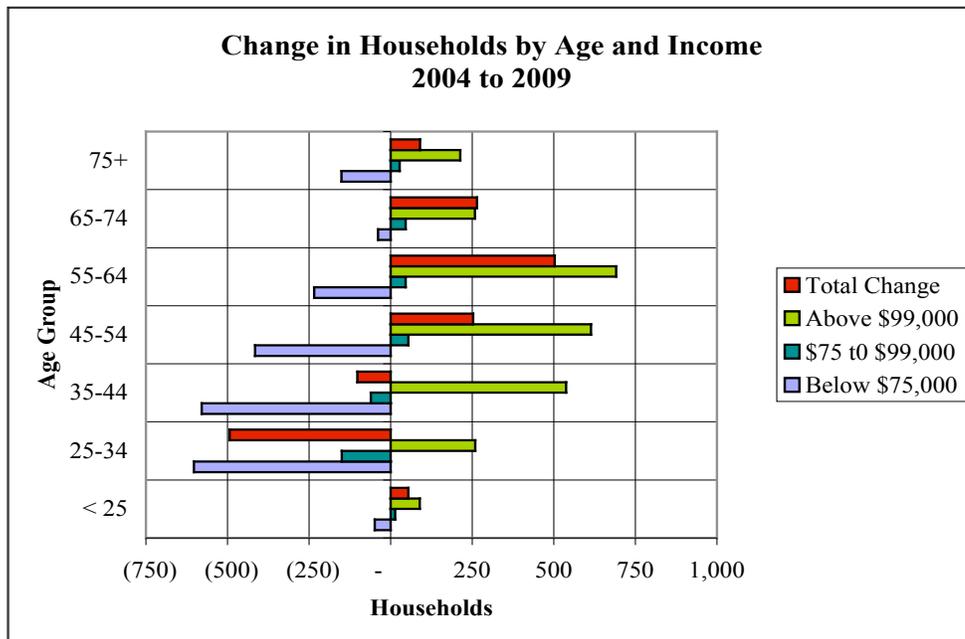
Chart 11: Population Change by Age Group



Source: ESRIBIS

To further understand change in Kirkland household change by age and income was examined and is illustrated in Chart 12.

Chart 12: Household Change by Age and Income

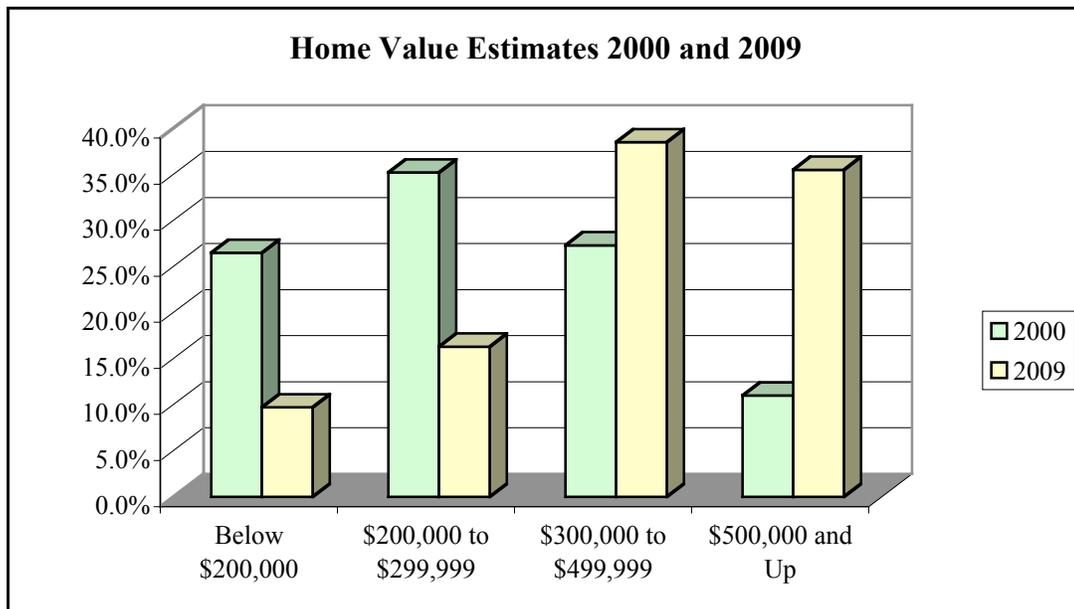


Source: ESRIBIS

When we examine household change by age and income we find that in general, households with annual incomes below \$75,000 are decreasing, while those with incomes above \$99,000 are increasing. This indicates that while some households are gaining in income there is also some amount of replacement taking place in which lower income households leave and higher income households move in.

In response to demographic change housing pricing in Kirkland has increased. According to the Kirkland Community Profile, average rents in Kirkland increased from \$624 in 1990 to \$1,241 in 2001, and average home sale prices increased from \$172,196 in 1996 to \$267,508 in the first quarter of 2000. According to the 2000 census, the average value of an owner occupied unit (all units, not just those for sale) in Kirkland was \$318,000, and estimates from ESRIBIS indicate that this value has increased to \$399,000 in 2004. Should this trend continue the average home value is expected to rise to approximately \$497,000 by 2009.

Chart 13: Home Values 2000 to 2009



Source: Census Bureau and ESRIBIS

Chart 13 shows home values from the 2000 Census and estimated values by 2009. It illustrates that homes below \$200,000 in value will constitute less than ten percent of the housing stock, while homes over \$500,000 will rise from ten percent to approximately 40 percent of stock by 2009. In aggregate, in 2000, homes under \$300,000 in value made up about 64 percent of stock. In 2009, homes with values *over* \$300,000 will make up about 70 percent of stock; those below \$300,000 will make up about 30 percent.

The implications of age shift and income shift are that given the limited land base, housing prices have been bid upward out of the price range of moderate income households, and that fewer residents in Kirkland will be working at lower wage jobs as this change continues. To balance the demographic and housing changes with employment will require a shift from lower to higher wage employment within the city if housing-jobs balance is a policy goal.

Kirkland Industrial Trends Interviews

As part of the process for this study, interviews were conducted with current tenants, owners and brokers of industrial land in Kirkland. Their comments reflect a history of the change in Kirkland, assessments of current conditions for industrial use, speculations on future use, and ideas for the retention of existing local businesses. The interview comments are summarized below. These comments are the opinions and perceptions of those interviewed. While one can agree or disagree on some points, and individual comments may not be in agreement with others, they are important because they reflect the perceptions and beliefs of current users, tenants, owners and brokers of industrially zoned land uses in Kirkland.

Land

Land Pricing for industrial has risen to \$12 per square foot, expensive for distribution but not unreasonable for offices.

Interviewees expressed that the lack of available land and rising land pricing are an issue for continued industrial flex space development. One business user noted that at current land prices a new industrial or wholesale business could not afford to locate in Kirkland.

At the same time, one interviewee believes that while manufacturers are unlikely to locate in Kirkland, they would locate their offices in Kirkland's industrially zoned land.

Trends in Use

All of those interviewed felt that use is shifting toward non-industrial and high-tech uses. It was noted that heavy industrial has left Kirkland and that leasing of older industrial/flex facilities is going to retail and services such as Pump It Up, uses requiring large spaces such as batting cages, and various types of office use.

Recent departures of several large tenants have produced the major vacancies in Kirkland. These include the Sedorco facility, and the Totem Lake Commerce Center. Reasons quoted include difficulty re-leasing included obsolete building type and lack of built-in building systems or difficulty in building configuration. The soft markets in industrial and office were also quoted as difficulties. The market rent for industrial for existing stock in Kirkland was seen as less competitive than other areas.

Another factor quoted was a lack of agglomeration, i.e. that with diminishing industrial use, prospective tenants of industrial space believed that they would be "isolated" and perhaps subject to complaints about noise, traffic, or round-the-clock work shifts.

It was felt by all interviewed that land pricing makes higher density use necessary to pay for the land.

Perceptions of Regulation

Interviewees differed in their opinions on working with the city. Opinions ranged from "easy, much better than Redmond," to "change is too difficult."

It was felt by interviewees that the zoning no longer matches the needs of the market in several ways. Industrial density limitations are seen as precluding higher uses that would allow the re-use of old industrial sites. The relative proximity in some areas of residential and nearby retail and service use are seen as conflicts for industrial use that could be opportunities for future use if zoning were changed to allow office, or mixed use at higher density.

Automobile sales were cited as incompatible with high tech and professional office use, but not incompatible with construction supply uses or warehouse/distribution uses.

When asked how zoning should be altered for the areas it was felt that the current flexibility for retail and services is useful but that the industrial construction types outlined in the code (including height) were hampering redevelopment.

Several interviewees felt that there was a need for greater certainty in the approval process, both in achieving approvals but also in not approving uses in areas where they are incompatible with existing uses or planned proposed uses.

Labor

Those interviewed felt that much of the industrial labor force had to come from outside the city because wage rates would not support housing ownership in Kirkland. One interviewee noted that only employees who arrived in Kirkland before the current pricing rises were able to afford the area.

It was felt that the local labor force is shifting toward office-based employment including professional services, high-tech occupations and financial occupations (this is confirmed by the enumeration of employment by residence cited in the Kirkland Community Profile as well as long-range trending by PSRC).

Conclusions on Industrial Zoning in Kirkland

This study was started with a series of questions to be answered:

- First, given the industrial zoning specified, whether lands designated for industrial or manufacturing uses will likely retain and attract the businesses intended or whether the demands and needs of new users will find the overall characteristics of the area insufficient for their locational needs;
- Second, based on the study findings, what types of City actions might be needed to attract or retain manufacturing/industrial uses in Kirkland?
- Third, if industrial is less likely, what are the alternatives and how is the transition between uses accomplished?

To answer the first question, the first major conclusion regarding industrial zoning in the study areas is that the shift from manufacturing, warehouse and distribution uses to other uses is already a factor in the leasing of industrial/flex space. Finding industrial users is increasingly difficult, and warehouse and distribution uses are moving regionally to areas with newer, less costly stock and a local labor force that can live in reasonably close proximity at moderate wage rates. The

trend in spec built industrial and warehouse space is occurring elsewhere on less valuable land with highway access.

The combination of demographic change, home pricing, rising land values, regional traffic congestion, and shifts in projected employment militate against the continued feasibility of low-cost space for industrial that can remain competitive in regional and international markets. The trends indicate, on the contrary, that an emphasis should be placed on the creation of higher density employment space for financial, insurance, real estate, services and “tech” uses that can employ higher wage local residents of Kirkland and can afford the land and development costs for higher density.

At the same time, employment trends through 2030 indicate a continued demand for space for WCTU land uses. To remain competitive these uses will require newer buildings wired and constructed for the integration of information technology into operations. This will likely require redevelopment, rather than refitting of older building stock.

The answer to the second question is more complicated and requires elaboration. Zoning does not match current use or market conditions, but it appears that redevelopment can occur if higher-density use is allowed where appropriate. As noted in the section on current land use, the existing floor area ratios are very low for many of the current uses such as office and retail use. To understand the implications of allowing densities that would match market conditions, the capacity of the area under redevelopment was examined and is illustrated in Table 3 and Table 4, below.

Future Capacity at Higher Densities

Between 2000 and 2030, Kirkland is projected to gain over 10,000 new employees. Using typical ratios by type of employment, the total need for future space for new employment is almost four million square feet in FIRES, Manufacturing and WCTU categories (see Table 3).

Table 3
Land Needed for Employment Change 2000 to 2030

	FIRES	MFG	WCTU	Totals
Employment Change	9,646	(472)	1,192	10,366
Square Feet/Emp	221	570	655	255
Use Square Feet	2,131,766	(269,040)	780,760	2,643,486
FAR	1.00	0.25	0.25	0.63
Land Square Feet	2,131,766	(1,076,160)	3,123,040	4,178,646
Acres	49	(25)	72	96

If one assumes current feasible floor area ratios for each type of employment space, the land required is approximately 96 acres (not including rights of way). If redevelopment of obsolete space is assumed for the industrial areas at typical floor area ratios (see Table 4), it may be possible to accommodate 70 percent of office for FIRES use and all Manufacturing and WCTU use within the existing industrial zones, with a reserve of land for future employment or other uses. Keeping in mind that the time horizon for change is 25 years, it is not implausible that redevelopment can produce more efficient land use in Kirkland. The question is not whether

these uses will ever take place, but rather how to seize the opportunity that future employment change represents for the citizens, businesses and landowners in Kirkland.

Table 4
Current Building Space Use Use

	A	B1	B2	C	D	E	Total Use SF
Auto	84,804	0	90,700	40,470	1,750	0	217,724
Contract	17,252	0	82,882	8,700	20,140	926	129,900
FIRE	5,713	48,299	0	2,587	34,074	0	90,673
Institutional	3,100	42,761	0	5,685	11,400	0	62,946
Manufacturing	39,500	10,100	92,091	30,800	139,431	0	311,922
Professional	4,027	109,488	30,524	10,227	30,662	52,218	237,146
Retail	24,900	31,023	71,011	11,500	28,756	3,900	171,090
Tech	12,015	221,481	31,000	7,600	2,680	2,000	276,776
Services	44,100	56,360	117,674	95,888	106,715	10,419	431,156
Wholesale	24,139	39,583	126,490	63,700	82,409	1,200	337,521
Total Use	259,550	559,095	642,372	277,157	458,017	70,663	2,266,854
Land Area	1,825,629	3,243,100	2,971,353	1,130,816	2,057,942	296,095	11,524,935
FAR of Use	0.14	0.17	0.22	0.25	0.22	0.24	0.20

Land Needed At Efficient Floor Area Ratios

Fire/Pro Space	9,740	157,787	30,524	12,814	64,736	52,218	327,819
Land @ FAR of 1	9,740	157,787	30,524	12,814	64,736	52,218	327,819
Retail/Services/Tech	81,015	308,864	219,685	114,988	138,151	16,319	879,022
Land @ FAR of 0.4	202,538	772,160	549,213	287,470	345,378	40,798	2,197,555
Con/Mfg/Wh	80,891	49,683	301,463	103,200	241,980	2,126	779,343
Land @ FAR of 0.3	323,564	198,732	1,205,852	412,800	967,920	8,504	3,117,372
Land Req w/o auto	535,842	1,128,679	1,785,589	713,084	1,378,034	101,520	5,642,746
Plus Auto Land	853,421	0	521,453	259,784	136,911	0	1,771,569
Total Land Required	1,389,263	1,128,679	2,307,042	972,868	1,514,945	101,520	7,414,315
Acres	31.89	25.91	52.96	22.33	34.78	2.33	170.21

Future Land Scenario After Redevelopment

Total Currently Used	41.91	74.45	68.21	25.96	47.24	6.80	264.58
Less Efficient Use for							
Current Space	(31.89)	(25.91)	(52.96)	(22.33)	(34.78)	(2.33)	(170.21)
Less Future Need for Mfg/Wh/Dist/Comm/Trans/Utils							(46.99)
Less Future Need for 70% of FIRE/Tech/Services (from PSRC)							(34.26)
Remainder							13.12

Table 4 above outlines how much land would be required to meet future needs for employment based upon redevelopment of obsolete stock and achieving more efficient land use. If land use can be made more efficient through redevelopment, the current level of use will take approximately 101 fewer acres and the city will be able to accommodate all of its WCTU employment through 2030 with currently zoned land resources (manufacturing employment is expected to decline and thus use less land than today). A further assumption was that 70 percent of office use (FIRES) could be placed within the study area. With these assumptions there is still a reserve of land for future use

The third question regards city actions to achieve the best use of the industrial areas given the conclusions above. While there is no crystal ball available to tell one exactly what areas of business and commerce will be important over the long time period discussed in projections, several areas of action suggest themselves: actions to retain industrial businesses, actions to enhance redevelopment and actions to create the conditions that will attract new business. Needless to say, many of these actions overlap the categories and to make a transition from existing to future use a number of possible actions should be evaluated.

The most effective change possible is not in the hands of the city, but in the inclinations and actions of property owners of obsolete stock. Because of market changes, industrial zones have become targets for non-industrial use seeking lower rents. As old industrial stock becomes less useful for its intended use it is leased for other uses to the point that true industrial use becomes isolated. As noted in the Comprehensive Plan, businesses cluster together. When an area becomes predominantly non-industrial, it is less attractive to industrial users. Over time, in areas where industrial use has diminished, owners of industrial properties will seek to lease to other uses, making conflicts of use even more likely for remaining industrial uses. This trend is also likely to drive up land pricing faster than would occur in primarily industrial areas.

In considering city actions for these areas it is suggested that the idea of clustering business, providing buffers or transition zones between uses and re-aligning ideas of what is required to attract new business be made the focus of changes. For instance, many retail uses allowed currently do not fit well with industrial use but would be excellent land uses as transitions between industrial and residential land uses. In some cases higher density residential could augment and act as a transition buffer between lower density residential and office/tech use. Office/tech can act as a transition between industrial and commercial areas. At the same time, the “new employment” desired does not need to be placed under industrial zone regulations, but may be an entirely different employment center with its own guidelines for streets, setbacks and mix of uses. These ideas are elaborated in the actions listed below.

Actions to Retain Business

- **Zone for industrial with a finer grain than is done currently**

Current zoning applies to large areas that contain a wide variety of conditions. It is suggested that zoning be examined around existing viable industrial flex and that smaller industrial areas be identified and reserved for retaining industrial use for existing facilities and future WCTU employment. In these identified areas zoning should perhaps be less broad than the current regulations, which allow a number of uses that are eroding the industrial character.

- **Buffer needed industrial from neighborhoods and other high traffic use that could cause conflict with truck traffic, noise issues and working hours.**

Upon identifying the areas where industrial flex is to be retained, create buffers as transition zones that allow the range of non-industrial businesses specified in the current ILC and LIT codes, such as the retail and service uses that could also interface with the edges of surrounding commercial and residential zones.

- **Make an Auto Row Designation separate from Tech land use – group with wholesale trade and distribution use, strip centers or buffer from tech and business park areas**

Automobile sales are a high value use for the city and the sales agencies tend to cluster together. They can group well with wholesale and distribution uses in areas with high visibility not needed by more industrial types of use. They are not as good a fit with professional, office, and high tech users. Because the zoning for tech areas also allows auto sales without any specification regarding location, any site can be converted to auto sales by right and lessen the potential for attracting new office uses. For this reason, it is suggested that actual areas be designated for auto sales rather than simply an inclusion in the code that is not site specific. This would encourage the clustering of auto-oriented businesses without producing conflict for other uses that are not inherently auto oriented. If done carefully, such areas can also act as land banking for more intensive uses if the auto-oriented uses become less viable over time.

Actions to Enhance Redevelopment

- **Adjust zoning for sites overtaken by non-industrial use to better match future employment and neighborhood trends**

There are sites currently zoned industrial that are now surrounded by non-industrial use and could be better used for more intense development. For these sites, the only option for owners is to lease to non-industrial uses or to redevelop. Some sites may now be appropriate for office use but cannot be feasibly redeveloped under existing height and use restrictions. Keeping in mind what has been suggested regarding reserving and retaining areas for industrial use, a careful re-evaluation of areas not so reserved could allow redevelopment for future office or tech use and such redevelopment can act as a buffer to more industrial or more residential use adjoining depending upon the character of the area.

An example might be a site in the LIT zone with has an existing obsolete industrial structure surrounded by retail and low-intensity office use. Such a site when redeveloped could accommodate live/work space, mixed-use office/retail, professional offices or tech uses, or a combination of these uses. The difficulty for such a site is that current limits preclude this intensity of redevelopment. As a result the owner is likely to lease to short-term business and non-industrial uses. A four-acre site could be programmed for 150 live/work units, 160,000 square feet of office, 100,000 square feet of office with another 30,000 to 40,000 square feet of retail, or a mix of these uses to match the conditions of the adjoining properties. This would convert an underused liability for the owner into a catalyst for future development.

- **Consider some conversion to residential buffers where adjoining residential areas and current use make industrial infeasible**

Where surrounding use is primarily residential and non-industrial uses predominate, it may be most useful to redevelop some sites into residential types that can act as a buffer between low-density neighborhoods and higher intensity office/tech. Medium-to-high density residential and office tech use are not in conflict and residential can act as an effective buffer that reinforces and preserves adjoining residential while providing residential opportunities for employees of the adjoining employment area.

- **Resolve zoning to allow very clear certainty for redevelopment.**

There is such a wide variety of uses allowed in the industrial zones that a user seeking a high quality employment area has no certainty that new use on an adjoining property will not be for low-density uses that may not be compatible. While areas are needed for all the retail and service uses included in the code, the uses are a grab-bag, with some that are compatible with future employment trends and many that are not. It is suggested that in areas where office tech uses are desired that many of the current allowed retail and services not related to business or services needed by business and employees be made conditional, and that purely auto-oriented services be allocated to other areas.

Actions to Create Conditions for New Business

- **Alter code for tech/professional office/FIRE areas in LIT, ILC and PLA areas so that they can be designed for amenities with retail, services, etc.**

Tech and office users favor different environments than do purely industrial users or wholesale and distribution users. Tech/office can exist in an environment with shared parking, retail and business services. They do not need industrial type street or parking standards and can appreciate a greater mix of uses. Amenities such as pedestrian-oriented development that includes cafes and restaurants, daycare services, dry-cleaners, banking or ATM facilities, software sales, and potentially even live-work space are feasible and attractive. Other tech users may want an “office park” type of environment that does not include auto-oriented uses but does have trails and open space, with limited business serving retail within the park.

- **Adjust height limits and floor area ratios in ILC and LIT to enable conversion to higher density employment**

The current height limits in ILC and LIT are too low for the financial feasibility of redevelopment. The PLA zones in this study allow six stories. The code should be re-examined and refined with regard to specific areas for redevelopment, and in identified areas for redevelopment to attract office/tech uses height limits and floor area ratios should be raised.

- **Setbacks – create differing standards for tech/office areas and industrial areas**

The setbacks required in industrial areas are inappropriate and unnecessary for office/tech uses. There is no reason for office buildings not to adjoin sidewalks, and less necessity for screening landscaping and other site mitigations seen in industrial areas designed aesthetically for passing

auto traffic. Large setbacks prevent the viability of mixed-use business by precluding a pedestrian environment that is inviting.

- **Truck streets vs. Ped Streets**

Industrial area streets are typically designed for large trucks, with standards requiring large rights of way without parking. These are unnecessary for tech and office uses and their associated retail and service businesses. It is suggested that street standards for tech/office areas approximate business district standards to allow on-street parking, pedestrian street width, pedestrian sidewalks (twelve to sixteen feet), pedestrian lighting and minimal building setbacks. The object of this is to create employment centers that have a distinct and identifiable sense of place, with pedestrian oriented amenities for employees.

The Individual Areas

- **Area A Upper Totem Lake**

Current Use: Automobile oriented 33 percent, services 17 percent, retail 9.6 percent, wholesale 9.3 percent, other uses minor

Buffer Uses: Retail, service automobile, minor tech use, residential where appropriate

Potential Actions: Possible auto row location along NE 124th Street with good freeway and arterial visibility and access

- **Area B1 405 Business Park**

Current Use: Technical 40 percent, professional 20 percent, Institutional 7.6 percent, wholesale 7.1 percent, retail 5.5 percent, stock from the 80's and 90's

Buffer Uses: Retail and service

Potential Actions: Area is mostly built out, but there may be opportunity for infill office and some opportunity for adjoining housing

- **Area B2 Parmac**

Current Use: Wholesale 19.7 percent, services 19.3 percent, manufacturing 14.3 percent, professional offices 9.6 percent, minor technical use, approximately 60 percent of stock from 1960's

Buffer Uses: Mostly residential built within the last 25 years

Potential Actions: This area represents a major redevelopment opportunity for the city with over 400,000 square feet of stock from the 1960's at very low floor area ratios. At the same time it includes a number of viable businesses in existing older stock. It is suggested that the

manufacturing and services zoning be retained but that the longer term planning focus engage redevelopment potential through a relaxation of height limits, setback standards, street standards and other aspects of purely industrial zoning. There are many retail and service uses that may be compatible here but the intent is not to allow typical one-story low cost buildings even if new. Higher density, higher intensity and mixed use is preferred. This is an area where live/work or higher density housing could act as a buffer between existing uses while the area transitions to higher density use over the time period of the PSRC projections (2030). The ultimate use of the area could be a new employment zone as suggested above. Because of the surrounding residential use this area has a high potential in the long term horizon for creating employment that would correspond directly to the residential communities surrounding it with pedestrian streets, retail mixed use and technical and professional employment.

- **Area C Norkirk**

Current Use Services 35 percent, wholesale 23 percent, automotive 15 percent, manufacturing 11 percent, most stock built in the 1980's

Buffer Uses: Mostly residential, with CBD6 commercial and small amounts of PLA 5c, 5d

Potential Actions: Consider some rezoning to uses such as live work or two story mixed use employment as buffer to reduce conflict between single family residential and existing vital services, wholesale and manufacturing uses

- **Area D Moss Bay**

Current Use: Manufacturing 30 percent, services 23 percent, wholesale 18 percent, office/professional/tech 14 percent

Buffer Uses: mixed between PLA 5e, 5d, 6d and 6f, and BC and residential

Potential Actions: On obsolete sites consider clustering office or mixed use, buffer residential by allowing some conversion of zoning, keep retail focused in one area to maximize its value and limit non-industrial uses in viable manufacturing and wholesale zones to preserve existing vital business.

- **Area E Rose Hill**

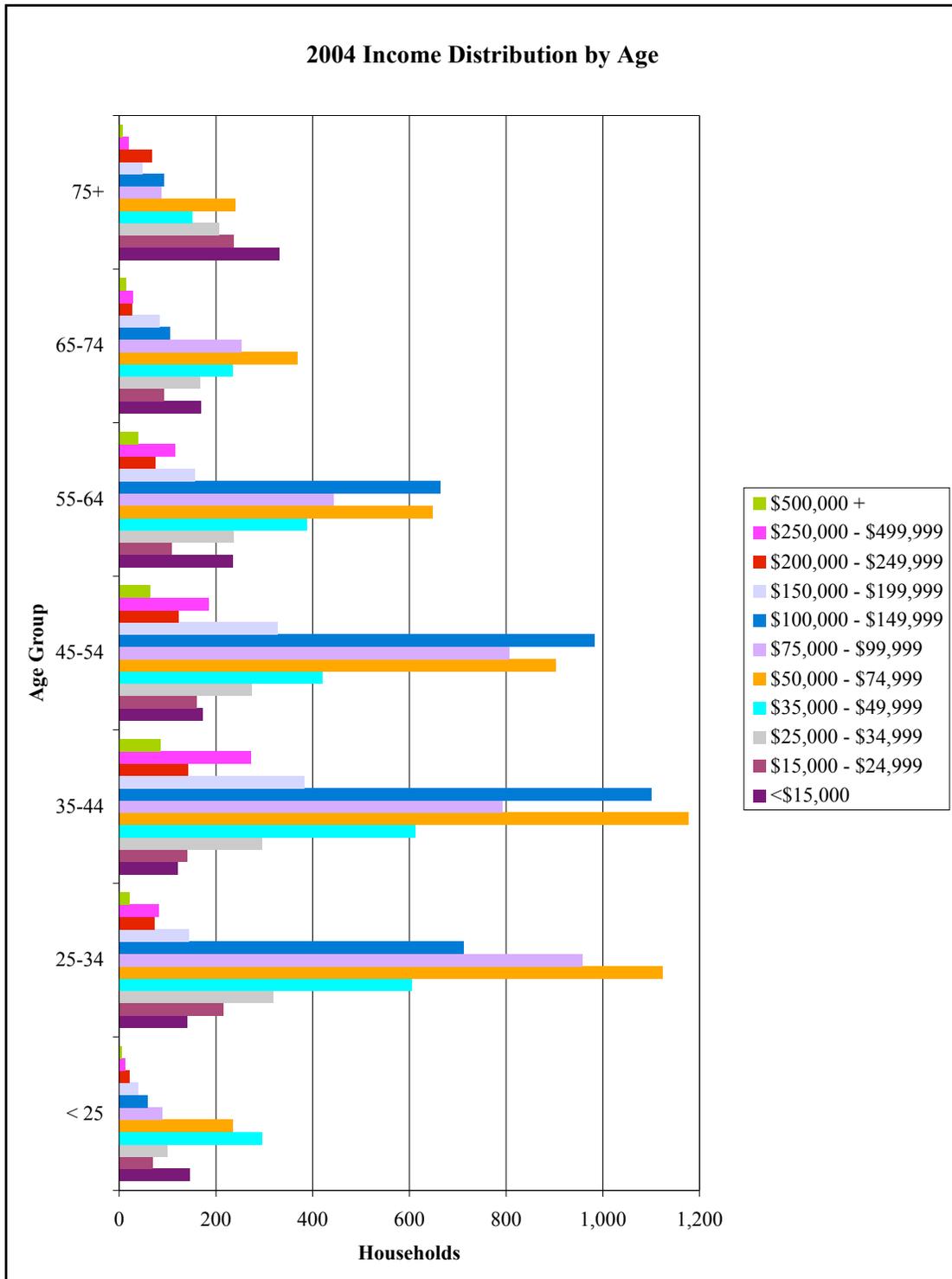
Current Use: Mainly Technical/professional at 76.7 percent.

Buffer Uses: Mostly retail and services

Potential Actions: Suggest rezoning to a new employment zone to allow intensification of major uses.

Appendix

Age By Income 2004
Zoning Codes in the Study Areas



Source: ESRIBIS

Zoning Code in the Study Areas

BC	Section 45.10
LIT	Section 55.15
ILC	Section 57.15
PLA 6G	Section 60.87
PLA 10B	Section 60.142
PLA 11	Section 60.152

Attach Sheets to Document