Spokane University District

Urban Amenities Research and Analysis for the South UD

Final Report

March 2023

WALKER|MACY   CASCADIA PARTNERS

OUR TEAM

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01 - Project Overview

Project goals and approach

Project Overview

Using **best practice research** and **scenario modeling** the following questions were explored:

What is the impact that urban amenities like parks, public plazas, and streetscape improvements could have on future development in the South University District (SUD)?

How can these amenities cultivate to a "24/7 district" that is active, vibrant, and diverse?

Project Overview

Best Practices:
Five districts across the US were studied and deconstructed to understand the ingredients that made them work (or not).

Scenario Modeling:
Two scenarios of future growth and development were created:
- **Business as Usual:** what happens if there are limited additional amenities and public investments?
- **Amenitized Alternative:** where the best practice ingredients (placemaking, use mix) were applied to the university district.

The findings from this analysis informed recommendations about what type of amenities and improvements the University District can invest in to catalyze development.

02 - Best Practices

What are the ingredients that make a district successful?

Best Practice Summary

Five precedent districts across the US were studied and deconstructed to understand the ingredients that made them work (or not).

Choosing Precedent Districts to Study
The precedent districts were chosen because they either had a quality that was similar to the SUD context, and/or they had a strength that could be replicated in the SUD.

Measuring District Performance
The precedent districts were measured using map-based analytical tools to see how they performed based on a set of questions the UD staff wanted to answer. Then the SUD was measured with the same methods to understand the current conditions and how the SUD performed against our precedent districts.

Best Practices
5 precedent districts

Seaholm & 2nd Ave
Austin, TX
(85 Acres)

Niagara Medical Campus
Buffalo, NY
(812 Acres)

Cortex Innovation District
St. Louis, MO
(327 Acres)

Strip District
Pittsburgh, PA
(673 acres)

**Central Eastside**
Portland, OR
(1730 acres)

South University District
Spokane, WA
(226 Acres)

Central Eastside, Portland, OR

Portland's Central Eastside is a former industrial and commercial district built up along a rail line and highway that has become a thriving mix use districts with a distinct identity of maker spaces and ongoing industrial activity alongside residential and office space, with numerous examples of adaptive reuse. It threads the needle of providing new urban amenities while also retaining its historical identity.

The district is a URA that has been the beneficiary of several planning efforts, and has a non-profit, volunteer organization (CEIC) representing businesses and property owners that helps oversee it's development.
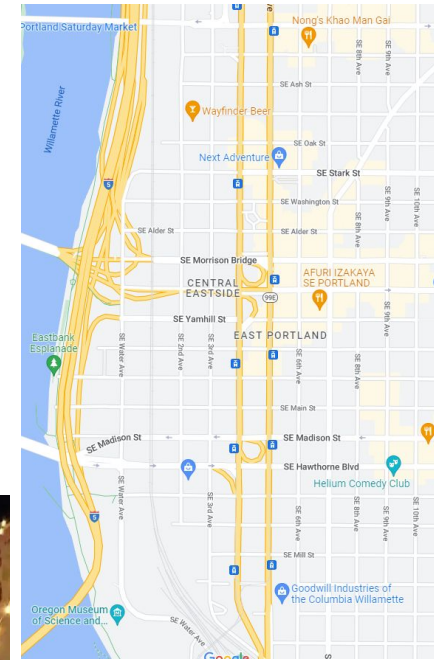
Buffalo Niagara Medical Campus,
Buffalo, NY

This district is centers around a world-class medical campus in downtown Buffalo. It was a the result of a master plan overseen by a not-for-profit development agency, BNDM, Inc. which is a partnership between research and medical educational institutions, the City, County. The BNMC facilitates collaborates, addresses shared concerns and continues to coordinate planning and development for the 120-acre footprint.
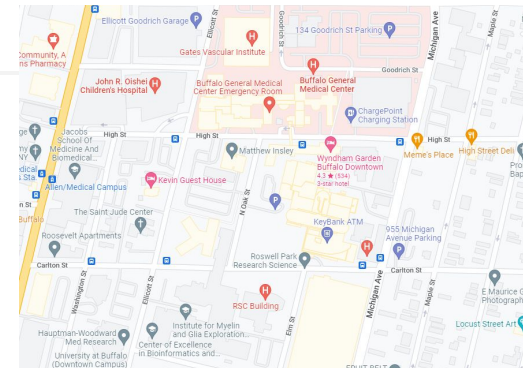
Seaholm/ 2nd Street Districts, Austin, TX

The Seahold district in Austin, TX provides an example of brownfield redevelopment, in this case an energy plant converted into office, retail, and residential spaces while retaining its historical structure. It is also an ecodistrict and it along with the neighboring 2nd Street district exemplify a focus on pedestrian infrastructure and connections to existing trails and open space.
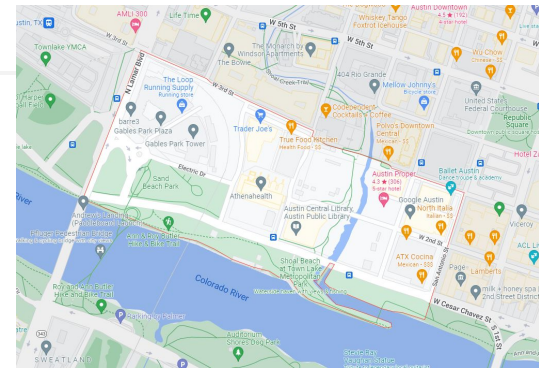
The Strip District, Pittsburgh, PA

In the last 30 years this area has transitioned from a mill and factory district into a historic market district with many ethnic food purveyors and retail businesses setting up shop where trains once delivered produce. Residential developers have begun to convert old factory and warehouse buildings into apartments and lofts. More recently, the area has attracted a number of tech companies and become a hotbed for autonomous vehicle and robotics technology.

The area has been the subject of manny planning efforts mostly led by Pittsburgh's redevelopment authority, including the recent public market (The Terminal) which has the mission "to contain businesses and events that are representative of local and regional merchants and the character of Pittsburgh, and that present the produce of local farms."
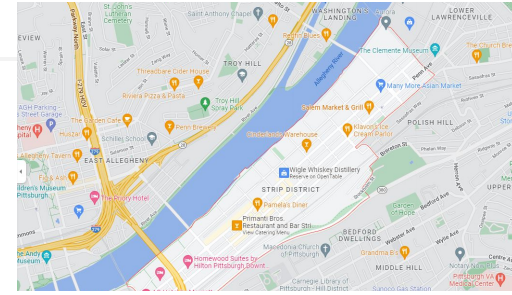
Cortex Innovation Community, St. Louis, MO

The district has a master developer and is considered an "innovation district", and in fact has been sighted by [Brookings Institute](#) as a model example of one. It was developed in an underutilized industrial area, mix of new and adaptive reuse and is near Washington University's medical campus, St. Louis University, and Barnes-Jewish Hospital. With a street grid similar to Spokane, it also has rail and freeway connections. Part of the plan is Cortex commons - planned park/public space for the district. It has also been cited as a model for inclusive innovation.
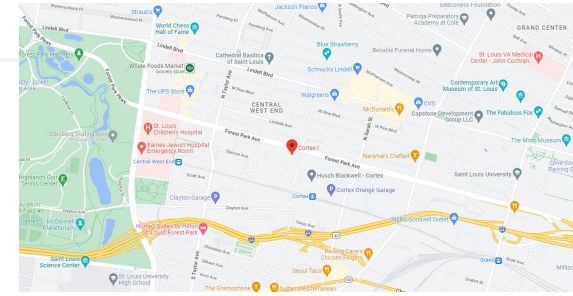
Best Practice Research Questions

Specific topics investigated across five precedent urban districts

- ○ **Small businesses and housing**
  How many small businesses can be supported by current or future housing goals?

- ○ **Optimal housing mix for walking**
  What are optimal housing mixes that best support pedestrian-oriented urban environments?

- ○ **Incomes, density, and grocery stores**
  What is the right mix of incomes and and how much density is needed to trigger development of a smaller scale grocery store?

- ○ **Optimal open space acreage**
  What is the optimal open space acreage in the south UD – parks/trails/bike lanes?

- ○ **Street tree density, mix, and heat island**
  What is an ideal street tree density and species/functional class mix to mitigate urban heat island effect and provide other quality of life benefits?

See Appendix for detailed findings on the research questions.

INGREDIENTS FOR DISTRICT SUCCESS	Central Eastside	Buffalo Niagara	Seaholm	Strip District	Cortex
Strong District "Heart"	●	●	●	●	●
Park & Open Space Network			●	●	●
Cohesive Streetscape	●	●	●	●	●
Programming & Activation	●	●	●	●	●
Small Business Investment	●			●	
Connected Destinations	●	●	●		●
Activated Historic Buildings	●		●	●	●
Strategic Residential Density	●		●	●	●

South University District - Key Takeaways for Success

DESTINATION DISTRICT

Supports small businesses and food markets
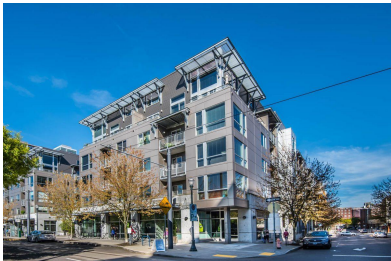

OPEN SPACE

Include connections throughout and outside the district

ADAPTIVE REUSE

Can be a low cost alternative for small businesses

PARKING MANAGEMENT

Important even with increased transit, bike, and pedestrian travel

MORE HOUSING

Supports pedestrian activity

INCLUSIVE DISTRICT

Supports eclectic vision for the district

03- Two Potential Futures

Using scenarios to explore future development

Scenarios Summary

Using the answers to best practice research questions and the key ingredients for success uncovered in the precedent district analysis, two scenarios of future growth and development for the SUD were explored:

- **Business as Usual:** what happens if we continue the current trajectory of limited amenities and public investments?

- **Amenitized Alternative:** what happens if we follow the key ingredients for success from our best practice research and apply those to the SUD.

Two Scenarios for the Future

Business As Usual

What we can expect if there are limited additional public investments in the South UD.

Amenitized Alternative

With investments in urban amenities, significant new private investment is catalyzed.

Important Elements for Development
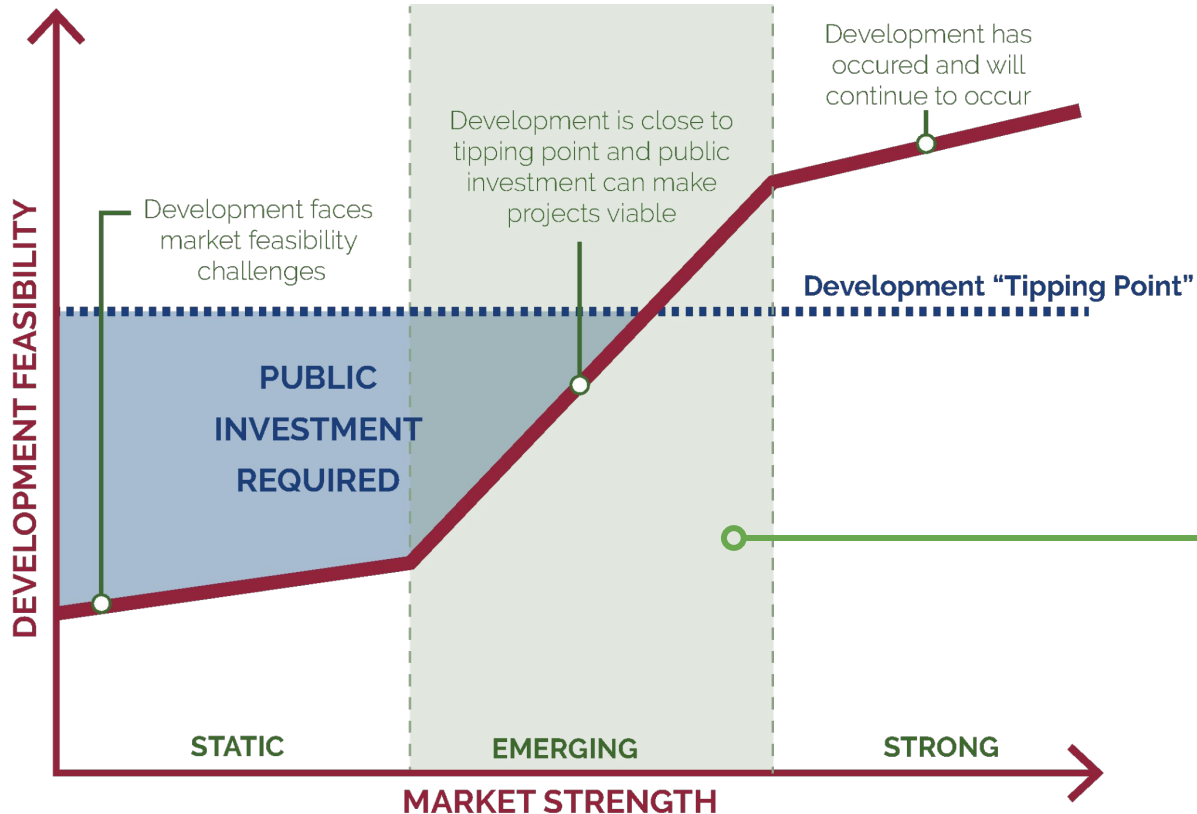
Three critical elements of development feasibility:

- ○ Costs to acquire land
- ○ Costs to build
- ○ Market rents to cover costs and provide a profit

Current leasing rates are *very* low.

How can better "growing conditions" improve rents to sustain a more vital south University District?

Market Typologies: A Continuum

DEVELOPMENT FEASIBILITY

MARKET STRENGTH

Development faces market feasibility challenges

Development is close to tipping point and public investment can make projects viable

Development has occured and will continue to occur

Development "Tipping Point"

PUBLIC INVESTMENT REQUIRED

STATIC

EMERGING

STRONG

The South University District is an emerging market. While rents are currently not high enough to make development feasible, relatively small public investments could make all the difference.
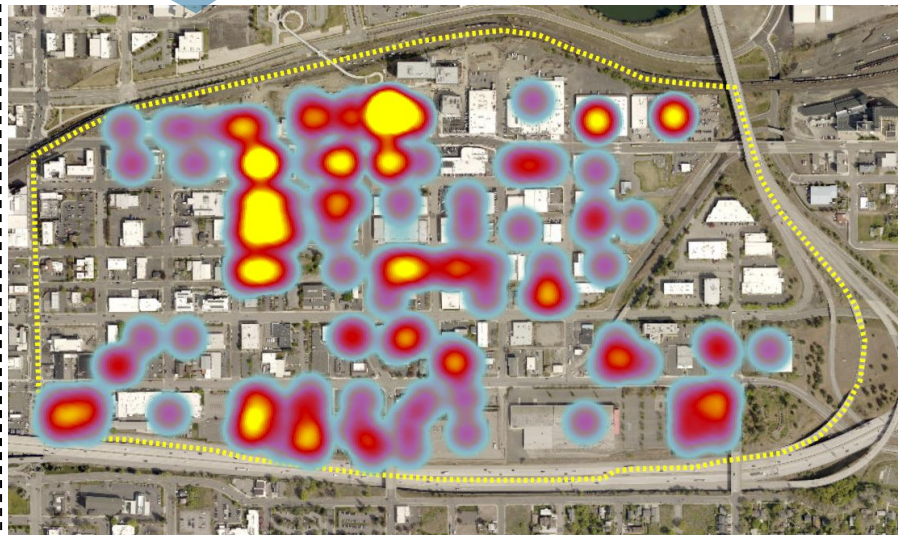
Two Scenarios for the Future

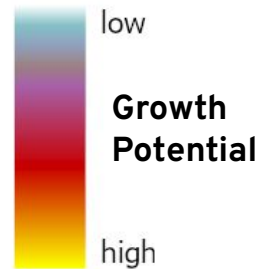What we can expect if there are limited additional public investments in the South UD.
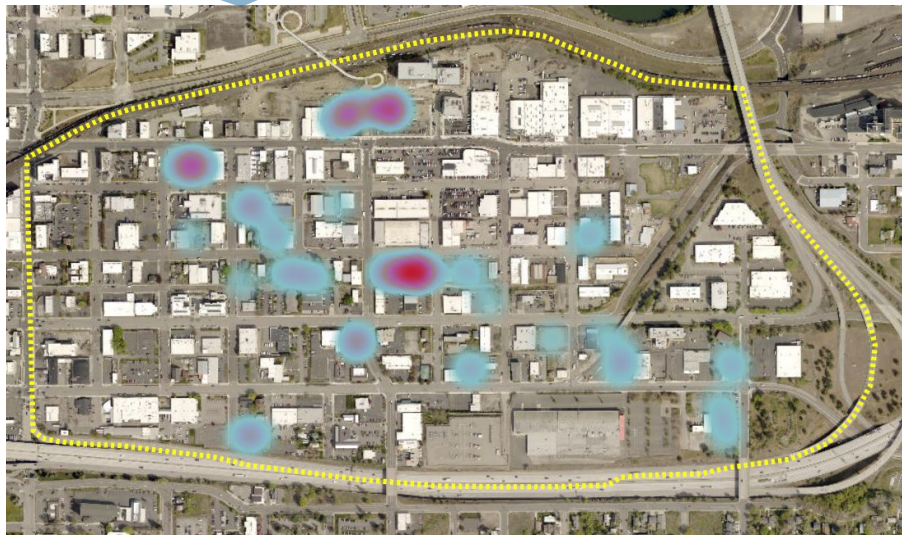
With investments in urban amenities, significant new private investment is catalyzed.

Growth Potential
low — high

Business as Usual
- **100-300** new units
- **125-375** new residents

Amenitized Alternative
- **3,800-4,800** new units
- **4,750-6000** new residents

04 - The Business as Usual Scenario

What happens if we continue with
limited and slow investments?

Business As Usual Scenario Summary

The Business As Usual scenario explores the following questions:

- ○ What are the current conditions in the SUD?

- ○ How does the district perform now given the current level of amenities and public investment?

- ○ How much and what type of development does this allow for?

Current conditions in the South UD

MANY SMALL BUSINESSES; LOW EMPLOYMENT DENSITY

ACCESS TO GROCERIES

LOW WALK/BIKE TRIPS

LIMITED OPEN SPACES

LOW RESIDENTIAL DENSITY

LACK OF TREE CANOPY

Current conditions in the South UD

Land Costs	25th Percentile	Average
Vacant land	$23.56/sqft	$36.17/sqft
Improved land	$58.05/sqft	$152.45/sqft

Source: County assessor

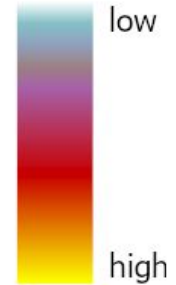|	Average Lease rates
Industrial	$9.72/sqft/yr
Retail	$12.61/sqft/yr
Office	$12.47/sqft/yr
Residential	$1.84/sqft/mo

Source: CoStar

Lease rates are not high enough for development projects to be profitable on anything but vacant land.
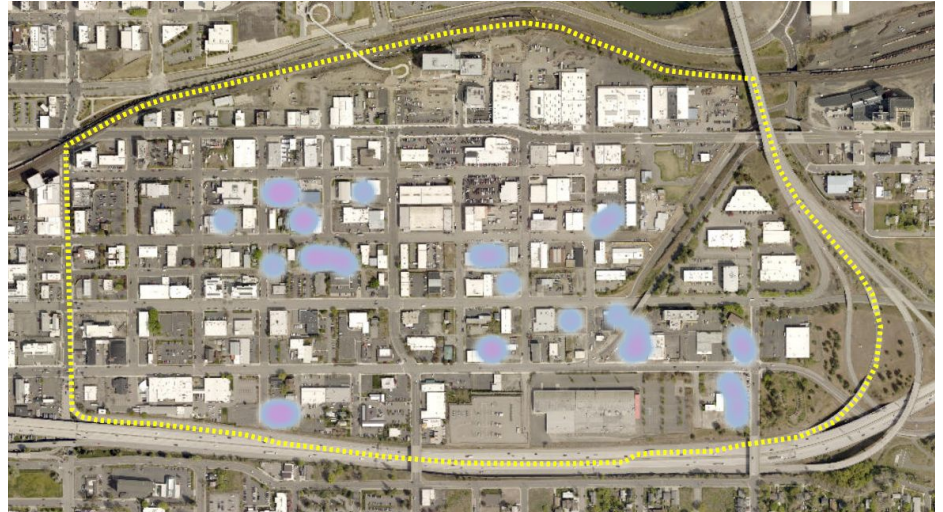
Business as Usual Scenario - Growth and Development

Intensity of potential new development

low

high
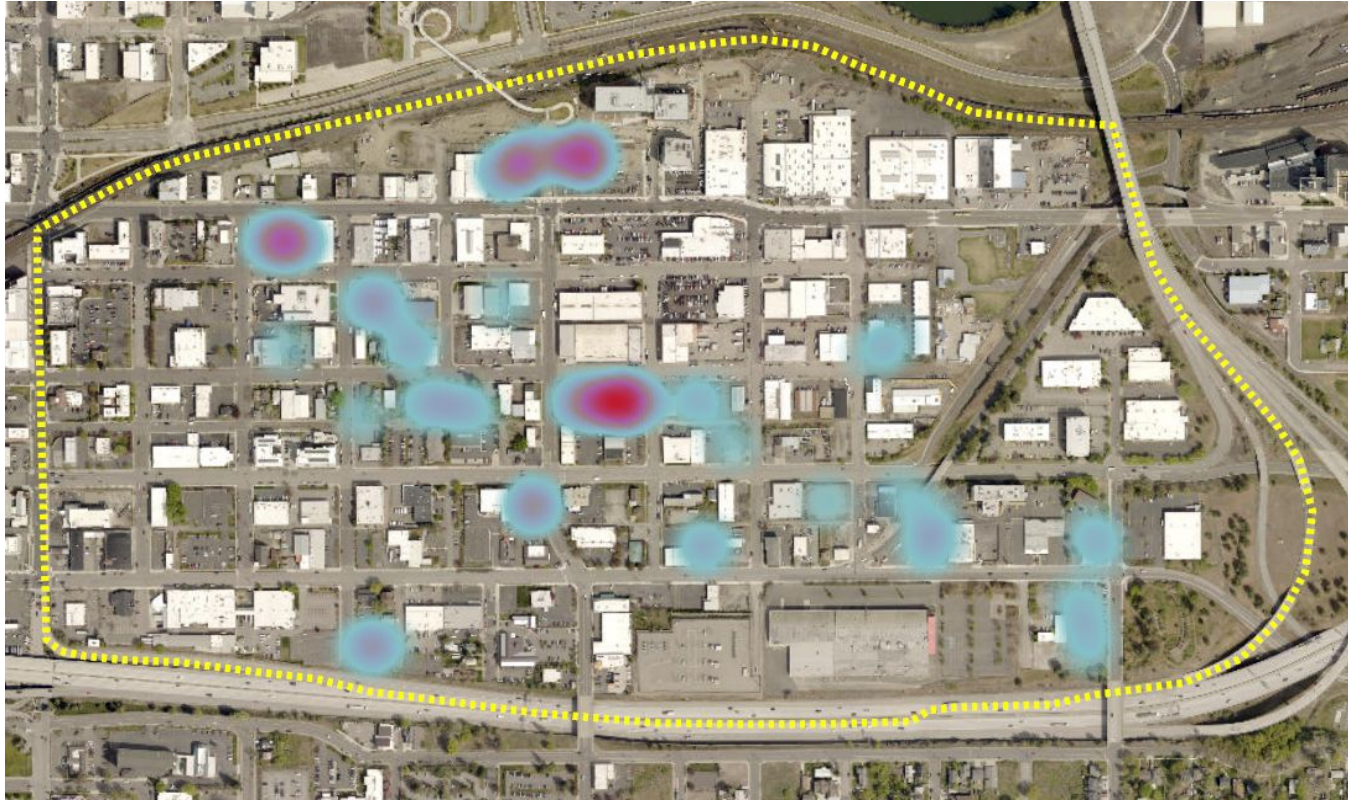
Business as Usual: Warehouses Work

More of the same:

- Warehouses in General Commercial (GC-150) zoning on **vacant** parcels are financially feasible.

Business as Usual: Retail/Office Struggles to Take Hold

More of the same:

- Straight retail & office is not feasible with current market rents, land costs, and construction costs even on vacant land
 - Redevelopment of existing buildings not possible given higher acquisition costs

2-story most common format for South UD. Given land costs and existing leasing rates, not even a 4-story retail/office building is financially feasible on cheaper vacant land.

Business as Usual: Limited Options for Residential

More of the same:

- Three-story apartment on **vacant** land possible in DTU with 10% IRR.
  - Lower return than more more common target of 12% IRR
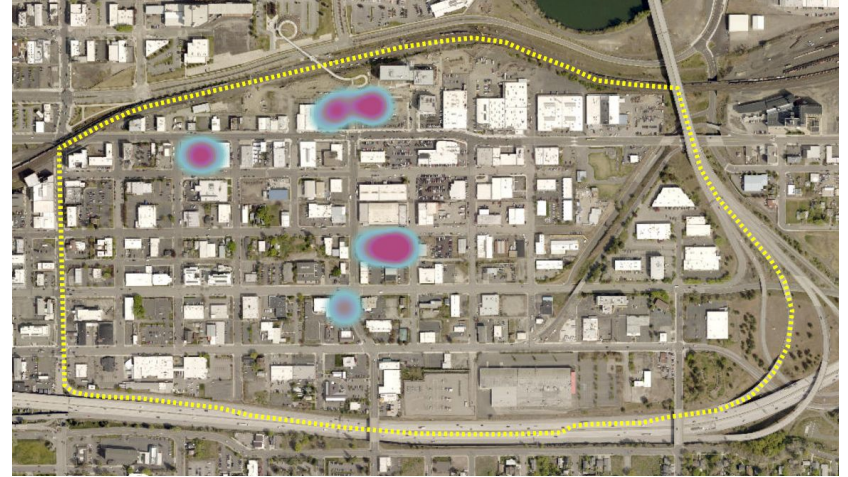
Existing example of small-scale housing in South UD. Kensington is income restricted.

Business as Usual: Adaptive Reuse

More of the same:

- Adaptive reuse for apartments (ex. Sherman Flats) seems unlikely given land and construction costs.
    - Historic one-story converted into 9 units appears to have 5 units still available even with 20% reduction in lease rate.

Only two other financial candidates given land costs, but adaptive reuse not possible.

Case Study: Boxcar

Many advantages:

- Proximity to downtown
- Universities
- High quality interiors

However:

- Only 50% leased
- Difficulty attracting ground floor commercial
- Car break-ins

Case Study: Sherman Flats

Many advantages:

- Historic building
- Proximity to universities
- High quality interiors

However:

- 5 of 9 units still vacant despite a 20% reduced leasing rate

How to Achieve Higher Rents? *Amenitize.*

Adaptive Reuse

Infill Mixed Use

District Heart

Streetscape

Green Connections

Public Plazas

Urban Parks

Multimodal Connections

Amenity Investment Leads to Increased Rents

Amenity	Increase in Property Value
Protected Bikeways	4%
Streetscape Improvements	10%
Basic Walk-Bike Network Improvements	0.9% for each 1 point increase in WalkScore
Park Improvements	10%
Transit Hub	25% (within quarter mile)

05 - The Amentized Alternative

Catalyzing Development in the
South University District

Amenitized Scenario Summary

The Amentized scenario explores:

- The framework for amenitizing the SUD based on conceptual frameworks from current planning and vision documents

- How the district performs with increased levels of amenities and public investment

- How much and what type of development does this allow for

The Amenitized Scenario: Foundational Framework

TRANSIT ORIENTED DEVELOPMENT STUDY

Pine Street Station Area and Sprague-Sherman Corridor

**District Framework and Development Strategy**

February 08, 2022

W. Main Ave
W. Riverside Ave
N. Pine St
Sprague Ave
SHERMAN STREET
S. Sherman St.
E. 1st Ave
E. Pacific Ave
E. 2nd Ave
S. Browne St
S. Division St
S. Pine St
S. Cowley St
S. Spokane St
5-Minute Walk

**BUILD-OUT STRATEGY**

"Sprague-Sherman Station"
SOUTH LANDING

Sprague & Sherman" Activity Hubs" –Sherman Hub, East End Hub & West End Hub

South Landing Build-out– UD parking garage, and AVISTA joint development

Housing Cluster- West End (Grant Street) and East End (South Landing Park)

Public Amenities- Gateway Park, Sherman Plaza, Boxyard Park, and South Landing Park

Streetscape, Walk and Bikeway Improvements- Sherman Street, Grant Street, Pacific Avenue and 2nd/3rd Streets

Before
After
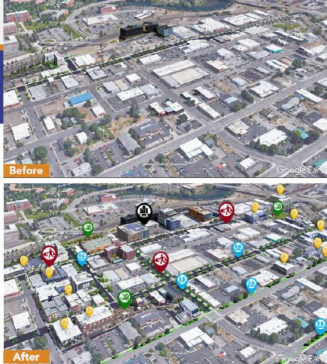
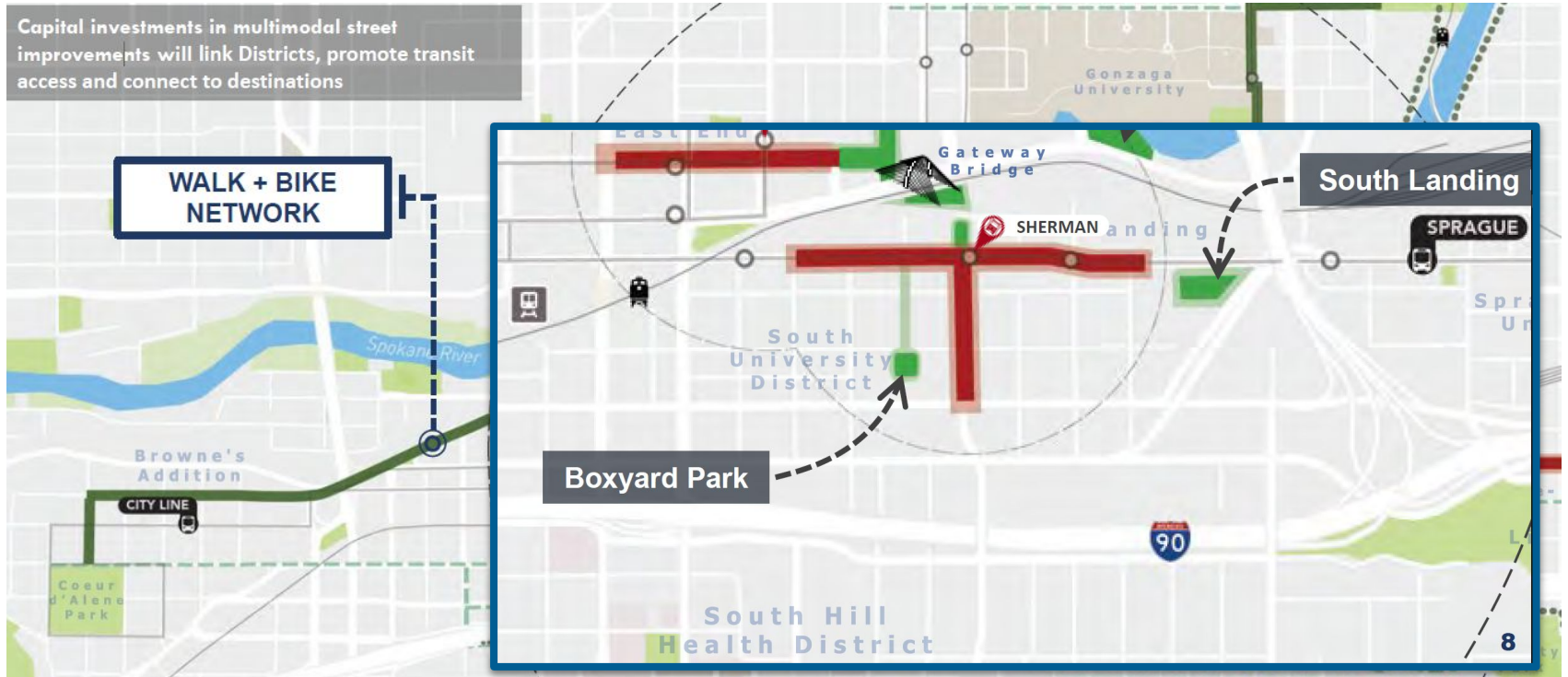+ additional parkland and building strategies

The Amenitized Scenario: Foundational Framework

Stations at Pine Street and Sherman Street are opportunities to establish **"activity hubs"** of street -oriented retail, commercial services, dining and entertainment uses   to support the District
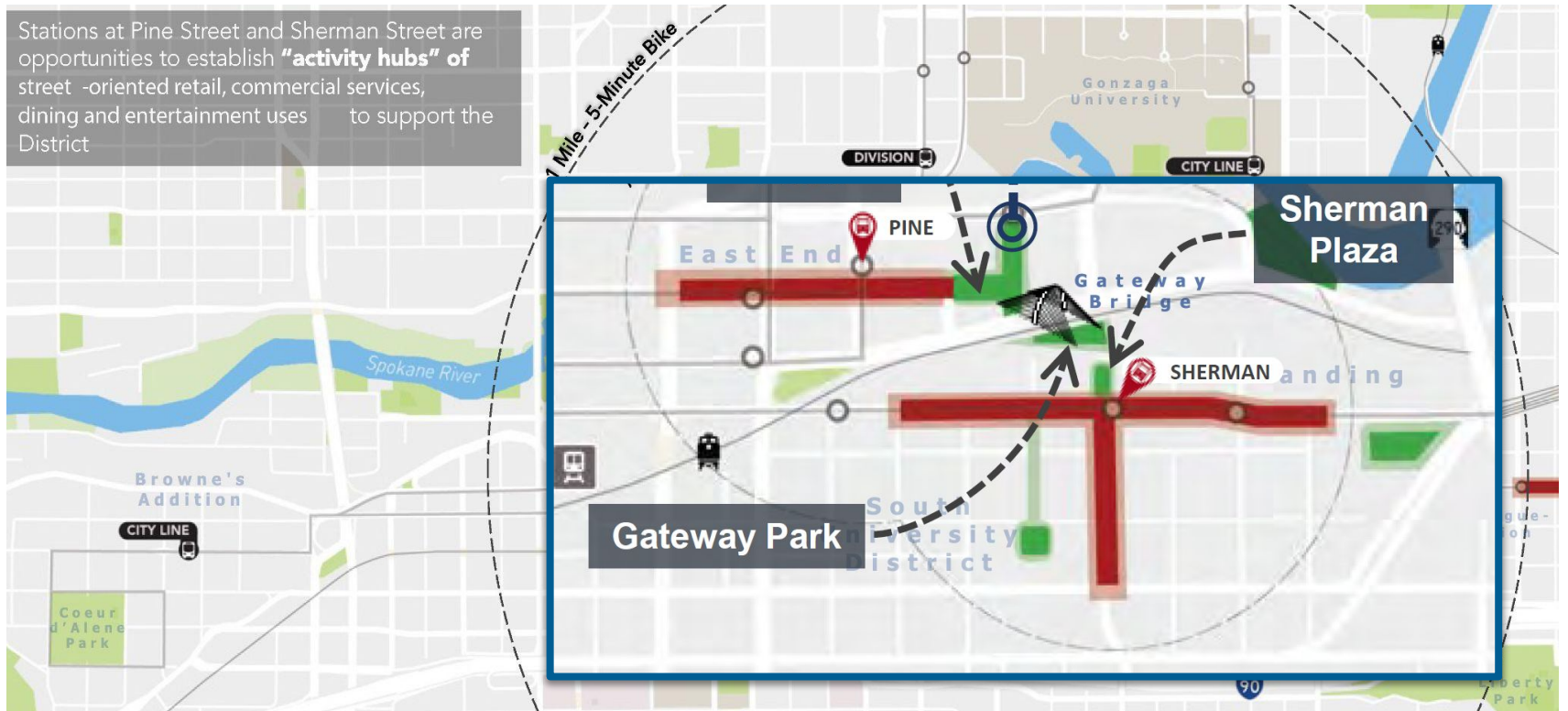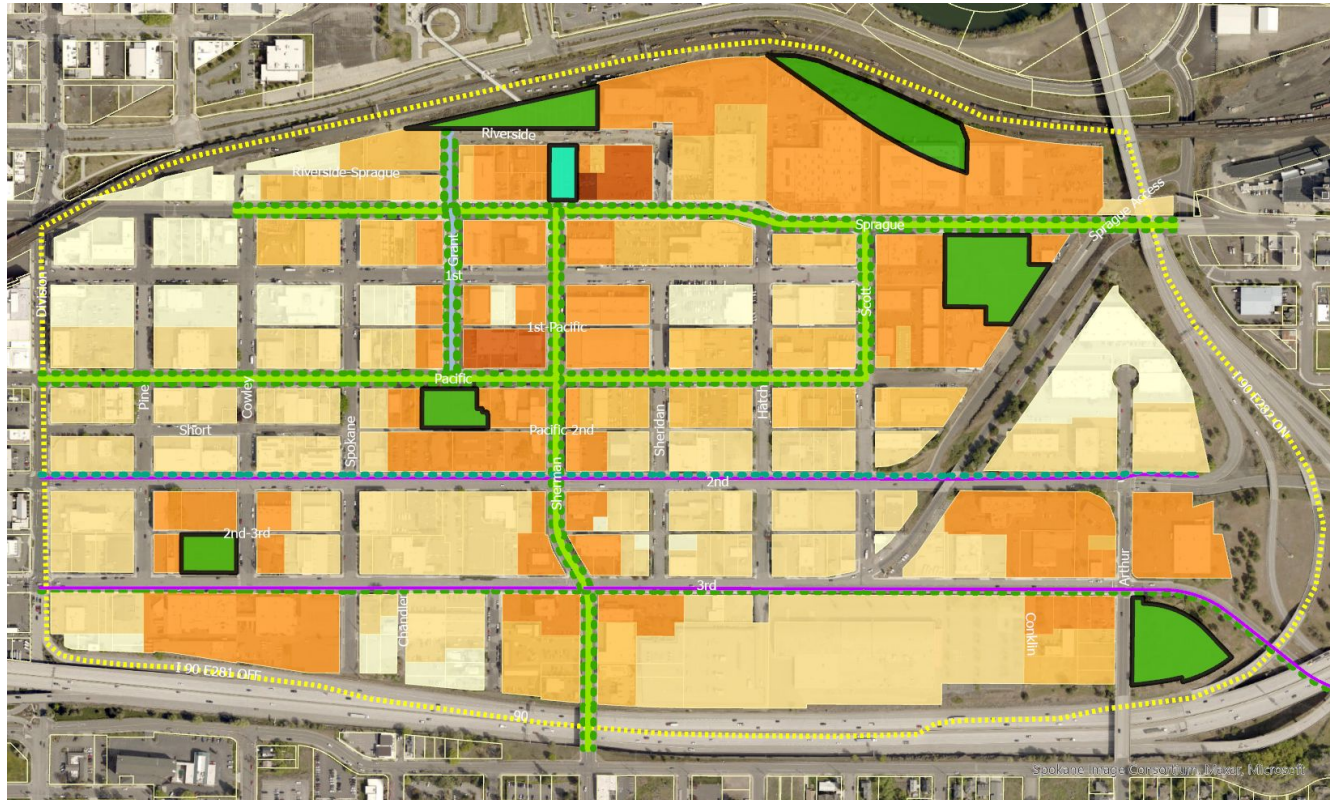
The Amenitized Scenario: Foundational Framework

Capital investments in multimodal street improvements will link Districts, promote transit access and connect to destinations

WALK + BIKE NETWORK

Gateway Bridge

SHERMAN

South Landing

SPRAGUE

Boxyard Park

City Line

Browne's Addition

Coeur d'Alene Park

East End

Gonzaga University

South University District

South Hill Health District

I-90

Spokane River

8

Amenities Modeled

Parks

Plaza

Promenade

Streetscape

Protected bikeway

Market value increase

Highly amenitized
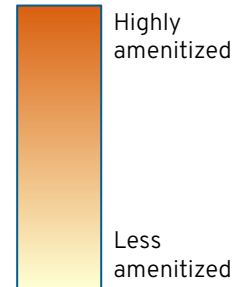
Less amenitized

Amenitized Alternative Scenario- Growth and Development

Intensity of potential new development

low
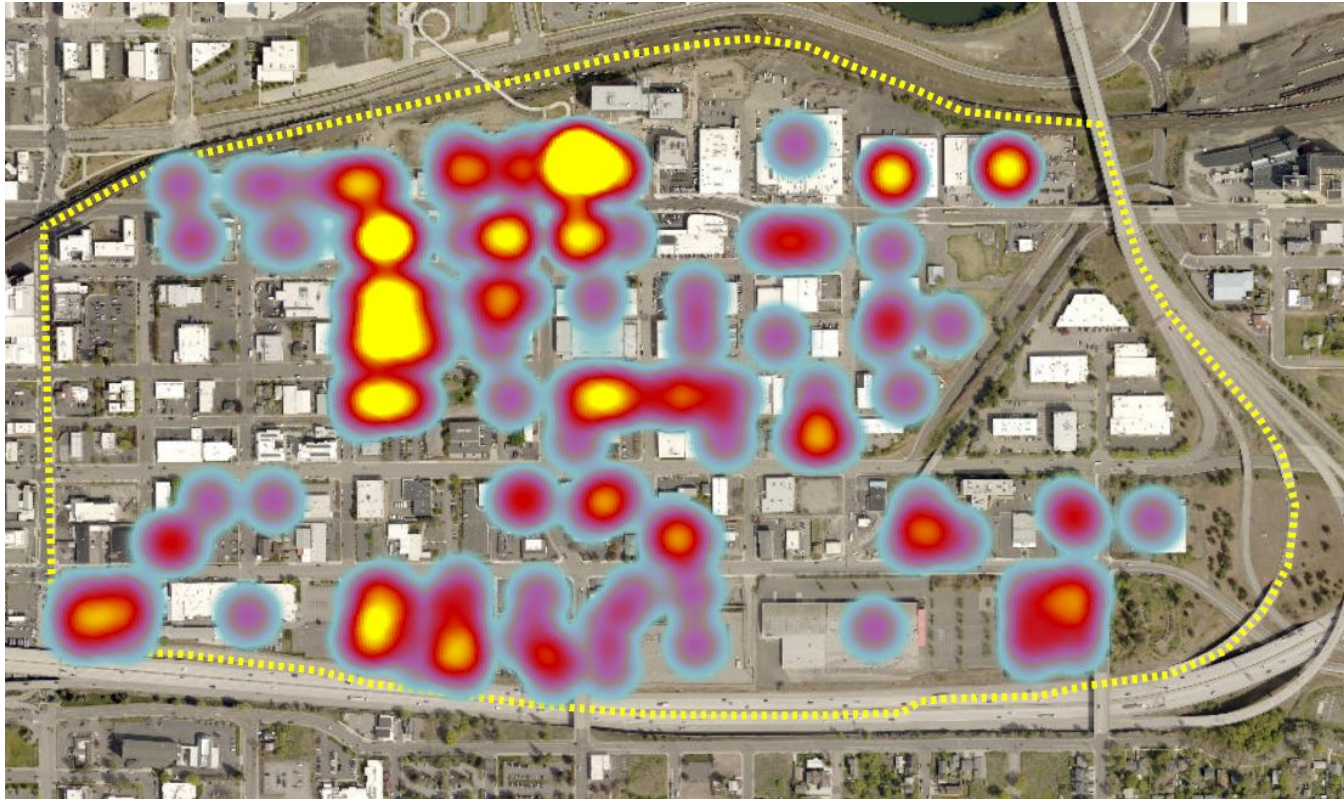
high

The Amenitized Scenario - What Becomes Feasible

5-story Wrap
interior structured parking

possible on most parcels zoned DTU with a higher return of 12% IRR

number varying by attainable market rent

8-story Mixed Use
with and without structured parking

possible on most parcels zoned DTU with a higher return of 12% IRR

number varying by attainable market rent

Adaptive Reuse
surface parking

one-story possible on select parcels

3-story mixed use along Sprague on select lots

5-story Mixed Use
interior structured parking

ground floor commercial

possible on slightly fewer parcels

Lab/ Business Incubator/ Workforce Training
structured parking

private-public partnerships with community non-profit participation

3-story Apartment
surface, tuck-under parking

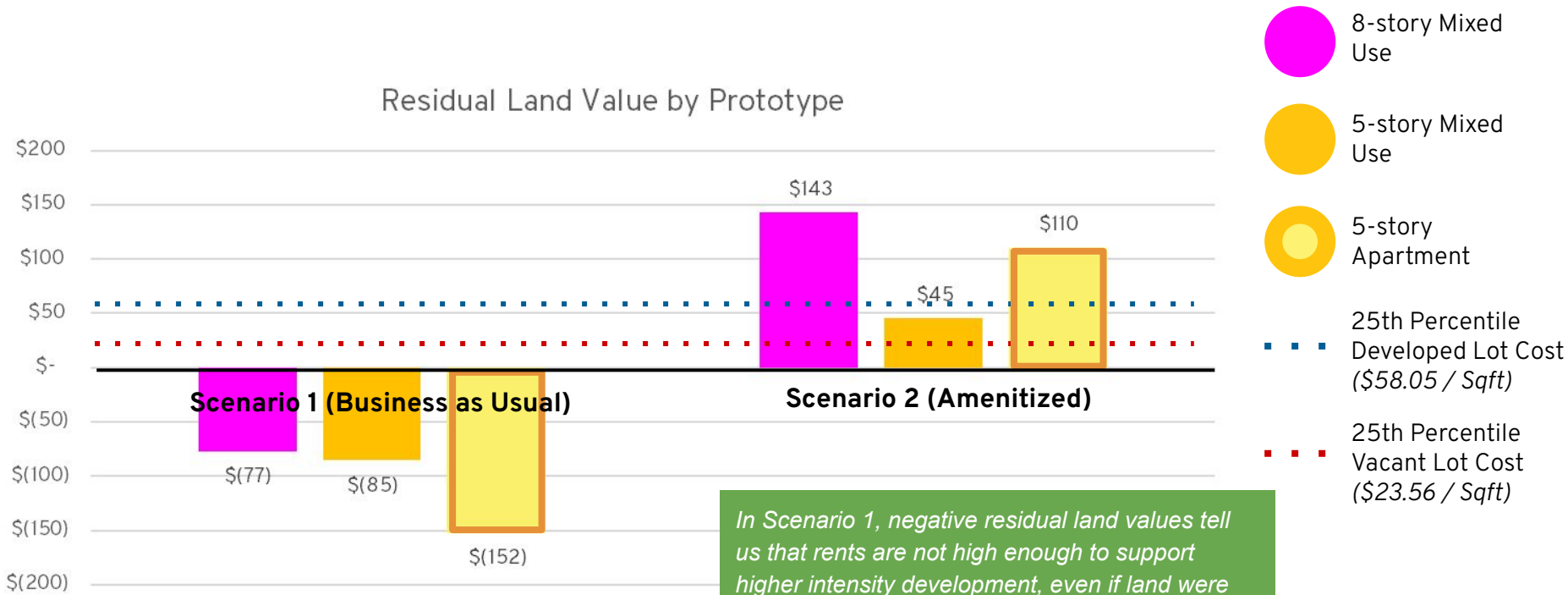primarily in GC-150 zone on select parcels along walk-bike corridors

Residual Land Value

Residual land value helps us understand the maximum land price a project can "afford to purchase" based on fixed assumptions about hard and soft costs and developer profit.

FOR SALE: $500,000

HARD COSTS

SOFT COSTS

PROFIT

LAND COST

FIXED

$500,000

-$300,000

-$75,000

-$50,000

=$75,000
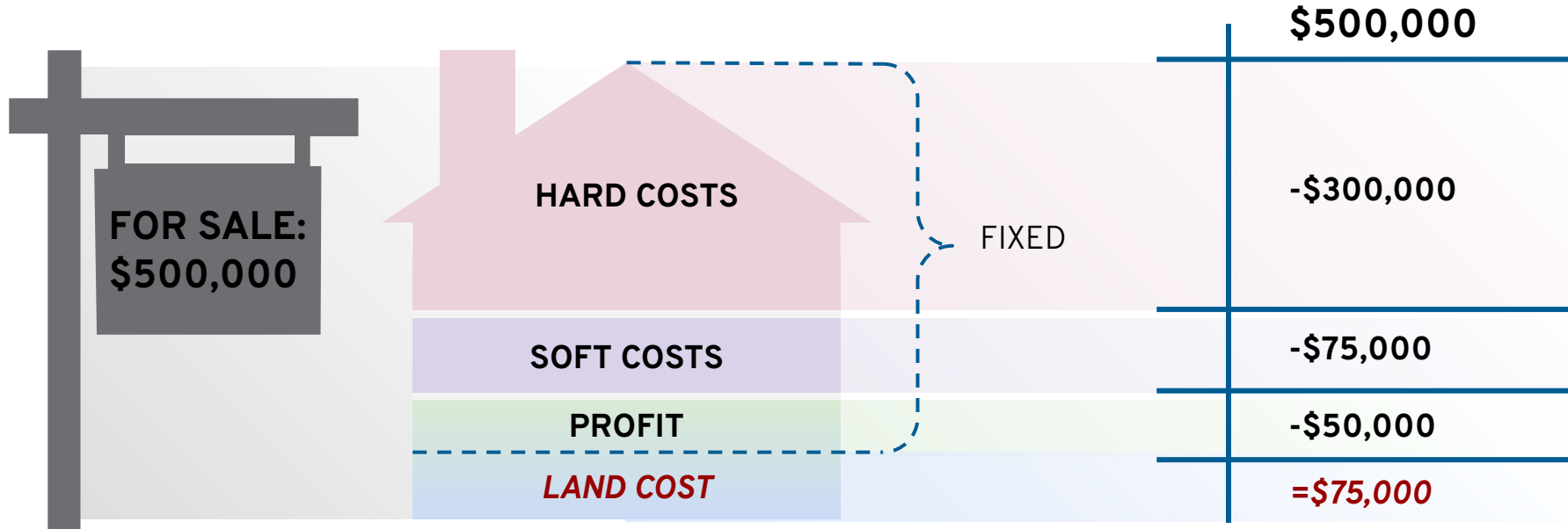
Potential Building Types in the Amenitized Scenario

Residual Land Value by Prototype

Legend:
- 8-story Mixed Use (magenta)
- 5-story Mixed Use (orange)
- 5-story Apartment (yellow)
- 25th Percentile Developed Lot Cost ($58.05 / Sqft)
- 25th Percentile Vacant Lot Cost ($23.56 / Sqft)

Scenario 1 (Business as Usual): $(77), $(85), $(152)
Scenario 2 (Amenitized): $143, $45, $110

In Scenario 1, negative residual land values tell us that rents are not high enough to support higher intensity development, even if land were free. In Scenario 2, higher rents allow these buildings to "afford" some of the lower priced vacant and developed lots in the district.

The Heart of the Amenitized Scenario

New Buildings Types are centered around the central hub, the heart, of a destination district:

- ○ Sherman Plaza at the intersection of Sherman and Sprague

- ○ Connects to Gateway Bridge

- ○ Destinations within the district and surrounding areas

Scenario Comparison
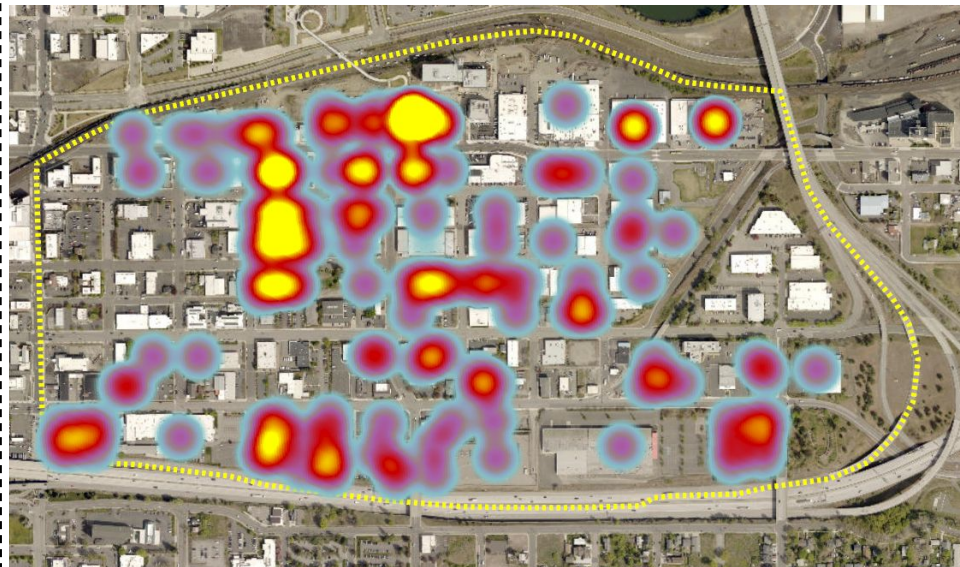
Growth Potential

Low ▭ High

Business as Usual

- **100-300** new units
- **125-375** new residents

Amenitized Alternative

- **3,800-4,800** new units
- **4,750-6000** new residents

See Appendix for detailed findings on the scenarios.

Quality urban amenities _are_ economic development

# 06 - Recommendations

Recommendations Summary

By applying the lessons learned from the best practice research to the amenitized scenario, the recommendations that emerge from the scenario results include:

- The goal to create a destination district with a central heart

- With actions that
    - activate the district
    - connect the district
    - and support and retain local businesses
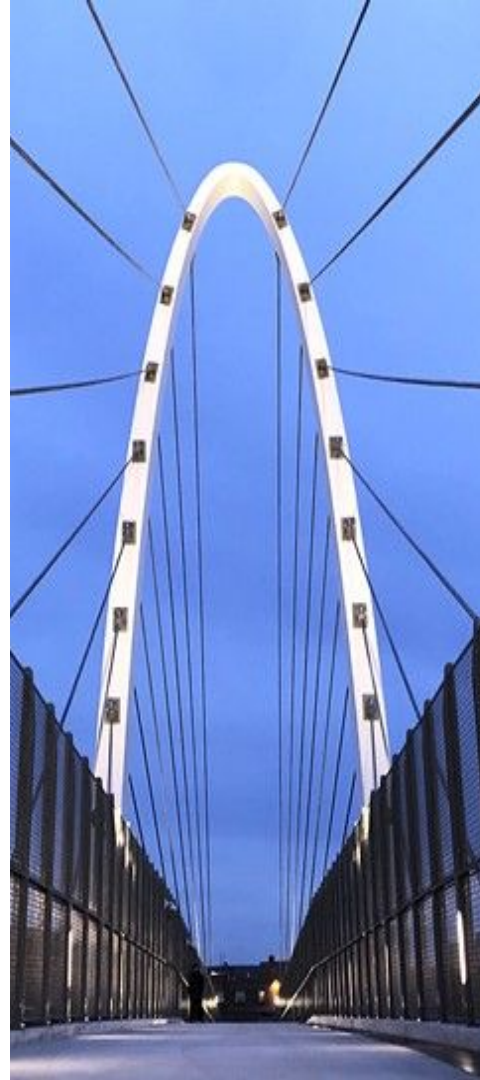
Goal: Create a Destination District

○ **Focus on creating a "Central Heart"**
  ○ Start with 1-2 blocks for a festival street or promenades
  ○ Concentrated activity (food, shopping, music, culture, art)
  ○ Market Hall and/or small retail as an anchor

○ **Flexible (but Small) Plaza**

  ○ Programmed with events
  ○ Interactive art, fountains, games
  ○ Integrate with and surround with retail and food

○ **Create Multiple "Play" Opportunities**

  ○ Maximize interactivity and unique experiences
  ○ Children and dog "free range" play areas as focus point

○ **Safe and easy connections to surrounding districts and neighborhoods**

Actions: Activate the District

- **High Residential Density to Ensure Street Life**

  - Target 4,300 new housing units over the next 20 years.

    - Equates to roughly two (4 to 5-story) buildings per year

- **Require Active Ground Floors
on Key Corners and Frontages**
  - Seek zone changes to require active ground floor uses at these locations (be strategic and concentrated)

    - Sprague and Sherman and the bridgehead plaza

    - Sherman Street and Pacific Avenue activity center

- **Invest in Programming & Events**
  - Partner with groups that curate programming like pop up markets to activate the area (like Downtown Business Association)

Actions: Connect the District

○ **Fund Tactical "Pilot Promenade" for 1-2 block**

  ○ I.e. - Riverside to Sherman

○ **Seek Streetscape Investment Funding**

  ○ District's financial resources limited and infrastructure is expensive
  ○ Local, state, federal grants and partnerships

○ **Create More and Safer Walking and Biking Connections Across District Barriers (like I-90 freeway)**

○ **Complete Buffered Bike Network Across and Throughout District**

  ○ North-South and East-West
  ○ Don't over engineer - plenty of underutilized asphalt, keep it simple and implement fast

Actions: Support and Retain Local Businesses

- **Proactive and Strategic Property Acquisition**

    - Target areas adjacent to "heart" and other upcoming investments PRIOR to the investments
    - Be open to seller financing options that reduce up-front costs for District and reduce capital gains for sellers

- **Prepare and Adopt a Parking Management Plan**

    - Quickly add low-cost parking in existing right-of-way with paint

- **Storefront and Tenant Improvement Grant Program**

    - Jump start revitalization of existing buildings
    - Ensures district is accessible to small businesses

- **Adapt Older Building Near "Heart" for Market Hall**

    - Secure 3rd party operator including local beer and wine

Appendix

Best Practice Research Questions and
Findings

Best Practice Research Questions
Specific topics investigated across all five precedent districts

- **Small businesses and housing**
  How many small businesses can be supported by current or future housing goals?

- **Optimal housing mix for walking**
  What are optimal housing mixes that best support pedestrian-oriented urban environments?

- **Incomes, density, and grocery stores**
  What is the right mix of incomes and and how much density is needed to trigger development of a smaller scale grocery store?

- **Optimal open space acreage**
  What is the optimal open space acreage in the south UD – parks/trails/bike lanes?

- **Street tree density, mix, and heat island**
  What is an ideal street tree density and species/functional class mix to mitigate urban heat island effect and provide other quality of life benefits?

Small businesses and housing

How many small businesses can be supported by current or future housing goals?

- ○ **Destination districts** provide the necessary activity to support **small businesses**.

- ○ **Small format, historic buildings** that are <u>low cost</u> play a role in keeping and attracting small businesses.

- ○ All precedents are big **employment centers** where workers far exceed residents.

- ○ **Residential uses** still **important** for certain types of businesses and to create more district resiliency (i.e.- COVID)

Optimal housing mix for walking

What are optimal housing mixes that best support pedestrian-oriented urban environments?

○ Strong correlation between **walk/bike trips** and **density of dwelling units**

○ Strongest precedent has **high percentage of residential/mixed land use**
  ○ 21% in Seaholm/2nd St districts
  ○ robust pedestrian infrastructure
  ○ strong connections to areas outside the district

Walk/bike trips and Density
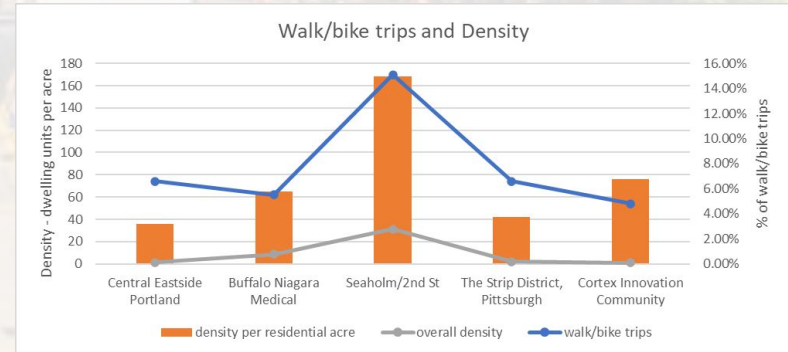
NOTE: Variation in walk/bike trips may be more sensitive to specific geographies, given the relatively low overall percentage of residential uses across most precedents.

Incomes, density, and grocery stores

What is the right mix of incomes and and how much density is needed to trigger development of a smaller scale grocery store?

- Grocery stores in precedent districts **do not rely <u>solely</u> on households strictly within district boundaries**. However most districts have residential areas adjacent to them.

- Grocers and food markets can function successfully in **destination districts** and contribute to its identity**.**

- Three different **destination grocer models** within the precedents:
  - Pop-up market with specific programming - Central Eastside
  - Market model: grocers row, numerous small vendors – The Strip
  - Destination / specialty grocery store – Seaholm/2nd St, Central Eastside

- 4 out of 5 precedents have a green **grocer** (3) or temporary food market (1) **within the district**

Optimal open space acreage

What is the optimal open space acreage in the south UD – parks/trails/bike lanes?

- **15.8 acres of open space per 1000 residents** – Spokane's standard
    - Spokane ranks 17 of 98 cities overall for open space in a survey by Trust for Public Land in 2022
    - higher than other cities of its size/density

- Most relevant precedent (Seaholm/2nd St) has **17% of acreage as open space**

- All precedents have fairly high or very high accessibility to:
    - **parks within 10-min walk**(half-mile network distance) **of 89-100% of residents**

Source: Trust for Public Land, https://www.tpl.org/parkserve/about and https://parkserve.tpl.org/mapping/historic/2022_ParkScoreRank.pdf

Street tree density, mix, and heat island

What is an ideal street tree density and species/functional class mix to mitigate urban heat island effect and provide other quality of life benefits?

○ Street tree density is dependent on regional ecology and conditions, which varied widely across precedents.

○ To mitigate against heat island effect:
  ○ Select trees with **high leaf area and transpiration rates** appropriate to regional climate and urban conditions
  ○ Plant with **multiple layers of canopy**
  ○ **Prioritize canopy coverage**, width, and density by incentivizing larger planting strips when feasible

Source: *Tree species richness and diversity predicts the magnitude of urban heat island mitigation effects of greenspaces*

Scenarios & Best Practices
small biz & employment

Small historic buildings along Sprague and on select lots are well suited to support small businesses.

- Many small businesses already occupy these spaces.

- Small-scale, mixed-use infill in these areas can further support small businesses, creating a small-business sub-district.

- A small business development program can continue to support the existing businesses as well as bring in new appropriate businesses.
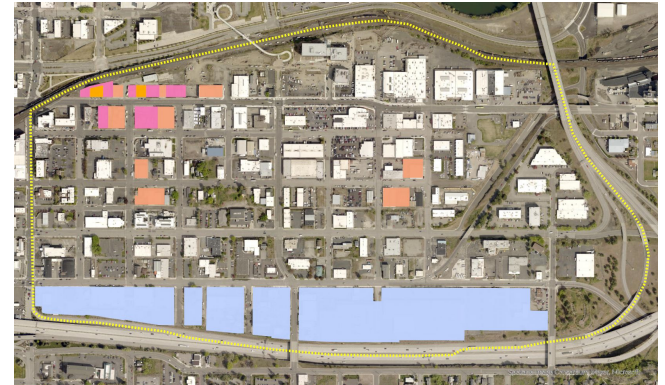
historic bldg w/small biz

adaptive reuse -2-story mixed use

3-story mixed- use infill

lab/biz incubator/ education

Scenarios & Best Practices
small biz & employment

Parcels at the southern end of the district provide an opportunity for public-private partnerships to provide mixed-use buildings that include:
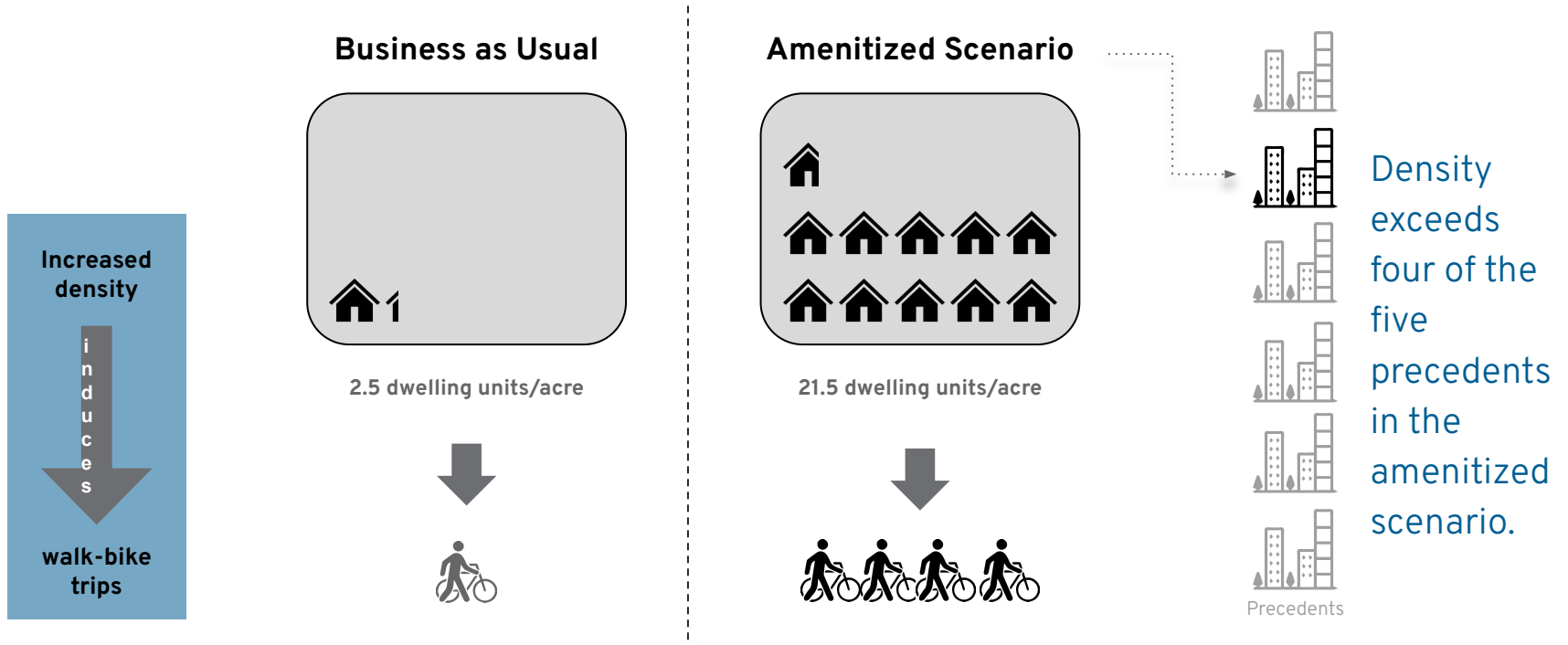
- lab space
- life science business incubator space
- classrooms
- workforce training

○ Health care services to the south offer synergies with these uses.

○ Many employment opportunities are possible but will require significant coordination to develop partnerships.

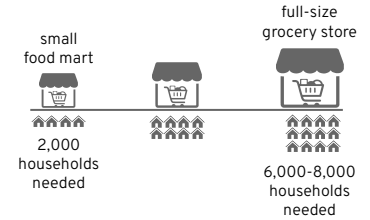*Life Sciences Building, University of Washington, Seattle*

- historic bldg w/small biz
- adaptive reuse -2-story mixed use
- 3-story mixed-use infill
- lab/biz incubator/ education
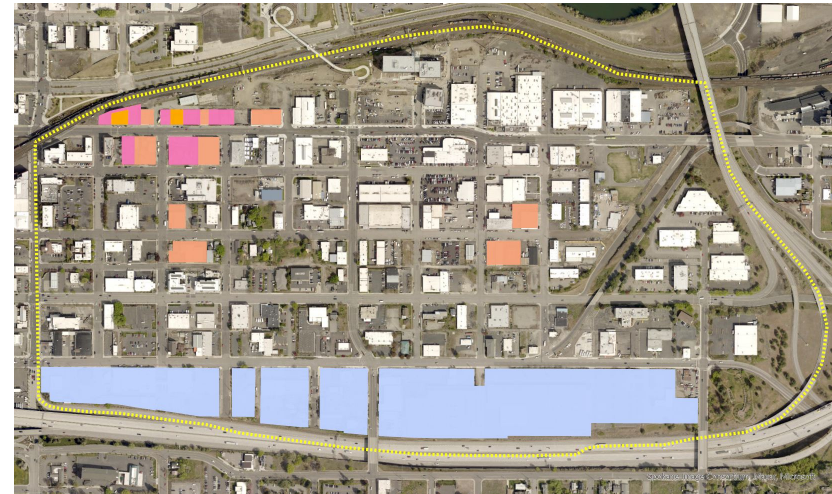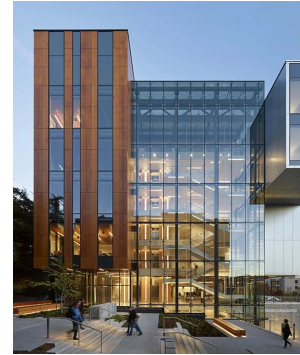
Scenarios & Best Practices
walk/bike trips and density of dwelling units

Increased density

i
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d
u
c
e
s

walk-bike trips

Business as Usual

2.5 dwelling units/acre

Amenitized Scenario

21.5 dwelling units/acre

Density exceeds four of the five precedents in the amenitized scenario.

Precedents

Scenarios & Best Practices
housing units needed to support a grocery store

small
food mart

full-size
grocery store

2,000
households
needed

6,000-8,000
households
needed

Business as Usual
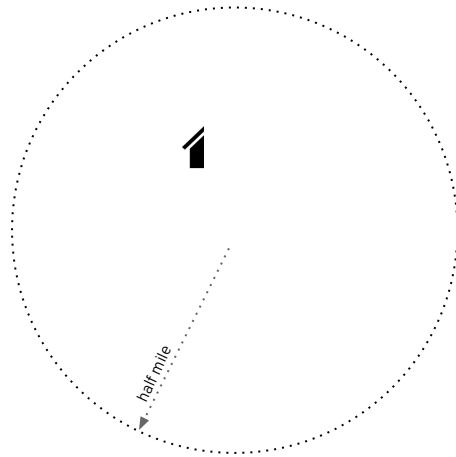
180 new dwelling units

Amenitized Scenario
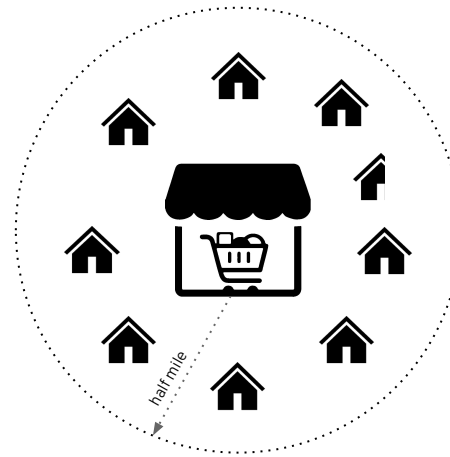
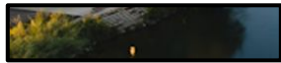**4,300 new dwelling units**

half mile

half mile

Enough households to support a medium-sized food market.

The food market should be integrated into the identity of the district, at its heart, near the central plaza of Sprague & Sherman.
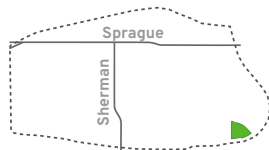
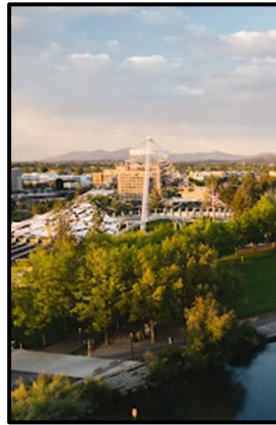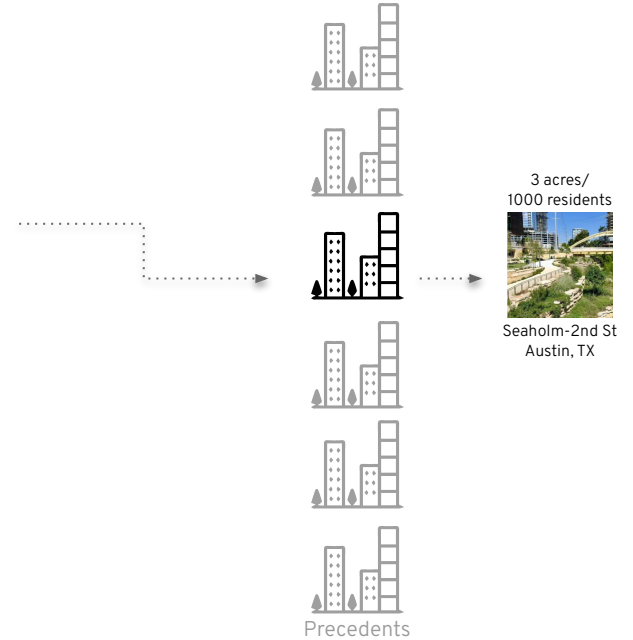Sherman

Sprague
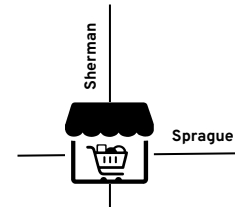
Scenarios & Best Practices
open space

Business as Usual

1.8 acres

Amenitized Scenario

14.8 acres

3 acres/
1000 residents

Seaholm-2nd St
Austin, TX

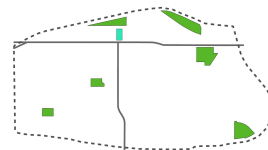Precedents

7% of district would be open space, exceeding 3 of the 5 precedents, and approaching Spokane's city average of 9%.
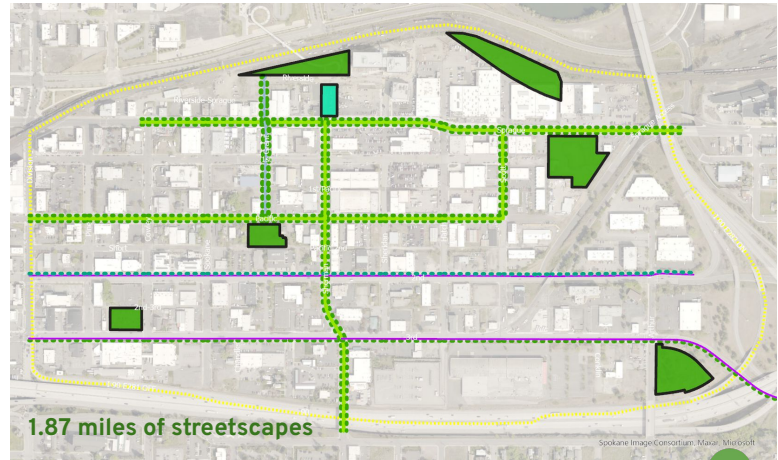
At ~3 acres/1000 residents, roughly the same rate as Seaholm-2nd St Austin district.

Scenarios & Best Practices
street trees

The Amenitized Scenario

1.87 miles of streetscapes

Spokane Image Consortium, Maxar, Microsoft

~ 660 street trees*

+ ~ 200 park trees

*planted 30 feet on center