

Memorandum

May 5, 2006

To: Councilmember Conlin

From: Seattle Planning Commission

Re: Thoughts on Industrial Lands Strategy

Retaining designated industrial lands is an important goal for the City. Industrially zoned land provides a safe haven where industrial operations are less likely to impinge on non-compatible uses. In recent years there have been several requests to change comprehensive plan policies and land use zoning designations for industrial properties reflecting an increasing pressure to convert industrial lands to other uses.

The Planning Commission has a growing concern about these requests and the desire of individual land owners to convert their industrially zoned land to non-industrial uses. The Commission feels strongly that the City must not simply respond to each request on a case by case basis, but instead make rational decisions based on an informed and well thought-out strategy. **We continue to urge the City to devote adequate resources to create a comprehensive strategy that provides a policy framework to address individual rezoning requests.**

The Commission held a roundtable discussion with City officials and staff in November 2005. Based on that discussion, along with a preliminary study completed by DPD, OED and the Planning Commission in August 2005, the Planning Commission offers its recommendations about needed analysis and research for the creation of an industrial lands strategy. **One of the major outcomes of the roundtable discussion was a consensus that the City should adopt a strategy to address industrial lands.** There was general agreement by roundtable participants that more information is needed about the nature of the city's industrial lands and that the City would benefit by having a rational basis to deal with rezone requests.

The roundtable participants suggested the following:

GOALS & PRINCIPLES OF SEATTLE'S INDUSTRIAL LANDS STRATEGY

1. Determine a Clear Process for Rezones and Changes to Industrial Lands

- There will continue to be requests for rezones. Reconfirm the City's conviction to protect industrial lands. While not all industrially zoned land is sacred, the City needs to create an orderly decision-making process and a planning

foundation that responds to individual property owner's requests while keeping the long-term goals of the City in mind. The City needs to establish criteria to evaluate which lands could be converted to other uses and what uses might be appropriate.

- Determine criteria for allowing flexibility in some instances and allow for the ability of the City to be opportunistic in attracting and retaining jobs.

2. Better Understand the Current State of the City's Industrial Lands

- Study Seattle's 20-year supply of land and whether or not it will truly serve the City's needs.
- Assess the quality (not just the quantity) of industrial lands in terms of its ability to fulfill the City's goals and future needs.
- Better understand the city's jobs picture and employment forecast.
- Better understand what it will take to make Seattle attractive for companies to want to locate and expand here.
- Assess industrial cluster relationships. BINMIC and Duwamish MIC contain a web of industrial relationships.
- Better understand new and emerging industries and what land use and zoning they might need to thrive.
- Some subjects to consider: transportation logistics, freight mobility, what "light industry" means today, and the future of high value new economy industries and family wage jobs. Prioritize what, and where, to keep as industrial land by prioritizing Seattle's assets as a seaport.

3. Take a Regional Approach

- Look at Seattle's designated industrial lands in context of regional needs. Consider the employment and land use relationships that Seattle has with its neighbors.

4. Make Industrial Lands and Businesses Sustainable

- Apply the concept of "sustainability" to industrial uses. Part of the concept of sustainability is for industrial areas to directly serve the city – to reduce transportation needs by creating local linkages between resources, production, and end-users.
- Encourage the City to be more pro-active in developing a sustainable building industry cluster.
- Assess the interaction between housing and jobs. Assess jobs and regional transportation systems.

5. Acknowledge Seattle's Successes

- Apply lessons learned from other cities (i.e., Vancouver) where the Council decided to allow the substantial conversion of industrial lands, thereby

changing the character of their city. Vancouver's downtown now boasts lots of new housing development but diminishing prospects for employment. Seattle has been successful in maintaining a vital industrial base and should be looking at ways to build upon its success by leveraging its many assets.

6. Better Understand the Pressures on Industrial Lands

- Understand the pressure in Seattle for new housing. Some conversion pressure is due to need for land to build housing. The industrial and housing issues could be looked at together.
- In addition, some of the new format retailing requires low cost land for warehouse-like structures with ample parking. These types of facilities also seek to locate in industrial areas.

SUGGESTED INFORMATION AND ANALYSIS NEEDED

1. Detailed Analysis

- Assess how decisions made over the last 20 years have supported, or not supported, City policies.
- Analyze the link between land use and the economics of uses in the industrial zoned areas.
- Understand where there are economic partnerships to be developed to be more proactive.
- Better understand transportation linkages.

2. Expand the Dialogue

- Obtain more information and input from the Port of Seattle, Puget Sound Regional Council, constituents, stakeholder groups, real estate concerns, neighborhoods and others.

3. More Regional Analysis

- Determine how the industrial lands issue relates to other issues in the City.
- Better understand Seattle's competitiveness in local and national manufacturing and industrial markets.

4. Determine the Nature of Employment in Industrial Lands

- Better understand where Seattle's knowledge base for jobs is and how to integrate resources (such as educational institutions) with industrial needs.
- More analysis is needed to understand the conditions needed to attract and retain businesses.
- Need better information on trends and types of industrial users and businesses in Seattle.

5. The Connection Between the Port and the City

- Understand the Port's policies in regard to land resources.
- Better understand the low vacancy rates for industrial lands in Seattle compared to the Port's higher vacancies.

PLANNING COMMISSION RECOMMENDATIONS

The Seattle Planning Commission encourages the City to move forward expeditiously in creating an Industrial Lands Strategy that will; **1) be used as a rational basis for reviewing requests for rezones; 2) determine Seattle's current competitive advantage in the manufacturing and industrial marketplace and better enable current businesses to succeed, 3) take advantage of new and emerging industries and businesses that will promote economic diversity and support family wage jobs.**

The Commission's intent is to offer City officials advice for defining the most important elements of a strategy, to identify the information needed, and to urge City officials to devote the necessary resources to this effort.

The Commission offers the following recommendations:

- Industrial zoned land is a limited commodity. Conversion to other uses should meet high criteria and bring a clear and compelling benefit to the citizens of Seattle. Seattle should prioritize preserving industrial zoning in order to retain livable wage jobs and foster economic diversity. Economic diversity makes Seattle a better place for investment.
- Determine Seattle's strengths and market niche, which would in turn help to identify the land areas that should be preserved for industrial use - and those areas that could be converted to other uses over time. Understand the impacts that allowing retail, lodging, and especially housing in industrial areas would have on nearby industrial activities.
- Better understand current business and their needs. Get a solid picture of Seattle's current industrial base and how these businesses are doing financially. Conduct interviews with key people in each sector. This information would help to identify emerging needs, locational preferences and interdependencies among the various economic sub-sectors. Identify economic sub-sector data. Identify Seattle's competitive advantage.

- Better understand emerging industries that would be well-suited or compatible with industrial uses and will benefit from low cost industrial zoned land (i.e., alternative energy technologies, bio tech and prototype production) and determine what their needs are for industrial land.
- Assess and determine whether and how Seattle can be more proactive in attracting 21st century industrial growth opportunities. For example, the City could research the physical form of spaces needed to accommodate prototype production, identify business drivers, and identify the inputs to these processes in order to accommodate them. The City should also assess the value of retaining and strengthening industry sectors that may require making industrially zoned land match the needs of existing and emerging industry. This may require a shift from a *laisse faire* approach to a proactive industrial land strategy that strives to maximize Seattle's industrial and manufacturing future and economic health.
- Land use policies should take into account the fiscal priorities of the City. The strategy could detail the City's willingness to invest or help acquire resources to support new industries - including improvements in transportation infrastructure, parcel assemblage, and environmental cleanup for the benefit of new owners.
- Analyze transportation linkages as it relates to industrial use. Rezoning properties without taking into consideration transportation needs has negative consequences. In addition to Port linkages, review and analyze the capacity of the surrounding road network and the ability of freight rail to move goods. Transportation considerations should be addressed on two fronts - economic necessity and as barriers to encroachment. Consider the use of hardscape barriers to divide industrial and non-industrial areas.
- Consider different scenarios for industrial activities in Seattle and take into account the trade-offs for each scenario.
- The Port of Seattle's activities are fundamental to the manufacturing and industrial outlook for Seattle and the region. The Port's harbor development strategy needs to be updated as some of the fundamental assumptions have dramatically changed. For example, the Port in the recent past predicted a downward trend of container port needs and instead there has been a boom in container shipping.
- Assess the impact of rezones on surrounding communities (businesses and residents). Current industrial zones have allowed lower cost businesses to exist

on the edges of industrially zoned land because rents tend to be lower than mixed use zones.

- Get advice from the best thinkers on industrial and employment trends, new technologies, the global/national/regional economy, and Seattle's place in all of those categories. Getting an outsider's perspective would be helpful – someone unencumbered by local issues.
- Engage in a broad public involvement effort with stakeholders - including business groups, business owners, industrial land owners, labor representatives, transportation experts, emerging business experts, and neighborhoods.

The Planning Commission would like to work with City staff and officials to create an industrial lands strategy and reformulate the City's broader policy with regard to industrial lands. To that end, the Commission offers the following assistance (which may require some additional resources for the Commission);

- Help the City define its public involvement effort – and then manage or co-sponsor that effort.
- Provide Commission resources and expertise in crafting a strategy and the resulting policies by working with City staff and consultants to define needed analysis and study. The City may want to establish a working group composed of Commissioners, executive and council staff, and others to work on an action plan and a schedule for conducting the work and arriving at a policy.
- Identify prominent thinkers and speakers - and bring them to Seattle for meetings, lectures, and discussions.

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