



COMMISSION
AGENDA MEMORANDUM

Item No. 3b

BRIEFING ITEM

Date of Meeting November 8, 2016

DATE: November 2, 2016

TO: Ted Fick, Chief Executive Officer

FROM: Dave McFadden, Managing Director, Economic Development Division
Jeffrey Utterback, Director, Real Estate Development

SUBJECT: Private Investments Shaping Seattle's Waterfront

EXECUTIVE SUMMARY

Seattle's waterfront is transforming to a new place to live, work and play. Over the next decade, through public and private investments, we will see great changes along the City's waterfront. The Port of Seattle is helping shape that transformation but also concerned that future growth will challenge the region's maritime and manufacturing communities.

Today's briefing highlights private investments shaping the waterfront. It builds off of the recent presentation on public waterfront investments. The briefing will track changes from Expedia's new campus near Terminal 91 through SODO. It will conclude with a discussion of key forces and public policy issues impacting Port of Seattle (POS) industries. How the POS responds to development pressures and advances particular policies will influence Seattle's waterfront for generations to come.

BACKGROUND

Seattle was born on Elliott Bay and its waterfront has evolved tremendously over the last 150 years. Older wooden waterfront piers, warehouses and railroads spurs have given way to an elevated urban highway, waterfront condominiums, shops, parks, and restaurants.

Private development is unfolding at an unprecedented pace in downtown Seattle. Several interrelated trends are combining to create this boom:

1. Lifestyle changes. Millennials want to live in the City more than previous generations
2. A hot technology driven economy. Expedia, Amazon, Google and others are growing in Seattle and contributing to a strong regional economy
3. National and international investment. Seattle's growing stature as a global city is making the region a mecca for outside investment especially in real estate
4. Unique Geography. Seattle's lakes and the Puget Sound frame urban development

Meeting Date: November 8, 2016

Earlier this year there were 65 buildings under construction in downtown Seattle, the most in more than a decade. The construction cost for projects under construction is currently at \$3.5 billion. This is more than double the \$1.6 billion underway five years ago.

New developments cater to the new work and play lifestyle:

1. 42 new office buildings are in the pipeline
2. 140 residential projects are planned over the next five years

This development boom is reshaping Seattle's waterfront and the SODO district. As development in South Lake Union and the downtown densifies it is pushing new development north and south along the waterfront. Expedia purchased the former Amgen site for its new corporate headquarters. Weyerhaeuser relocated its corporate campus to Pioneer Square. These two companies exemplify some of the significant changes impacting the waterfront.

As the speed and scope of new development increases there is a corresponding need for balance. Protecting key neighborhoods and zoning districts is especially important to the region's maritime and manufacturing industries. Older warehouses and industrial operations on Elliot Avenue are in the path of progress. SODO's industrial base is threatened and the Port's maritime operations depend on efficient freight mobility through this business district.

Protecting industrial land uses and waterfront freight mobility are critical steps that can help sustain Seattle's working waterfront. The Port should consider advancing some or all of the following policies that can help strike a proper balance between maritime industrial development and other land uses:

1. Increase job opportunity and earning potential by maintaining and growing quality family-wage industrial employment.
2. Support synergistic maritime and manufacturing development to protect from negative impacts and unnecessary costs.
3. Update municipal code to ensure the implementation of maritime and manufacturing policies outlined in the Comprehensive Plan.
4. Ensure cross-functional transportation policy and planning that supports Manufacturing and Industrial Centers and other maritime and manufacturing needs.
5. Create policies that promote industrial investment in job growth and discourage those that might constrain that growth.
6. Designate maritime assets and connected industrial lands as essential public facilities.

Meeting Date: November 8, 2016

The POS is in a unique position to shape Seattle’s waterfront. The combination of POS maritime properties, financial strength, community partnerships and internal talent can help drive maritime industrial growth that helps shape our region. This is our job to do and our statutory obligation. The Port was created to protect and improve the harbor and we have earned a positive reputation for helping sustain Seattle’s working waterfront.

How the POS moves forward with respect to waterfront and industrial development is critical. We can demonstrate how to effectively balance gentrification, tourism and industry. The Port can ultimately help sustain middle class jobs, advance Seattle’s reputation as a global city and ensure we enjoy a waterfront that supports diverse land uses.

ATTACHMENTS TO THIS BRIEFING

Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

This presentation was preceded by an October 11, 2016 Commission briefing on public investments shaping Seattle’s waterfront.

Throughout the fifteen years since the Nisqually Earthquake made clear the need for action to replace the Alaskan Way Viaduct, the Port has consistently voiced our business interests to the partners. Maintaining system capacity, freight mobility, access to waterfront businesses and the seawall’s function are critical to the Port. As important, construction must be planned to mitigate impacts and support Port tenants and other private businesses.

In August 2013, the Port Commission moved to contribute \$281 million towards the Alaskan Way Viaduct Replacement Program so that the replacement of the viaduct would achieve the best balance among retaining and creating jobs, sustaining regional economic vitality, and benefiting the environment.

There have been many commission briefings by the city, state and transit agencies on various aspects of this work. Today’s presentation provides an urban form and private development perspective on these issues.