West Central Infrastructure Project

Economic Impact Analysis

August 2024

01 Project Background

What is the West Central Infrastructure Project?

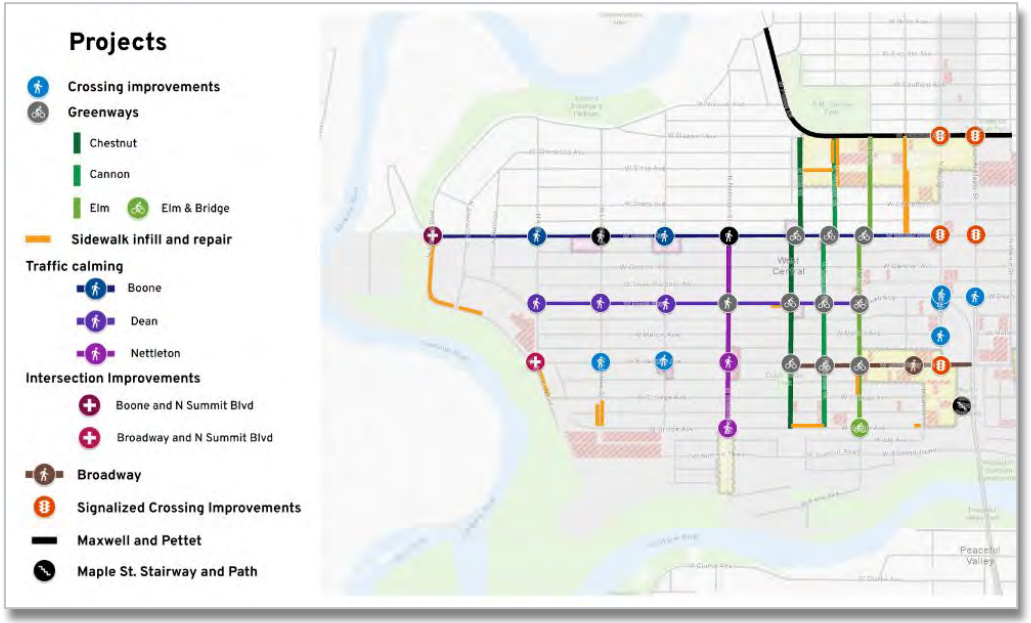
In 2007, the City of Spokane created the West Quadrant Tax Increment Finance (WQTIF) District, to raise funds for public infrastructure in the West Central Neighborhood. The West Central Infrastructure Project addresses transportation improvements in the neighborhood, generally north of Summit Parkway.

Project Goals

- Improve connectivity and safety for people walking, biking, and driving
- Support economic development
- Provide the community with meaningful opportunities to identify and prioritize streetscape, street, safety and public space improvements
- Leverage WQTIF and other funding sources to build improvements

Priority Projects List

- In the first cycle of community engagement, neighbors identified ideas to improve street safety and connectivity in West Central.
- **A list of projects for the West Central Neighborhood was developed based on community's input and safety concerns.**



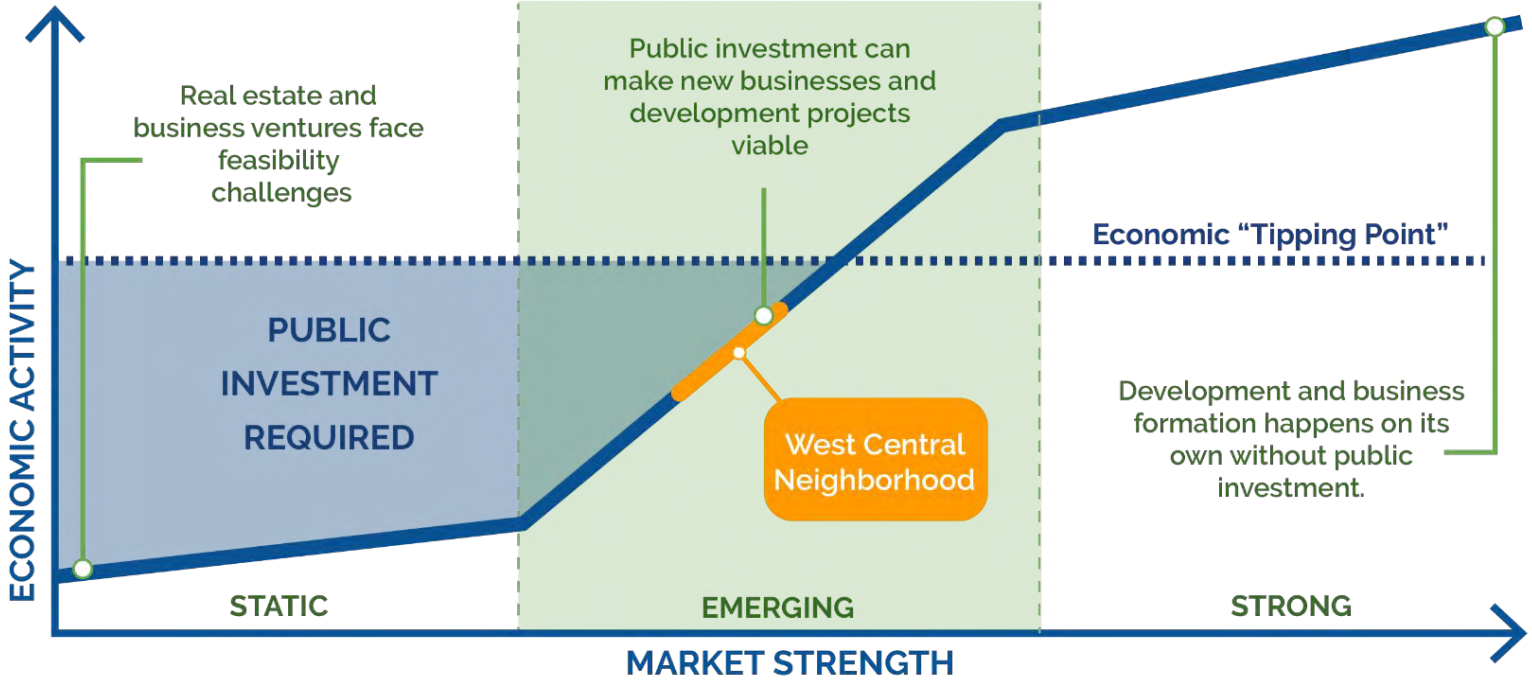
Map with list of priority projects for West Central

Scope of the Economic Impact Analysis

- ❏ Review what academic literature says about bicycle and pedestrian safety improvements and their impact on property values and businesses.
- ❏ Talk to developers and business owners about how they view these kinds of improvements and the value they add to their projects and business ventures.
- ❏ Evaluate the impact of each “priority project” on surrounding businesses, business districts, and opportunity sites.
- ❏ Develop a framework with associated anti-displacement strategies to make sure benefits stay local and displacement is minimized.

West Central Market Position

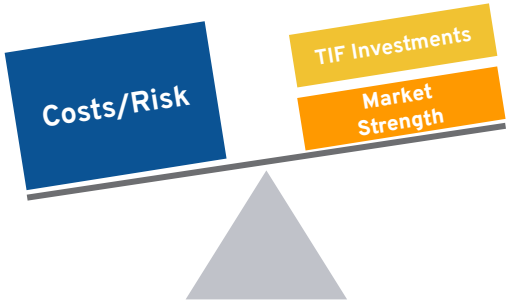
The West Central Neighborhood is an “emerging” market. This means that public investment of some kind is still needed to attract. private investment.



Passing the "Tipping Point"

TIF investments in infrastructure alone are not enough to overcome costs and risks for business owners and developers. If they can support small business development within the neighborhood, they can have a much larger impact.

Cost and risks of investment outweigh potential benefits.

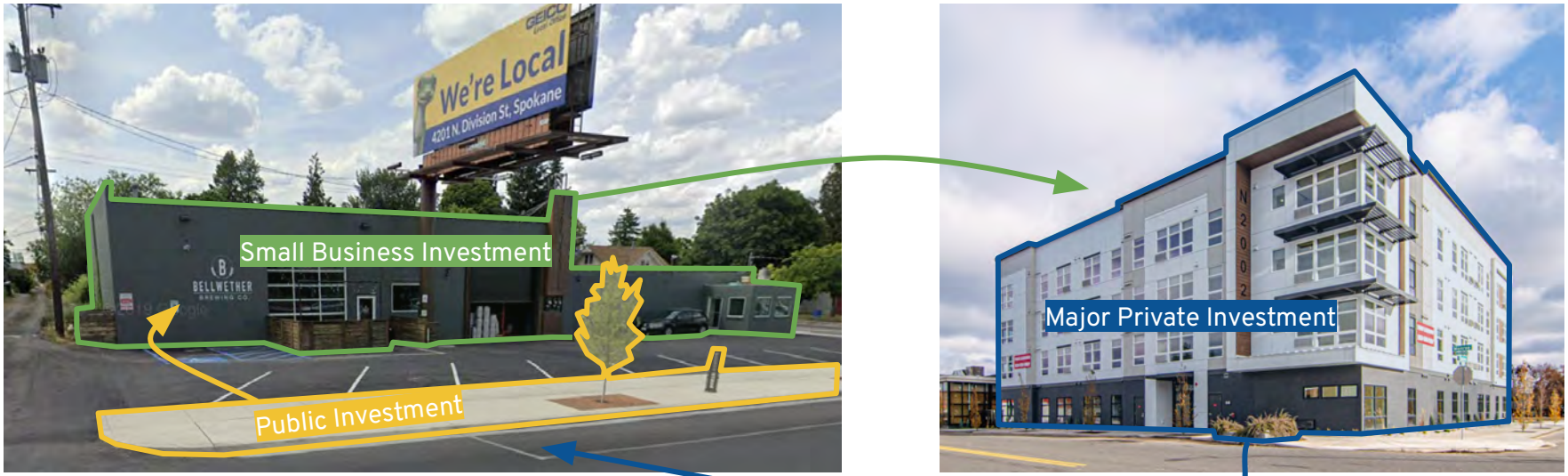


Infrastructure investments alone are not enough to pass the "tipping point".

If infrastructure attracts destination businesses, benefits can outweigh risks.

Small Businesses: The Key to Unlocking the Benefits of Infrastructure

Image Source: Millennium NW



Public investments create a virtuous cycle. A new streetscape gives a small business the confidence to invest. The small business' success proves the market for a major development which creates revenue for more public investments.

Economic Impact Analysis - Overview of Process

List of Priority Projects

Analyses

- Catalytic Project Impacts
- Commercial Node Locations
- Opportunity Sites Analysis

Evaluation

- Project Scoring Criteria

Outputs

- **Economic Impact Analysis** *(fka Development Feasibility Analysis)*
- Anti-Displacement Strategies

Research Methodology

Catalytic Project Impacts	**Literature review** to establish link in academic literature between multimodal infrastructure investments and private investment response
Commercial Node Locations	**Interviews with developers and business owners** to confirm perceptions of infrastructure projects and gain insights into areas with potential to become walkable districts
Opportunity Site Analysis	**Data analysis of West Central parcels** focusing on improvement-to-land value ratios, zoning, and land use
Project Scoring Criteria	Compile economic and equitable development scoring criteria
Anti-Displacement Research	**Research on best practices** to produce and preserve both housing and businesses in the West Central neighborhood

02 Catalytic Project Impacts

1. McCormick (2013)
2. Li and Joh (2017)
3, Polloni (2019)

Economic Benefits of Multimodal Infrastructure

- Implementation of a road diet alone does not have any measurable negative impact on sales tax revenue or property value.[1]
- When combined with high quality transit, a 1% increase in bikeability (bike score), yields between a 0.4 - 1.2% increase in property values.[2]
- Traffic calming measures (like bulb outs, enhanced crossings, and restriping) lead to increases in property values.[3]

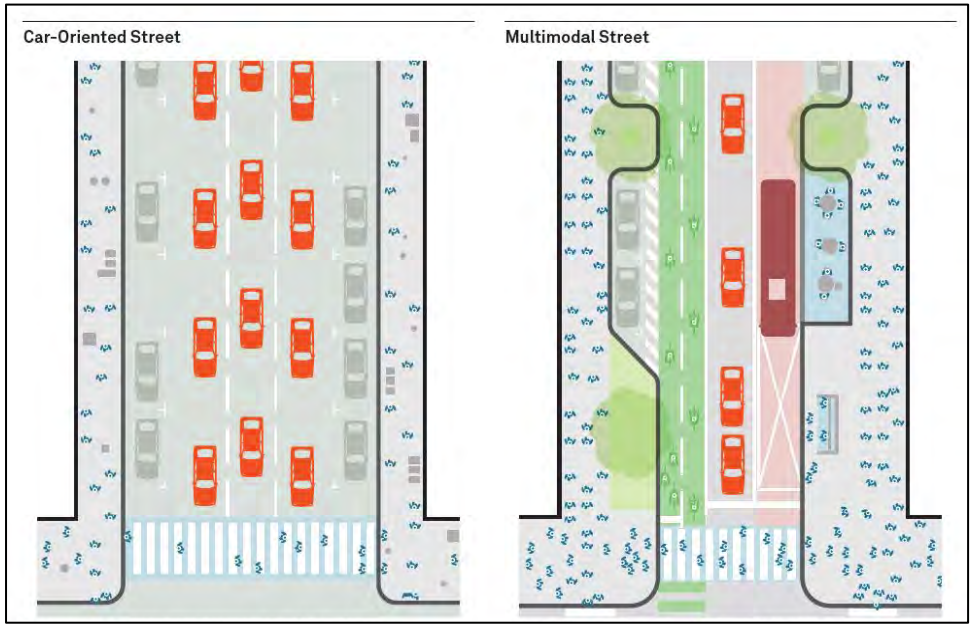
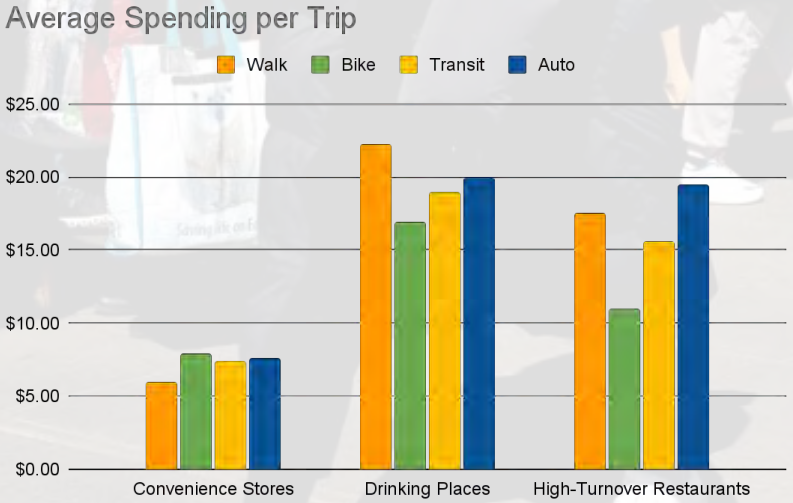
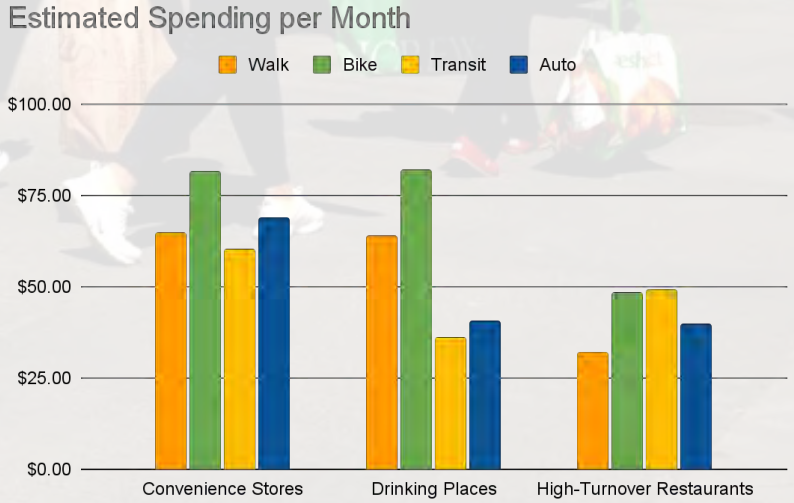


Image Source: York Blvd: The Economics of Road Diet (McCormick, 2013)

The Business Case for Multimodal Investments

While automobile drivers spend more per trip, bicyclists, transit users and pedestrians **spend more on average at restaurants, bars, and convenience stores per month than those who drive** (Clifton, et al, 2011).

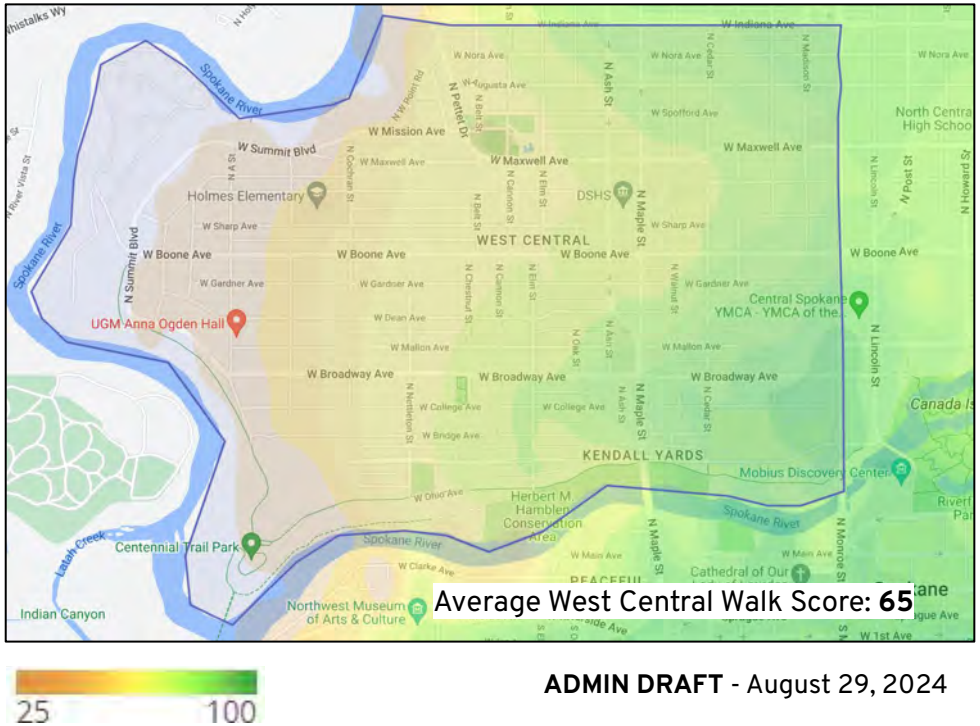




Walkability: Infrastructure + Destinations

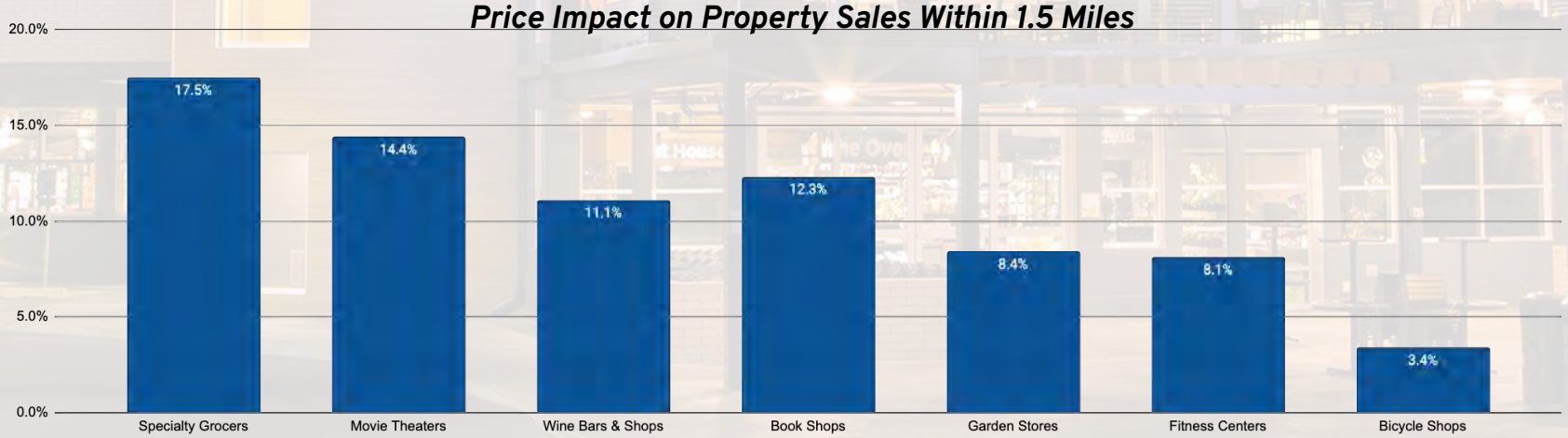
- The website WalkScore.com measures "walkability" based on the quality and connectivity of sidewalks AND the distance to amenities such as restaurants, grocery stores, and other daily destinations.
- **A 1 point increase in WalkScore** equates to a **.5% increase in property values** (Cortright, 2009).
- With a score of 65, **West Central has a lot of potential upside**
  - Most walkable Spokane neighborhood: *Riverside* (Walk Score: *91)*

Image Source: WalkScore.com



Impact of Urban Amenities

Many types of urban amenities have positive price impacts on real estate. Researchers call these amenities “urban living infrastructure”. (Johnson-Gardner, 2007)



03 Development Opportunity Analysis

Developer/Business Owner Interviews:

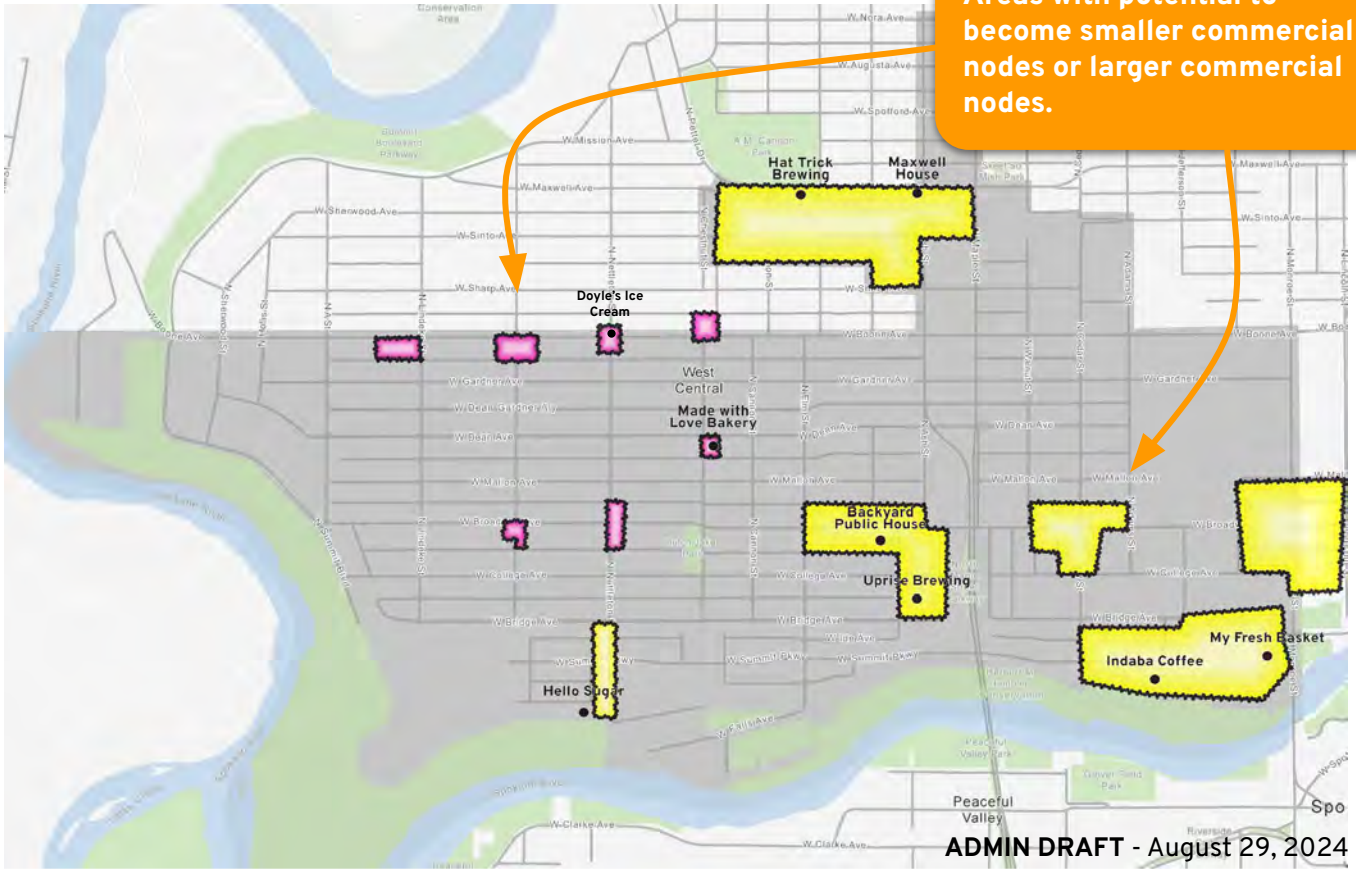
- **Jim Frank,** Greenstone Homes
- **Antony Chiang,** Millennium NW
- **Chauncey Jones,** A Better Way JJJ
- **Nick Czapla,** LB Stone Properties
- **Bobby Enslow,** Indaba Coffee

What We Learned:

- Multimodal infrastructure alone will not incentivize big private sector investment.
- High costs (construction and lending) and relatively low rents mean a lot of developers are waiting to see if things change.
- Multimodal infrastructure can signal to existing property owners and would-be commercial tenants that the City is prioritizing the area and it may be worth investing in.
- Less visible, but equally important, are improvements to sewer, water, and stormwater infrastructure.
- West Central has several under-developed “walking districts”.
- The neighborhood could become an eclectic retail district, but needs relatively low-cost commercial space to attract upstart businesses.
- Kendall Yards has provided a proof of concept that has helped other areas of West Central attract investment.
- Residential and commercial displacement is already occurring.

Commercial Nodes

- Existing Businesses
- Major Commercial Nodes
- Minor Commercial Nodes
- West Central Boundary



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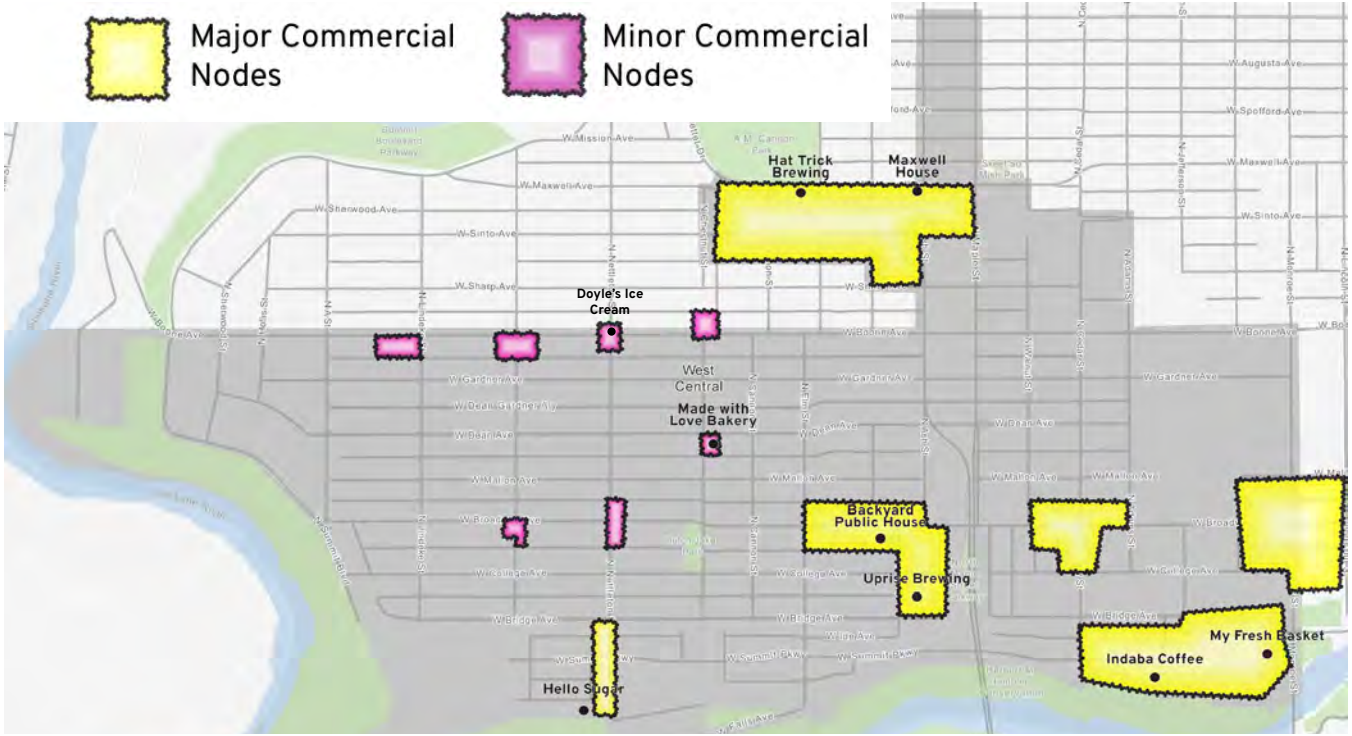
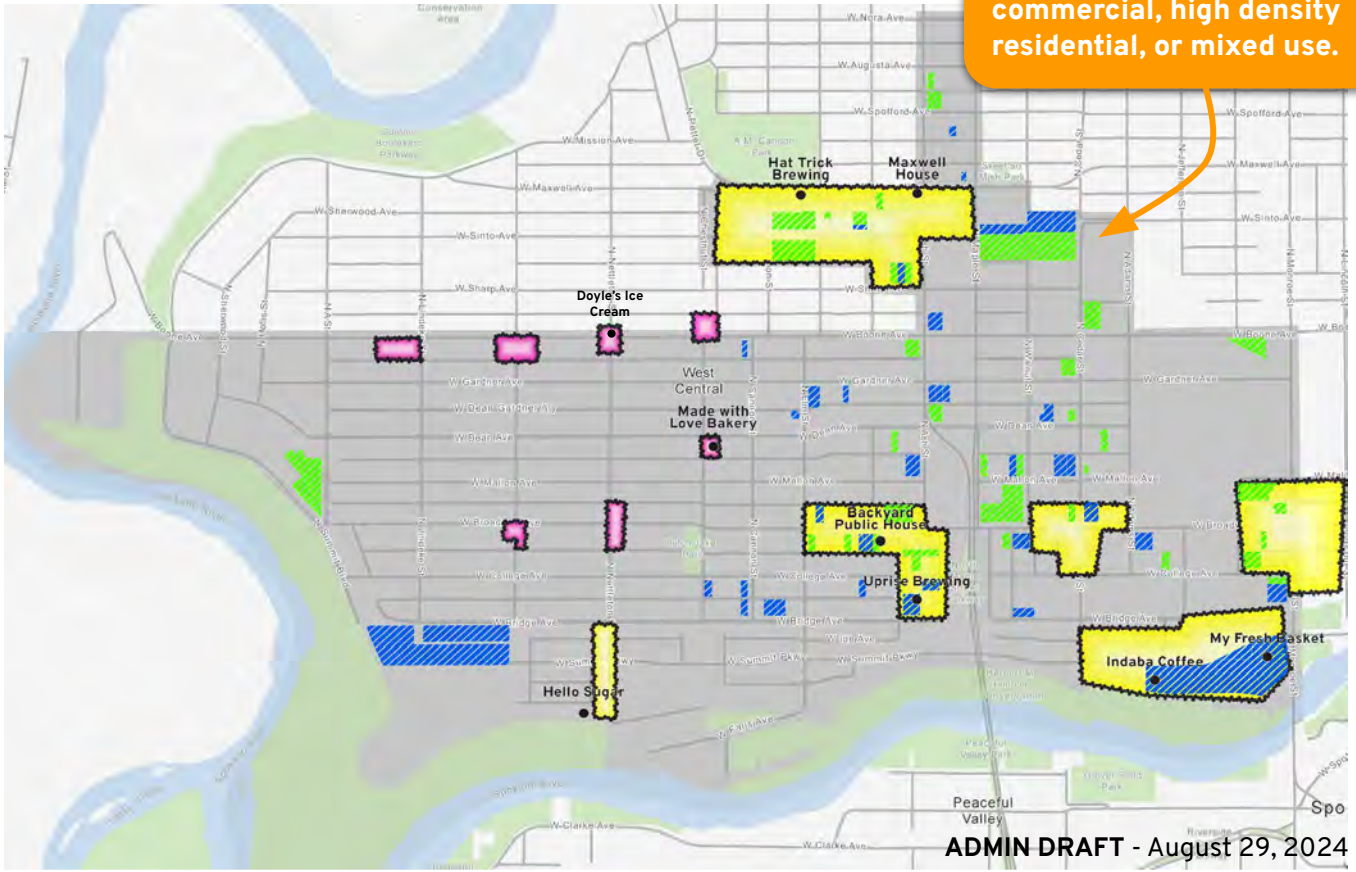


Opportunity Sites

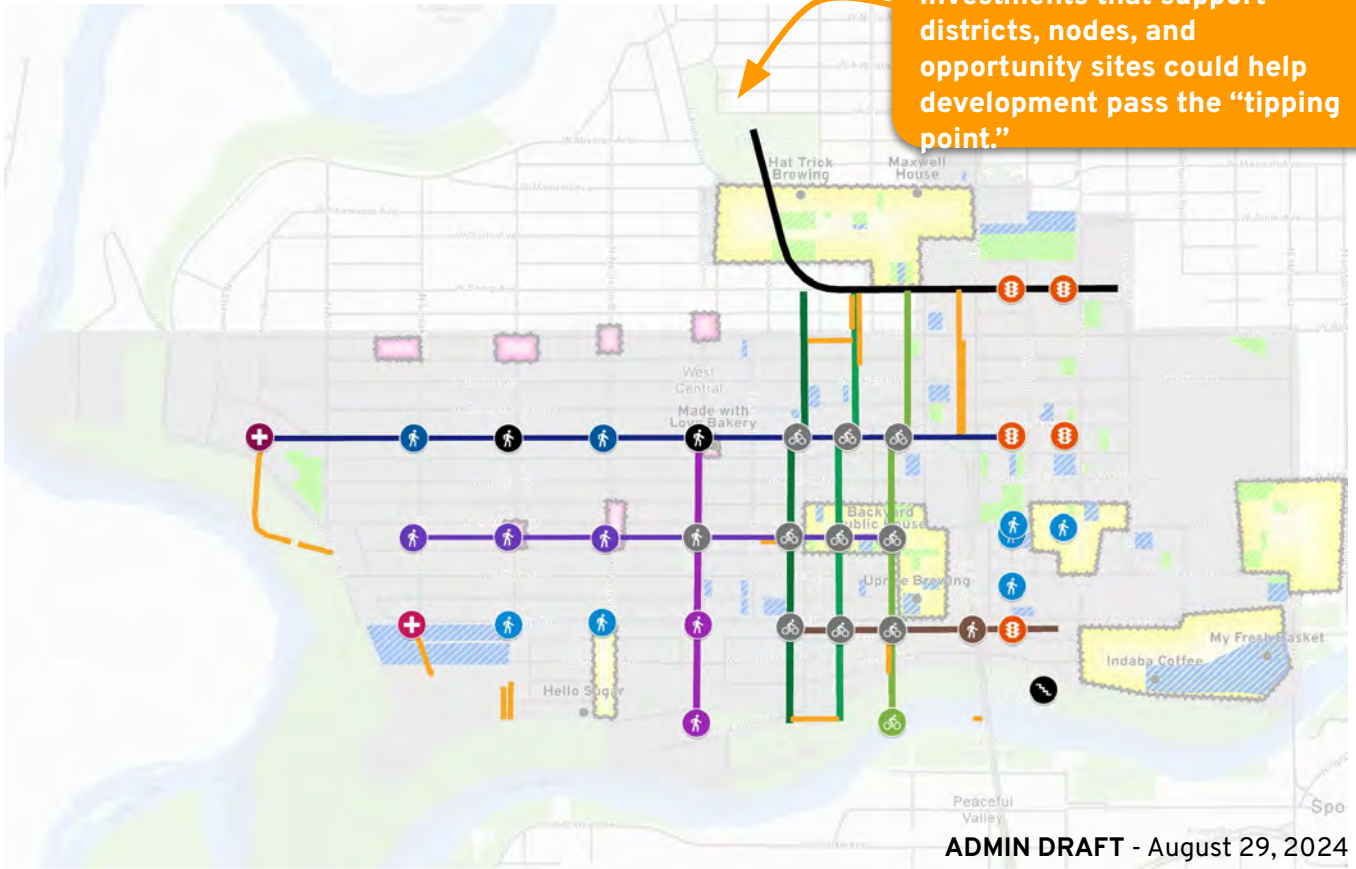
- Existing Businesses
- Vacant Parcels
- Underutilized Parcels
- Major Commercial Nodes
- Minor Commercial Nodes
- West Central Boundary

**Underutilized properties are valued in the bottom 25th percentile of similarly zoned properties or have very small buildings compared to their property size.*



Projects

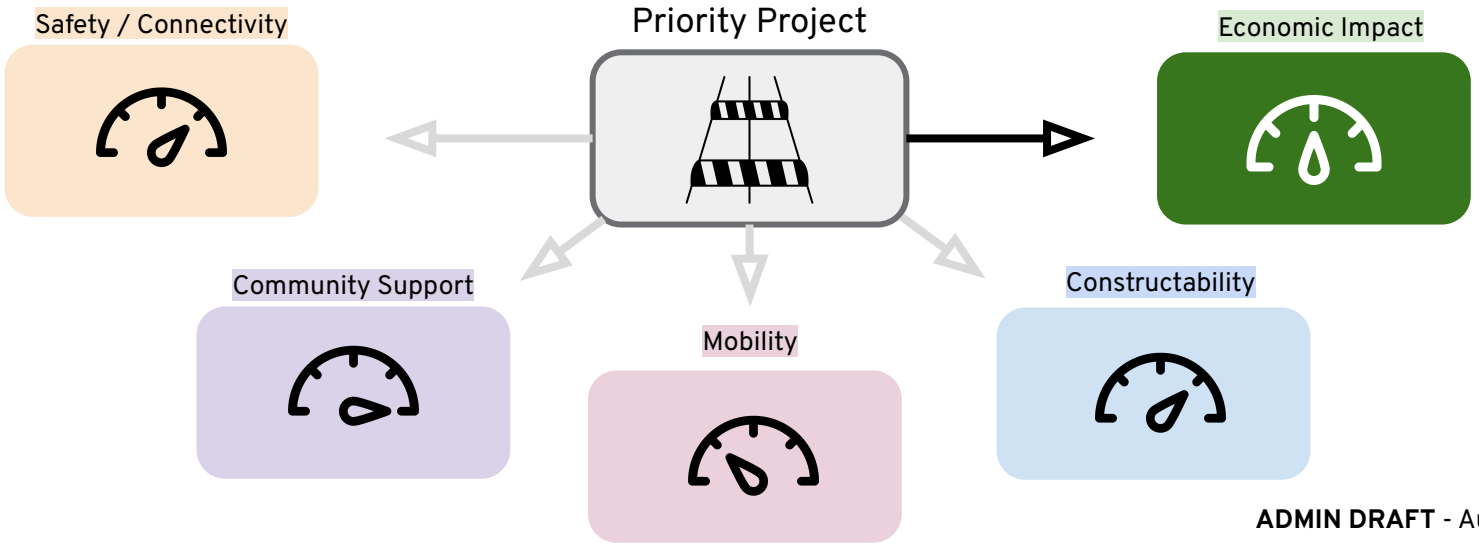
- Crossing improvements
- Greenways
  - Chestnut
  - Cannon
  - Elm
  - Elm & Bridge
- Sidewalk infill and repair
- Traffic calming
  - Boone
  - Dean
  - Nettleton
- Intersection Improvements
  - Boone and N Summit Blvd
  - Broadway and N Summit Blvd
- Broadway
- Signalized Crossing Improvements
- Maxwell and Pettet
- Maple St. Stairway and Path



04 Project Economic Scoring

How Will Priority Projects Be Evaluated?

Economic impacts aren't the only way the "priority projects" are being evaluated. In addition to their ability to attract investment, the projects are being scored based on their ability to improve safety and convenience for those walking, biking, and rolling through the West Central Neighborhood.



Broadway Bike Lanes

01

Crossing improvements, bike lanes, transit islands, opportunities for additional enhancements.

Economic Impact

- [x] High
- [ ] Medium
- [ ] Low

Does available academic research indicate that the project could attract private investment (i.e. is it catalytic?)

- [x] Yes
- [ ] No

Could the project support existing businesses in West Central?

- [x] Yes
- [ ] No

Could the project support **smaller** commercial areas?

- [ ] Yes
- [x] No

Could the project support **larger** commercial areas?

- [x] Yes
- [ ] No

Is the project close to:

Large sites (>1 acre)?	[x] Yes	[ ] No	Reusable buildings?	[x] Yes	[ ] No
Empty land?	[x] Yes	[ ] No	Zoning allows mixed-use?	[x] Yes	[ ] No

Dean Traffic Calming

09

Reduce speeding, intersection and crossing improvements, speed bumps, chicanes

Economic Impact

- ☐ High
- ☐ Medium
- ☑ Low

Does available academic research indicate that the project could attract private investment (i.e. is it catalytic?)

☑ Yes ☐ No

Could the project support existing businesses in West Central?

☐ Yes ☑ No

Could the project support **smaller** commercial areas? ☐ Yes ☑ No

Could the project support **larger** commercial areas? ☐ Yes ☑ No

Is the project close to:

Large sites (>1 acre)? ☐ Yes ☑ No

Reusable buildings? ☐ Yes ☑ No

Empty land? ☐ Yes ☑ No

Zoning allows mixed-use? ☐ Yes ☑ No

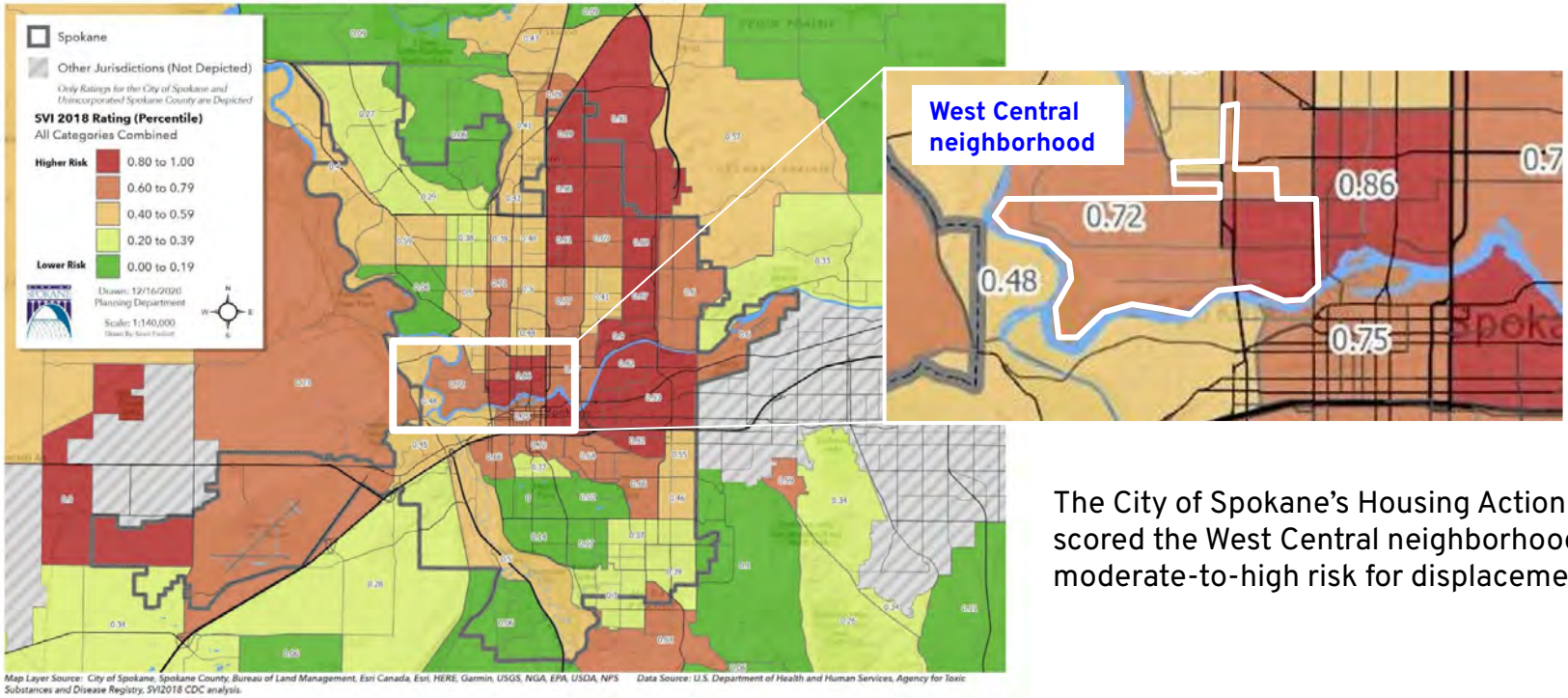
Evaluation matrix

Project ID	Project Name	Project Description	Lit Review		Walkable Commercial Districts			Opportunity Sites				Economic Impact (L/M/H)
			Catalytic (Y/N)	Source	Supports Existing Businesses (L/M/H)	Minor Commercial Nodes Activated	Major Commercial Nodes Activated	Large / Contiguous Sites (>1ac)	Adaptive Re-Use Sites	Vacant Sites	Sites Zoned for Mixed Use	
1	Broadway Bike Lanes	Crossing improvements, bike lanes, transit islands, opportunities for additional enhancements.	Y	(Liu and Shi)	H	0	1	2	2	4	5	High
2	Elm Greenway	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	(Liu and Shi), (Crompton and Nicholls), (Lindsey, Man, Payton, and Dickson)	L	0	2	2	1	4	2	Medium
3	Cannon Greenway	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	(Liu and Shi), (Crompton and Nicholls), (Lindsey, Man, Payton, and Dickson)	L	0	1	2	0	3	0	Low
4	Chestnut Greenway	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	(Liu and Shi), (Crompton and Nicholls), (Lindsey, Man, Payton, and Dickson)	M	2	1	0	0	1	0	Medium
5	Sidewalk Infill and Repair	Fill gaps or repair deficient sidewalk	Y	(Shoup)	M	1	2	2	0	5	0	High
6	Marked Crosswalks	Improvements that increase visibility at key crossing locations	N	-	L	0	0	1	1	1	1	Low
7	Maple and Ash Crossing Improvements	Bump outs, crosswalk treatments, sidewalk improvements, flashing beacons	Y	(Developer Interviews)	H	0	2	0	1	2	2	Medium
8	Boone Traffic Calming	Reduce speeding, crossing improvements around existing businesses	Y	(McCormick), (Polloni)	L	3	0	0	0	1	0	Medium
9	Dean Traffic Calming	Reduce speeding, intersection and crossing improvements, speed bumps, chicanes	Y	(McCormick), (Polloni)	L	1	0	0	0	0	0	Low
10	Nettleton Traffic Calming	Reduce speeding, intersection and crossing improvements, speed bumps, chicanes	Y	(McCormick), (Polloni)	M	1	1	0	0	2	0	Medium
11	Boone & Summit Intersection Improvements	Sidewalk repair and ADA curb ramps, crosswalks, traffic circle or bump outs	Y	(Developer Interviews)	L	0	0	1	1	0	0	Low
12	Maple Street Stairway and Pathway.	Stairway connection	N	-	L	0	1	0	0	1	1	Low

05 Displacement Pressure / Anti-Displacement Strategies

Displacement Risk

Figure 5: Overall SVI Value, Combined Value for All Categories by Tract



The City of Spokane's Housing Action Plan scored the West Central neighborhood as moderate-to-high risk for displacement.

Demographic Change Indicators

Median Household Income [1]

	West Central[2]	City of Spokane
2012	$36,626	$53,885
2022	$96,007	$63,316

In 2012, the median income in West Central was roughly 30% below the city average. A decade later, the median income is 50% above the city average. This indicates a shift in the socioeconomic makeup of the neighborhood.

Housing Tenure

	West Central		City of Spokane	
	Rent	*Own*	*Rent*	*Own*
2012	48%	52%	43%	57%
2022	35%	65%	43%	57%

While the share of renters and owners in the city has remained steady, the share of owners in West Central has increased by 13 percentage points since 2012.

Source: ACS 5-Year Estimates Detailed Tables, Table B25140, DP04, S1903
1. Adjusted for inflation, 2022 dollars
2. Spokane County Census Tract 23

Anti-Displacement Framework

	PRODUCE	PRESERVE
RESIDENTIAL	 Produce more housing at a range of price points to lower housing costs.	 Preserve existing affordable housing stock and protect against displacement of vulnerable residents
COMMERCIAL	 Encourage the creation of small businesses / create broadly affordable commercial space	 Support and retain existing small and home-based businesses

Example Residential Production Anti-Displacement Strategies

AFFORDABLE HOUSING DENSITY BONUS

In Spokane, projects with 25% or more units designated as “affordable” are granted expanded ground floors (building coverage) and additional floor area. Affordable housing bonuses can expand beyond these provisions to include bonus height, density, and waivers to typical costs such as off-site infrastructure impact fees.

PUBLIC INVESTMENTS IN INFRASTRUCTURE TO SUPPORT DEVELOPMENT

Building housing along older commercial corridors can involve hidden risks and challenges. Chief among those risks is uncertainty and cost associated with older infrastructure like sewer, water, and electricity. Cities, regional governments, and states can play a role in accelerating housing production by making investments in aging sewer, water, and electric infrastructure at a neighborhood-wide scale to reduce financial barriers to housing development.

ZONING AND BUILDING CODE REFORM

Allowing more units to be built on a site or rezoning sites to allow for higher intensity development is one way to reduce barriers to housing production. Spokane has already taken major steps in this direction through the “Building Opportunity and Choices for All” (BOCA) initiative that allowed many forms of multi-unit housing to be built citywide. In addition, reforming local and state building codes to reduce costly construction requirements can reduce the cost of housing and/or make housing cheaper to build.

Example Residential Preservation Anti-Displacement Strategies

RIGHT-TO-PURCHASE PROGRAMS	Provides tenants and cities with the right to purchase government-assisted multifamily rental properties and mobile home parks when the owner decides to sell a property or exit an affordable housing program. This right is typically provided to qualified nonprofit organizations with the intent to keep current tenants housed and to prevent disruption of residence.
LOW-COST RENTAL HOUSING PRESERVATION	Preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Example: The Oregon Legislature committed $15 million in lottery bonds to Oregon Housing and Community Services (OHCS) in 2019 to create a naturally occurring affordable housing loan fund modeled after the Greater Minnesota Housing Fund.
COMMUNITY LAND TRUSTS	Land acquired by public agencies, nonprofits, or community-based organizations that maintain permanent ownership of land. Prospective homeowners are able to enter long-term (i.e., 99-year), renewable leases at an affordable rate. Upon selling, homeowners only earn a portion of the increased property value, while the trust keeps the remainder, thereby preserving affordability for future low- to moderate-income families

Example Commercial Production Anti-Displacement Strategies

AFFORDABLE COMMERCIAL TENANTING

Provides public subsidy of commercial rents for qualified tenants in new construction. In Portland, OR, the City's Affordable Commercial Tenanting Program addresses the displacement of small businesses from Portland's urban neighborhoods. The program provides incentives to property owners in exchange for below-market rents for commercial tenants. Tenants must satisfy certain conditions including revenue thresholds, cultural contributions to the neighborhood.

SMALL DEVELOPER TECHNICAL ASSISTANCE

Small loans ($20,000-$50,000) coupled with technical assistance to help local land owners and entrepreneurs build new development or renovate existing structures. Program features low-barrier underwriting, and very low or no interest.

Example Commercial Preservation Anti-Displacement Strategies

STOREFRONT IMPROVEMENT PROGRAM

Grants (typically <$50,000) for small-scale revitalization projects such as rehabilitation of street-facing building facades including storefronts, cornices, gutters and downspouts, signs and graphics, exterior lighting, canopies and awnings, painting and masonry cleaning, and limited security and accessibility improvements.

SMALL BUSINESS ALLIANCE

Develop a business association focused on small or home-based businesses. Ensure this group is narrowly focused on issues impacting the neighborhood. Should be facilitated by City staff who can also provide technical assistance.

LOCAL VENDOR COLLECTIVE

Resources to support home-based and other businesses without brick-and-mortar space. In Vancouver, BC, the vendor's collective offers vending opportunities to low-income artists, craftspeople, and entrepreneurs with experience in the informal economy. Resources could include booths and/or table space, publicity and event organization, dedicated space for vending activities.

Appendices

Appendix A: Developer and Business Owner Interviews Notes

Appendix B: Methodology for Opportunity Sites Selection *(To be included in final deliverable)*

Appendix C: Economic Scoring Methodology *(To be included in final deliverable)*

Appendix D: Project Evaluation Matrix

Appendix E: Literature Review Summary

Appendix A: Developer and Business Owner Interviews Notes

West Central TIF: Business Owner / Developer Interviews

Interview date: 7/08/2024

Interviewee: Antony Chiang, Millennium Northwest LLC

Background Information

- Millennium mostly focuses in Spokane, but manage a portfolio in SF bay
- 27-unit class A building in West Central (Millennium by kendall yards)
    - Another office building across the street - waiting for conversion to mixed use or multi-family housing
- 2 phase 89 unit apartment building, (1st phase done Dec. 2023), 1 mile north of West Central
- Another 60 units being finished in Garland district
- Various affordable workforce housing, most about 50 units, ½ market rate ½ affordable (80-115% AMI)
    - One project may have (60% AMI), not targeting low/very low income
        - Strategic tactic to address missing middle
    - Long term collaboration with Non-profits, who had land, and Millennium developing it
        - LIHTC is only awarded about 1-2 times per year in E. Washington, funding pool is very limited
        - Non-profits millennium collaborates with: Library and Thrive International, faith based orgs in the future
- ½ portfolio is Class A, ½ affordable units
    - Want their projects to kickstart neighborhoods who haven't had investments in the last 30-50 years, make them walkable again
- What are signs for a good place to invest?
    - Pre-automobile area with good connectivity with a lack of new investment
    - Areas that have some aspects of a walkable district, but not all "legs of the stool" are present
- What are processes for development?
    - Speak with city staff, check area's code limitations,
    - Site location is the most important factor

Market Information

- Beyond stick built development heights (4-5 stories), not feasible in the area
    - About 4 floors is the max height
    - Podium construction not feasible at this time
- Top of the market is around $3psf
- Millennium properties have about a .7-.8 per unit parking

West Central TIF: Business Owner / Developer Interviews

    - Including adjacent street parking 1:1
    - Access to transit routes is key to making lower parking ratios work
    - Lowest seen in the spokane market: .5:1
    - Unlikely we will see zero parking projects in west central even in 5-10 years since Spokane is fairly car dependent. Possible closer to downtown?

Gentrification

- Even without public investments, gentrification/displacement is and will occur in West Central
- Only real answer is to build more units, more infill
- New infrastructure investments should be done, even in low income areas, since all deserve a right to access beneficial infrastructure and the biz. investment that comes with that
- Homeowners would benefit greatly, renters will not and need additional protections

Location/Site Specific

- Small Commercial district that is blossoming on Broadway (on the Broadway bike lane project area) - in between Cedar & Ash
    - Organically grew due to proximity to Summit Pkwy and Kendall Yards areas alone (most vibrant/newest walking district in Spokane)
        - Restaurant (Vieux Carre Kitchen), a Gamescape Game shop in a building that was completely renovated, Dova coffee shop
        - Both sides of the street need beautification
-
- 2 white buildings (with greenspace in between) between N Walnut and N Maple are owned by the church and not in active use, White building has apartments on 2nd floor
    - Both buildings are owned by the church
    - Millennium has tried to make a deal with non-profits and the church to acquire two buildings, renovate them, and infill the grassy area with active 1st floor and more MFH
- Along Ash is a ‘sleepy’ walking district but Uprise brewing just came in with investment

W Gardener & N Lindeke St area is relatively low-income and older housing stock, not many commercial opportunities, would need a lot of investment to kickstart a walkable district. Would be a Long term play

Sidenote: outside of TIF: N Monroe is now a 2 lane vs 4 lane street, sidewalkers were widened Small biz. Owners were upset at 1st, but saw the benefits quickly after improvements were made

Housing Developer Interview Questions: Infrastructure Investments

Interview date: 8/07/2024

Interviewee: Jim Frank

Background, Development Philosophy, and Projects (including Kendall Yards)

- Jim Frank grew up near West Central.
- His company Green Stone Homes has 25 years of experience in Spokane, focusing on creating walkable, suburban town centers integrating a variety of housing types (townhouses, cottage houses, multifamily) and neighborhood-based retail. This approach contrasts with traditional suburban developments.
- Where people want to live is changing - there was a time in which people wanted to live downtown, their experience is that it's not the case anymore. People are working from home, so the social fabric created by working places is being replaced by neighborhoods. People still want to live in walkable areas, but in more suburban areas
- Projects include Liberty Lake, Coeur d'Alene, and Post Falls in Idaho, integrating multifamily and retail at a neighborhood scale.
- Jim purchased 70 acres of land in 2007 to create Kendall Yards
- Kendall yards was conceived as a way to benefit West Central
- Kendall Yards features mixed-use developments with high walkability but differs from downtown; higher rents are achieved in areas like Liberty Lake.
- No single developer so no clear investment vision in Kendall Yards
- Density in Kendall Yards: 18 du/acre - Liberty Lake: 8-10 du/acre
- Back when he purchased this land, he wanted waivers from dimensional standards, building heights, commercial properties in residential zones. They got changes, but then staff amended and made it less useful. Does not allow variable heights limits. Until 5 years ago in a high density residential zone height max was 35ft and min lot size was 4k. Hard to build townhouses. This is starting to change

TIF District in West Central

- Infrastructure needs led to the creation of a TIF (Tax Increment Financing) district.
- The TIF is debt-free and extended from 2032 to 2047, applying only to West Central, aiming to support infrastructure and economic development.
- West central will get approx 20 million. There's no developer making decisions for infrastructure.
- What kind of economy do the City want? What kind of infrastructure will support that?

Zoning and Regulatory Challenges in West Central

- In the 1970s or 80s City zoned half of Kendall Yards for high density residential and commercial uses nonconforming. Highest value of land was rental of sf; it created a slumlord environment that destroyed the neighborhood. 30 year cycle of disinvestment. Recently the City created centers: Broadway and employment center on Maxwells. It made it hard to invest in commercial properties. He wanted Kendall Yards to benefit West Central, but this is hard given regulatory environment
- Recent changes aim to support mixed-use development, but challenges remain in aligning city policies with development needs.
- City needs to get rid of center and corridor zoning. Current zoning changes are needed to allow mixed-use development and unlock potential in the neighborhood
- Specific issues include outdated infrastructure (sewer, water, roads) needing significant upgrades.

Potential Community and Economic Impact

- Investments are focused on creating a sense of community, supporting small businesses, and integrating affordable housing.
- There's little undeveloped land - the kind of future economic development is limited
    - One economic possibility is to become a location where creative individuals/industries can be formed.
- Anti-displacement strategies include mentoring small developers and applying for grants to support lower-income households
    - The company has received grants to support these initiatives. He is helping a small developer in west central who is renovating rentals. However, bureaucratic challenges exist in grant applications and implementation
- Other Anti-displacement tools:
    - 50 percent of TIF can be used for affordable housing 2032-2047. Jim estimates this can support roughly 200 units.
    - MUPTE - waiver of 12-15 years of property tax

Infrastructure and Investment Vision

- West central developed between 1890 and 1920 - sewer, water, roads, all from that era. Clay sewer lines, unpaved alleys.
- Important infrastructure projects include sewer and water extensions and upgrades, utility relocations, traffic signals, and streetscape improvements.
- Infrastructure capacity and condition assessments are necessary, with costs ideally covered by city funds rather than TIF. Recommendations include leveraging TIF funds effectively, increasing fees for upgrades, and ensuring citywide support for necessary infrastructure.
- High visibility projects and infrastructure improvements are seen as essential for stimulating private investment.
- Development vision includes creating nodes of commercial activity within West Central to foster community and economic growth.
- Potential nodes:

    - Cedar and Broadway
    - Ash and Broadway
    - Nettleton and Broadway
    - Area surrounding County House
    - Nettleton and Booner
    - Summit and College
    - Maxwell employment opportunity area
- Another investment that could help is the redevelopment of Lincoln street up to Broadway. It could've been narrowed down and have a beautiful pedestrian corridor. That’s the kind of investment that will help people to invest on vacant land

Housing Developer Interview Questions: Infrastructure Investments

Interviewee: Nick Czapla - LB Stone Properties

Date: August 13, 2024

Company Overview and Project Shifts

- LB Stone Property Group, originally focused on industrial properties, has transitioned into other sectors, including residential and retail.
- Recent projects include a 13-story high-end condo tower by the river, with plans for office and retail development. The company also owns several properties in downtown Spokane.
- The shift from industrial to residential/retail was partly driven by the company owner's desire to live downtown and the rising rents in Spokane.
- Their new developments are not in direct competition with other local projects like Kendall Yards but are complementary

Infrastructure Challenges

- Infrastructure challenges include dealing with Avista, the utility company, which has made development costly due to expensive relocations of power lines (e.g., $500K for Lincoln site, $250K for Monroe and Gardner site).
- Sidewalks and curbs in the area are in poor condition, requiring substantial investment (e.g., $200K for sidewalk and landscaping improvements, $450K for total adaptive reuse construction costs).
- Additional costs, such as $1.5 million to remove sewer from a site, have doubled the construction costs

Housing Policy and Market Dynamics

- The company is navigating Washington state's housing policies, which have made condo construction slightly easier due to improved defect laws, but margins remain tight.
- LB Stone is motivated to bring more people downtown and sees potential in developing both luxury condos and retail infrastructure.
- There is a focus on high-end housing, with concerns that the local area’s Average Median Income (AMI) is too low to support luxury developments without additional tax benefits or incentives.

Housing Developer Interview Questions: Infrastructure Investments

Interview date: 8/15/2024

Interviewee: Chauncey Jones

Infrastructure and Investment Attraction

- The interview focused on how infrastructure improvements in the neighborhood can attract investment.
- Chauncey indicated that infrastructure projects alone do not solely drive investment decisions. However, they can attract smaller-scale investments and help attract tenants, which in turn can make the neighborhood more appealing for further development.

Gentrification and Displacement

- The development of areas like Kendall Yards has led to increased property prices and displacement of residents in West Central, a trend that predates recent inflation and interest rate increases
- The challenge is to foster economic development without displacing existing residents, particularly those who are vulnerable. This requires intentional planning and creative strategies, including subsidies and partnerships to maintain affordability.

Affordable Housing Strategies

- The interview discussed efforts to promote homeownership and affordable rentals through renovation and resale to organizations like Habitat for Humanity, as well as the use of TIF funding for subsidies.
- There is a focus on housing preservation strategies, such as maintenance assistance, to help current homeowners remain in their homes despite rising costs.

Community Collaboration

- Partnerships: Successful projects often involve collaboration with local organizations, like schools and nonprofits, to support underserved communities and ensure that development benefits a broad range of income levels.
- Community Input: Efforts are made to engage the community in decision-making, particularly regarding what types of businesses and amenities they want to see in their neighborhood.

Commercial Development and Affordable Retail Space

- The discussion highlighted the importance of maintaining affordable commercial spaces to prevent the displacement of existing businesses. Subsidies and creative partnerships are critical to making this feasible.
- The potential for West Central to serve as an incubator for small businesses was also noted, with examples of successful partnerships that have helped businesses expand.

Housing Developer Interview Questions: Infrastructure Investments

Current Stage of Gentrification

- West Central is past the early stages of gentrification, as indicated by rising home prices that are not matched by wage increases. However, the area still has the potential to maintain affordability with the right mix of subsidies and public-private collaboration.

West Central TIF: Business Owner / Developer Interviews

Interview date: August 7, 2024

Interviewee: Bobby Enslow, Indaba Coffee

Background information

- Went to North Central HS. Graduated WSU, from Spokane, got business degree
- Started coffee shop in 2009 on West Broadway
- Originally he wanted to invest in WC knowing that is a tough neighborhood. He wanted to do good in the neighborhood
- He started a coffee store, then a bookstore, then a sandwich shop
- They took over the entire space in 2011, 2014 started roasting
- Opened a second location in downtown Spokane (also a tough neighborhood) in 2015. Macy's went out of business that year, which cut down on traffic. That was rough
- 2018 - big growth - opened 3 locations, 2 in kendall yards, 1 flagship store in downtown
- 2019 - took a break from expanding
- 2020 - they sold downtown location and west kendall yards location - they moved the roaster out to the valley
- 2021 - opened locations in TriCities and Yakima. These two locations were sold - he wanted to focus more on Spokane, traveling was a lot
- Four locations currently: Broadway, kendall yards, downtown, Monroe with roaster and offices
- Broadway, kendall yards, and downtown are the precovid shops

How the business started

- Building was part of a project to prevent displacement. Spokane urban ministries purchased the lot, tore down sf homes, re-housed residents into apartments.
- The building was intended to be mixed use, so the coffee shop worked out well. They were sharing with the bookstore
- Was the rent cheap?
    - First 1-2 years it was basically free rent. Acted as an incubator. When bookstore left, they went market rate
    - Wouldn't have made it without the help. 2009 - 2012 tough times. After 2012, Kendall yards made the project work. Enough traffic
    - Spokane Teachers Credit Union did a great job promoting West Central back in 2014. TV ad campaigns helped a lot, sales increased - INDABA was featured. Act as tip of the spear to encourage others to invest.

West Central: neighborhood opportunities

West Central TIF: Business Owner / Developer Interviews

- The block where the coffee shop is looks different from the rest of West Central. What makes the street active?
    - A lot of sacrifice. It took community investment. People wanted the neighborhood to be different
    - Broadway historically used to be a pretty active commercial district. Dive bar on the street, there are remnants from that time. It is a special location, it bridges the old neighborhood with Kendall yards. It's a good spot with good parking
- Success - did the work that Spokane Urban Ministries non profit contribute to the success of this area?
    - He was in a unique position to invest and take risks
    - The spot went to 1-star dive bar to a 5-star spot
    - People started to buy after kendall yards broke ground
- How much do you know about TIF?
        - He's heard enough to support that

Potential for commercial nodes/districts

- Having destinations is important. There are small businesses that are unique
- He wanted to bring disposable income to the neighborhood. They replicated some of the stuff they saw in portland
- Challenge: the burden of preparing the soil for these things falls on small businesses. How could that be flipped?
- West central is tough in the way it's organized, most of the commercial activity now is at Kendall yards
- Jim subsidized restaurants and retail in Kendall Yards, he contributed to create a popular area
- Bobby is in a weird location on Broadway, still doesn't understand why/how people go there. It'd be great to have bike paths on broadway, some people miss his business. Back in the day there was a plan to turn Chesnut into a pedestrian only road, it's a narrow road - midway point
- Do you think things that TIF can't fund would encourage more INDABAS?
    - Yes, small businesses grants or support to property owners
    - Nodes - west central is challenging for its geography
- There was a streetcar line on broadway and another one on boone
- Automobile damaged the neighborhood, specially mom&pop businesses
- Made with Love Bakery - she sells to a lot surrounding businesses, she's in the middle of nowhere
- Are there other buildings like Made with Love (bakery)?
    - On broadway, old service station - it's attached to a house
    - Across the street from them there's another little business
    - Broadway was old houses turned into storefronts, it ends by Chesnut
    - Texaco on Ash/Maple - owner purchased some properties

West Central TIF: Business Owner / Developer Interviews

        - Took some time to find something on Nettleton
- Are people doing home-based businesses in West Central?
    - His neighbor was doing nails in his garage, painting company, tech computer support, stuff like that
    - Broadway - acupuncturist, barber shop, non-profit construction company, little scrappy things like that
    - Opposite to what Jim was saying
- What's the staying power in the neighborhood?
    - Many of this businesses own the property
    - In downtown, building owners sell properties to lessees
    - Things are going to shift from kendall yards, people looking for opportunities to redevelop

Appendix B: Methodology for Opportunity Sites Selection

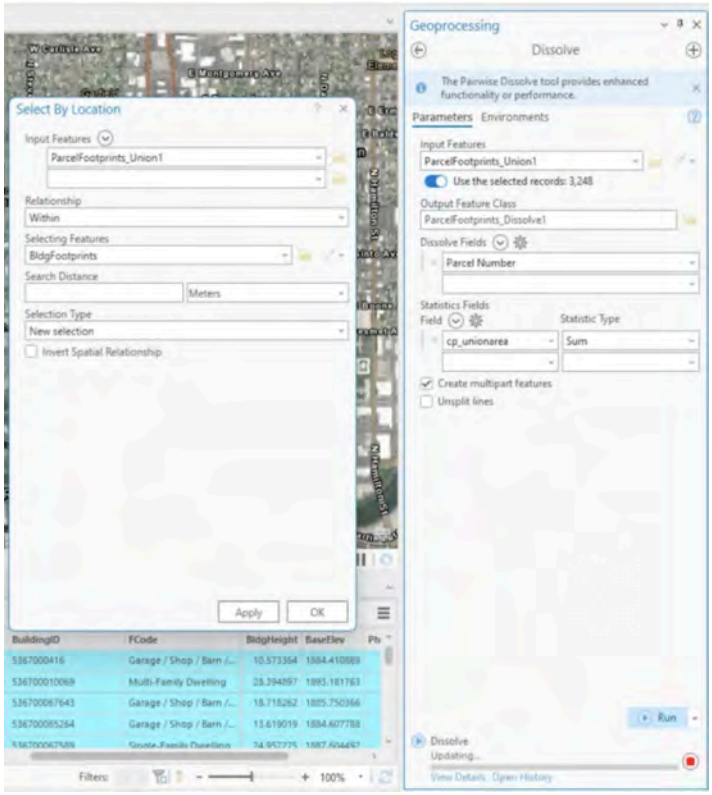
The Methodology outlined below provides the step by step process of identifying potential opportunity sites from all Spokane County parcels in ArcGIS, and a summary of how opportunity sites were selected for the West Central Infrastructure Project "Priority Projects".

GIS Methodology

1. Join Spokane Parcels to the Zoning layer (have center within).
2. **ZONING**: Add a crosswalk column and assign values:
    - 1 = Potentially Re-developable
        - Light Industrial
        - Center and Corridor Type 1
        - Center and Corridor Type 2
        - Community Business
        - Downtown General
        - General Commercial
        - Light Industrial
        - Mixed Use Transition
        - Neighborhood Retail
        - Office
        - Residential High Density
        - Residential Multifamily
    - 0 = Not Re-developable
        - Residential Single-Family
3. **PROPERTY DESCRIPTIONS:** Add crosswalk column and assign values
    - 1 = Potentially Re-developable
        - Retail - General Mrchds
        - Retail - Other
        - Service - Construction
        - Service - Education
        - Service - Finance
        - Service - Governmental
        - Service - Professional
        - Service - Repair
        - Trans - Parking
        - Vacant Land
        - Wholesale
    - 0 = Not Re-developable
        - Single unit
        - Trans - other
        - Two-to-Four Unit
        - Utilities

Appendix B: Methodology for Opportunity Sites Selection

4. **ASSESSED VALUE:** Add a new column "valtoarea_ratio" to calculate **assessed value to area ratio (in square feet).** You may need to add a column calculate geometry to get square footage.
    - Export table to Excel
    - Use pivot table to calculate the 25% quartile threshold for each zoning type (except single-family residential) using the **=QUARTILE** function.
    - Create a new crosswalk column in Arc and use SQL to assign values for each zoning category:
        - 1 = Potentially Re-developable
            - Equal or less than than 25% quartile threshold
        - 0 = Not Re-developable
            - Greater than 25% quartile threshold
5. **BUILDING COVERAGE RATIO:** Calculate using the parcel layer, and the building footprints layer.
    - Add a column to get square footage using calculate geometry, if it doesn't already exist.
    - Perform a union with the parcels and building layer.
    - Create a new column and calculate geometry for those overlapping with buildings.
    - Select all features in the union layer that intersect with building footprints.
    - Dissolve and calculate the sum of the area to get total building sqft per parcel



    - Join dissolve table to the original parcel layer

    - Add a column and calculate field = total building footprint per parcel/parcel size.
6. Select opportunity sites using these criteria in SQL and **export as a csv for ground truthing.**
    - [Spokane_Parcels.ZoneQuartile1_crosswalk IS 1 or Spokane_Parcels.FAR <=.1) And Spokane_Parcels.Zone_crosswalk = 1 And Spokane_Parcels.Propdescr_crosswalk = 1 And Spokane_Parcels..assessed_amt > 1000]

Note: Assessed amount > 1000 rules out small parcels that are not developable but included in the layer like small pieces of the ROW observed in the data.

"Ground Truthing" and Opportunity Site Evaluation

Using a CSV table of 170 parcels that were potentially re-developable according to the GIS analysis, a ground truthing analysis was performed using Google Maps and Google Earth to manually classify "opportunity parcels". The result was 112 parcels that were re-uploaded into ArcPro.

"Opportunity Sites" were chosen if they were:

A. Large or Contiguous Sites
B. Adaptive Re-Use Sites
C. Vacant Sites
D. Sites Zoned for Mixed Use

Large or Contiguous Sites: Sites larger than 1 acre or instances where multiple sites that are contiguous (i.e. adjacent to one another) are, in total, larger than 1 acre in size. Each project was evaluated based on the number of such sites or clusters of properties that were immediately adjacent.

Adaptive Re-Use Sites: those with existing buildings that could be renovated into a productive commercial use. Numerous examples of this kind of building stock exist within the study area, some examples of which are shown below. Ech project was evaluated based on the number of such sites that were immediately adjacent.

Vacant Sites: Those with low value or now improvements

Sites Zoned for Mixed Use: Sites zoned CC1, CC2, CC4, or DTG

Appendix C: Economic Scoring Approach

The Economic Scoring Matrix shown below (see *Appendix D: Project Evaluation Matrix*), provides a summary of the economic impact scoring that was conducted for the West Central Infrastructure Project "Priority Projects." This appendix includes an overview of the methodology used to create the three evaluation subcategories and the overall economic impact score.

The evaluation subcategories are:

- Literature Review Catalytic Impact
- Walkable Commercial Districts Evaluation
- Opportunity Sites Analysis

Project ID	Project Name	Project Description	Lit Review		Walkable Commercial Districts			Opportunity Sites				Economic Impact (L/M/H)
			Catalytic (Y/N)	Source	Supports Existing Businesses (L/M/H)	Minor Commercial Nodes Activated	Major Commercial Nodes Activated	Large / Contiguous Sites (>1ac)	Adaptive Re-Use Sites	Vacant Sites	Sites Zoned for Mixed Use	
1	Broadway Bike Lanes	Crossing improvements, bike lanes, transit islands, opportunities for additional enhancements.	Y	(Liu and Shi)	H	0	1	2	2	4	5	High
2	Elm Greenway	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	(Liu and Shi), (Crompton and Nicholls), (Lindsey, Man, Payton, and Dickson)	L	0	2	2	1	4	2	Medium
3	Cannon Greenway	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	(Liu and Shi), (Crompton and Nicholls), (Lindsey, Man, Payton, and Dickson)	L	0	1	2	0	3	0	Low
4	Chestnut Greenway	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	(Liu and Shi), (Crompton and Nicholls), (Lindsey, Man, Payton, and Dickson)	M	2	1	0	0	1	0	Medium
5	Sidewalk Infill and Repair	Fill gaps or repair deficient sidewalk	Y	(Shoup)	M	1	2	2	0	5	0	High
6	Marked Crosswalks	Improvements that increase visibility at key crossing locations	N	-	L	0	0	1	1	1	1	Low
7	Maple and Ash Crossing Improvements	Bump outs, crosswalk treatments, sidewalk improvements, flashing beacons	Y	(Developer Interviews)	H	0	2	0	1	2	2	Medium
8	Boone Traffic Calming	Reduce speeding, crossing improvements around existing businesses	Y	(McCormick), (Pollani)	L	3	0	0	0	1	0	Medium
9	Dean Traffic Calming	Reduce speeding, intersection and crossing improvements, speed bumps, chicanes	Y	(McCormick), (Pollani)	L	1	0	0	0	0	0	Low
10	Nettleton Traffic Calming	Reduce speeding, intersection and crossing improvements, speed bumps, chicanes	Y	(McCormick), (Pollani)	M	1	1	0	0	2	0	Medium
11	Boone & Summit Intersection Improvements	Sidewalk repair and ADA curb ramps, crosswalks, traffic circle or bump outs	Y	(Developer Interviews)	L	0	0	1	1	0	0	Low
12	Maple Street Stairway and Pathway.	Stairway connection	N	-	L	0	1	0	0	1	1	Low

Above: Economic Impact Evaluation Matrix (see Appendix D)

Literature Review Catalytic Impact

Cascadia Partners reviewed 15 academic studies relating to the economic impact of traffic calming, bikeways, bike lanes, sidewalk improvements, and enhanced crossings. These studies are summarized in *Appendix E: Literature Review Summary.* The findings from the literature review were used to establish whether a project has the potential to be catalytic - i.e. the potential to attract even modest levels of private investment. In the evaluation matrix this is represented as a binary yes (Y) or no (N) determination. Sources from the literature review that support the Y/N determination are listed in the adjacent column.

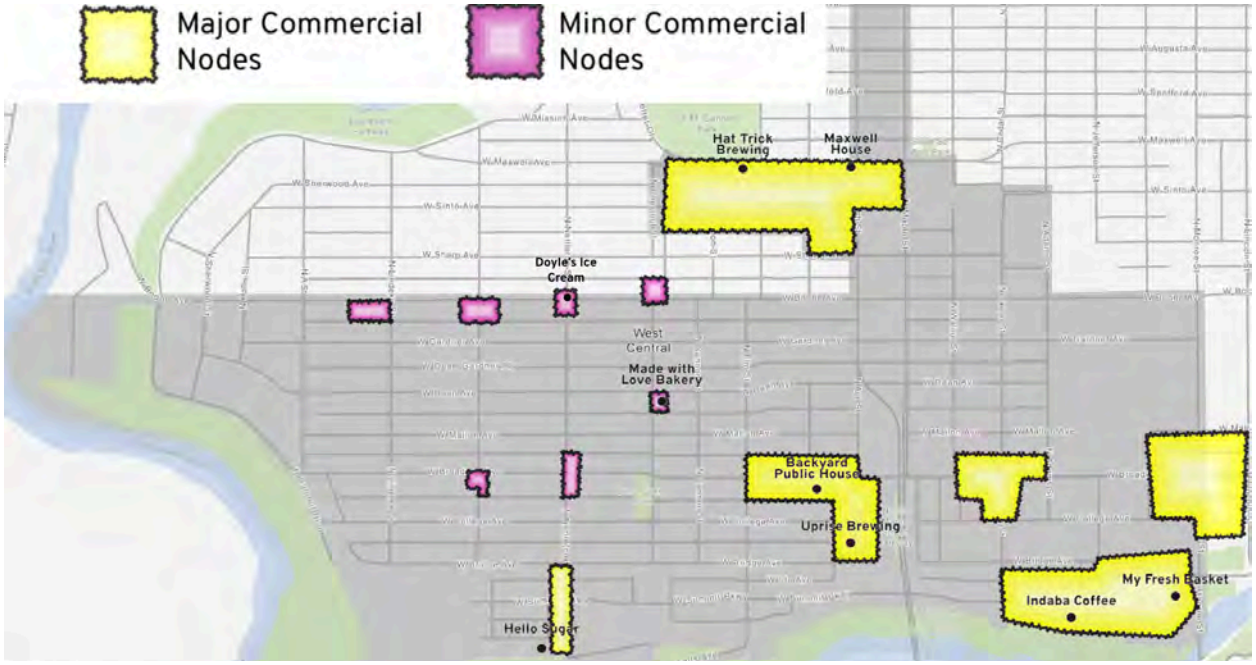
Walkable Commercial Districts Evaluation

The Walkable Commercial Districts Evaluation includes three separate metrics:

- Support for Existing Businesses
- Minor Commercial Node Activation
- Major Commercial Node Activation

Support for existing businesses is an evaluation of a project's proximity to operating businesses within the West Central Neighborhood. Google Maps Point of Interest (POI) data was used to perform this evaluation. If a project's location was within 1 block of 2 or more retail or service businesses, they were deemed to support existing businesses, which is indicated by a "Y".

Minor and major commercial node activation is an evaluation of a project's proximity to the commercial node boundaries that were created through several rounds of developer and business owner feedback. Some commercial nodes may already contain several existing businesses, while others may only have the building stock or zoning available to support future commercial development. These are shown in the map below.



Above: Map of Major and Minor Commercial Nodes

Opportunity Site Evaluation

The opportunity site evaluation involves four separate metrics:

- Large or Contiguous Sites
- Adaptive Re-Use Sites
- Vacant Sites
- Sites Zoned for Mixed Use

Large or contiguous sites are those larger than 1 acre or instances where multiple sites that are contiguous (i.e. adjacent to one another) are, in total, larger than 1 acre in size. Each project was evaluated based on the number of such sites or clusters of properties that were immediately adjacent.

Adaptive re-use sites are those with existing buildings that could be renovated into a productive commercial use. Numerous examples of this kind of building stock exist within the study area, some examples of which are shown below. Each project was evaluated based on the number of such sites that were immediately adjacent.


Above: Examples of buildings that could be adaptively re-used

Vacant sites are those without a usable structure or with no improvements. Each project was evaluated based on the number of such sites that were immediately adjacent.

Sites zoned for mixed use include those zoned CC1, CC2, CC4, and DTG. These zones allow greater flexibility and could support more dense, mixed use development if supported by the market and surrounding infrastructure. Each project was evaluated based on the number of such sites that were immediately adjacent.

Overall Economic Impact Score

The overall economic impact score is a qualitative assessment of all the subcategories and metrics described above. In general, a project was deemed to have a high, medium, or low economic impact based on the criteria described below:

- **High Impact** - Is catalytic, supports some existing businesses, is adjacent to at least 1 major commercial node, and is adjacent to at least 5 opportunity sites.
- **Medium Impact** - Is catalytic, is adjacent to at least 1 major or minor node, or is adjacent to at least 2 opportunity sites
- **Low Impact** - Is not catalytic, or is catalytic but does not support existing businesses, is not adjacent to any nodes, or is not adjacent to any opportunity sites.

Appendix D: Project Evaluation Matrix

West Central Infrastructure Project - Project Evaluation Matrix

Project ID	Project Name	Project Description	Lit Review		Walkable Commercial Districts			Opportunity Sites				Economic Impact (L/M/H)
			Catalytic (Y/N)	Source	Supports Existing Businesses (L/M/H)	Minor Commercial Nodes Activated	Major Commercial Nodes Activated	Large / Contiguous Sites (>1ac)	Adaptive Re-Use SIte s	Vacant Sites	Sites Zoned for Mixed Use	
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3	**Cannon Greenway**	Traffic calming throughout, addition of striping and wayfinding, stop signs, boone ave intersection improvements	Y	*(Liu and Shi)*, *(Crompton and Nicholls)*, *(Lindsey, Man, Payton, and Dickson)*	L	0	1	2	0	3	0	Low
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5	**Sidewalk Infill and Repair**	Fill gaps or repair deficient sidewalk	Y	*(Shoup)*	M	1	2	2	0	5	0	High
6	**Marked Crosswalks**	Aesthetic pavement treatments	N	-	L	0	0	1	1	1	1	Low
7	**Maple and Ash Crossing Improvements**	Bump outs, crosswalk treatments, sidewalk improvements, flashing beacons	Y	*(Developer Interviews)*	H	0	2	0	1	2	2	Medium
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12	**Maple Street Stairway and Pathway.**	Stairway connection	N	-	L	0	1	0	0	1	1	Low