

# Economic Development

## Appendix

### Introduction

Although the City of Newcastle is primarily a residential community, it also offers employment and business opportunities including retail and business services, industrial and warehousing establishments, and regional recreation attractions. Over half of Newcastle's 600-700 total jobs are in government, education, or private services. One fourth of the jobs are in retail. By comparison Bellevue's jobs number 108,850, Renton's job number 50,840, and Mercer Island's job number 7,140.

In order for the City to become more proactive in promoting economic development to create jobs and revenue, a number of policy directions are recommended. These have been defined in the Economic Development Element. This Appendix includes descriptions of existing conditions and strategies related to the goals and policies. As the City and business community proceed with planning for economic development and related monitoring of economic activity, these policies and strategies will become more focused. Several important initiatives that go a long ways towards improving the economic vitality of Newcastle have been put into place.

There are other economic activities that are addressed in this element. These include home occupations and related infrastructure, leadership and collaboration of economic development programs, and public education and outreach. The goals and policies in the Economic Development Element, and the strategies outlined in this Appendix are intended to provide a foundation for City decisions regarding incentives that promote desired results; regulations that strengthen the City's ability to guide project-level planning; and measures for monitoring and assessing performance.

The ratio of local jobs and households in Newcastle is less than one-quarter job per household. The King Countywide Planning Policies have established an aggregate target jobs/housing ratio of 2.13 for the cities, driven by the much larger economic "engines" in several jurisdictions like Seattle, Bellevue, and Renton. The Puget Sound Regional Council's forecasts indicate a 2020 ratio of 0.52 for the larger Newcastle Forecast and Analysis Zone (FAZ). While these numbers are not mandates for Newcastle, they do show the comparatively low amount of historic employment activity within the City.

Another important facet of private economic growth is the expansion of the City's revenue stream from taxes, particularly taxes raised from local retail sales, business property values, and other taxes attributable to business. Newcastle's municipal revenues rely very highly on residential property taxes, while Bellevue, Issaquah and Renton have much more balanced revenue sources. **Table ED-1** compares Newcastle's 2000 per capita revenue picture with those of neighboring jurisdictions.

**Table ED-1: Per Capita Revenues, Newcastle and Neighboring Cities, 2000**

Revenue Categories	Newcastle	Bellevue	Issaquah (1999)	Renton	Mercer Island
Property Taxes	252	199	190	218	324
Sales & Use Taxes	107	270	526	213	131
Business & Utility Taxes	2	274	253	95	94
Other Local Taxes	14	4	15	62	4
Licenses & Permits	7	14	96	58	64
Charges & Fees	2	12	134	34	48
Interest	4	7	30	26	24
Fines	4	11	18	19	8
Rents, etc.	5	4	35	4	11
Intergovernmental	52	25	44	20	30
<b>TOTAL</b>	<b>448</b>	<b>820</b>	<b>1,345</b>	<b>751</b>	<b>739</b>
Source: Puget Sound Regional Council					

Only 24 percent of Newcastle’s revenues come from sales, use, business and utility taxes versus 66 percent for Bellevue, 58 percent for Issaquah, 41 percent for Renton, and 30 percent for Mercer Island. As a result, the property tax is Newcastle’s most important revenue source, and this comes predominantly from residential properties at the present time. Retail sales “leakage” is another important indicator of local economic health. In 2001, Newcastle’s taxable retail sales per capita were \$9,700 as compared to Bellevue at \$36,000, Issaquah at \$72,000, Renton at \$31,500, and Mercer Island at \$12,400 (all numbers rounded).

**Community Business Center/Lake Boren Corridor (CBC/LBC)**

The Community Business Center contains about 143 acres of land designated for mixed retail, service, industrial, and residential uses supported by amenities. It includes the 50-55 acre Mutual Materials property and provides guidance for development of that property under a Comprehensive Development Agreement between the owner/developer and the City.

A market analysis was prepared in support of the Master Plan. It identifies the following key findings and recommendations that contribute significantly to the City’s economic development strategies:

- The projected median household income for 2004 is \$87,554 (according to the U.S. Census, the 1999 median was \$80,320). This indicates a potential for higher levels of consumer spending, especially for specialty goods and services.
- The Golf Club at Newcastle has a significant influence on the community, the local housing market and the region. The city should explore opportunities to work with the golf course to market future town amenities (e.g., hotel, conference center, and day spa).

- The Eastside office market was very strong through the 1990s; however, Newcastle has very few office spaces. Some residents may consider locating businesses in Newcastle if office space were made available in the CBC area.
- The two existing neighborhood shopping centers appear to be serving the community well. However, to remain competitive the respective owners and tenants must stay at the “cutting edge” of retail to compete with shopping centers in nearby Factoria and Renton, and the growing number of large discount department store or warehouse outlets in the region.
- Population growth forecasts indicate a growing demand for additional retail. Given the fact that successful retail relies on location (i.e., visibility and access), sufficient parking and “pass-by” traffic — due to the limited supply of land and the impact of nearby competition, future retail development proposals should be carefully scrutinized by the City to ensure success.
- As land prices rise and development intensifies, the City may want to consider developing a structured parking garage to free up additional development opportunities in the CBC. Structured parking should be one element of an overall transportation demand management (TDM) plan for the CBC.

Based on the market survey, recommendations for mixed-use development opportunities in the CBC include:

- Additional multi-family housing and townhouses (both ownership and rental).
- Office buildings serving a range of small corporate centers to one- and two-person service businesses.
- Retail, including restaurants, a specialty grocery store, various boutique shops, service and repair businesses.
- An upscale hotel and conference center coordinated with the Golf Club.
- An athletic club and day spa for both local residents and visitors.
- A performing arts complex.

The study also recommended that the City consider creating an independent development coordinator position specifically designated to work with the private sector development community. The development coordinator would work on an “as needed” basis with potential developers interested in the CBC.

While these findings and recommendations may change as local and regional conditions change, they do provide a good basis for this element, since the CBC/LBC will continue to be the primary concentration of economic activity in the City.

### **Buildable Lands**

The King County Buildable Lands program described in the Land Use Element provides an up-to-date estimate of the capacity of vacant and “redevelopable” land within the City. The analysis uses a series of factors to account for “unbuildable” land including critical areas, public lands, and the likelihood that some of the land may not be available for development.

The Buildable Lands report concludes that the City has about 74 acres of vacant and redevelopable land zoned for office, community business, or mixed use. Since the

mixed use zone permits both residential and commercial development, the capacity of that specific land for job-producing uses varies depending upon the projects that will be built. The report uses a conservative assumption that 25 percent of the mixed use land will be devoted to commercial uses. This would yield about 190,000 square feet of new building area and generate about 900 jobs.

In amending the Countywide Planning Policies to extend the planning period to 2022, the Growth Management Planning Council has adopted a target of 500 additional jobs to be created within the City by 2022.

## **Economic Development Strategies**

The following recommended strategies are intended to be a beginning work program that the City, the business community, and other stakeholders can employ to initiate implementation of the goals and policies. The strategy numbers below are keyed to the policy numbers in the Economic Development Element. Not all policies have identified strategies.

### **Business Development**

Newcastle needs a balanced approach to leveraging the resources of the City, other governmental agencies, regional and state economic development organizations, and local business owners and managers that will produce organizational capacity. This “intellectual infrastructure” is necessary to coordinate public and private recruitment, facilitate development permitting, and provide a forum for local information-sharing.

- ED-S1 The CBC/LBC market analysis should be updated and enhanced periodically to provide an on-going database of information describing the kinds of businesses and jobs that can be supported by the community. This also includes assessing Newcastle’s competitive advantages and disadvantages, workforce characteristics, and the status of regulatory barriers and incentives for business development and operation. The update should be conducted either in conjunction with major project implementation, or at least every 5 years.
- ED-S2 An advisory commission or committee comprised of key stakeholders such as major landowners, business owners, school district representatives, and community organizations would serve as a sounding board for initiatives sponsored by the City or other proponents; assist in recruiting new businesses; and advise the City as it refines these goals and policies.
- ED-S3 The market assessment and business development plan will provide the basis for a “toolkit” of media such as fliers, website, checklists, and brochures that can be used in targeted marketing efforts as well as to assist existing businesses in planning for building expansion, parking management, and façade improvements.

## **Infrastructure and Capital Facilities**

Adequate roads, utilities, and telecommunications facilities are fundamental to Newcastle's ability to attract and retain businesses and the jobs that go with them. While the short-term and long-term needs for these facilities are addressed in other plan elements, it is important that the City make constant progress in maintaining and updating these facilities.

- ED-S4 Where new mixed use or commercial development involves the construction or rebuilding of infrastructure facilities that have been identified as needing improvement, the City should take a leadership role in identifying means to plan, design, finance, and construct them in partnership with the private sector. This may include assisting in facility planning; seeking grants and loans; and/or the formation of local improvement districts or tax increment financing districts. The City may choose to provide financial assistance to particularly key projects through infrastructure development, land assembly, or grants.
- ED-S5 The City should exercise leadership in the distribution of fiber optic and cable telecommunications technology that will link homes, home businesses, larger businesses, and institutions together.
- ED-S6 As the land use intensity of the downtown increases, parking will become a precious resource. New methods for maintaining an adequate supply of parking, leveraging this resource to maximum performance, and coordinating its use will be necessary. The City should work with downtown property owners, business owners, and prospective developers to set this in motion.

## **Permitting**

The City should continue to work on regulatory reform, including measures that can expedite permitting for business development within the CBC/LBC that is consistent with the Comprehensive Plan and Master Plan, as well as for home business proposals that are in compliance with codes and standards.

- ED-S7 The adopted design guidelines should be administered in a predictable way that will enable applicants for small infill or redevelopment projects to understand and apply them appropriately with minimal redesign and re-submittal iterations. The checklist approach can be used to both guide the design process as well as ensure consistency with the intent of the Master Plan. Such consistency should also relieve applicants of further environmental review.
- ED-S8 Larger, mixed-use, multi-acre projects may involve complex phasing, construction, leasing, and occupancy requirements. Coordination with surrounding property improvement projects including public infrastructure may also be necessary. These factors contribute to the need for flexibility and creativity outside of the normal permitting process. Establishing a City format for conducting these reviews and approval procedures will enable all sides to work from the same understanding.

### **Entrepreneur and Work Force Training and Support**

Two types of support are critical to sustaining a strong local economy. Residents and existing business owners frequently need assistance in preparing business plans and marketing strategies; finding economical space to “grow” their businesses; and securing appropriate training in management and operations. Local businesses also need properly trained employees to work in their establishments. Employers, employee organizations, and education and training institutions should be encouraged and supported by the City to provide opportunities for residents to improve their competencies.

ED-S9-S12 The economic development advisory commission and staff could be charged with managing these activities in conjunction with other related partners such as institutions, developers, and agencies.

### **Monitoring**

The City should monitor the performance of these policies and strategies on a regular basis so that they can be amended or supplemented to remain current with community needs.

ED-S11 This is tied to the “ED-P2” policy and strategy. The performance measures should be formulated as part of the business development planning process.