Appendices

Capital Mall Triangle Subarea Plan

City of Olympia

February 2024

Olympia

Appendix A

Existing Conditions Report

CITY OF OLYMPIA
CAPITAL MALL TRIANGLE SUBAREA PLAN & PLANNED ACTION EIS

EXISTING CONDITIONS REPORT
FINAL DRAFT FEBRUARY 2024

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ACKNOWLEDGEMENTS

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KEY TAKEAWAYS

This document is an early step in the planning process and is intended to describe existing conditions in the study area. Topics addressed in this report include:

- Land Use
- Transportation
- Stormwater

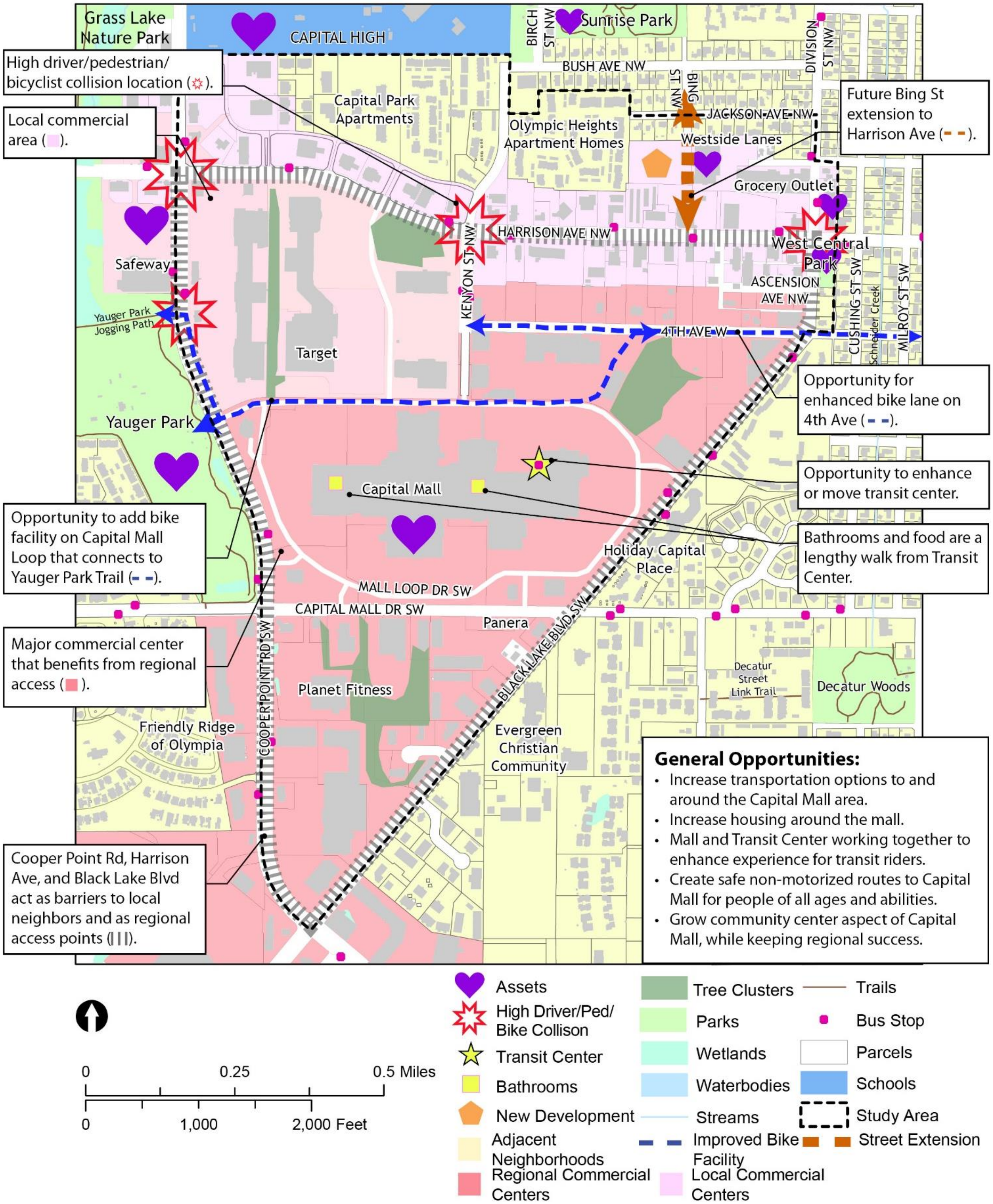
While each chapter in the report explores a unique aspect of the study area, some recurring themes cut across chapters. A short summary of these overarching themes and key findings associated with each of the topics is included below.

Note: The report analyzing current market conditions, development feasibility, housing, demographics, and displacement risk is attached. It is titled "Market Analysis: Existing Conditions"

Overall Themes

Assets. The Capital Mall Triangle Subarea (the Triangle) is rich with many businesses, services, and amenities, including:

- **Healthy regional center.** The Capital Mall Triangle is well-located for regional access and is economically healthy. The mall is the only major shopping center in South Puget Sound and has a very large trade area.
- **Diversity of shops and services**. The Triangle contains a wealth of businesses, retail, eateries, and services within close proximity that serve both a regional and local customer base.
- **Amenity rich.** Community and civic amenities include Capital Mall, Capital High School, Yauger Park, Sunrise Park, West Central Park, Grass Lake Nature Park, Decatur Woods Park, the West Olympia Timberland Library, grocery stores, bowling alley, and a movie theater.
- **Transit service.** The Transit Center is located at the Capital Mall, and InterCity Transit serves the area relatively well.
- **Surrounding neighborhoods.** Homes, schools, and parks are found immediately outside the Triangle. West of Yauger Park is one of Olympia's more dense neighborhoods with tree-line, buffered sidewalks and a senior community. To the east and north are well established single family neighborhoods.



SOURCE: MAKERS (2022)

EXHIBIT 1 **Assets, Challenges, and Opportunities**

Challenges. The Triangle developed as a regional commercial area mostly in the 1980s and was designed to prioritize the automobile rather than humans, resulting in physical challenges:

- **Lacks a walkable/rollable urban form.** The Triangle is scaled to and designed for the automobile. For example, the mall is wide enough to cover 5 downtown blocks, meaning people on foot, bike, or wheel cannot travel in normal and direct ways. Multiple locations along the arterials have high driver/pedestrian/bicyclist collison rates. Sidewalks and informal paths are challenging for people on wheels.
- **Divided land uses.** Neighborhoods surround the Triangle but are physically divided from the shopping mall, and residents must cross challenging intersections to reach destinations. Harrison Ave, Cooper Point Rd, and Black Lake Blvd provide regional access but act as physical barriers for locals looking to get to the mall without driving. Virtually no residences are found within the arterial triangle.
- **Underutilized surface parking.** The surface parking lots consume a massive amount of land and were developed prior to modern tree and stormwater codes, so they contribute to urban heat and flooding.

Opportunities. Some key opportunities include the following:

- Make use of underutilized parking lots to meet Olympia housing supply and other needs without directly displacing businesses or residents. However, as investments improve the area, prepare for potential economic displacement risks to nearby renters as rents rise.
- Connect the Capital Mall area to Downtown with an enhanced/protected bike lane on 4th Ave.
- Add or formalize safe bike routes or trails connecting the high school and surrounding residential homes to the mall.
- Enhance (or move) the Transit Center and transit experience in and around Capital mall area.
- Improve community health and wellbeing and climate resiliency with greater use of green stormwater infrastructure (nature-based drainage solutions).
- Reduce transportation-related greenhouse gas emissions with a greater mix of uses in close proximity paired with infrastructure to support transit, active transportation modes, and electric vehicles.

Land Use

- The Capital Mall Triangle study area is a regional center that is successful because of its regional access from US 101 via Cooper Point Road and Black Lake Boulevard. The subarea is the only major shopping center in the South Puget Sound, providing it with a very large trade area. Future planning should better integrate the continued success of the regional commercial center with improving connections and use of the subarea by local neighboring areas.
- Harrison Avenue includes local-serving small businesses, many of which are locally owned. These businesses may be at risk of displacement with redevelopment of the area. The plan should consider anti-displacement programs and affordable commercial space incentives.
- Multifamily and single-family neighborhoods surround the Capital Mall Triangle but are physically divided by the arterial roads Harrison Avenue, Cooper Point Road, and Black Lake

Boulevard. The roads make it more difficult for those in the neighboring residential areas to get to and use the amenities in the commercial area if they do not use a car to get there. The plan should consider public and private investments to improve safe and comfortable multimodal access along and across these arterials.

- The study area is located in an amenity rich area. There are multiple schools, parks, and grocery store options, along with there being medical services nearby. The mall has one of the most popular regional libraries in the region, a bowling alley, and a movie theater. However, the area lacks safe and comfortable multimodal connections between amenities. The plan should consider how better connections may be included with any redevelopment in the Triangle.
- Currently, the Capital Mall Triangle study area lacks a walkable mixed-use urban form that better integrates residential uses with the commercial and amenity uses. Some of the building lengths within the study area are over 1,000 feet long, with the mall itself being around 1,650 feet long. Additionally, there is a lack of intersite connectivity in large areas.
- Olympia's development standards allow dense development but require more parking than is currently used or needed, which is impacting development feasibility. In addition, early property owner interviews indicate that tree and stormwater requirements triggered by major renovations or redevelopment may impact development feasibility. Current trend lines do not point to the Triangle meeting planned growth targets by 2045. The plan should carefully consider multiple objectives when making recommendations about development standards and consider methods to attract desired development.
- Also see the attached **Market Analysis: Existing Conditions** for market, development feasibility, housing, demographics, and displacement risk analyses and findings.

Transportation

- The Subarea does not have a gridded roadway system, leading to the concentration of traffic onto the three adjacent arterials (Cooper Point Road, Black Lake Boulevard and Harrison Avenue) and a lack of mobility for active transportation modes. Future planning efforts should focus on additional street connections to improve access to the Subarea for all modes into the surrounding neighborhoods and reduce the level of traffic concentration at major intersections within the Subarea.
- Pedestrian and bicycle safety has been flagged in multiple plans as a chief transportation concern for the Subarea. Multiple new enhanced crossings and bicycle lanes are currently planned, in addition to safety improvements at key crossings throughout the study area. Roundabouts at major intersections are also shown to improve traffic safety for all modes. The TMP (Transportation Master Plan) has identified several roundabout priorities within the Subarea.
- East-west bicycle connectivity is challenging within the Subarea. In addition to filling gaps in the network and constructing an enhanced bicycle facility on Capital Mall Drive, 4th Avenue has been flagged as a possibility to facilitate additional east-west connection with downtown Olympia.
- Observed parking demand would imply the potential for redevelopment of some parking areas within the Capital Mall; however, this is not consistent with City of Olympia parking requirements, which show the Capital Mall as potentially parking deficient. Additional parking

analysis should be performed to determine the exact parking occupancy and redevelopment potential of the parling lots. The city may want to update its parking requirements either as part of this Subarea plan or through future planning efforts.

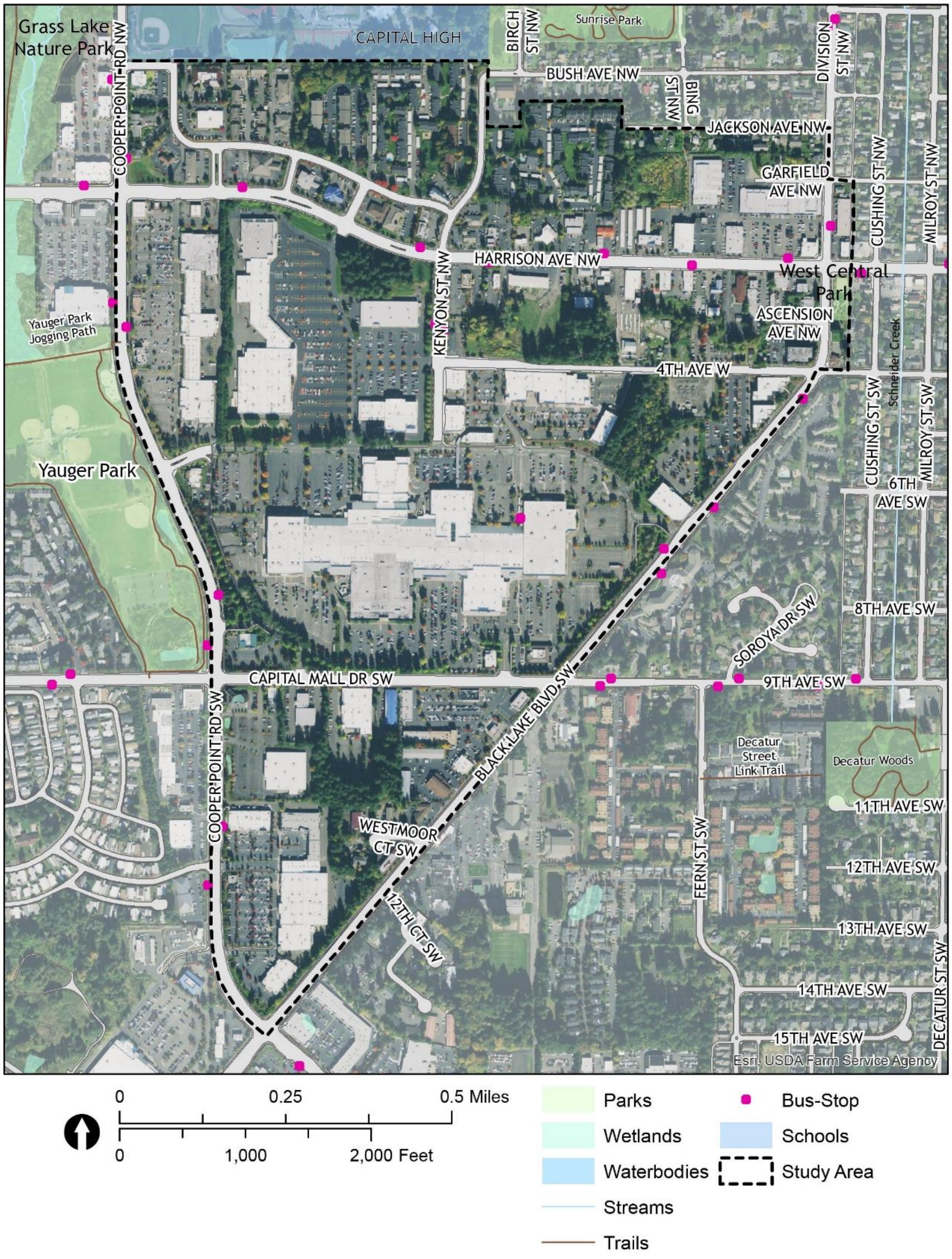
Stormwater

- New development and redevelopment in the Triangle Mall subarea must adhere to City regulations for stormwater management. City standards and guidance for stormwater management for construction, development, and redevelopment activities are contained in the City's Drainage Design and Erosion Control Manual (DDECM), which meets requirements of the City's NPDES municipal stormwater permit from Ecology.
- City standards require the use of Low Impact Development (LID) approaches (often referred to as green stormwater infrastructure) to manage stormwater on-site where feasible. LID approaches are intended to create, retain, or restore natural hydrologic and water quality conditions that may be affected by human alterations. Implementation of LID techniques offers the possibility of improving water quality and streamflow conditions in stream basins. Where stormwater cannot be adequately managed and fully infiltrated on-site, City standards require runoff treatment (water quality) and flow control (water quantity) to reduce adverse impacts to downstream receiving waters.
- Stormwater infiltration systems are used on some properties within the subarea currently, and LID is likely to be an important (and community-supported) part of future development in the subarea going forward. However, soils with low infiltration capacity or other site constraints may limit LID feasibility in some places.
- Meeting flow control requirements can be particularly challenging (and expensive) due to the high volumes of runoff that need to be detained to meet standards for sites with large areas of impervious surface; standards generally require that post-development flows do not exceed pre-development (forested condition) flows for design storms up to the 50-year peak flow. Surface detention ponds require considerable space that reduces the area available for buildings or parking, and underground detention systems—which are used at many locations in the subarea currently—are typically expensive.
- There is currently one City-managed regional stormwater facility located adjacent to the subarea that serves a portion of the subarea centered on Capital Mall: the Yauger Park Regional Facility. This facility was upgraded in 2010 and was expanded as much as is possible at the site. Further expansion to this facility does not appear possible at this time, and it does not have the capacity for 50-year storms. The City could consider the feasibility of constructing additional regional facilities within or near the subarea to encourage redevelopment within the subarea, and/or help coordinate stormwater management activities between property owners to find efficiencies and reduce costs (e.g., a single detention facility serving multiple properties may be more cost-effective than a detention facility on each property).

SECTION 1. INTRODUCTION

1.1 What Is the City of Olympia Capital Mall Triangle Subarea?

The Olympia Capital Mall Triangle subarea (see **Exhibit 1-1**) is located on the west side of Olympia. The bottom "point" of the triangle is the intersection of Black Lake Blvd SW and Cooper Point Rd SW. The subarea is bounded on the east and west by Black Lake Blvd and Cooper Point Rd. The northern boundary of the subarea follows zone district boundaries which are located approximately one to two blocks north of Harrison Ave. The subarea is approximately 288 acres.



SOURCE: City of Olympia, MAKERS, 2022

EXHIBIT 1-1 **Capital Mall Triangle Study Area**

1.2 What Is the Subarea Plan?

The City of Olympia designated the Capital Mall Triangle as one of three urban centers in the City's 20-year comprehensive plan. The City received a $250,000 grant from the State of Washington to conduct long range planning in the subarea, with the aim of creating a people-oriented urban neighborhood. The City's goal is to maintain the area as a regional shopping destination while also creating a mixed-use neighborhood with a grid-based street network to reduce the amount and length of driving trips, increase transit accessibility, and enable residents to take advantage of multimodal transportation opportunities.

The plan's benefits and goals fall into four different categories:

- Housing
- Transportation
- Business and Property Owners
- Environment

Housing affordability for a variety of income levels, climate resilience, and economic prosperity are central to the City's vision for the site.

The subarea plan will become an optional element of the City's Comprehensive Plan. The subarea plan is expected to include elements such as land use, economic development, housing, the environment, public facilities and services, and transportation. The subarea plan is being developed for consistency with the Growth Management Act, countywide planning policies, and the City of Olympia Comprehensive Plan.

1.3 What Is in This Report?

This document is an early step in the planning process and is intended to describe existing conditions in the study area. Topics addressed in this report are listed below. It should be noted that the order of topics in this report is based on the SEPA elements of the environment as listed in WAC 197-11-444. This was done for convenience only and does not reflect importance or relative priority of any of the topics.

- Land Use
- Transportation
- Stormwater

The information in this report was compiled from existing available data and research findings; primary research was not conducted as part of this effort.

It is anticipated that this report will continue to be updated and revised as additional information is identified during the planning process. Ultimately, information in this report will help inform the future subarea plan.

A short summary of overarching themes and key findings associated with each of these topics is included in the section preceding this introduction. The balance of this report contains more detailed discussion of existing conditions for each topic area.

Note: The report analyzing current market conditions, development feasibility, housing, demographics, and displacement risk is attached. It is titled "Market Analysis: Existing Conditions"

SECTION 2. LAND USE

This chapter describes existing land use patterns, development types, mix of uses, scale and intensity of development, study area character, and land use compatibility. It also summarizes pertinent plans, policies, and regulations, including the City's GMA Comprehensive Plan, land use and urban forestry regulations, and other applicable and adopted plans from the City of Olympia.

2.1 Existing Policies and Regulations

This section provides summaries of recent plans, studies, and regulations related to the City of Olympia Capital Mall Triangle Subarea. These summaries are presented from oldest plan first to most recent plan last.

Local Plans and Regulations

CITY OF OLYMPIA COMPREHENSIVE PLAN (2014)

The Comprehensive Plan describes the vision for the Capital Mall area as:

> *A regional shopping center, which also includes one of the area's best balances of jobs within walking distance of medium-density housing. This area should continue to be economically viable and contribute to the community's goals with infill, redevelopment, and connections to adjacent areas for all modes of travel. It is to evolve into a complete urban neighborhood with a mix of jobs, housing, and services. …Design standards will encourage continued infill and redevelopment in the vicinity of 4th Avenue and Kenyon Street so that the potential of the mall and its surrounding properties can be fully realized. As illustrated below, redevelopment to the north, south, east, and west will incorporate vehicle access and circulation with the addition of building focal points, significant entries, and better access for walking from surrounding neighborhoods (pg. 29-30).*

Notable goals and policies include the following:

Land Use Element

Goal 1. Land use patterns, densities, and site design are sustainable and support decreasing automobile reliance.

- PL1.7 Enable frequent transit service, support housing, utilize existing infrastructure, provide public improvements and concentrate new major shopping, entertainment and office uses downtown, in the medical services area of Lilly Road, near the Capital Mall, and in the urban corridors (pg. 9).

Goal 11. Adequate commercial land conveniently serves local and regional trade areas.

- PL11.5 Encourage the efficient use and design of commercial parking areas; reduce parking space requirements (but avoid significant overflow into residential areas); support parking structures, especially downtown and in urban corridors; and designate streets for on-street parking where safe (pg.22)

Goal 14. Olympia's neighborhoods provide housing choices that fit the diversity of local income levels and lifestyles. They are shaped by thorough public planning processes that involve community members, neighborhoods, and city officials.

- PL14.2 Concentrate housing into three high-density Neighborhoods: Downtown Olympia, Pacific/Martin/Lilly Triangle; and the area surrounding Capital Mall (pg. 28).

Goal 15. Focus areas are planned in cooperation with property owners and residents.

- PL15.1 Maximize the potential of the Capital Mall area as a regional shopping center by encouraging development that caters to a regional market, by providing pedestrian walkways between businesses and areas; by increasing shopper convenience and reducing traffic by supporting transit service linked to downtown; by encouraging redevelopment of parking areas with buildings and parking structures; and by encouraging multifamily housing (pg. 33).

Goal 16. The range of housing types and densities are consistent with the community's changing population needs and preferences.

- PL16.1 Support increasing housing densities through the well-designed, efficient, and cost-effective use of buildable land, consistent with environmental constraints and affordability. Use both incentives and regulations, such as minimum and maximum density limits, to achieve such efficient use (pg. 37-38).
- PL16.5 Support affordable housing throughout the community by minimizing regulatory review risks, time and costs and removing unnecessary barriers to housing, by permitting small dwelling units accessory to single-family housing, and by allowing a mix of housing types (pg. 37-38).
- PL16.8 Encourage and provide incentives for residences above businesses (pg. 37-38).
- PL16.13 Encourage adapting non-residential buildings for housing (pg. 37-38).

Transportation Element

Goal 10. On designated strategy corridors, facilitate increased land use density, and eliminate transportation system inefficiencies.

Goal 12. The transportation system provides attractive walking, biking, and transit options, so that land use densities can increase without creating more traffic congestion.

- PT12.1 Build a system that encourages walking, biking, and transit to reduce car trips and help achieve our land-use density goals.

Goal 13. A mix of strategies is used to concentrate growth in the city, which both supports and is supported by walking, biking, and transit.

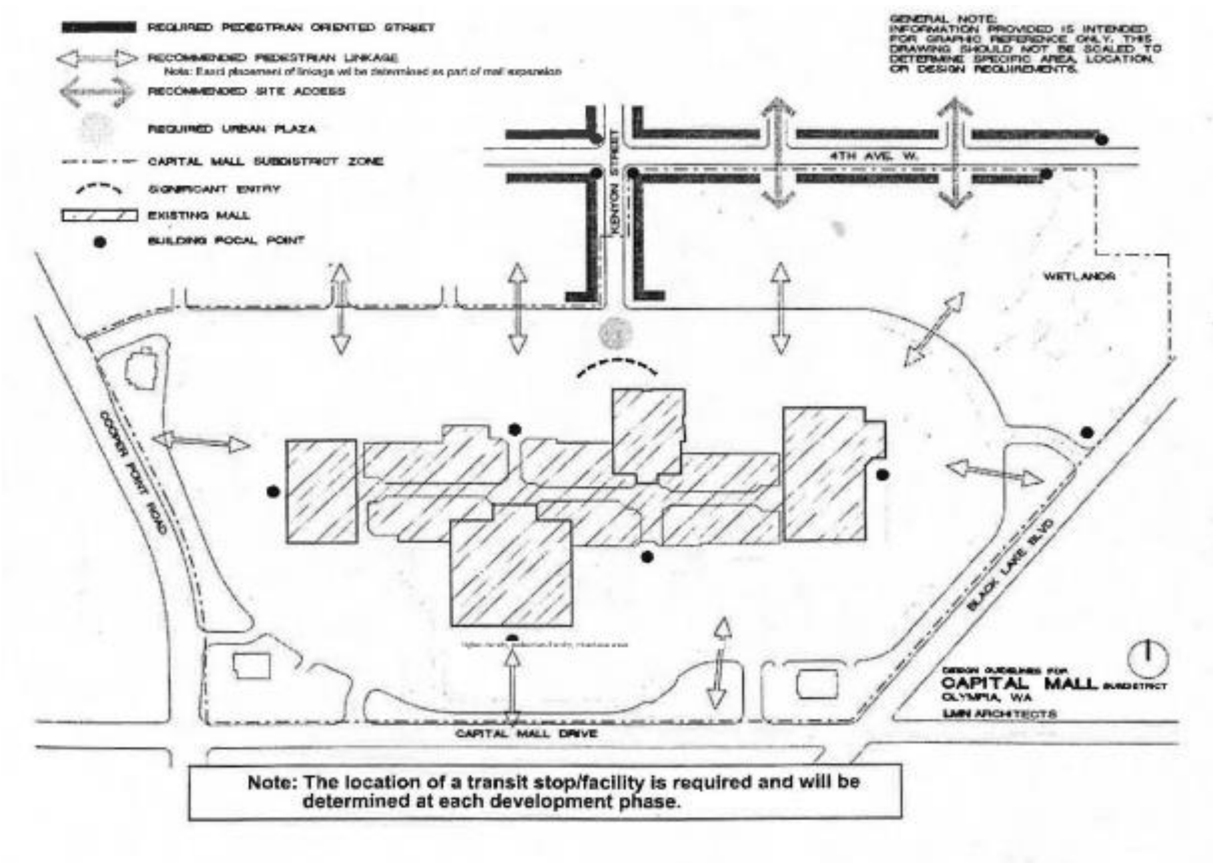
- PT13.1 Consider increasing allowed densities in the downtown core and along parts of the urban corridors, while maintaining lower densities in the periphery of the City.
- PT13.4 Promote infill in close-in neighborhoods and increased land-use density in activity centers and downtown to reduce sprawl, car trips, and to make the best use of the existing transportation network.
- PT13.5 Allow housing in commercial and employment areas to reduce commute and errand distances, and encourage alternatives to driving.

Goal 14. Greater density along bus corridors optimizes investments in transit and makes transit an inviting mode of travel.

- Harrison, Black Lake, and Copper Point are all listed as priority bus corridors.
- PT14.1 Encourage transit-supportive density and land-use patterns along priority bus corridors, through zoning, incentives, and other regulatory tools.
- PT14.2 Encourage schools, public services, major employers, and senior and multi-family housing to locate along priority bus corridors, as they tend to benefit from the availability of public transit.

Goal 19. The region is prepared to advance high-capacity transportation.

- PT19.3 Integrate land use and high-capacity transportation planning so that dense urban centers are developed around multi-modal transit stations, and coordinate this regionally.
- PT19.5 Achieve the land-use densities and mixed uses necessary to build ridership needed for high-capacity transportation.



A plan for linking Capital Mall to its neighborhood.

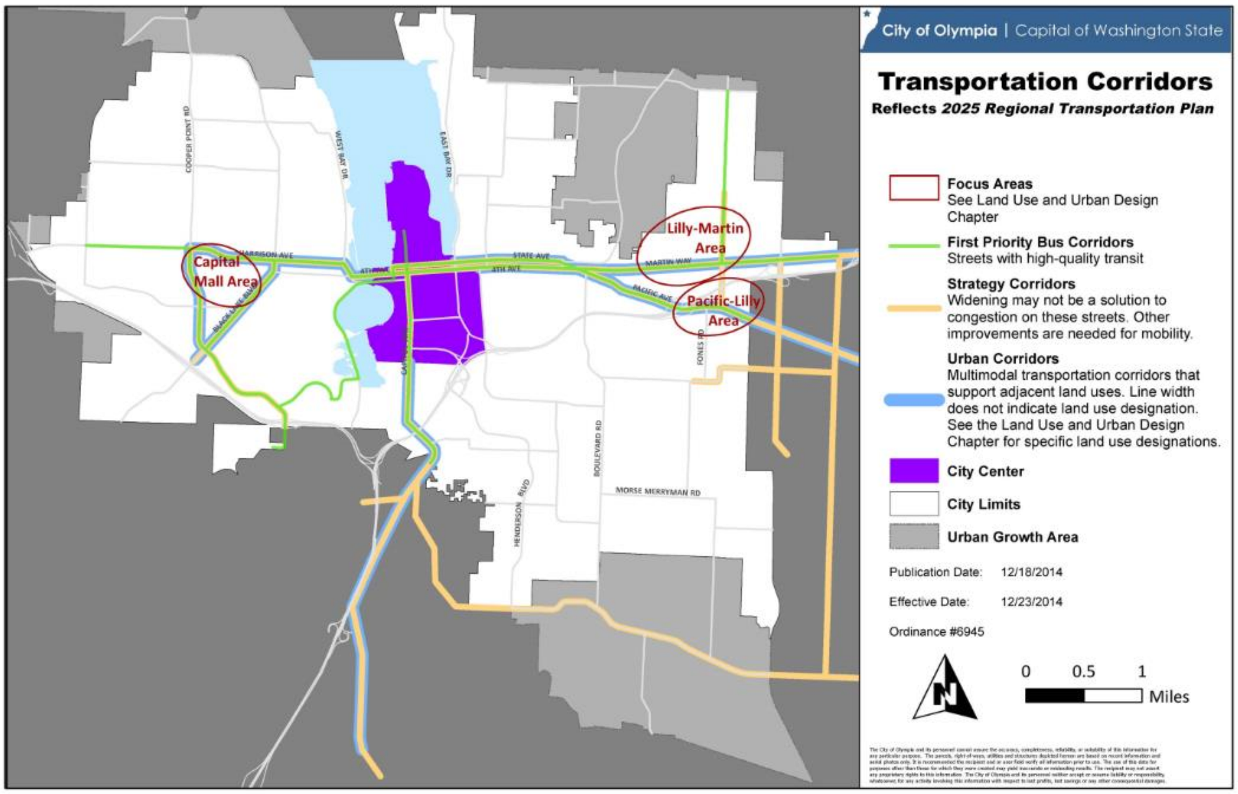
NOTE: The above map does NOT reflect the subarea boundary or the zone district boundary.
SOURCE: City of Olympia, *Comprehensive Plan* (2014)

EXHIBIT 2-1 **Mall Pedestrian-Oriented Spaces Comprehensive Plan Map**

Land Use Designations

In addition to land use policies for infill, redevelopment, and complete neighborhoods with a mix of jobs, housing, and services; the Comprehensive Plan describes how the evolution to "urban corridors" implements the vision stated for the area.

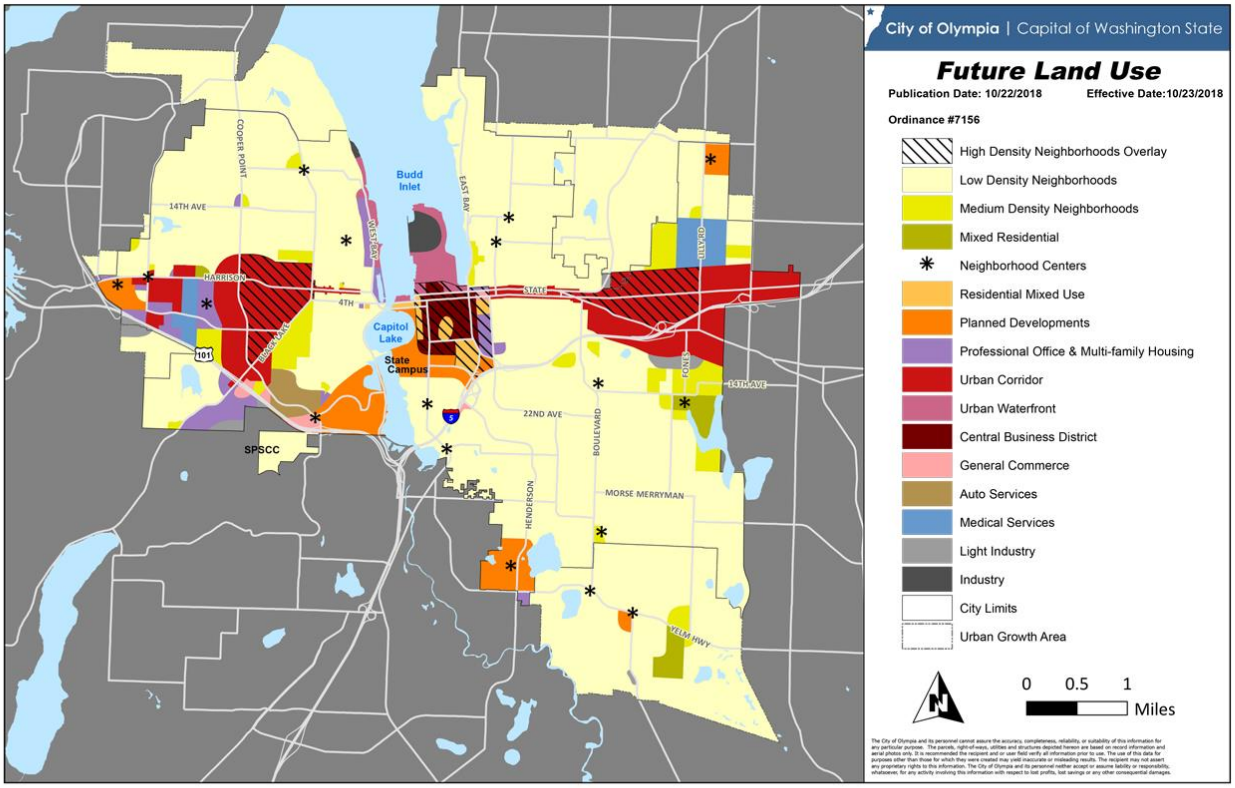
> *Over time, thoughtful planning will change some of these sections of major streets into "urban corridors" that will have a mix of high-density uses, and where people will enjoy walking, shopping, working, and living. … Urban corridors like this are key to avoiding sprawl by providing an appealing housing alternative for people who want to live in an attractive, bustling urban environment close to transit, work and shopping (pg. 24, 58).*



NOTE: The above map does NOT reflect the subarea boundary or the zone district boundary.
SOURCE: City of Olympia, *Comprehensive Plan* (2014)

EXHIBIT 2-2 **Olympia Transportation Corridors Regional Transportation Plan Map**

The Comprehensive Plan's Future Land Use Map designates the Capital Mall area as Urban Corridor with a High Density Neighborhoods Overlay.



NOTE: The above map does NOT reflect the subarea boundary or the zone district boundary.
SOURCE: City of Olympia, *Comprehensive Plan* (2018)

EXHIBIT 2-3 **Olympia Future Land Use Map**

Applicable designations include:

> ***Urban Corridors:*** *This designation applies to certain areas in the vicinity of major arterial streets. Generally more intense commercial uses and larger structures should be located near the street edge with less intensive uses and smaller structures farther from the street to transition to adjacent designations. Particular 'nodes' or intersections may be more intensely developed. Opportunities to live, work, shop and recreate will be located within walking distance of these areas (pg. 52, 54).*
>
> ***High-Density Neighborhoods Overlay:*** *Multi-family residential, commercial and mixed use neighborhoods with densities of at least 25 dwelling units per acre for residential uses that are not re-using or redeveloping existing structures. New mixed-use developments include a combination of commercial floor area ratio and residential densities that are compatible with a high-density residential neighborhood. The height in these neighborhoods will be determined by zoning and based on the "Height and View Protection Goals and Policies (pg. 53).*
>
> (Note, there appear to be no protected views affecting this subarea.)

Table: Future Land Use Designations

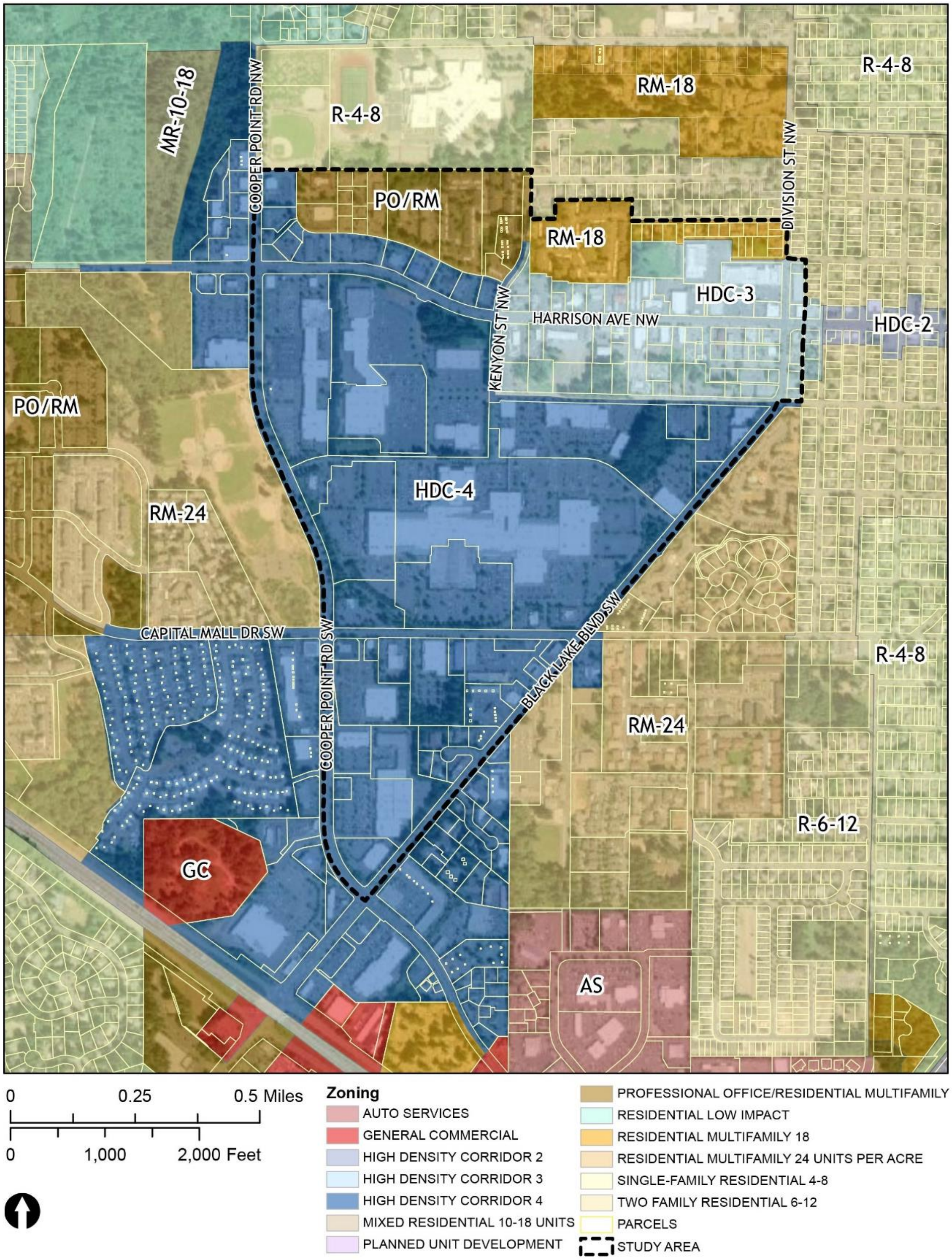
FUTURE LAND USE DESIGNATION	PRIMARY USE[1]	RESIDENTIAL DENSITY[2]	BUILDING HEIGHTS[3]	ESTIMATED ACREAGE[4]	PERCENTAGE OF UGA[5]
Low-Density Neighborhoods (LDN)	Single-family Residential	Up to 12 units per acre	2 to 3 stories	11,000 ac.	71%
Medium-Density Neighborhoods (MDN)	Multi-family Residential	13 to 24 units per acre	Up to 3 stories	600 ac.	4%
Mixed Residential	Single & Multi-family	7 to 18 units per acre	Up to 4 stories	150 ac.	1%
Neighborhood Centers	Commercial	Variable	2 to 3 stories	Variable	N/A
Residential Mixed Use	Multi-family Residential	Not limited	3 to 5 stories	100 ac.	1%
Planned Developments	Mixed Use	Residential areas: 7 to 13 units per acre	Varies by site and land use	725 ac.	5%
Professional Offices & Multifamily Housing	Mixed Use	Minimum 7 units per acre	3 to 4 stories	375 ac.	2%
Urban Corridors	Commercial	Minimum 15 units per acre	3 to 6 stories	1,500 ac.	10%

SOURCE: City of Olympia, *Comprehensive Plan* (2018)

EXHIBIT 2-4 **Olympia Future Land Use Designations**

ZONING

More granulur than the future land use map, the zoning for the Capital Mall Triangle Subarea includes High Density Corridor 3 (HDC3), High Density Corridor 4 (HDC4), Professional Office/Residential Multifamily (PO-RM), and Residential Multifamily 18/acre (RM18).



SOURCE: MAKERS (2022)

EXHIBIT 2-5 **Capital Mall Subarea Zoning Map**

TABLE 2-1 **Capital Mall Subarea Zoning Code Standards**

Standard	HDC-4 OMC 18.06.020.B.13	HDC-3 OMC 18.06.020.B.12	PO/RM OMC 18.06.020.B.9	RM-18 OMC 18.04.020.B.8
Purpose	Provide a compatible mix of high intensity uses with access to transit as part of all new projects Transform areas into commercial and residential "activity centers" Develop a street edge that is continuous and close to the street, with windows and doors visible from the street Create a safe, convenient, and attractive environment for non-automobile users	Provide a compatible mix of medium to high intensity uses with access to transit as part of all new projects Develop a street edge that is continuous and close to the street, with windows and doors visible from the street Create a safe, convenient, and attractive environment for non-automobile users	Provide a transitional area buffering residential from commercial uses Provide a compatible mix of office, moderate- to high-density residential, and small-scale commercial in a pedestrian-oriented area	To accommodate predominantly multifamily housing, at an average maximum density of eighteen (18) units per acre, along or near (e.g., one-fourth (¼) mile) arterial or major collector streets where such development can be arranged and designed to be compatible with adjoining uses; Provide for development with a density and configuration that facilitates effective and efficient mass transit service
Minimum Lot Size	No minimum, except 1,600 SF minimum 2,400 SF average = townhouse	No minimum, except 1,600 SF minimum 2,400 SF average = townhouse	No minimum, except 1,600 = cottage 3,000 = zero lot 1,600 SF minimum 2,400 SF average = townhouse 6,000 SF = duplex 7,200 SF = multifamily 4,000 = other	1,600 SF = cottage; 1,600 SF minimum, 2,400 SF average = townhouse; 7,200 SF = multifamily; 3,000 SF = other
Front Yard Setback	0-10' See 18.130	0-10' See 18.130	10' maximum, if located in a High Density Corridor; 10' minimum otherwise.	10'
Rear Yard Setback	10' minimum; See exceptions at 18.06.080 tables	10' minimum; See exceptions at 18.06.080 tables	10' minimum; See exceptions at 18.06.080 tables	10' except: 15' for multifamily
Side Yard Setback	No Minimum; See exceptions at 18.06.080 tables	No Minimum; See exceptions at 18.06.080 tables	No minimum on interior, 10' minimum on flanking street; See exceptions at 18.06.080 tables	5' except: 10' along flanking streets; See exceptions at 18.04.080 tables
Maximum Building Height	Up to 35' if within 100' of land zoned for 14 units/acre or fewer	Up to 35' if within 100' of land zoned for 14 units/acre or fewer	Up to 35', if any portion of the building is within 100' of R 4, R 4-8, or R 6-12 district;	35', except: 16' for accessory buildings; 24' for detached accessory dwelling units; 25' for cottage

Standard	HDC-4 OMC 18.06.020.B.13	HDC-3 OMC 18.06.020.B.12	PO/RM OMC 18.06.020.B.9	RM-18 OMC 18.04.020.B.8
	Up to 60' if within 100' of land zoned for 14 acres or more Up to 70' if at least 50% of required parking is under the building Up to 75' if at least one story is residential Building entry tower exemption allows an additional 30' for a tower element at the Capital Mall	Up to 60' if within 100' of land zoned for 14 acres or more Up to 70' if at least 50% of required parking is under the building Up to 75' if at least one story is residential	Up to 60' otherwise.	
Maximum Building Coverage	70% for all structures. 85% of the site if at least 50% of the required parking is under the building.	70% for all structures, 85% if at least 50% of the required parking is under the building.	70%, except 55% for residential only structures	50%
Additional Standards	Building Floors above 3 stories which abut a street or residential district must be stepped back a minimum of 8 feet (see 18.06.100(B))	Building Floors above 3 stories which abut a street or residential district must be stepped back a minimum of 8 feet (see 18.06.100(B))	Building floors above 3 stories which abut a street or residential district must be stepped back a minimum of 8 feet (see 18.06.100(B) and OMC Figure 6-3).	Minimum Open Space: 25% for multifamily; 500 SF/space for mobile home park
Parking Requirements	Retail: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 6,000 SF; 1 short term bike parking space per 3,000 SF Shopping Center: 4.5 spaces per 1,000 feet GLA (in properties over 400,000 SF) Multifamily: exempt from parking requirements where the new project provides for the development of replacement units in a development agreement and the project is all or part of an area of 40 acres or more that was in contiguous ownership in 2009; 1 bike storage space per unit; 1 short	Retail: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 6,000 SF; 1 short term bike parking space per 3,000 SF Shopping Center: 4.5 spaces per 1,000 feet GLA (in properties over 400,000 SF) Multifamily: 1.5 off-street parking spaces per dwelling units; 1 bike storage space per unit; 1 short term bike parking space per 10 units Offices: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 5,000 SF; 1 short	Retail: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 6,000 SF; 1 short term bike parking space per 3,000 SF Shopping Center: 4.5 spaces per 1,000 feet GLA (in properties over 400,000 SF) Multifamily: 1.5 off-street parking spaces per dwelling units; 1 bike storage space per unit; 1 short term bike parking space per 10 units Offices: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space	

Standard	HDC-4 OMC 18.06.020.B.13	HDC-3 OMC 18.06.020.B.12	PO/RM OMC 18.06.020.B.9	RM-18 OMC 18.04.020.B.8
	term bike parking space per 10 units Offices: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 5,000 SF; 1 short term bike parking space per 5,000 SF	term bike parking space per 5,000 SF	per 5,000 SF; 1 short term bike parking space per 5,000 SF	

SOURCE: City of Olympia, *Municipal Code* (2022)

NOTE: Exceptions and details can be found in codes Residential Development Standards (18.04.080), Commercial Districts' Development Standards (18.06.080), and Commercial Design Criteria High Density Corridor (HDC) (18.130).

TABLE 2-2 **Capital Mall Subarea Zoning Code**

Zone Name	Zone	Net Acreage
High Density Corridor	HDC-3	50.8
	HDC-4	205.9
Professional Office/Residential Multifamily	PO/RM	22.6
Residential Low Density	R-6-12	0.0
Residential Multifamily	RM-18	14.4
Total		**293.7**

SOURCE: City of Olympia, LCG

The Olympia Capital Mall is classified as a shopping center, and as a result is required to have 4.5 spaces per 1,000 square feet of gross leasable area. The mall has 858,568 square feet of GLA and therefore is required to have 3,864 parking spaces. However, the site currently has 3,650, indicating that it is under-parked according to current parking requirements. This will be an issue if redevelopment of underutilized parking spaces is desired.

URBAN FORESTRY MANUAL (2016)

Olympia regulates how to measure, maintain, and enhance tree canopy in the city. OMC 16.60.080 Tree density requirement requires a minimum of 30 tree units per acre on the buildable area of the site (anywhere except critical areas and buffers, city rights-of-way, and areas to be dedicated as rights-of way). Any tree on the property counts.

The minimum required tree units for the 85.1 acre mall site is 2,555 tree units, and a 2015 tree study showed the site had 3,230 tree units.

Olympia's applicable tree unit measurement and density regulations are listed below. These apply to new development in commercial, industrial, and multifamily zones.

HOW DO I MEASURE A TREE?

Measure the diameter of each tree at 4.5 feet above the ground. This is called the diameter at breast height (DBH) and is measured in inches.

Existing Tree, Trunk Diameter	Equivalent Number of Planted Tree Units
1-6"	1
6-12"	1 ½
14"	2
16"	3
18"	4
20"	5
22"	6
24"	7
26"	8
28"	9
30"	10
32"	11
34"	12
36"	13

NOTE: Builder's guide to tree, soil, and native vegetation protection and replacement ordinance & code details 16.60

SOURCE: City of Olympia, *Municipal Code* (2022)

EXHIBIT 2-6 **Olympia "Tree Units"**

Applicability (16.60.030.B). Unless otherwise exempted, any site to be developed, within the City of Olympia, shall be required to develop a Soil and Vegetation Plan (SVP) and shall be required to meet the minimum tree density herein created.

Soil and Vegetation Plan required (16.60.050.A) Requirement Established. A soil and vegetation plan is required to obtain a tree removal permit and is also required for any land development on property having a tree density below the minimum required and/or when Street Trees are to be installed.

Note: See Urban Forestry Manual for instructions on Soil and Vegetation Plan

Tree Density Requirement (16.60.080)

- 30 tree units per acre are required on the buildable area of the site

- **Section B.2.** Developed Commercial/Industrial/Multifamily (5 units or more) properties proposing an addition or other site disturbance are required to replace a minimum tree density of one tree unit for every 500 square feet of site area to be disturbed and 3 tree units for every one tree unit proposed for removal, up to the minimum tree density of 30 tree units per acre for the entire site.
- **Section B.3.** Developed Commercial/Industrial/Multifamily (5 units or more) properties proposing tree removal are required to replace 3 tree units for every one tree unit proposed for removal, up to the minimum tree density of 30 tree units per acre for the site.
- **Section C.** Replacement Tree Location. The applicant's proposed location of transplanted or replacement trees shall be subject to city approval as part of the Soil and Vegetation Plan. Replacement trees should be planted according to the following priority:
  1. On-Site.
  2. Off-Site. When room is unavailable for planting the required trees on-site, then they may be planted at another approved location in the city.
  3. City Tree Account. When on-site and off-site locations are unavailable, then the applicant shall pay an amount of money approximating the current market value of the replacement trees into the City's Tree Account.

Area Plans

THURSTON CLIMATE MITIGATION PLAN (2020)

The Thurston Climate Mitigation Plan outlines a strategic framework, strategies, and actions for reducing local greenhouse gas emissions. The Thurston County Climate Action Vision is:

Thurston County, Lacey, Olympia, Tumwater, and neighboring tribes recognize the urgent threat and opportunity that climate change poses to our community's economy, public health, public safety, and environment. We will work together to identify and boldly implement the most effective, efficient, and equitable actions to reduce locally generated greenhouse gas emissions to protect current and future generations from the most severe impacts of climate change.

In addition to doing its part to reduce greenhouse gas emissions, the Thurston County region will remain resilient in the face of climate change impacts during the 21st century and beyond.

Relevant policies are listed below.

Buildings and Energy

Strategy B4. Reduce energy use in new construction or redevelopment.

- **B4.5 permitting incentives.** Offer streamlined permitting, lower fees, or other incentives for projects that meet green building certification standards.
- **B4.6 energy efficiency tax exemptions.** Create a local property tax reduction or credit for new buildings that meet an energy efficiency performance standard.

- **B4.7 land use incentives.** Provide land use incentives (such as floor area ratio, density bonus, height bonus, or parking reductions) for zero-net carbon buildings or other applications that dramatically increase energy efficiency.
- **B4.11 grid-connected appliances.** Require smart appliances in new construction, especially water heaters that control timing of demand.
- **B4.12 multifamily submetering.** Require submetering for new multifamily buildings so residents can track energy use.

Strategy B5. Increase the production of local renewable energy.

- **B5.8 solar-ready.** Amend local development code to require solar-ready construction for all building types.

Strategy B6. Convert to cleaner fuel sources.

- **B6.2 electric appliances in new construction.** Update municipal code to require electric appliances in new construction.
- **B6.4 natural gas transition.** Phase out new natural gas connections in new buildings over time.

Transportation and Land Use

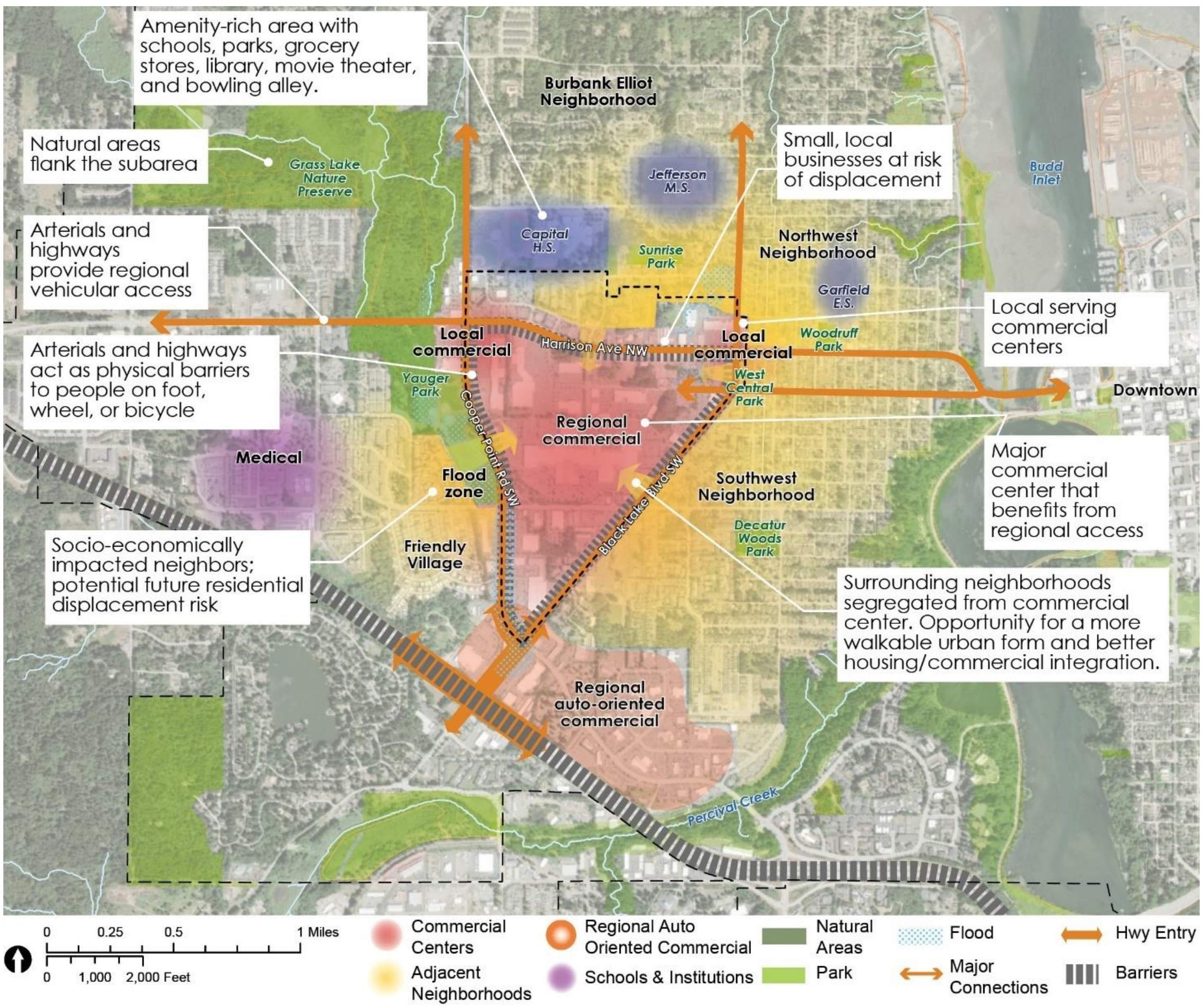
Strategy T1. Set land use policies that support increased urban density and efficient transportation networks and reduce urban sprawl.

- **T1.1 coordinated long term planning-future infill and urban sprawl reduction.** Coordinate long-term plans with transit agencies to project where increased density would support more transit corridors. Then change zoning/ density that would support new transit corridors and variety of household incomes. Promote long-term equity and healthy communities by developing incentives such as density bonuses for development where a percentage of the units will be permanently affordable for household incomes. Look for opportunities to meet the Sustainable Thurston land use vision by reducing urban sprawl.
- **T1.2 middle-density housing.** Reevaluate and change zoning as needed to allow for a range of housing types to promote social economic integration of housing near our region's urban centers or moderate-density zones.
- **T1.3 eco districts.** Identify potential Eco districts to advance innovative district scale urban development, sustainability, and neighborhood equity. Then make necessary code/zoning changes to support their development and set ambitious performance outcomes to ensure their long-term success.
- **T1.4 20-minute neighborhoods.** Increase the number of 20-minute neighborhoods (walkable environment, destinations that support a range of basic living needs and a residential density). Identify key infrastructure components needed to grow the number of 20-minute neighborhoods, then change zoning and codes if needed and coordinate with other jurisdictions to make public investments where necessary.
- **T1.11 land use efficiency.** Set integrated goals to consider network efficiency and reduce urban sprawl in land use decisions, including how density in certain areas supports transit, increases efficiency of utility service, and other support facilities. Consider vehicle miles traveled (VMT) in identifying locations for large employment facilities.

2.2 Current Conditions

Current Land Uses

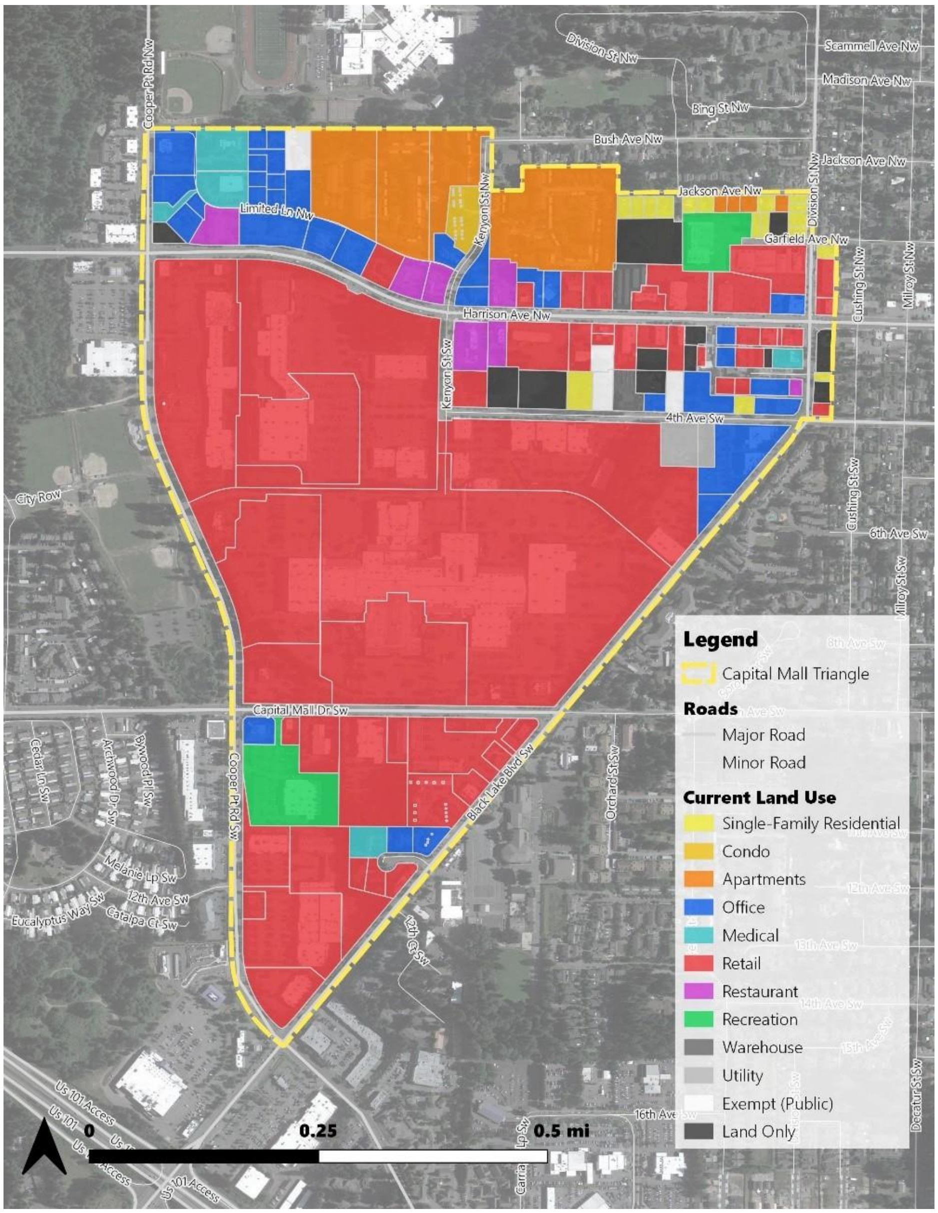
The Olympia Capital Mall Triangle subarea is located on the west side of Olympia. The bottom "point" of the triangle is located at the intersection of Black Lake Boulevard SW and Cooper Point Road SW. The area is 288 acres. The mall site is 85 acres (29.5% of the total land area). The Capital Mall Triangle subarea is mainly comprised of retail and office properties, with some multifamily in the northern part of the triangle. In total, the Capital Mall Triangle subarea is home to 850 residents in 500 households as of 2022. The subarea's housing units are in apartment buildings north of Harrison Avenue NW. Several other multifamily developments are located just outside of the subarea to the west and a few to the east.



SOURCE: MAKERS (2022)

EXHIBIT 2-7 **Capital Mall Land Use Context Map**

As shown in **EXHIBIT 2-8** and **TABLE 2-3**, the Olympia Capital Mall Triangle subarea currently contains 1.8 million square feet of commercial area as well as 493 housing units. There are 344,995 square feet (7.9 acres) of vacant land, mainly concentrated in the northern portion of the subarea. Retail space accounts for 76% of building area in the Olympia Capital Mall Triangle.



SOURCE: City of Olympia, CoStar, LCG.

EXHIBIT 2-8 **Current Land Uses**

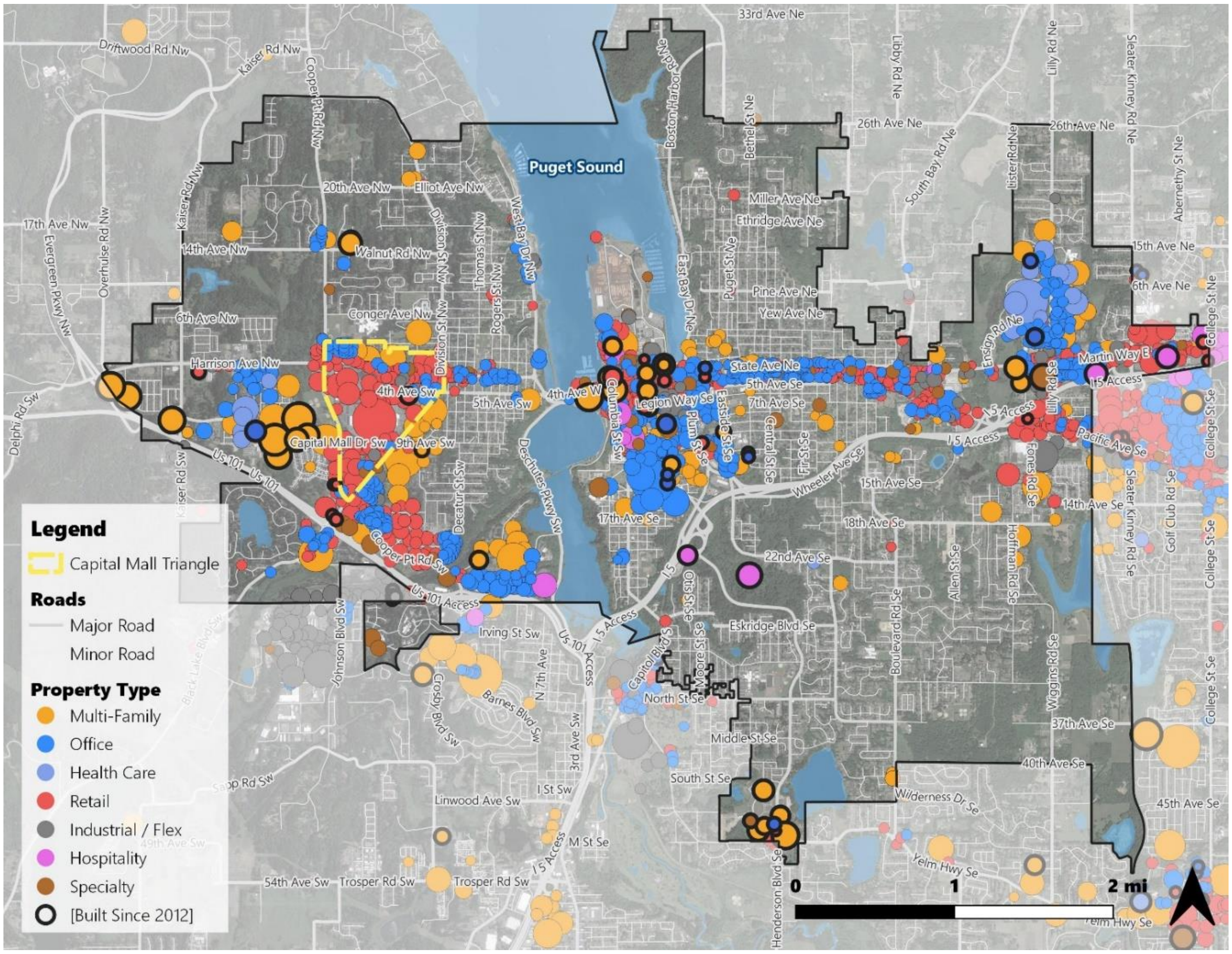
TABLE 2-3 **Current Land Uses in the Capital Mall Triangle**

Type	# of Residential Units	Rentable Building Area (RBA) (square feet)
Single-Family Home	26	
Multi-Family Unit in Large Building	0	
Multi-Family Unit in Small Building	467	
Mobile Home	0	
Education		4,232
Food Sales		9,040
Food Service		33,037
Health Care Inpatient		0
Health Care Outpatient		40,149
Lodging		0
Retail (Other Than Capital Mall)		579,268
Retail (Capital Mall)		793,862
Office		206,210
Public Assembly		0
Public Order and Safety		13,967
Religious Worship		0
Service		26,912
Warehouse and Storage		17,200
Other		76,487
Vacant (SF of land area, not RBA)		344,995

NOTE: RBA=rentable building area

SOURCE: City of Olympia, CoStar, LCG

The Olympia Capital Mall Triangle study area has a high concentration of existing retail establishments compared with other areas citywide, while office space is concentrated mainly on the east side.



SOURCE: CoStar, LCG.

EXHIBIT 2-9 **Commercial Properties in Olympia**

Since 2017, development of office, retail, multifamily, and hospitality properties has been mainly concentrated in the downtown area with some on the far east and west sides of the city. Between 2017 and 2022, 36,500 square feet of retail space in two buildings were added in or directly adjacent to the Olympia Capital Mall Triangle subarea. Over that same period, 11 buildings with a total of 69,500 square feet were added in Olympia's Historic District and South Capital neighborhoods. These buildings include a mix of apartments, restaurants, retail, and office space.

Land Ownership

PUBLIC OWNERSHIP

The City owns four parcels (dark blue in **Exhibit 2-10**) in the study area, including:

- A new stormwater facility to provide flow control and water quality treatment is planned between 4th and Ascension Avenues ($300,000 construction project in Olympia's Storm and Surface Water Plan)
- Two parcels west of the future stormwater pond along 4th Ave W

The City also owns properties directly bordering the subarea including:

- Olympia Fire Department Station 2 at Kenyon St NE and Bush Ave NW
- Yauger Park (see Parks section below)

Other public land or uses include the following:

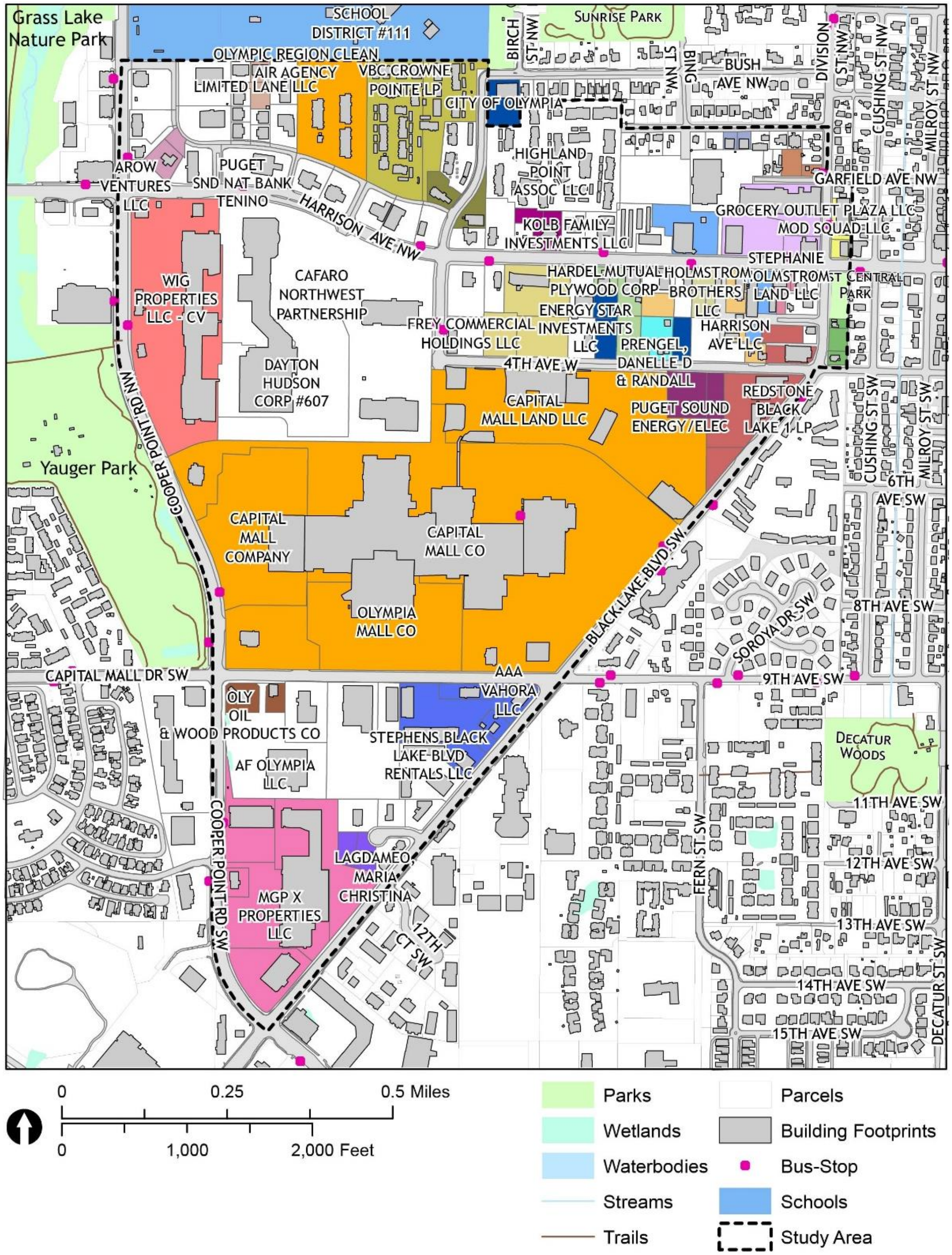
- Olympic Region Clean Air Act ORCAA has a small office building in the northwest of the study area just south of Capital High School
- West Olympia Timberland Library (a Timberland Regional Library) is a tenant within the Capital Mall
- The Olympia School District owns the Capital High School campus directly north of the study area

Utility-related:

- Puget Sound Energy's West Olympia Substation is on the south side of 4th Avenue directly south of the future stormwater pond (northeast of the mall)

PRIVATELY OWNED LAND

The mall is owned by an investment group represented by a group of financial managers and advisors. While the group is open to investigating redevelopment of the mall site, they view the Capital Mall as a high performing asset in their portfolio. The mall's lack of competition in the region (as shown in **EXHIBIT 2-10**) and large trade area have kept the mall from declining as other suburban shopping centers have. As the area redevelops, the ownership group hopes to continue the mall's operations while adding additional multi-use functions, including housing, hospitality, or office space.



SOURCE: MAKERS (2022)

EXHIBIT 2-10 **Capital Mall Triangle Property Owner Map**

Other major owners of retail properties within the Capital Mall Triangle include Merlone Geier Partners, Wig Properties LLC, and Cafaro. These companies have experience with mall redevelopment and repositioning and are open to the changes proposed by the City.

The project team interviewed representatives from Wig Properties, Cafaro, Merlone Geier Properties, and the mall ownership group. Representatives from Cafaro and the mall ownership group were enthusiastic about the vision for the site and open to potential redevelopment opportunities. Representatives from Merlone Geier and Wig both indicated that their main focus in the Capital Mall Triangle area is to pursue a more traditional retail strategy. Wig is interested in improving safety and access throughout the subarea. Wig also has plans for adding some placemaking elements and pedestrian infrastructure to their shopping center.

The Cafaro representative was supportive of the plan for the subarea, particularly the Planned Action EIS, which will save them time and money if they decide to redevelop their property. Cafaro is currently working on redeveloping some of their larger mall sites in the Midwest and believes the future of retail is in vertical mixed-use development. Previous attempts to develop part of their property in the Capital Mall Triangle have failed, but they are optimistic that they will be able to find the right opportunity. Cafaro has been involved in a similar plan in Puyallup and is wary of policies that are too pedestrian-focused, as many shopping center visitors do not come from within walking or biking distance of the mall (as explored below in the Capital Mall Trade Area section of this document). Cafaro is not concerned about the potential affordable housing requirement.

The mall ownership and management group are enthusiastic about partnering with the City to improve the site. They envision continuing mall operations to some degree with potential additional multi-use function, which could include housing, hospitality, or office space.

PARKS

The City owns four parks within a half mile of the Triangle (outside of the study area):

- Yauger Park, a 39.77-acre neighborhood/community/open space park that includes athletic fields, wetlands, playground, a skate court, community garden, jogging trail, and Dirt Works Demonstration Garden. This park is one of Olympia's three athletic field complexes. The park also includes a unique dual use stormwater facility which, in the wet season expands to cover portions of the park but in the dry part of the year the flooded areas are actively used for park purposes.
- Grass Lake, a 195.71-acre neighborhood/open space park with trails and natural areas
- Sunrise Park, a 5.74-acre neighborhood park
- Decatur Woods Park,

Other parks or athletic fields include:

- West Central Park, a 0.5-acre privately owned park at Division St NW and Harrison Ave NW with a shelter, trails, and landscaping, and activated with food trucks, restaurants, and lodging

- Capital High School's athletic fields
- Jefferson Middle School's athletic fields
- Some of the multifamily home complexes include outdoor amenity spaces

SOURCE: Google Maps (2022)

EXHIBIT 2-11 **Olympia Heights Apartment Homes' Open Spaces**

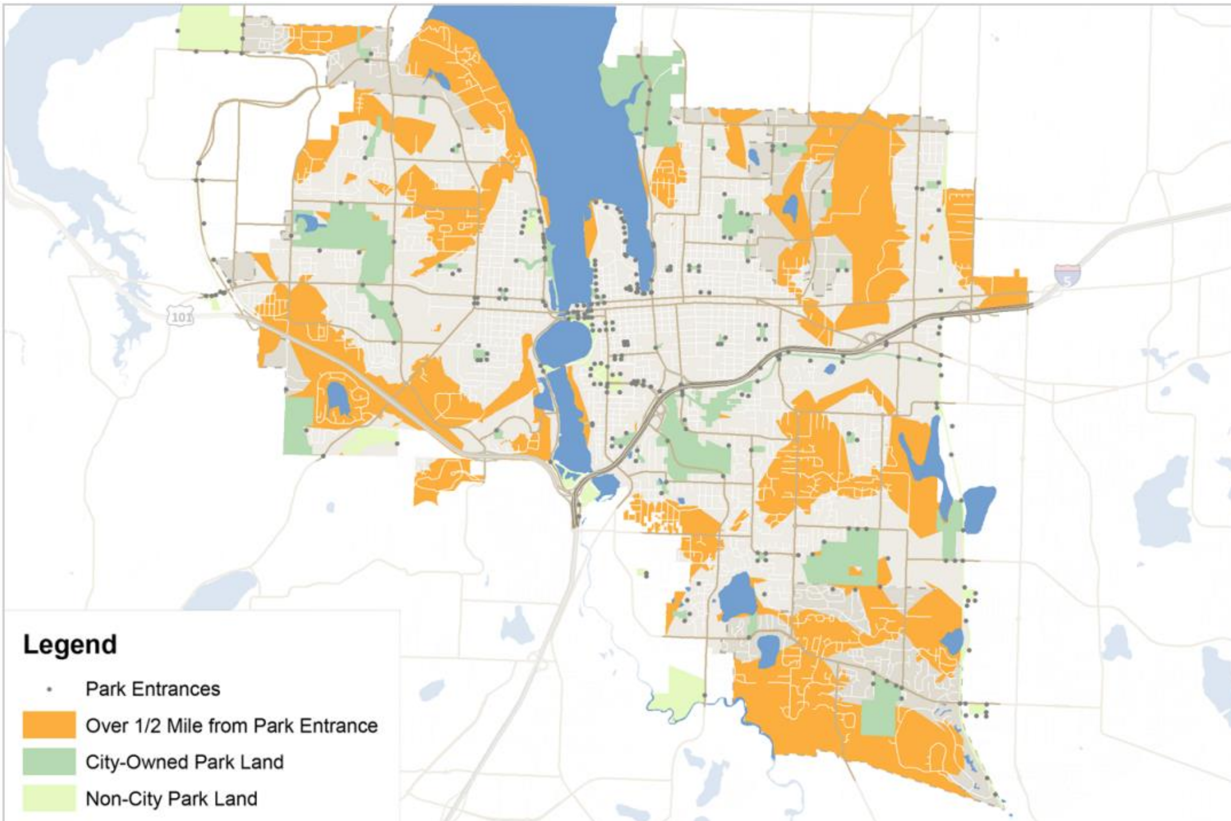
The City of Olympia uses the following performance metrics (Parks, Arts, & Recreation Plan):

- **Acres of park land per 1,000 residents.** Target of additional 50 acres by 2024, resulting in 19.5 acres/1,000 residents.
- **Percentage of land in Olympia within 0.5 miles of a park or open space.** Target of 95% of land within City and Olympia UGA will be within 0.5 miles of a park or open space.

Olympia's Parks, Arts, & Recreation Plan shows that some areas in Olympia are further than 0.5 miles from a park, including three small areas within the Triangle study area. These areas include:

- The southern tip of the Triangle along Black Lake Boulevard

- The eastern portion of Capital Mall
- Residences just south and east of Capital High School (perhaps separated from Sunrise Park by topography and a lack of inter-site connections)

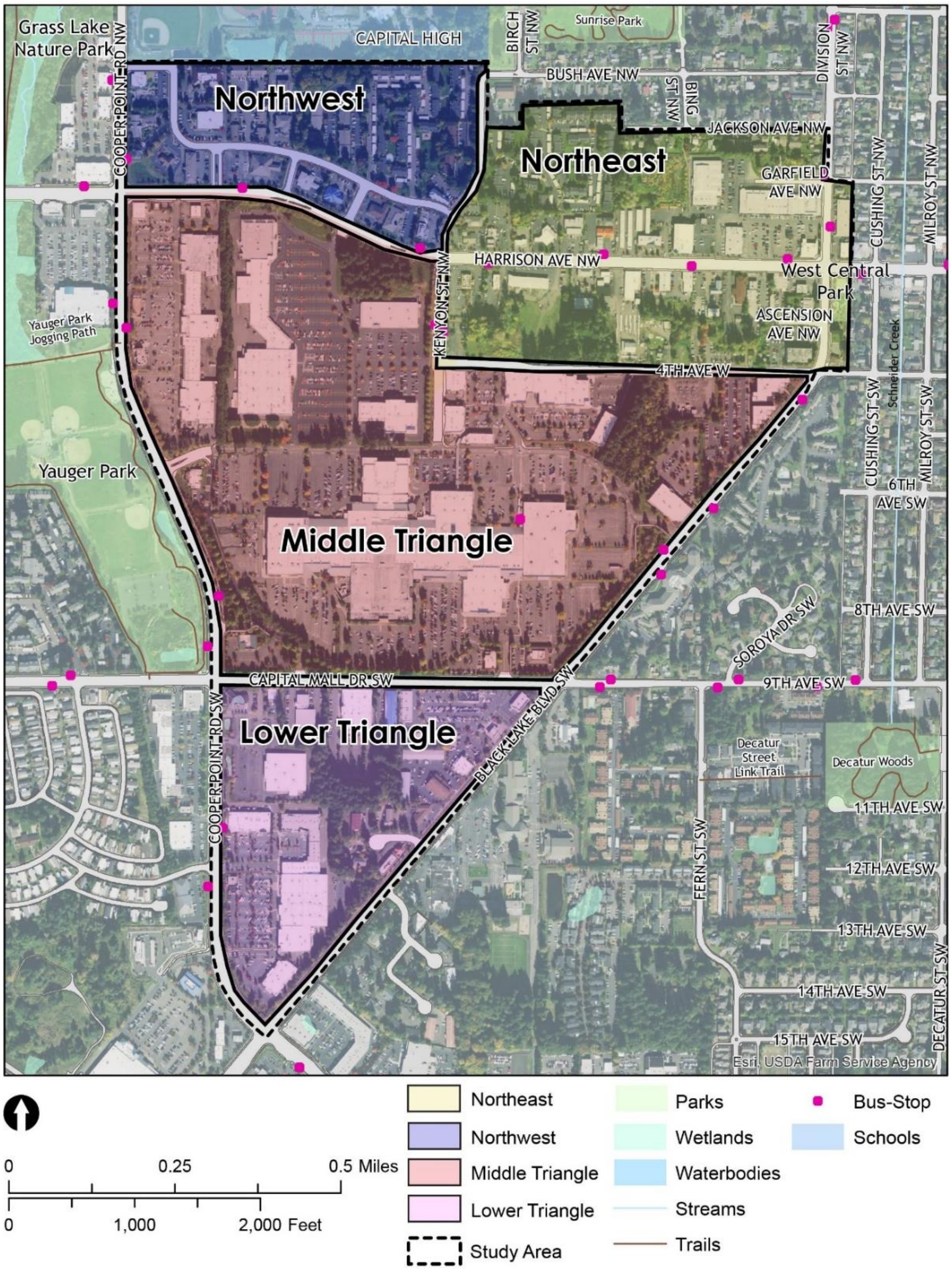


NOTE: The above map does NOT reflect the subarea boundary or the zone district boundary.
SOURCE: City of Olympia, Parks, Arts, & Recreation Plan (2022, pg. 77)

EXHIBIT 2-12 **Olympia Park Coverage and Need Map**

Existing Development Types

CHARACTER DISTRICTS



SOURCE: MAKERS (2022)

EXHIBIT 2-13 **Capital Mall Triangle Districts**

Northeast Area

The northeast part of the study area surrounds Harrison Ave between Kenyon St NW and Division St NW and primarily includes single-story, local-serving, smaller, and often locally-owned businesses in older buildings. Two strip malls at the intersection of Division St and Harrison Ave include a Grocery Outlet, a local brewery, WSECU bank, and other restaurants, services, and shops act as a commercial center for West Olympia neighborhoods. Along Harrison Ave NW, additional shops, services, and amenities, such as the Westside Lanes bowling alley, Capital Market (Asian grocery store), hardware store, a pet groomer, and auto repair shops serve the area. There are some storage and light industrial uses. Additionally, this area has West Central Park (privately owned but open to the public), a half-acre park with a stage, seating, shade, and access to food options nearby, and regular events. Sunrise Park, a public park with community gardens is located just outside the northern boundary of the subarea.

The commercial properties are auto-oriented in nature with some large surface parking lots. Parcels are not as large as those found closer to the mall and Target shopping centers. Buildings are placed close to the street, but their entrances usually face the parking lots and not the street. Harrison Ave NW has relatively narrow sidewalks that often abut traffic (without a landscape strip). Some of this area has street trees but they are in the sidewalk (not a planter strip) and effectively narrow the path of travel for pedestrians.

North of the commercial properties are residences of varying types and densities.

SOURCE: Google (2019)

EXHIBIT 2-14 **Northeast Area Larger Strip Mall**

SOURCE: MAKERS (2022)

EXHIBIT 2-15 **West Central Park, Olympia, WA**

Northwest Area

The northwestern part of the study area is similar to the northeast area with smaller commercial properties with single-story buildings fronting the north side of Harrison Ave NW. Banks, fast-food restaurants, and some local businesses front Harrison Ave. These tend to be set back slightly further and include more landscaping than their counterparts along Harrison Ave NW in the Northeast area. Sidewalks are still narrow and directly abut Harrison Ave NW. A small office park and other service buildings are clustered near Cooper Point Rd. Multi-family residences are north of the commercial areas. Capital High School is a key amenity in this area, and a trail connects the high school and Sunrise Park. An unimproved trail connects the high school to Kenyon Avenue.

SOURCE: Google (2011)

EXHIBIT 2-16 **Northwest Area Office Park and Apartments**

SOURCE: MAKERS (2022)

EXHIBIT 2-17 **Northwest Area Apartments**

Middle Triangle

The Middle triangle is a regional shopping center focused around Capital Mall that benefits from arterial access from Highway 101. Buildings are typically single stories surrounded by very large surface parking lots with minimal trees or landscaping. None appears to include natural drainage. Parcels are huge and owned by just a few groups. The Mall has a movie theater and big box stores like REI, Best Buy, DICK'S Sporting Goods, and JCPenney. It also hosts a public library and Intercity Transit's transit center. A Target, Ace Hardware, and Goodwill anchor the two strip malls northwest of the mall, and northeast of the mall, there are a couple of government buildings for the state of Washington.

SOURCE: MAKERS (2022)

EXHIBIT 2-18 **Capital Mall Northern Entrance**

Lower Triangle

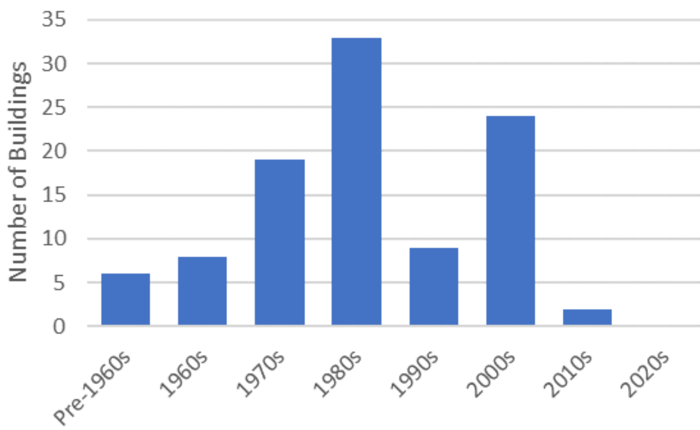
The Lower triangle is located south of Capital Mall Drive and has a lower level of regional shopping options than the more prominent regional shopping area. Some well-known locations in this area are Big Lots, Mattress Firm, Outback Steakhouse, and Five Guys. Having developed prior to modern intersite connectivity standards, the medium-sized parcels are disconnected and auto-oriented with large surface parking lots in front of the single-story buildings. A substantial stand of trees acts as a physical barrier between lots in the center of this district. Also, a significant grade/elevation change is located within this area of trees in the center of the district.

SOURCE: Google (2019)

EXHIBIT 2-19 **Parking Lot of Shopping Plaza in the Lower Triangle**

AGE OF BUILDINGS

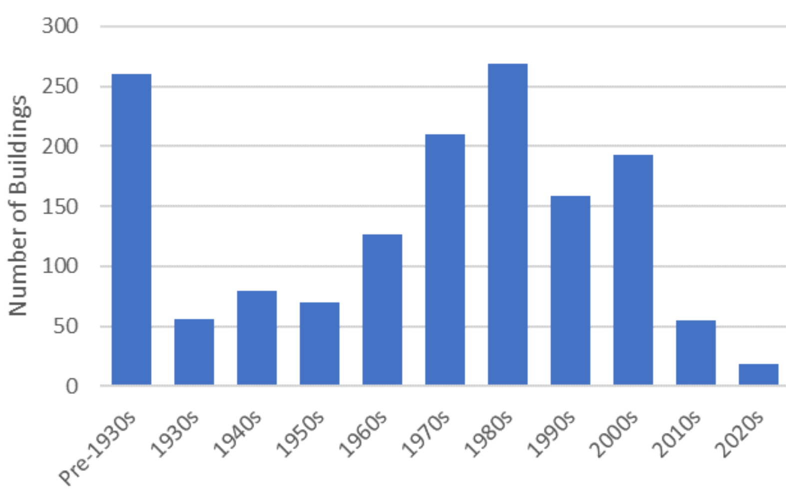
According to CoStar, the average year built for buildings within the Capital Mall Triangle subarea is 1985. The average year built for multifamily properties in the subarea is 1987 while the average vintage of retail buildings is 1983. Most of the construction in the subarea occurred in the 1970s, 1980s, and 2000s, as shown in **EXHIBIT 2-20**.



SOURCE: CoStar, LCG

EXHIBIT 2-20 **Distribution of Commercial Building Ages in the Capital Mall Triangle Subarea**

In the City of Olympia, the average year built for multifamily, office, and retail properties is 1972. The average year built for retail is 1985, for multifamily is 1978, and for office is 1990. As in the subarea, most of the post-1930 multifamily, office, and retail buildings in the City of Olympia were built in the 1970s, 1980s, and 2000s. In general, the Capital Mall Triangle area developed more recently than much of the city.



SOURCE: CoStar, LCG

EXHIBIT 2-21 **Distribution of Retail, Multifamily, and Office Building Ages in the City of Olympia**

Anticipated Growth and Development Capacity

Table 2-4 and **Exhibit 2-22** show three alternative ways of looking at current zoned capacity as compared to existing conditions. As described in the **Market Analysis: Existing Conditions** attachment, optional methods to project potential future land uses include the following.

Status Quo. The City has identified the Capital Mall Triangle subarea as a place where growth should be concentrated. However, between 2000 and 2022, the subarea has only seen industrial, office, and retail development (total of 430,248 square feet). Currently, high parking requirements for shopping centers prevent the redevelopment of the mall and other retail properties south of Harrison Avenue. There is, however, some development potential on parcels in the northern part of the study area, though no multifamily development has occurred here over the last 20 years. The proposed Bing Street apartments, which are currently under permit review, are expected to add 114 units to a 2.28-acre site. This alternative follows the non-residential development trend line and uses a density of 50 units per acre on three potentially redevelopable parcels in the northern portion of the subarea to estimate potential redevelopment by 2045. These trends would not meet the Thurston Regional Planning Council's (TRPC's)/City's growth targets for the Triangle.

TRPC Projection. TRPC uses a standard buildable lands capacity method to estimate future land use intensity. By 2045, TRPC forecasts that the area will grow to 2,180 people, 1,410 housing units, and 5,948 jobs. TRPC estimates that there are 121.5 acres of developable land in the Capital Mall Triangle subarea. If housing units and jobs were spread evenly throughout the 121.5 acres, new development would have a density of 18 people, 12 housing units, and 49 jobs per acre by 2045.

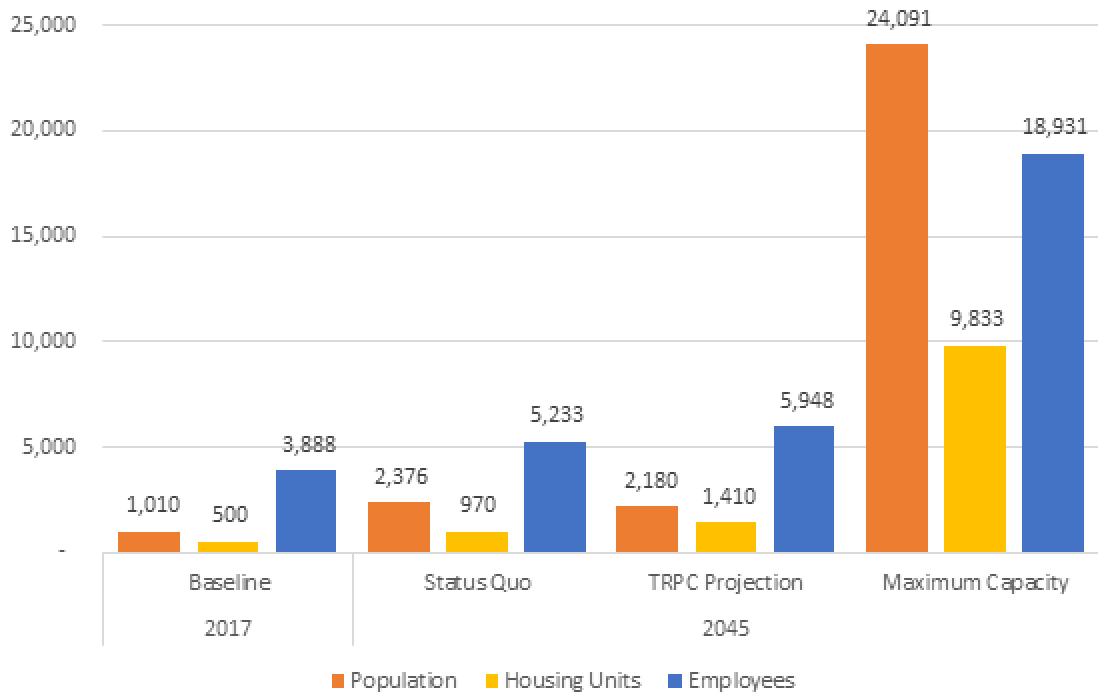
Hypothetical Maximum Capacity. This method applies greater intensity redevelopment to the full 121.5 acres of developable land TRPC identifies in their buildable lands method.

TABLE 2-4 **Land Use Capacity**

		Projected (2045)		
	Existing (2017)	Status Quo	TRPC Projection	Maximum Capacity
Residences (housing units)	500	970	1,410	9,833
Residential average density* (du/acre)	1.7	1.7	4.8	33.5
Employees	3,888	5,233	5,948	18,931
Commercial (square feet)	2,398,977	2,829,225	1,903,360	6,057,972

SOURCE: TRPC, CoStar, LCG

* Average across the whole study area; actual densities would vary by parcel/smaller districts.



SOURCE: TRPC, CoStar, LCG

EXHIBIT 2-22 **Number of People, Housing Units, and Employees Expected Under Status Quo, TRPC, and Maximum Capacity Projections**

The SEPA No Action Alternative may select one or combine the above methods to understand zoned capacity with no changes to current policies and regulations.

Edges and Adjacent Neighborhoods

East of Black Lake Boulevard are two-story apartments and the three-story Capital Place retirement community. Further east and to the north are primarily single-family houses. The neighborhoods extend to the northeast and east ot Budd Inlet and Capitol Lake, encompassing amenities like Woodruff Park and Garfield Elementary School. The residential streets have some sidewalks and good tree canopy coverage.

To the south, similar regional shopping as within the Triangle is along Black Lake Blvd SW, and to the southeast, regional auto dealerships run alongside Highway 101. Highway 101 segregates the area from Ken Lake and southwest Olympia.

Southwest of the study area is primarily multifamily neighborhood. South of Capital Mall Dr SW is a mobile home park senior community, and both north and west of the mobile home park are many 2-3-story apartment complexes. Yauger Park sits between apartments and the Triangle. West of the apartments and Yauger Way SW is the Multicare Capital Medical Center. Sidewalk coverage is thorough and sidewalks are often buffered from traffic with landscape strips and street trees.

Although there are surrounding neighborhoods, the three arterials surround the mall act as barriers between the study area and its neighbors for anyone not in a motor vehicle. Walking, rolling, or biking to the Capital Mall study area is difficult and uncommon.

2.3 Key Findings and Implications for Plan

- The Capital Mall Triangle study area is a regional center that is successful because of its regional access via Cooper Point Road and Black Lake Boulevard. The subarea is the only major shopping center in the South Puget Sound, providing it with a very large trade area. Future planning should better integrate the continued success of the regional commercial center with improving connections and use of the subarea by local neighboring areas.
- Harrison Ave includes local-serving small businesses, many of which are locally-owned. These businesses may be at risk of displacement with redevelopment of the area. The plan should consider anti-displacement programs and affordable commercial space incentives.
- Multifamily and single-family neighborhoods surround the Capital Mall Triangle, but are physically divided by the arterial roads Harrison Avenue, Cooper Point Road, and Black Lake Boulevard. The roads make it more difficult for those in the neighboring residential areas to get to and use the amenities in the commercial area if they do not use a car to get there. The plan should consider public and private investments to improve safe and comfortable multimodal access along and across these arterials.
- The study area is located in an amenity rich area. There are multiple schools, parks, and grocery store options, along with there being medical services nearby. The mall has one of the most popular regional libraries in the region, a bowling alley, and a movie theater. However, the area lacks safe and comfortable multimodal connections between amenities. The plan should consider how better connections may be included with any redevelopment in the Triangle.
- Currently, the Capital Mall Triangle study area lacks a walkable mixed-use urban form that better integrates residential uses with the commercial and amenity uses. Some of the building lengths within the study area are over 1,000 feet long, with the mall itself being around 1,650 feet long. Additionally, there is a lack of intersite connectivity throughout the study area.
- Olympia's development standards allow dense development but require more parking than is currently used or needed, which is impacting development feasibility. In addition, early property owner interviews indicate that tree and stormwater requirements triggered by major renovations or redevelopment may impact development feasibility. Current trend lines do not point to the Triangle meeting planned growth targets by 2045. The plan should carefully consider multiple objectives when making recommendations about development standards and consider methods to attract desired development.
- Also see the attached **Market Analysis: Existing Conditions** for market, development feasibility, housing, demographics, and displacement risk analyses and findings.

SECTION 3. TRANSPORTATION

This section presents a review of multimodal transportation conditions in the City of Olympia Capital Mall Triangle Subarea. The current transportation environment is documented for automobiles, transit, pedestrians, bicycles, and parking. The City of Olympia recently completed its Transportation Master Plan (TMP), which included extensive transportation analysis throughout the City. A summary of the key findings from the TMP and other studies for the Capital Mall Triangle Subarea is presented in this section.

3.1 Existing Transportation Plans and Studies

This section provides summaries of recent plans, programs, and studies related to the City of Olympia Capital Mall Triangle Subarea. These summaries help provide a background understanding of the prior transportation planning and regulatory framework in the study area. These are presented in chronological order with most recent plans first.

Regional Plans

THURSTON CLIMATE MITIGATION PLAN (2020)

The Thurston Climate Mitigation Plan was created in coordination with Thurston County and the cities of Lacey, Olympia, and Tumwater for the purpose of reducing greenhouse gas emissions while maintaining quality of life. This plan included the development of several strategies and priorities that are pertinent to transportation in general that will guide priorities within the City of Olympia Capital Mall Triangle Subarea. These transportation priorities include:

- T1.4: 20-Minute Neighborhoods – This strategy prioritizes increasing the number of 20-minute neighborhoods (i.e., areas with walkable environments, destinations that support a range of basic living needs and housing that can all be reached within a comfortable 20-minute walk).
- T4: Increase the Use of Public Transit – This strategy prioritizes increasing transit frequency and connections throughout Thurston County, including to and within the City of Olympia Capital Mall Triangle Subarea.
- T5: Increase Use of Active Forms of Travel – This strategy prioritizes identifying gaps in the active transportation network and developing strategies and plans to increase pedestrian and bicycle infrastructure. This is a particular priority within the City of Olympia Capital Mall Triangle Subarea.

REGIONAL TRANSPORTATION PLAN (2020)

The Regional Transportation Plan (RTP) is the strategic transportation blueprint for the Thurston Region. The RTP is prepared by the Thurston Regional Planning Council (TRPC), which is a regional transportation planning agency made up of all the cities in Thurston County, as well as the county itself. Key policies from the RTP include:

- 1.a Commit to the development and implementation of land use plans, development patterns, and design standards that encourage walking, bicycling, transit use, and other alternatives to driving alone.
- 1.j Create vibrant city centers and activity nodes along transit corridors that support active transportation and housing, jobs, and services.
- 2.a Provide for quality travel mode options appropriate to existing and future land uses, including walking, bicycling, public transportation, rail, and motor vehicles, including freight.
- 6.a Promote transportation-efficient development and redevelopment, and site services and facilities where transit, walking, and bicycling are now or will be viable alternatives to driving.
- 6.d Manage parking to improve consistency with transportation demand management objectives.
- 6.i Decrease annual per capita vehicle miles traveled in the Thurston Region to:
  - 1990 levels by 2020
  - 30 percent below 1990 by 2035
  - 50 percent below 1990 by 2050
- 9.f Develop an interconnected grid of local streets and roads to increase individual travel options and neighborhood connectivity, while improving efficient use of the overall regional network.
- 9.h Incorporate alternative strategies to address congestion where road widening and traffic control devices are not acceptable, particularly along Strategy Corridors [which include Harrison Avenue, Black Lake Boulevard, and Cooper Point Road].
- 11.e Provide short- and long-term bicycle parking and other supporting facilities at locations such as schools, employment sites, and activity centers.
- 12.c Provide frequent pedestrian crossings, especially in urban areas, along primary transit routes, and near activity centers.
- 12.e Require pedestrian-friendly building design in activity centers, and pedestrian-oriented or high density zoning districts.
- 12.g Encourage neighborhood planning efforts to refine and identify pedestrian corridors and promote walkability.

Local Jurisdiction and Agency Plans

CITY OF OLYMPIA STREET SAFETY PLAN (2022)

The purpose of the City of Olympia Street Safety Plan was to identify safety needs that address the most severe crashes throughout the City. The plan prioritizes:

- Collisions that result in a serious or fatal injury
- Collisions involving pedestrians and bicyclists.

The City analyzed a variety of systemic risk factors to identify locations to prioritize systemic and spot improvements. It should be noted that all three arterials within the study area (Cooper Point Road, Harrison Avenue and Black Lake Boulevard/Division Street) were identified as Tier 1 safety corridors, meaning they had three or more safety risk factors present. Additionally, the Street Safety Plan identified systemic site locations for safety improvements based on the following criteria:

- The location is on an identified safety corridor, and
- Two or more pedestrian and bicycle crashes occurred within the 2014-2018 analysis period; or
- Location was identified as a potential Transportation Master Plan project.

Based on these criteria, the following site locations within the Subarea were identified as potential pedestrian/bicycle safety priorities:

- Harrison Avenue and Kenyon Street
- Cooper Point Road and Harrison Avenue
- Harrison Avenue and Division Street
- Cooper Point Road and Capital Mall Drive
- Cooper Point Road and Black Lake Boulevard

CITY OF OLYMPIA COMPREHENSIVE PLAN (UPDATED 2021)

The City of Olympia Comprehensive Plan notes that Olympia's Westside (encompassing the City of Olympia Capital Mall Triangle Subarea) has experienced substantial commercial and residential development over the last few decades. This has led to a large proportion of non-work-related trips to the various retail uses, meaning that the traffic congestion experienced within the Subarea would receive less benefit from commute trip reduction strategies. Projects identified within the Comprehensive Plan that would impact the Subarea include:

Roadway/Intersection

- Yauger Way: Extension to Top Foods.
- Kaiser Road: Connection to Black Lake Boulevard.
- Yauger Way (US 101 Off Ramp) and Capital Mall Drive: Signal or roundabout.

Bicycle Lanes

- Kenyon Street: From Capital Mall access road to Harrison Avenue.

The Comprehensive Plan also identifies the **West Olympia Access to SR 101 project** (which is also in the RTP), which will construct partial interchanges at Kaiser Road and Yauger Way to reduce congestion at the Black Lake Boulevard interchange.

CITY OF OLYMPIA TRANSPORTATION MASTER PLAN (2021)

The purpose of the City of Olympia Transportation Master Plan (TMP) is to define the future multimodal network, evaluate revenue needs, and define a more equitable transportation investment strategy within the City. The TMP was developed after the last major Comprehensive Plan update and effectively supersedes the 2021 Comprehensive Plan Transportation element where there are differences between the two documents. In summary, the TMP has a much lower emphasis on roadway widening and turn lane expansion and a much greater emphasis on multimodal connections and completing the active mode network. Ultimately, the TMP will be the primary document that will be used to populate the City's Transportation Improvement Plan (TIP), which is the funding constrained list of capital projects expected to be under planning, design, or construction within the next six years. The TIP is updated annually by reviewing transportation priorities from document like the TMP.

Within the TMP, the Westside Subarea (now defined as the City of Olympia Capital Mall Triangle Subarea) was identified as a focus area where the City plans to strategically guide new development and integrate transportation network improvements with land use changes. The TMP characterized this area as having wide high-volume streets with large commercial properties and multifamily housing. Key issues flagged within the Subarea included a lack of a grid system that increases the travel length and makes active modes more difficult, and a lack of comfortable and attractive active transportation facilities that allow for people to feel safer and less exposed to traffic when walking or biking to a destination. Key bicycle connections identified in the TMP include:

- 4th Avenue connection into the Mall area, extending to downtown
- Capital Mall Drive enhanced bike lanes
- Black Lake Boulevard enhanced bike lanes
- Cooper Point Road enhanced bike lanes.

Crosswalk improvements were identified at the following locations:

- Harrison Avenue between Kenyon Street and Division Street
- Cooper Point Drive just south of Harrison Avenue
- Cooper Point Drive just north of Capital Mall Drive

Roundabouts are a major strategy in the TMP as they are safer for all users and have lower maintenance costs. Ultimately, it is the goal of Olympia to convert many of the city's current traffic signals to roundabouts. Near the Subarea, roundabouts have been identified at the following locations:

- Cooper Point Drive and Harrison Avenue
- Harrison Avenue and Kenyon Street
- Harrison Avenue and Division Street
- Black Lake Boulevard and 4th Avenue
- Cooper Point Drive and Capital Mall Drive

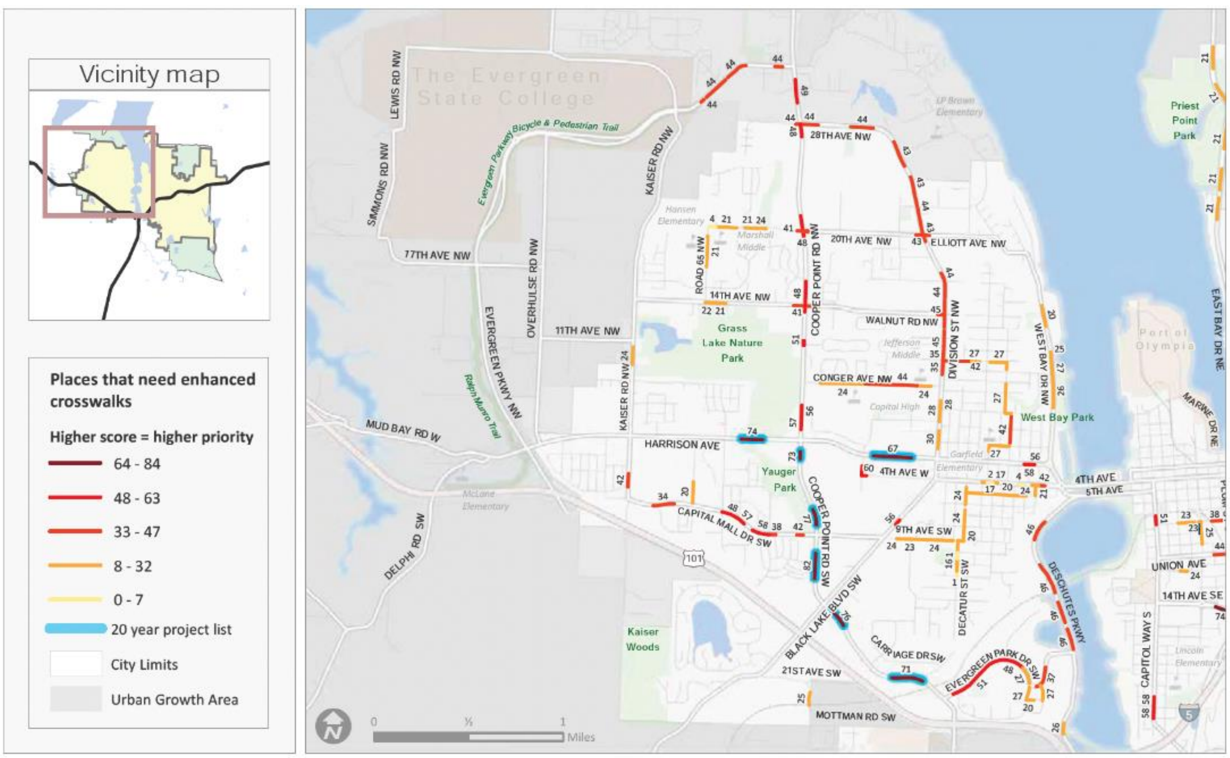
- Black Lake Boulevard and Capital Mall Drive
- 9th Avenue and Fern Street

Of the roundabouts listed above, the intersections of Black Lake Boulevard and Capital Mall Drive and 9th Avenue and Fern Street are identified on the TMPs prioritized 20 year project list.

The TMP also identifies the following locations for pedestrian and bicycle crossing safety improvements:

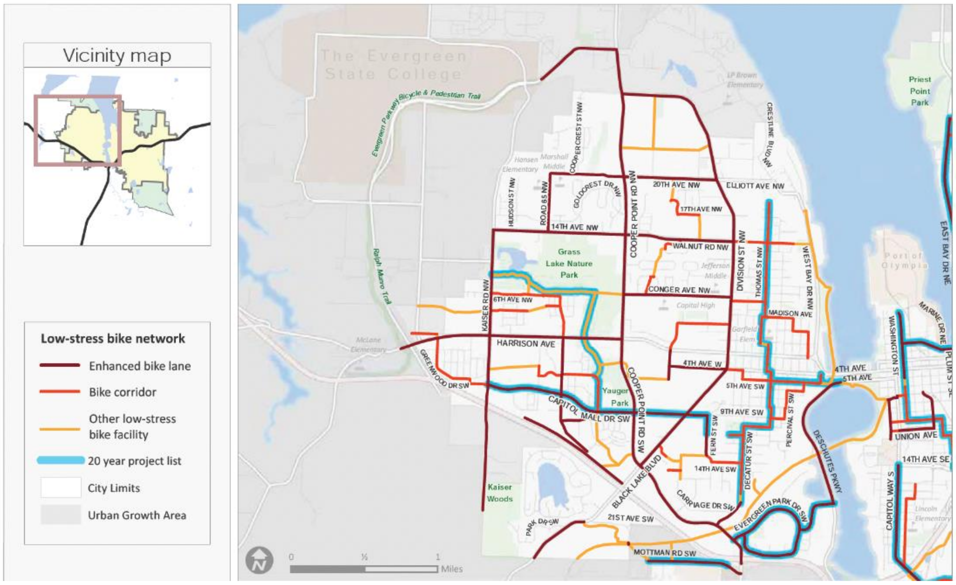
- Cooper Point Road and Harrison Avenue
- Harrison Avenue and Kenyon Street
- Harrison Avenue and Division Street
- Cooper Point Road at the Skate Park

The following figures highlight some of the key TMP projects near the Subarea, notably areas where crossings are needed, the low-stress bike network, and planned intersection improvements.



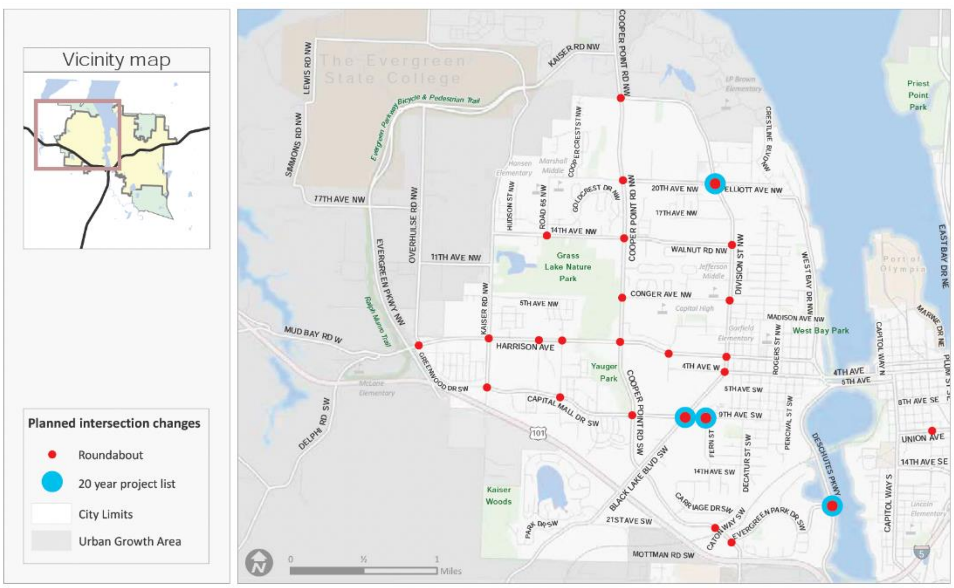
SOURCE: Transportation Master Plan (TMP), 2021

EXHIBIT 3-1 **Places that Need Enhanced Crosswalks**



SOURCE: Transportation Master Plan (TMP), 2021

EXHIBIT 3-2 **Low-stress Bike Network**



SOURCE: Transportation Master Plan (TMP), 2021

EXHIBIT 3-3 **Planned Intersection Changes**

WSDOT SR 101/WEST OLYMPIA ACCESS PROJECT (2010)

WSDOT, in coordination with the City of Olympia and other local entities, studied the traffic patterns within Westside Olympia (encompassing the City of Olympia Capital Mall Triangle Subarea) to assess existing and future mobility concerns and identify a range of measures to address mobility and improve access throughout the Subarea. Based on this study, WSDOT recommended the construction of an additional interchange to SR 101. The preferred option for this interchange will include the following:

- **Kaiser Road:** A westbound off-ramp and eastbound on-ramp.
- **Yauger Way:** An off-ramp extension in the westbound direction at Black Lake Boulevard that would connect to Yauger Way.

This interchange is currently in early stages of design, with the interchange justification report (IJR) completed in 2016. The City is also exploring how any interchange improvements could also improve active mode connections within the Westside area, potentially through parallel trails or sidewalk or bike lane improvements on the nearby street grid.

3.2 Current Conditions

Roadway Network

The City of Olympia Capital Mall Triangle Subarea has the following streets providing access and mobility through the Subarea:

- Harrison Avenue, Cooper Point Road, and Black Lake Boulevard/Division Street are four-lane arterials with center turn lanes/medians.
- Capital Mall Drive is a three-lane major collector that cuts across the Subarea, with two lanes in the eastbound direction and one in the westbound.
- Kenyon Street and 4th Avenue are two-lane major collectors.

Black Lake Boulevard/Division Street and Cooper Point Road are the two main north-south arterials in the area, connecting the Subarea and Westside Olympia to SR 101. Harrison Ave is the main east-west arterial connecting the downtown and historic district to Westside Olympia. These corridors are also all identified as Strategy Corridors within the Comprehensive Plan (2021) and RTP. Strategy Corridors are arterials within the City's regional street system where the Olympia prioritizes multimodal improvements and connections to reduce the dependance on vehicle travel.

Kenyon Street serves as an access to the Mall and the surrounding businesses and ends at Mall Loop Drive. 4th Avenue provides access to businesses starting at Kenyon St and continues east of the study area and onto residential areas in Olympia's Historic District. 4th Avenue is identified as a potential low-stress bicycle facility that could be instrumental in connecting the Subarea to downtown and points east.

The TMP (2021) identifies Cooper Point Road and Harrison Avenue for resurfacing treatments within the next 20 years. The City will examine the traffic capacity and ability to accommodate active modes and transit whenever a resurfacing project takes place. Olympia will seek ways to improve conditions for biking, walking, and transit while also managing traffic congestion. .

See **Exhibit 3-4** for the road network for the Subarea.

SOURCE: MAKERS (2022)

EXHIBIT 3-4 **Roadway Network within the Subarea**

TRAFFIC OPERATIONS

As noted in multiple plans and studies, the City of Olympia Capital Mall Triangle Subarea does not have a conventional grid system, leading traffic to be concentrated onto a limited number of streets, which also limits multimodal access to the Mall area. All three arterials within the Subarea experience congestion during the morning and evening peak hours, although congestion is more pronounced in the evening peak hour. Based on earlier studies, particular areas of congestion include the following:

- SR 101 interchange with Black Lake Boulevard
- Black Lake Boulevard and Cooper Point Road intersection
- Black Lake Boulevard and Capital Mall Drive intersection
- Division Street and Harrison Avenue intersection
- Cooper Point Road and Capital Mall Drive intersection
- Cooper Point Road and Harrison Avenue intersection

Prior studies and observed conditions have shown these intersections to generally operate in the LOS C or D range, with higher delay in the PM peak hour. However, while these intersections tend to have more congestion, they are all located along Strategy Corridors, where the City will emphasize the buildout of multimodal connections and providing people alternatives to driving rather than street widening. The City and region (TRPC) both acknowledge that Strategy Corridors will experience some peak period congestion as they are the areas that have the most overall multimodal access and are expected to accommodate the highest density growth in the region. The City aims to manage traffic congestion along Strategy Corridors, but not to the detriment of creating a connected multimodal network that can accommodate higher-density development. It is also worth noting that, unlike many other cities, Olympia does not have automobile LOS standards that must be met. Rather the City is committed to building out key portions of the TMP multimodal network over the next 20 years by leveraging local, state, and federal funds, along with developer impact fees and through developer frontage improvements.

Transit

Three transit agencies run bus routes within the City of Olympia Capital Mall Subarea: Intercity Transit, Mason Transit, and Grays Harbor Transit. These routes, with their corresponding agencies, headways and typical service hours, are summarized in **TABLE 3-1**. See **Exhibit 3-5** for a map of the transit routes within the Subarea.

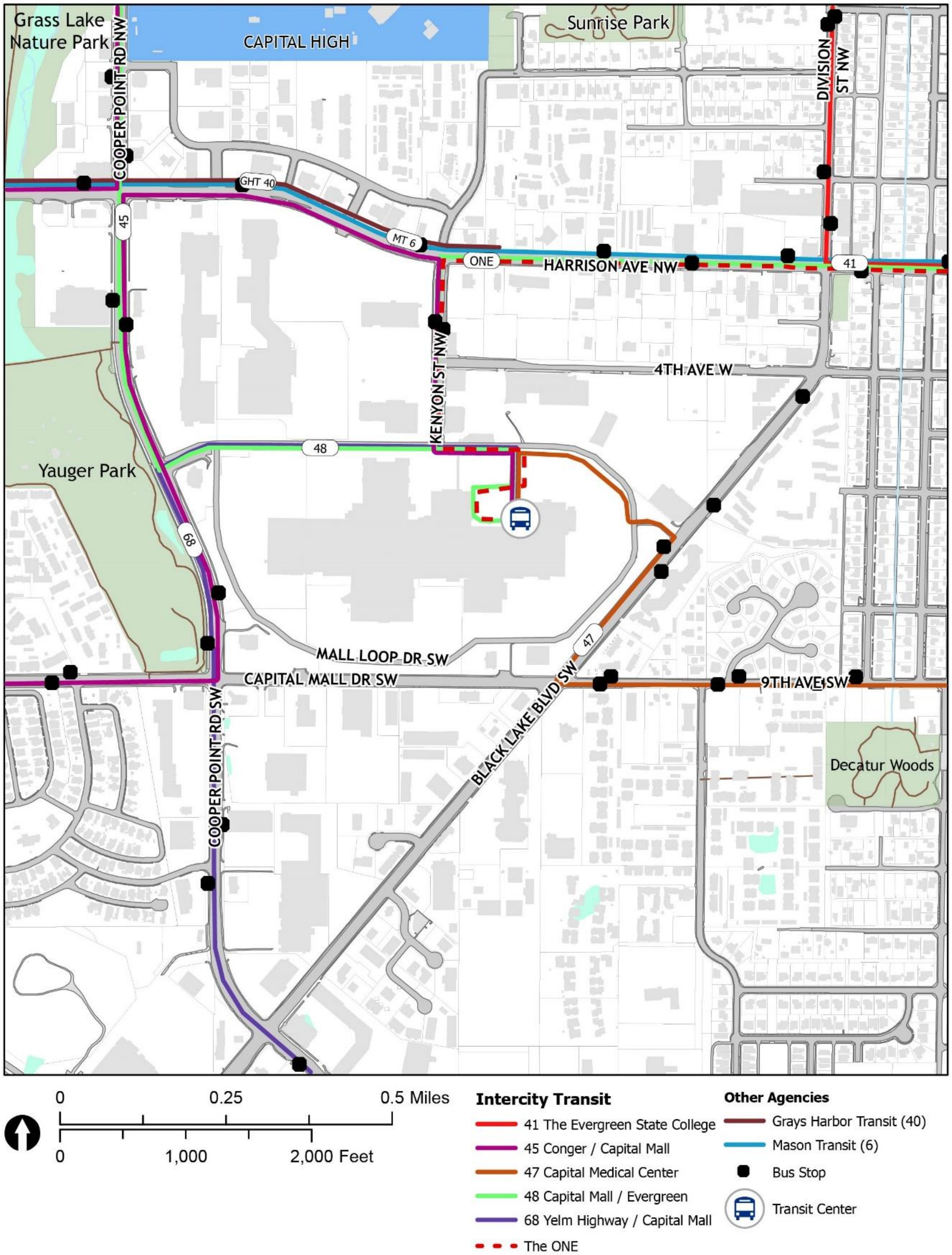
The Capital Mall has a transit center serving Intercity Transit routes 45, 47, 48 and 68. This transit center (called “Capital Mall Station”) also serves The One high-frequency route, which is currently paused due to a shortage of operators. The Capital Mall Station is located in the northwest quadrant of the Mall. However, this location is relatively nestled within the Mall property, adding significant travel time as the buses wind around the parking lot. This increases the time and complexity of making transfers at the Station. In 2021, the Station had approximately 88,000 boardings; this is a 25% reduction from the approximately 118,000 boardings that occurred in 2019. Although this is a significant reduction, it is not unexpected considering the pausing of The One high-frequency route, in addition to other post-pandemic transit trends that have shown a relative decrease in transit trips in more urban areas.

It should also be noted that Harrison Avenue, Black Lake Boulevard and Cooper Point Road are all listed in the Comprehensive Plan (2021) as priority bus corridors. However, currently there is no transit service on Black Lake Boulevard south of 9th Avenue. Overall, the Subarea has relatively strong transit service today, relative to most of the rest of urban Thurston County; however, it should be noted that there is a need to improve comfort and connectivity to the Capital Mall Transit Center and extend service hours to better serve mall employees later into the evening. Most routes serving the mall currently end service by 9PM or earlier, which does not capture employees whose shifts end at Mall closing hours. Additionally, the poor street grid throughout the Westside makes it difficult for buses to turn around, leading to elongated routes that reduce the efficiency of transit service, including within the subarea.

TABLE 3-1 **Transit Service to the Capital Mall Triangle Subarea**

Route	Name	Headway (minutes)	Typical Service Hours
Intercity Transit			
The One	Martin Way Park & Ride – Capital Mall	Paused; 15-minute when service resumes	Paused
41	The Evergreen State College	30-minute	6:00AM – 9:00PM
45	Conger/Capital Mall	60-minute	6:45AM – 7:00PM
47	Capital Medical Center	60-minute	7:00AM – 7:00PM
48	Capital Mall/Evergreen	30-minute	6:15AM – 9:00PM
68	Yelm Highway/Capital Mall	30-minute	6:00AM - 9:30PM
Mason Transit			
6	Shelton to Olympia	60-minute	5:30AM – 6:30PM
Grays Harbor Transit			
40	East Grays Harbor County to Olympia	120-minute	5:20AM – 8:25PM

SOURCE: Fehr & Peers, 2022



SOURCE: MAKERS (2022)

EXHIBIT 3-5 **Transit Routes Serving the Subarea**

Active Transportation

PEDESTRIAN NETWORK

Sidewalks exist on both sides of most of the arterials within the Subarea, as well as on Kenyon Street and Capital Mall Drive. However, within the Mall area the network is incomplete, with many sidewalk gaps in areas that have pedestrian demand. Additionally, 4th Avenue W is missing sidewalks on the north side of the street west of Division Street/Black Lake Boulevard (for approximately 1,000 ft), and Cooper Point Road has a segment of roadway where sidewalk is missing on the west side of the roadway, just south of Capital Mall Drive for approximately 700 feet. There are also several high priority curb ramps within the study area that need to be upgraded to current standards.

These gaps can make pedestrian mobility within the Subarea more challenging, but there is proven demand for these facilities within the Subarea. One example of latent demand for pedestrian facilities within the Mall area is a “goat trail” that exists along Mall Loop Rd between the south Target access and Cooper Point Road where pedestrians and bicyclists have made their own path. **Exhibit 3-6** shows the pedestrian and trail facilities within the Subarea, including opportunities to fill sidewalk gaps. There are also some sidewalks that are in need of repair and are obstacles for those utilizing wheeled mobility devices. Additionally, there is a need to prioritize wide and buffered sidewalks along Cooper Point Road, Harrison Avenue and Black Lake Boulevard/Division Street to facilitate safe and comfortable connections for pedestrians along these arterials.

In addition to these facilities, the TMP (2021) has flagged four locations within the study area where enhanced crossings will be constructed in the next 20 years, with three on Cooper Point Road and one on Harrison Avenue.

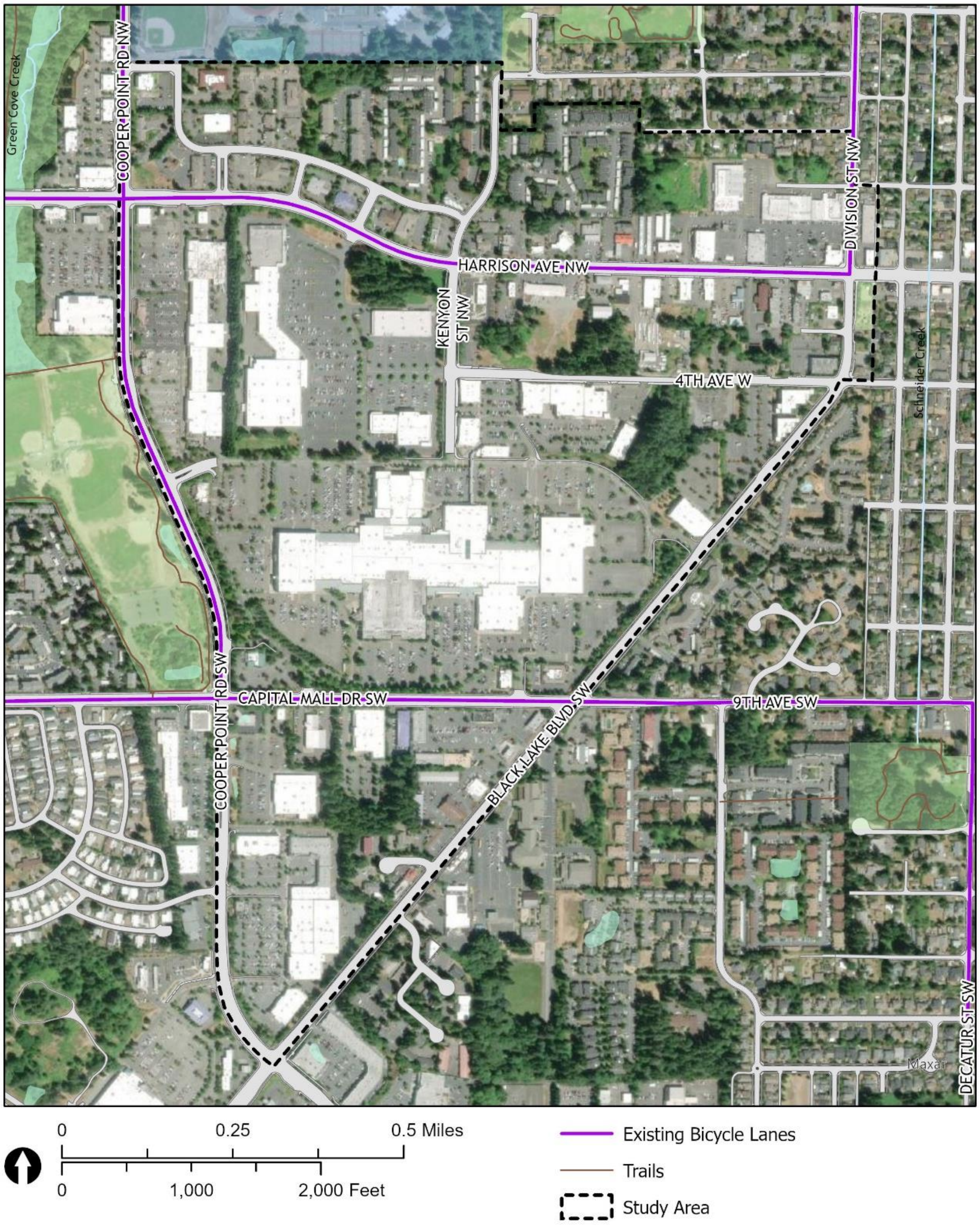
SOURCE: Fehr & Peers, 2022

EXHIBIT 3-6 **Pedestrian and Trail Facilities**

BICYCLE NETWORK

There are striped bicycle lanes on Harrison Avenue and Capital Mall Drive as well as on Cooper Point Road and Division Street north of Harrison Ave. See **Exhibit 3-7** for a more-detailed map of bicycle facilities. Due to the high-traffic nature of the arterials within the Subarea, many of the striped bike lanes also experience high traffic stress, making them uncomfortable for all but the most experienced of cyclists.

There is observed real and latent demand for low-stress bicycle facilities within the Subarea, with many bicyclists using the sidewalks instead of the bike lanes and routing through the parking lots of the area. Within the next 20 years, the City plans to implement an enhanced bicycle lane on Capital Mall Drive to lower traffic stress on the corridor and improve east-west bicycle connectivity to the city-wide low-stress bicycle network. Beyond the 20-year horizon the City plans enhanced bike lanes on Harrison Avenue, Cooper Point Road, and Black Lake Boulevard/Division Street. There is also an existing trail in Yauger Park that connects to the Capitol Village Shopping Center. The trail is part of the planned low-stress bike network and connecting it to some kind of east-west low-stress bike facility through the subarea is also noted as needed in the Transportation Master Plan.



SOURCE: Fehr & Peers (2022)

EXHIBIT 3-7 **Existing Bicycle Lanes and Trails**

Parking

The City of Olympia Capital Mall Triangle Subarea is served by a variety of parking facilities, the majority of which is privately owned, serving the various shopping centers within the Subarea.

In relation to the Capital Mall itself, the northeast portion of the parking (near the JC Penney anchor store) has been observed to be underutilized. However, based on City of Olympia standards for a regional shopping center, the Mall's parking capacity is approximately 100 parking stalls short of the requirement.

On-street parking within the Subarea is generally confined to the residential roadways, serving residential uses in the northern portion of the subarea. Although this on-street parking is visibly utilized, there is still comfortable on-street parking capacity, particularly centered around these neighborhood streets.

Safety

Per the City of Olympia Street Safety Plan (2022) and WSDOT collision data from 2015-2020, a total of 780 collisions occurred within the Subarea over a 6-year period. Of these, 8 resulted in a serious injury while 224 resulted in a minor injury. 30 were vehicle-to-pedestrian collisions (93% of which resulted in injury) while 11 were vehicle-to-bicycle collisions (92% of which resulted in injury). There were no fatal collisions within this 6-year period.

As part of the Street Safety Plan, the City compared actual roadway speeds to speed limits at various locations throughout the City. From this study, it was identified that, on average, vehicles travelled 6-15 mph over the speed limit along Black Lake Boulevard, 6-10 mph over the speed limit on 4th Avenue, and 1-5 mph over the speed limit on Cooper Point Road.

As noted previously, the Street Safety Plan identified the following priority locations for pedestrian and bicycle safety improvements:

- Harrison Avenue and Kenyon Street
- Cooper Point Road and Harrison Avenue
- Harrison Avenue and Division Street
- Cooper Point Road and Capital Mall Drive
- Cooper Point Road and Black Lake Boulevard

The TMP (2021) has identified roundabouts at many of these locations, with the intent to improve overall traffic safety. In addition to these priority locations, the City has also prioritized improving safety at the Rapid Repeating Flashing Beacon (RRFB) crossing Cooper Point Road at the Skate Park, north of the Capital Mall Loop Road.

Greenhouse Gas Emissions

Existing transportation emissions are estimated to be 1.7 times higher than the energy-related greenhouse gas (GHG) emissions of the various uses within the subarea. This proportion is expected to increase into the future, as densities increase within the subarea and use of the transportation network within the subarea continues to grow. However, with more dense redevelopment, emissions per capita may decrease (while overall emissions may continue to rise). With a greater mix of land uses in close proximity and transportation mode shifts to transit and human-powered ways of getting around, emissions per capita may decrease. Emissions may further decrease with shifts from gas-powered to electric vehicle use.

TABLE 3-2 **Estimated Greenhouse Gas Emissions in Capital Mall Triangle**

Type	# of Residential Units	Rentable Building Area (RBA) (square feet)	Energy-Related Emissions (MTCO2e)	Transportation-Related Emissions (MTCO2e)
Single-Family Home	26		17,476	20,588
Multi-Family Unit in Large Building	0		166,875	222,296
Multi-Family Unit in Small Building	467		0	0
Mobile Home	0		0	0
Education		4,232	2,732	1,529
Food Sales		9,040	13,935	2,549
Food Service		33,037	65,883	18,530
Health Care Inpatient		0	0	0
Health Care Outpatient		40,149	29,572	22,936
Lodging		0	0	0
Retail (Other Than Capital Mall)		579,268	334,402	606,531
Retail (Capital Mall)		793,862	458,222	325,532
Office		206,210	149,098	121,167
Public Assembly		0	0	0
Public Order and Safety		13,967	12,551	5,223
Religious Worship		0	0	0
Service		26,912	16,132	7,157
Warehouse and Storage		17,200	6,047	3,121
Other		76,487	97,780	19,663
Vacant (SF of land area, not RBA)		344,995	55,943	16,064

SOURCE: King County Emissions Calculator, Fehr & Peers (2022)

3.3 Key Findings and Implications for Plan

- The Subarea does not have a gridded roadway system, leading to funneling of traffic onto the three principal arterials (Cooper Point Road, Black Lake Boulevard and Harrison Avenue) and a lack mobility for active transportation modes. This impacts traffic congestion and safety. Future planning efforts should focus on additional roadway connections to improve access to the Subarea for all modes into the surrounding neighborhoods and reduce the level of traffic concentration at major intersections within the Subarea.
- Pedestrian and bicyclist safety has been flagged in multiple plans as a chief transportation concern for the Subarea. Multiple new enhanced crossings and bicycle lanes are currently planned, in addition to safety improvements at key crossings throughout the study area. Roundabouts at major intersections are also shown to improve traffic safety for all modes; the TMP has identified several roundabout priorities within the Subarea. In addition, it will be important for the City to prioritize improving sidewalk width and buffering for pedestrians and bicyclists along Cooper Point Drive, Harrison Avenue, and Black Lake Boulevard/Division Street to improve connectivity, comfort and safety for these vulnerable users on these arterials.
- East-west bicycle connectivity is challenging within the Subarea. In addition to filling gaps in the network and constructing an enhanced bicycle facility on Capital Mall Drive, 4th Avenue has been flagged as a potential possibility to facilitate additional east-west connection with downtown Olympia.
- Observed parking demand would imply the potential for redevelopment of some parking areas within the Capital Mall; however, this is not consistent with City of Olympia parking requirements, which show the Capital Mall as potentially parking deficient. Additional parking analysis should be performed to determine the exact parking occupancy and redevelopment potential. The City may want to update its parking requirements either as part of this Subarea plan or through future planning efforts.
- Shifts to transit and active transportation modes, which would be more likely with a greater mix of land uses in close proximity and improved multimodal infrastructure, as well as shifts from gas-powered to electric vehicle use, may reduce greenhouse gas impacts over time.

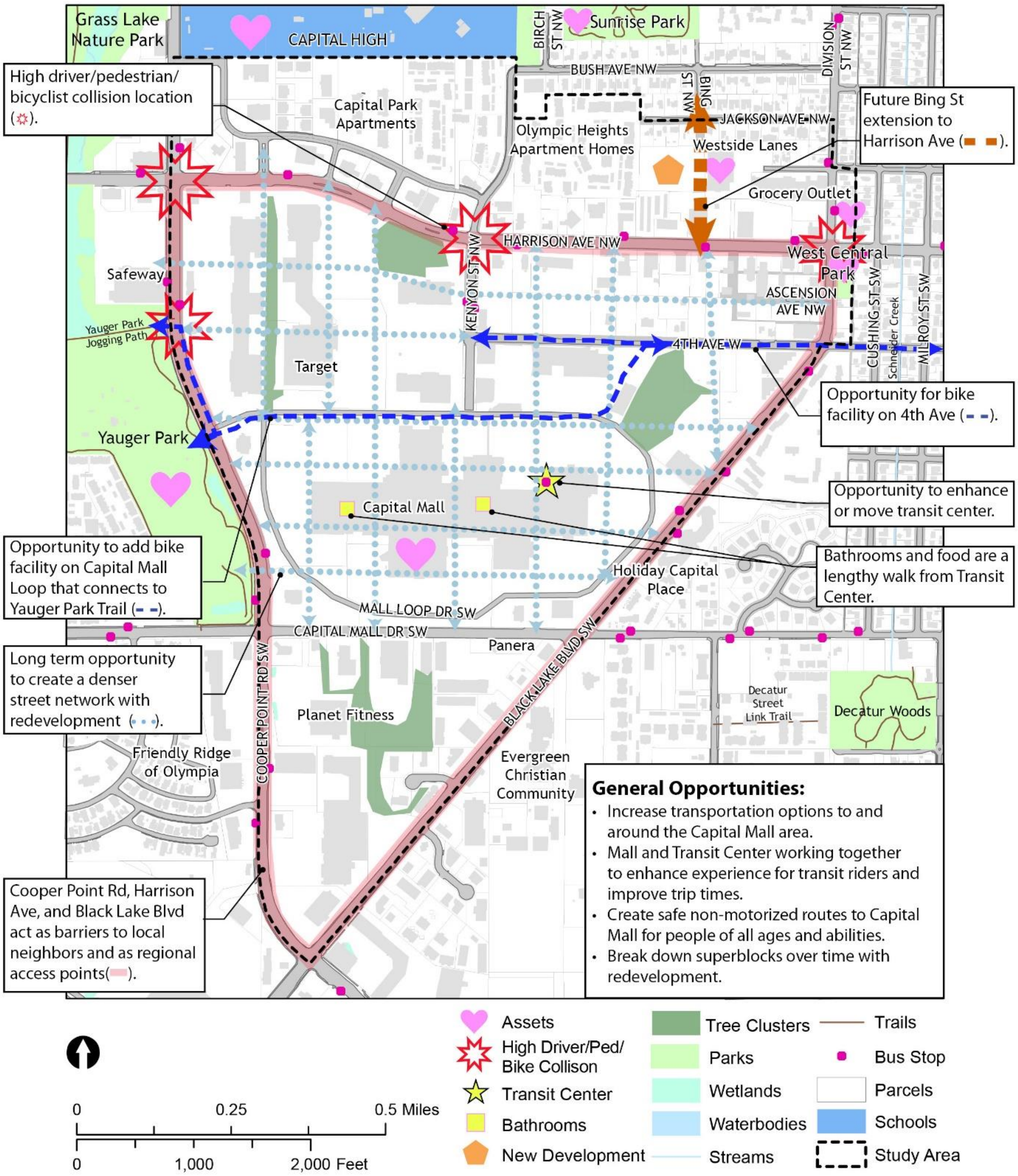


EXHIBIT 3-8 **City of Olympia Capital Mall Triangle Subarea**

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SECTION 4. STORMWATER

The section describes the existing conditions for stormwater within the study area. It includes a discussion of existing policies, plans, and regulations; current conditions; and key findings and implications for the Subarea Plan (the Plan). Stormwater management, and especially Low Impact Development (LID), are strongly supported by Olympia's community from policies to regulations to implementation.

4.1 Existing Policies, Plans, and Regulations

Stormwater in the study area is regulated at the federal, state, and local levels, as described below. In the discussion below, it is worth noting that some federal environmental regulations and permitting related to stormwater and water quality are administered at the state and local levels.

Federal Regulatory Requirements

The purpose of the federal Clean Water Act (CWA) (33 U.S.C. §1251 et seq.) is to restore and maintain the chemical, physical, and biological integrity of the nation's waters. The CWA establishes the basic structure for regulating pollutant discharges into waters of the U.S, including pollutant discharges from stormwater. Sections of the CWA relevant to stormwater management include the following:

- Section 303(c) of the CWA directs states to adopt water quality standards.
- Section 303(d) establishes a process for states to identify and clean up polluted waters not meeting water quality standards.
- Section 305(b) requires states to submit a report on the water quality status of waters to the U.S. Environmental Protection Agency (EPA) every two years.
- Section 402 establishes the National Pollutant Discharge Elimination System (NPDES) program, requiring pollutant discharges to surface waters be authorized by a permit. NDPES permit requirements initially applied to point source discharges, but the program was expanded in 1987 to explicitly include stormwater discharges.

State Regulatory Requirements

SURFACE WATER QUALITY STANDARDS

Washington's surface water quality standards are the basis for water quality protection in the state, implementing portions of the federal CWA. Chapter 173-201A of the Washington Administrative Code (WAC) states "*the purpose of this chapter is to establish water quality standards for surface waters of the State of Washington consistent with public health and public* *enjoyment of the waters and the propagation and protection of fish, shellfish, and wildlife … . All surface waters are protected by numeric and narrative criteria, designated uses, and an antidegradation policy*."

Ecology performs a Water Quality Assessment every two years to assess the status of Washington's waters relative to water quality standards and identify those most in need of cleanup actions. Ecology develops the 303(d) list of polluted waters that require a water improvement project and leads development of Total Maximum Daily Loads (TMDLs) to clean up those waters. Ecology's currently effective Water Quality Assessment and 303(d) list – from 2018 - were approved by EPA on August 26, 2022.

Ecology applies surface water quality standards and incorporates 303(d) listings and TMDL projects into the conditions of its water quality permits, including NPDES stormwater permits. NPDES stormwater permits issued by Ecology are discussed below.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) PERMITS

Ecology administers the NPDES permitting program in Washington on non-federal, non-tribal land, which covers the City of Olympia Triangle Mall study area. Ecology has developed general NPDES permits for municipal, construction, and industrial stormwater discharges to surface waters, as summarized below. The municipal and construction NPDES stormwater permits are applicable to future development and operations in the Triangle Mall study area. There are currently no facilities with industrial activity in the Triangle Mall study area that have coverage under an NPDES industrial stormwater permit (Ecology PARIS, 2022), and such industrial activities requiring NPDES permit coverage are not typical of the types of development permitted in the High Density Corridor zones (HDC-3 and HDC-4), Professional Office/Residential Multi-Family (PO/RM), or Residential Multi-Family (RM-18) zones present in the study area.

Municipal

Ecology administers the NPDES Western Washington Phase II Municipal Stormwater Permit, which is applicable to regulated small municipal separate storm sewer systems (MS4s) located on the west side of the Cascade Mountains. This permit requires local governments to develop and implement stormwater management programs to control pollutants in discharges from their MS4s and protect water quality in downstream receiving waters. The City of Olympia is a permittee under Ecology's Phase II municipal permit and implements a municipal stormwater program, as described in the *Local Plans, Policies, and Regulations* sub-section below.

Construction

Operators of construction activities that involve clearing, grading, and/or excavation that results in the disturbance of one or more acres, and which discharge stormwater to a surface water of state, are required to apply for coverage under Ecology's NPDES Construction Stormwater

General Permit (CSWGP). Compliance with this permit requires development and implementation of a Construction Stormwater Pollution Prevention Plan (SWPPP) to prevent erosion and sedimentation and reduce, eliminate, or prevent contamination and water pollution from construction activity. This permit requires operators to conduct site inspections, perform turbidity/transparency monitoring of discharges, and conduct stormwater pH sampling for significant concrete work or use of engineered soils. Ecology's current CSWGP became effective January 1, 2021, and it expires December 31, 2025.

Industrial

Dischargers of stormwater from industrial facilities, including most manufacturing operations, transportation facilities with vehicle maintenance activities, waste management and recycling facilities, and other industrial operations, are required to apply for coverage under Ecology's NPDES Industrial Stormwater General Permit (ISGP). The permit establishes requirements that include developing a site-specific SWPPP and Spill Control Plan, benchmarks for target pollutants in discharges, monitoring and sampling procedures, quarterly and annual reporting to Ecology, and Corrective Action procedures that apply when discharges exceed target benchmarks or water quality limits. Ecology updates the ISGP on a 5-year cycle; the current permit went into effect on January 1, 2020, and expires December 31, 2024.

Local Plans, Policies, and Regulatory Requirements

CITY OF OLYMPIA

Municipal Stormwater Program Overview

The City of Olympia manages a municipal separate storm sewer system (MS4) that collects and conveys runoff from streets and properties in the city to nearby streams. The City operates the stormwater system under the regulation of the Western Washington Phase II Municipal Stormwater Permit, which is the general NPDES permit issued by Ecology that applies to regulated municipal systems serving communities with populations less than 100,000. This permit is issued in 5-year terms, and the City has been a Phase II permittee since 2007. The current Phase II Permit became effective August 1, 2019, and it expires July 31, 2024.

The Phase II Permit requires the City to implement a stormwater management program to reduce pollutant discharges from its MS4 and protect water quality in receiving waters. The City's Stormwater Management Program Plan (2022), which is updated annually, documents the City's stormwater management activities for the required program elements identified in the permit, including: stormwater planning; public education and outreach; public involvement and participation; MS4 mapping and documentation; illicit discharge detection and elimination; controlling runoff from new development, redevelopment, and construction sites; operations and maintenance; source control for existing development; compliance with total maximum daily load (TMDL) requirements; and monitoring and assessment.

The City's Storm and Surface Water Utility coordinates the City's municipal NPDES permit compliance efforts with other City departments. The mission of the City's Stormwater and Surface Water Utility is to reduce flooding, improve water quality, and protect and enhance aquatic habitat. The Storm and Surface Water Utility is guided by the 2018 Storm and Surface Water Plan, which aligns with Olympia's Comprehensive Plan, including the Natural Environment element of the Plan. The Stormwater Management Program Plan that addresses municipal NPDES permit compliance represents a subset of the activities performed and coordinated by Storm and Surface Water Utility.

City Regulations, Plans, and Manuals

The City's Storm and Surface Water Management program is codified in Chapter 13.16 (Storm and Surface Water Management) of the Olympia Municipal Code (revised September 2022). The City regulates and reviews proposals for new development, redevelopment, and construction sites for compliance with stormwater management requirements contained in the City's Drainage Design and Erosion Control Manual (DDECM), which was adopted in 2016 and is undergoing updates in 2022 (pending City Council approval as of October 2022). The updated DDECM is designed to be equivalent to Ecology's 2019 Stormwater Management Manual for Western Washington (Ecology, 2019), in accordance with Phase II permit requirements.

Before stormwater may be discharged to any part of the storm drainage system, the owner of the parcel on which the stormwater is generated must apply to the City's Community Planning and Development Department for an engineering permit, which includes terms and conditions governed by the DDECM. City standards for the design and construction of stormwater facilities are also contained in Chapter 5 (Stormwater) of the City's 2018 Engineering Design and Development Standards, which references the DDECM. All stormwater facilities must be inspected by the City's Public Works Department to ensure proper installation prior to final City approval (OMC 13.16.040).

Stormwater Design Standards

The City's DDECM identifies core requirements and provides guidance on the measures necessary to control the quantity and quality of stormwater produced by new development and redevelopment in the city. The DDECM applies to all private and public development, including transportation projects, within city limits and including the Triangle Mall study area.

The DDECM controls adverse impacts of development and redevelopment through the application of best management practices (BMPs), which can be schedules of activities, prohibitions of practices, maintenance procedures, and structural and/or managerial practices that prevent the release of pollutants and other adverse impacts to waters of the state. As stated in the manual, the methods that the BMPs use to prevent or reduce adverse impacts to waters are:

- Flow Control, which refers to reducing (or controlling) the flow and duration of stormwater runoff,
- Runoff Treatment, which refers to removing pollutants from stormwater runoff, and
- Source Control, which refers to preventing pollutants from entering stormwater runoff.

The DDECM refers to several types or categories of BMPs, including: flow control BMPs, runoff treatment BMPs, LID BMPs, Source Control BMPs, and Construction BMPs. See **Exhibit 4-1** for the flow chart determining requirements for redevelopment from the DDECM.

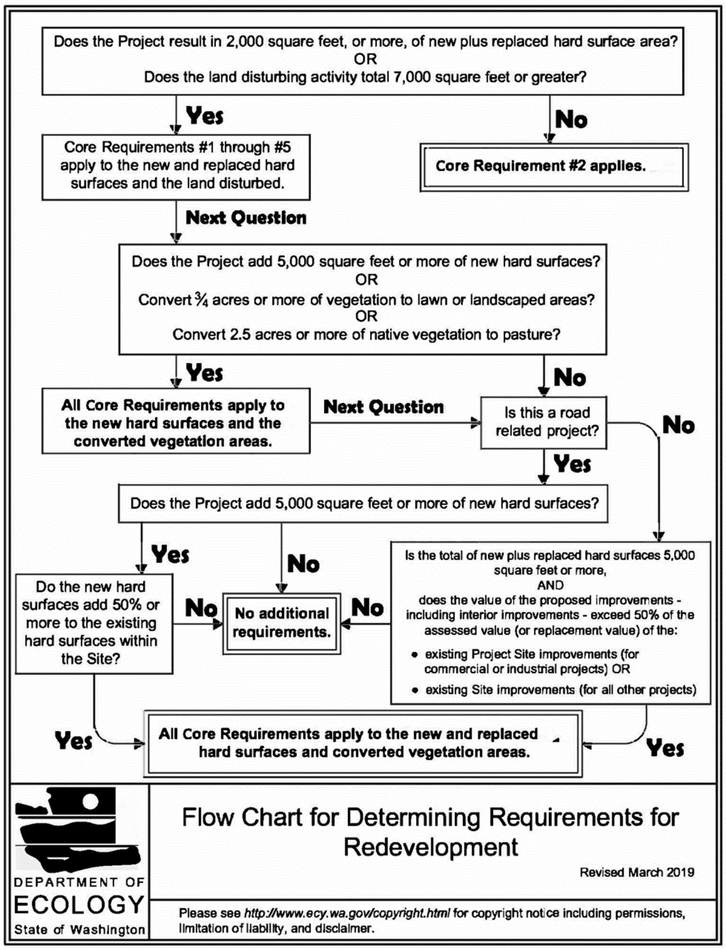


EXHIBIT 4-1 **Flow Chart Determining Requirements For Redevelopment**

Low-Impact Development (LID)

As required under the Phase II NPDES permit, Core Requirement #5 of the DDECM requires Low-Impact Development (LID) techniques for new development when feasible. LID BMPs are defined as distributed stormwater management practices, integrated into project design, that emphasize pre-disturbance hydrologic processes of infiltration, filtration, storage, evaporation, and transpiration. They provide a combination of runoff treatment and flow control benefits. Examples include bioretention facilities, rain gardens, vegetated rooftops, and permeable pavement.

LID and green stormwater infrastructure may also be integrated into the fabric of redevelopment, allowing infiltration that reduces the need for managing site runoff with large underground detention vaults or ponds. This type of stormwater management approach may also provide aesthetic benefits and green spaces that can be integrated into public spaces.

The feasibility of using LID BMPs at a given development site is dependent on the site conditions. Infiltration capacity of underlying soils and the depth of the water table are important factors in determining LID feasibility, and considerations must also be given to the effect of infiltrating stormwater on nearby surrounding structures and utilities, and on groundwater. Infiltration capacity of site soils is influenced by natural soil conditions and also can be influenced by past alterations at previously developed sites from grading, fill, and compaction.

See **Exhibit 4-2** for flow chart for determining Core Requirement #5 Requirements.

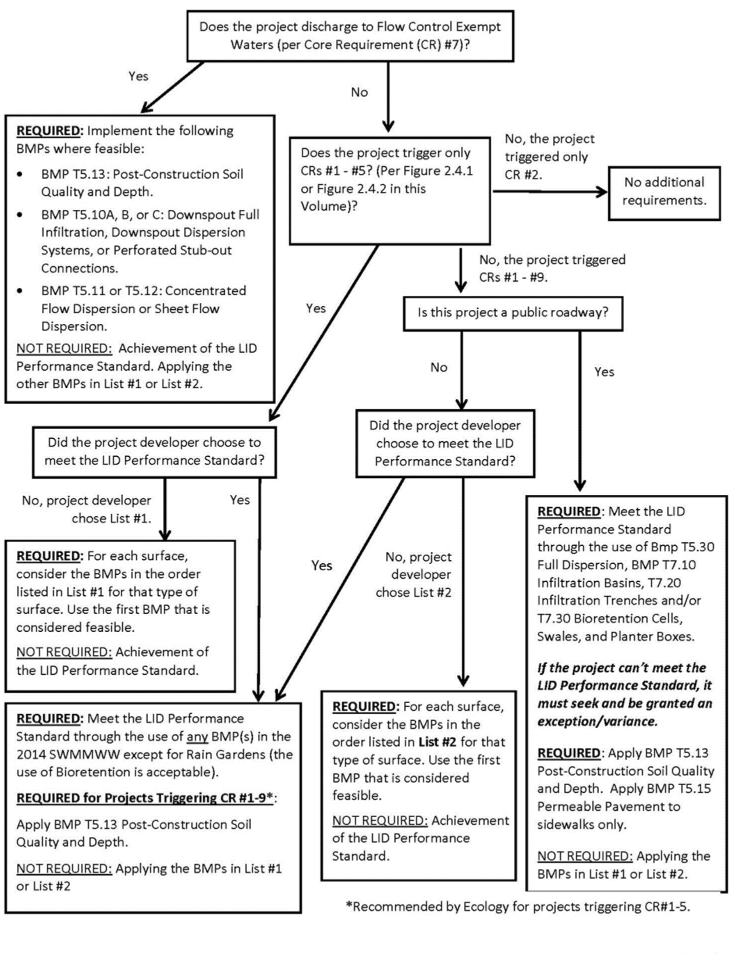


EXHIBIT 4-2 **Flow Chart Determining Core Requirement #5 Requirements**

Flow Control

For new development or redevelopment sites where stormwater for design storms cannot be adequately infiltrated on the site, flow control BMPs must be used. The flow control performance standard under Core Requirement #7 of the DDECM states that stormwater discharges shall match developed discharge durations to pre-developed durations for the range of pre-developed discharge rates from 50% of the 2-year peak flow up to the full 50-year peak flow. The pre-developed condition to be matched shall be a forested land cover unless reasonable, historic information indicates the site was prairie prior to settlement; in that case, the pre-developed conditions to be matched is the existing land cover condition.

Flow control BMPs are defined as drainage facilities designed to mitigate the impacts of increased surface stormwater runoff flow rates generated by development. They are designed to either hold water for a considerable length of time and then release it by evaporation, plant transpiration, and/or infiltration into the ground (e.g., a retention pond), or to hold runoff for a short period of time, releasing it to the stormwater conveyance system at a controlled rate (e.g., a detention pond or underground detention vault).

Runoff Treatment

Core Requirement #6 of the DDECM requires stormwater runoff from new development and redevelopment to receive treatment to reduce pollutant loads and concentrations in stormwater to maintain beneficial uses in downstream receiving waters. Runoff treatment BMPs remove pollutants from runoff by settling, centrifugal separation, filtration, biological uptake, and media or soil adsorption. Target pollutants typically include suspended solids; metals such as copper, lead, and zinc; nutrients such as nitrogen and phosphorus; bacteria; petroleum hydrocarbons; and pesticides. Treatment facilities must be sized to treat the water quality design flow rates or design storm volume, as prescribed in the DDECM, which are intended to capture and effectively treat approximately 90-95% of the annual runoff volume.

Regional Facilities

An alternative to meeting all LID, flow control, and runoff treatment requirements on the development site is to direct stormwater to an off-site regional facility. A regional facility is a stormwater BMP that provides runoff treatment and/or flow control to more than one property, thereby reducing or eliminating requirements for on-site controls. The DDECM recognizes regional facilities as an allowable approach to meeting stormwater management requirements, consistent with Ecology guidance for projects that are: (1) within the area contributing to the regional facility, (2) not within the area contributing to the regional facility but have equivalent flow and/or pollution characteristics as the area that does contribute to the regional facility, or (3) some combination of 1 and 2.

4.2 Current Conditions

Approximately 75% of the of the 294-acre Triangle Mall subarea is impervious surface consisting of buildings, parking lots, streets, and sidewalks. Stormwater collection and conveyance systems for most of the subarea direct stormwater flows in generally westerly and southerly directions, with flows ultimately discharged off-site into Percival Creek south of the Triangle Mall subarea. Percival Creek flows into Capitol Lake, which has an outlet to the Budd Inlet arm of Puget Sound. Stormwater flows in the northeastern portion of the Triangle flow off-site to the north and east in the Schneider Creek basin, which discharges to Budd Inlet.

There are no streams within the Triangle Mall subarea. The downstream receiving waters that accept flows from the subarea (Percival Creek and Schneider Creek that flow to Capitol Lake and Budd Inlet) are water quality limited and are addressed in Ecology and EPA Total Maximum Daily Loads (TMDLs) for temperature, fecal coliform bacteria, dissolved oxygen, pH, and fine sediment for the Deschutes River and its tributaries (Ecology 2015, Revised 2018; EPA 2020, Revised 2021). Budd Inlet is also impaired for dissolved oxygen, and Ecology submitted a TMDL for dissolved oxygen to EPA for approval on October 26, 2022 (Ecology 2022).

Much of the Triangle Mall subarea consists of legacy (pre-1990) development that was constructed with stormwater management systems that do not meet current standards for incorporating LID and for flow control and runoff treatment. High peak flows and conveyance capacity constraints have contributed to flooding problems in the southern portion of the Triangle Mall subarea, at the intersection of Cooper Point Road and Black Lake Boulevard. The City has plans to construct improvements to the stormwater system intended to address flooding at the intersection, including major piping system upgrades. Without conveyance improvements, the City estimates the intersection will continue flood at an approximately 15-year recurrence interval storm (i.e., approximately 7% annual probability), based on past precipitation data, and potentially more frequently in the future with increasing rainfall intensities expected with climate change.

Natural Resources Conservation Service (NRCS) soils mapping presented in the City's Storm and Surface Water Plan (2018) shows that soils in most of the Triangle Mall subarea are classified as Hydrologic Soil Group C soils, with areas of Group D soils in the northeastern portion of the subarea. NRCS descriptions of Group C and Group D soils are as follows:

- Group C. Soils having a slow infiltration rate when thoroughly wet. These consist chiefly of soils having a layer that impedes downward movement of water or soils of moderately fine texture or fine texture. These soils have a slow rate of water transmission.
- Group D. Soils having a very slow infiltration rate (high runoff potential) when thoroughly wet. These consist chiefly of clays that have a high shrink-swell potential, soils that have a high-water table, soils that have a claypan or clay layer at or near the surface, and soils that are shallow over nearly impervious material. These soils have a very slow rate of water transmission.

Use of surface detention ponds to meet flow control requirements can require considerable space on a site, which reduces the area of a site available for building coverage or parking. The number of underground detention systems in the subarea – as shown in the City's stormwater system mapping - highlights the challenges of finding adequate space for meeting flow control requirements with surface detention ponds in a highly developed environment where many properties are nearly entirely covered by buildings and pavement. Use of underground detention systems can help maximize the developable surface area of a site, but they are typically more costly than surface detention ponds to construct.

There is one regional stormwater facility that is located adjacent to the Triangle Mall subarea to the west, within Yauger Park at the northwestern corner of the SW Capitol Mall Dr and Cooper Point Rd intersection. The Yauger Park regional facility was originally constructed in 1978 as mitigation for runoff from the Capital Mall and surrounding area. It currently receives stormwater from approximately 570 acres of commercial and residential development and area roadways within and outside of the Triangle Mall subarea. The City constructed upgrades to the facility in 2010 that included excavating additional storage capacity and incorporating LID features including a water quality treatment wetland, bio-retention ponds, a rain garden and biofiltration swales (City of Olympia 2009). Stormwater management within Yauger Park has implications for the use of the Park's recreational activities. The stormwater facility is operated such that during the relatively drier months (late spring to early fall), ball games and other recreational activities are scheduled. During winter months, the flow control structures are operated such that the site can flood in heavy rainfall events, thereby diminishing the peak flows that are discharged to the downstream drainage system. The facility does not have capacity in its current state to accommodate stormwater from future development/redevelopment needing off-site water quality treatment and flow control for the 50-year storm. The mall pond only manages the 15-year storm. Facilities would need to be upgraded or other flow control or LID features included to make up the difference and meet current design standards.

4.3 Key Findings and Implications for Plan

The following topics related to stormwater should be considered in the development of the City of Olympia Capital Mall Triangle Subarea Plan:

- New development and redevelopment in the Triangle Mall subarea must adhere to City regulations for stormwater management. City standards and guidance for stormwater management for construction, development, and redevelopment activities are contained in the City's Drainage Design and Erosion Control Manual (DDECM), which meets requirements of the City's NPDES municipal stormwater permit from Ecology.
- City standards require the use of LID approaches to manage stormwater on-site where feasible. Where stormwater cannot be adequately managed and fully infiltrated on-site, it must meet City standards for runoff treatment (water quality) and flow control (water quantity) to reduce adverse impacts to downstream receiving waters.

- Stormwater infiltration systems are used on some properties within the subarea currently, and LID is likely to be an important part of future development in the subarea going forward. However, soils with low infiltration capacity or other site constraints may limit LID feasibility in places.
- Meeting flow control requirements can be particularly challenging (and expensive) due to the high volumes of runoff that need to be detained to meet standards for sites with large areas of impervious surface; standards generally require that post-development flows do not exceed pre-development (forested condition) flows for design storms up to the 50-year peak flow. Surface detention ponds require considerable space that reduces the area available for buildings or parking, and underground detention systems – which are used at many locations in the subarea currently - are typically expensive.
- Integration of LID/green stormwater facilities into redevelopment has many benefits, including its ability to reduce (but likely not eliminate) the need for new ponds and vaults, improve community health and wellbeing (as well as general aesthetics) by providing green spaces and vegetation, reduce negative impacts to water quality, retain and slow water, and reduce costs to developers and municipalities (EPA, EPA). These benefits would improve the subarea's climate resiliency. In addition, these techniques are strongly supported by Olympia's communities to protect natural resources and improve the health of Puget Sound and local streams.
- There is currently one City-managed regional stormwater facility located adjacent to the subarea that serves a portion of the subarea: the Yauger Park Regional Facility. The existing pond likely does not have capacity in its current state to accommodate stormwater from future development/redevelopment needing off-site water quality treatment or flow control. The City could consider the feasibility of constructing upgrades to the Yauger regional facility and/or adding regional facilities within or near the subarea to encourage redevelopment within the subarea. The City may also consider helping coordinate stormwater management activities between property owners to find efficiencies and reduce costs (e.g., a single detention facility serving multiple properties may be more cost-effective than a detention facility on each property).

SECTION 5. ACRONYMS

Acronym	Definition
ADA	Americans with Disabilities Act
BMPs	best management practices
CAP	Climate Action Plan
CFR	Code of Federal Regulations
cfs	cubic feet per second
CWA	Clean Water Act
DOT	Department of Transportation
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Map
GMA	Washington State's Growth Management Act
GPCD	gallons per capita per day
I-	Interstate
ILA	Interlocal Agreement
ISGP	Industrial Stormwater General Permit
ITS	Intelligent Transportation Systems
LED	light-emitting diode lighting
LEED	Leadership in Energy and Environmental Design
LID	Low Impact Development
LNG	Liquefied Natural Gas
LUSTs	leaking underground storage tanks
MGD	million gallons per day
MS4s	Municipal Separate Storm Sewer Systems
NAICS	North American Industry Classification System
NEC	National Electrical Code
NESC	National Electric Utility Safety Code
NFIP	National Flood Insurance Program
NPDES	National Pollutant Discharge Elimination System
NRHP	National Register of Historic Places
OSHA	Occupational Safety and Health Administration
PFS	Public Facilities and Services
PSCAA	Puget Sound Clean Air Agency

Acronym	Definition
PSE	Puget Sound Energy
PSRC	Puget Sound Regional Council
RCW	Revised Code of Washington
RSLR	Relative sea level rise
SBCC	Washington State Building Code Council
SEPA	State Environmental Policy Act
SIP	State Implementation Plan
SMA	Washington State Shoreline Management Act
SMGM	Stormwater Management Guidance Manual
the Plan	Subarea Plan
THPO	Tribal Historic Preservation Offices
TPY	tons per year
USC	United States Code
UFMP	Urban Forest Management Plan
USTs	underground storage tanks
WAC	Washington Administrative Code
WHR	Washington Heritage Register
WISAARD	Washington Information System for Architectural and Archaeological Records Database
WSDOT	Washington Department of Transportation

Appendix B

Market Analysis

Olympia Capital Mall Triangle

Market Analysis: Existing Conditions | FINAL DRAFT

Date October 10, 2022

To Rachel Miller, MAKERS Architecture

From Brian Vanneman and Jennifer Shuch, Leland Consulting Group

Introduction

The City of Olympia engaged Leland Consulting Group (LCG) as part of an interdisciplinary team led by MAKERS Architecture to conduct a market and economic analysis of the Olympia Capital Mall Triangle subarea. This memo contains LCG's market, economic, and socio-economic analyses. LCG describes the existing conditions of the site and its market area, provides examples of potential development patterns, and concludes with observations and recommendations. LCG's sources include data from the US Census Bureau, CoStar, Placer AI, ESRI Business Analyst, and public agencies.

Subarea Plan Purpose

The City of Olympia designated the Capital Mall Triangle as one of three urban centers in the City's 20-year comprehensive plan. The City received a $250,000 grant from the State of Washington to conduct long range planning in the subarea, with the aim of creating a people-oriented urban neighborhood. The City's goal is to create a mixed-use neighborhood with improved street connectivity and access to reduce the amount and length of driving trips, increase transit accessibility, and enable residents to take advantage of multimodal transportation opportunities.

The plan's benefits and goals fall into four different categories:

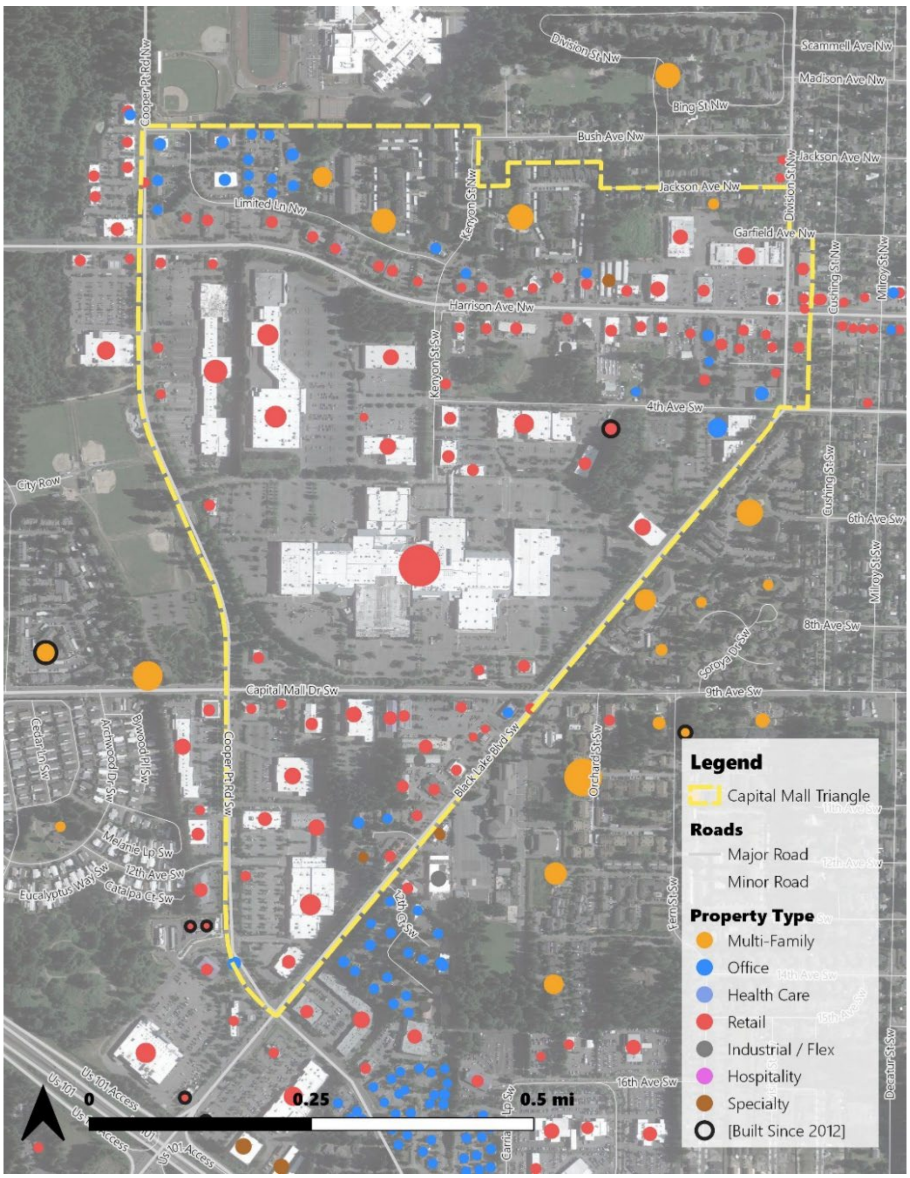
- Housing
- Transportation
- Business & Property Owners
- Environment

Housing affordability for a variety of income levels, climate resilience, and economic prosperity are central to the City's vision for the site.

Study Area and Market Area

The Olympia Capital Mall Triangle subarea is located on the west side of Olympia. The bottom "point" of the triangle is located at the intersection of Black Lake Boulevard SW and Cooper Point Road SW. The area is 288 acres. The mall site is 85 acres (29.5% of the total land area). The Capital Mall Triangle subarea is mainly comprised of retail and office properties, with some multifamily in the northern part of the triangle. In total, the Capital Mall Triangle subarea is home to 667 residents in 272 households as of 2022. All of the subarea's housing units are in apartment buildings north of Harrison Avenue NW. There are also a handful of multifamily properties located just outside of the subarea.

Figure 1. Commercial Properties in the Olympia Capital Mall Triangle

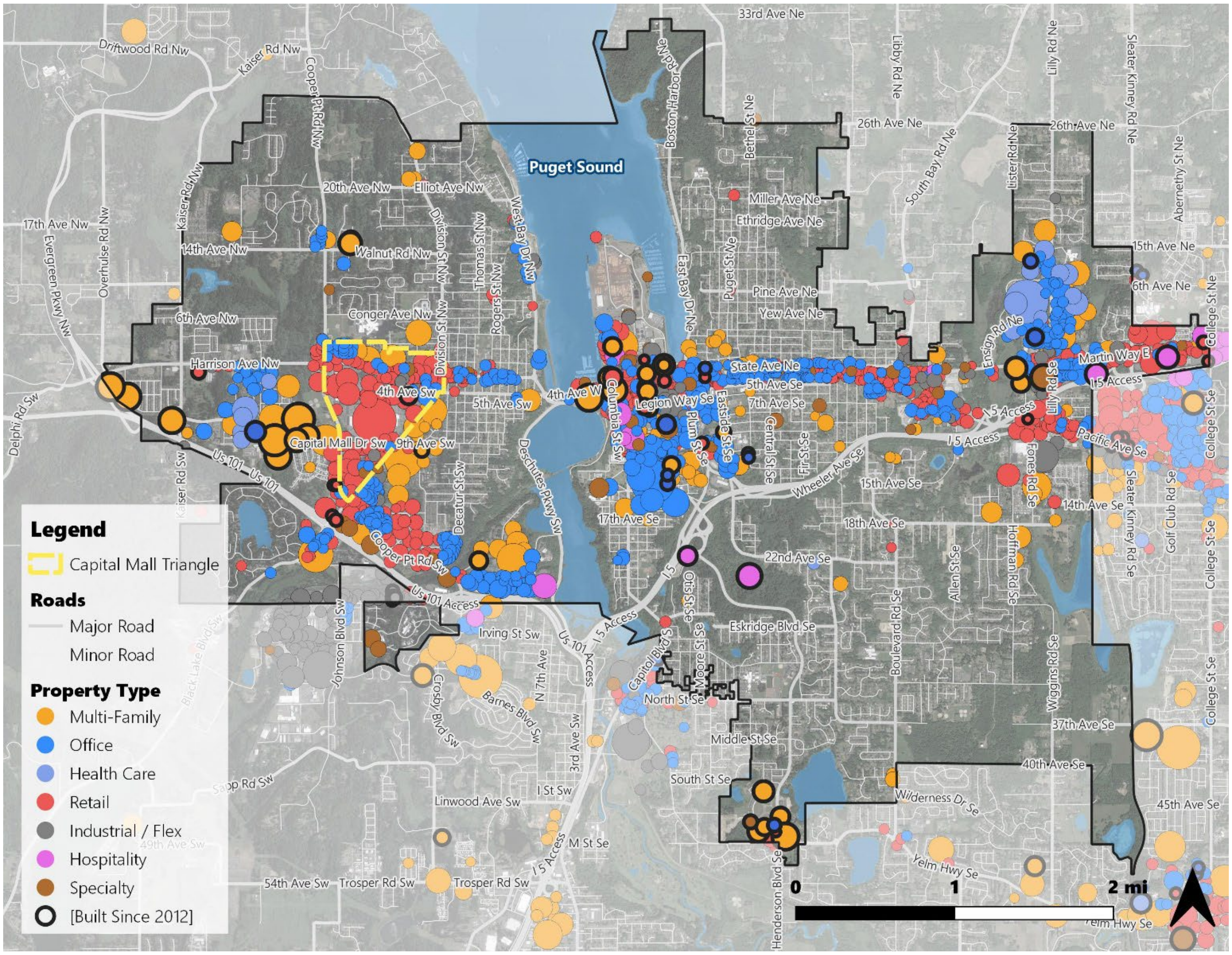


Note: Circle size correlates with rentable building area, in square feet.

Source: CoStar, City of Olympia, LCG.

The Olympia Capital Mall Triangle study area has a high concentration of existing retail establishments compared with other areas citywide, while office space is concentrated mainly on the east side.

Figure 2. Commercial Properties in Olympia

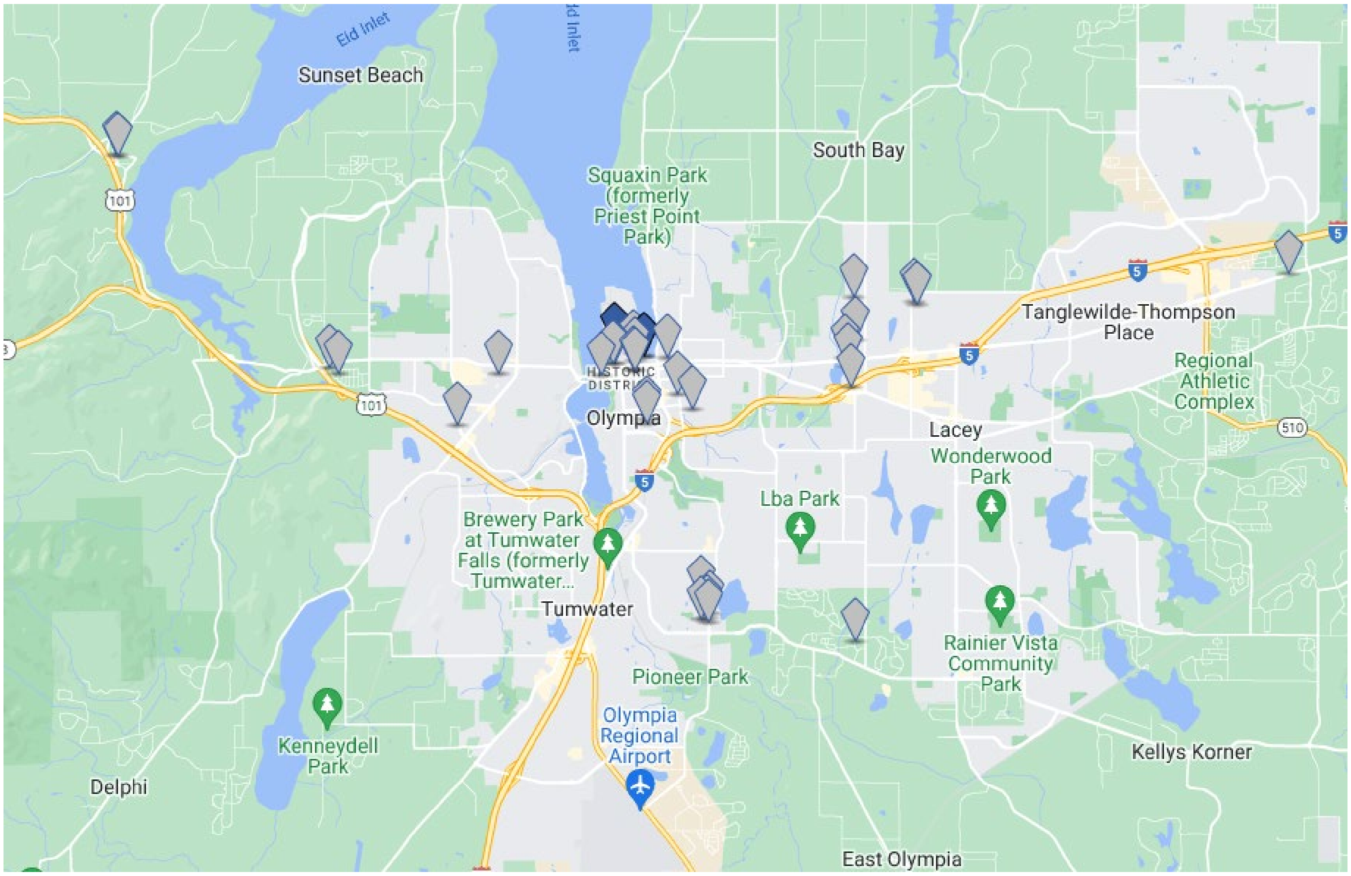


Note: Circle size correlates with rentable building area, in square feet.

Source: CoStar, LCG.

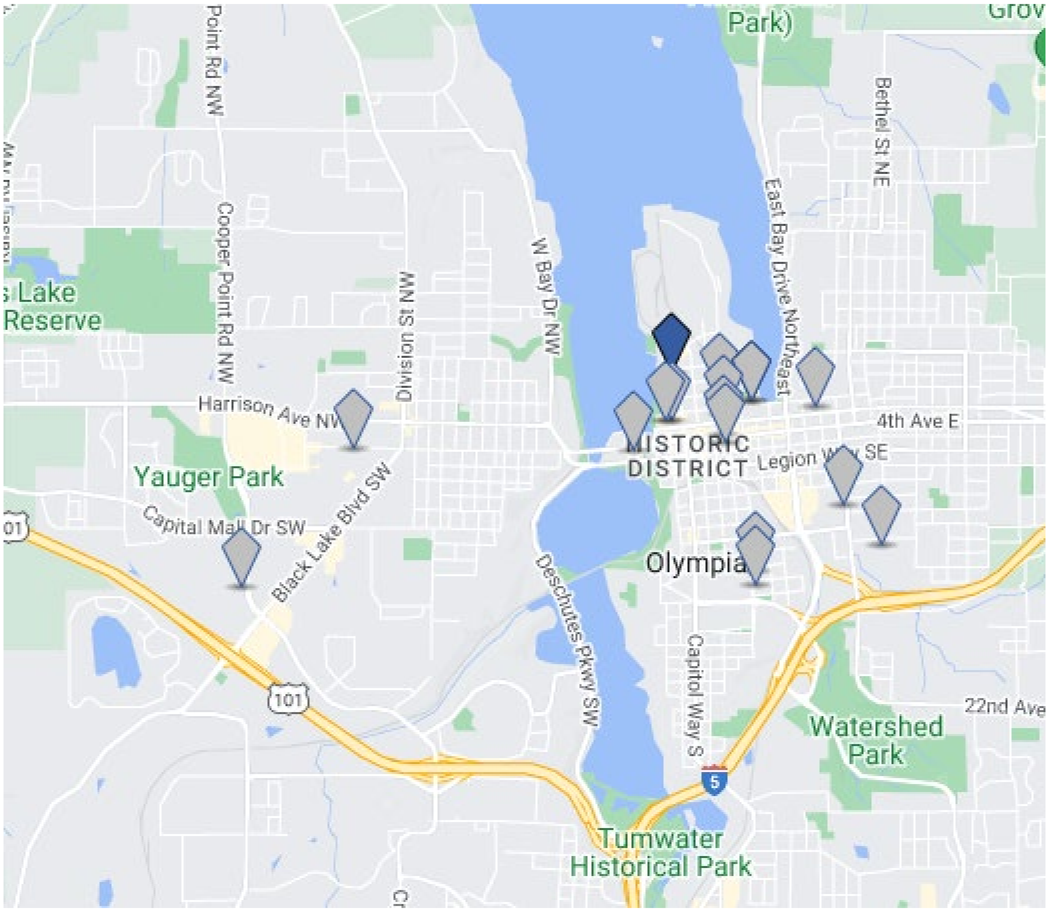
Since 2017, development of office, retail, multifamily, and hospitality properties has been concentrated on the east side of Olympia, particularly in the downtown area. Between 2017 and 2022, 36,500 square feet of retail space in two buildings were added in or directly adjacent to the Olympia Capital Mall Triangle subarea. Over that same period, 11 buildings with a total of 69,500 square feet were added in Olympia's Historic District and South Capital neighborhoods. These buildings include a mix of apartments, restaurants, retail, and office space.

Figure 3. Development in Olympia between 2017 and 2022



Source: CoStar.

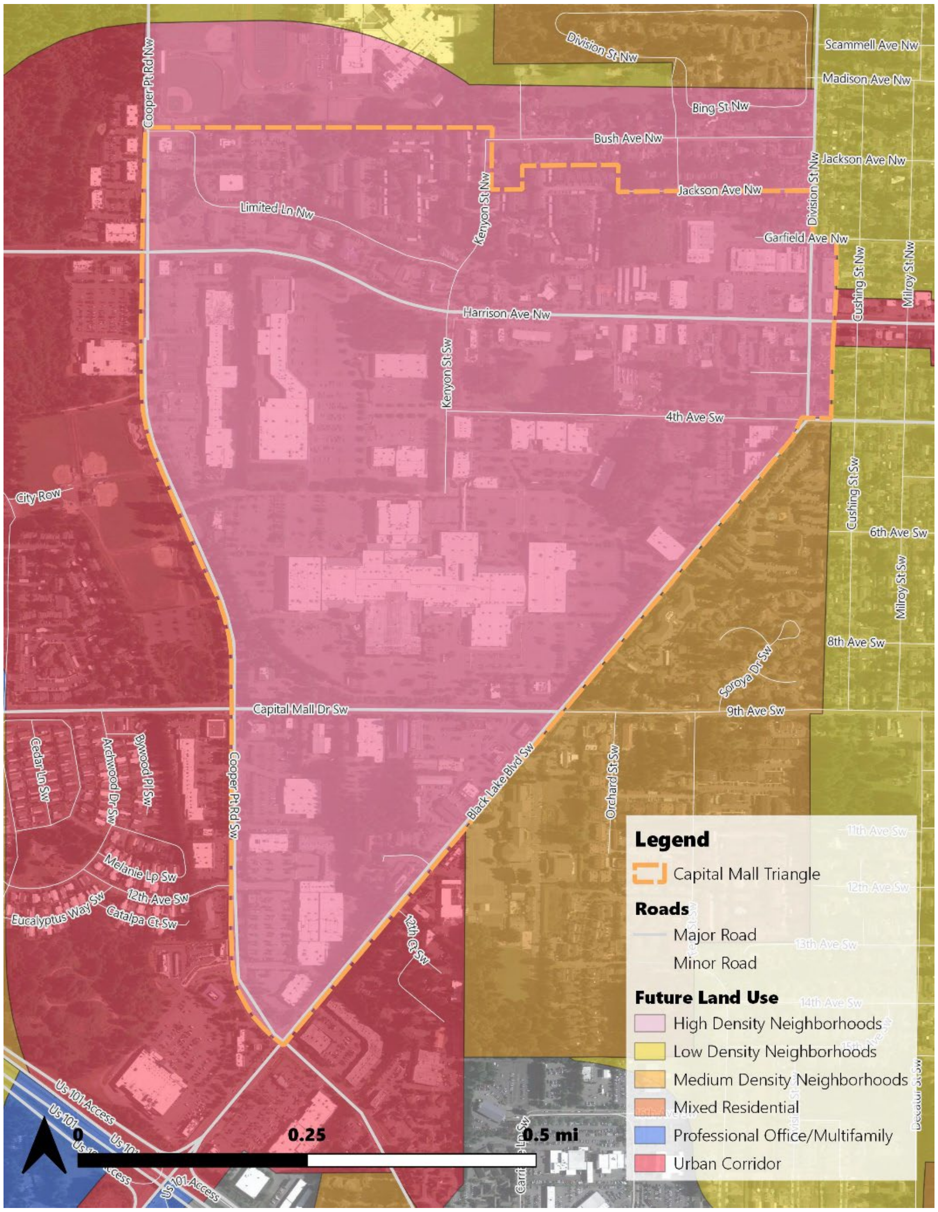
Figure 4. Development in the Capital Mall Triangle and Downtown Olympia, 2017-2022



Source: CoStar.

The 2018 Future Land Use Map of Olympia shows that most of the area surrounding the Capital Mall Triangle is intended to be used for low-density neighborhoods. While infill into existing low-density neighborhoods is part of the City's growth strategy, a majority of future growth will be directed into three high-density overlay areas, which includes the Capital Mall Triangle subarea. In order to achieve this concentrated growth pattern, the City must ensure that the area is attractive to developers and that regulations do not hinder feasibility. The City will also need to invest in some of the infrastructure on-site, including new roads and transit stops.

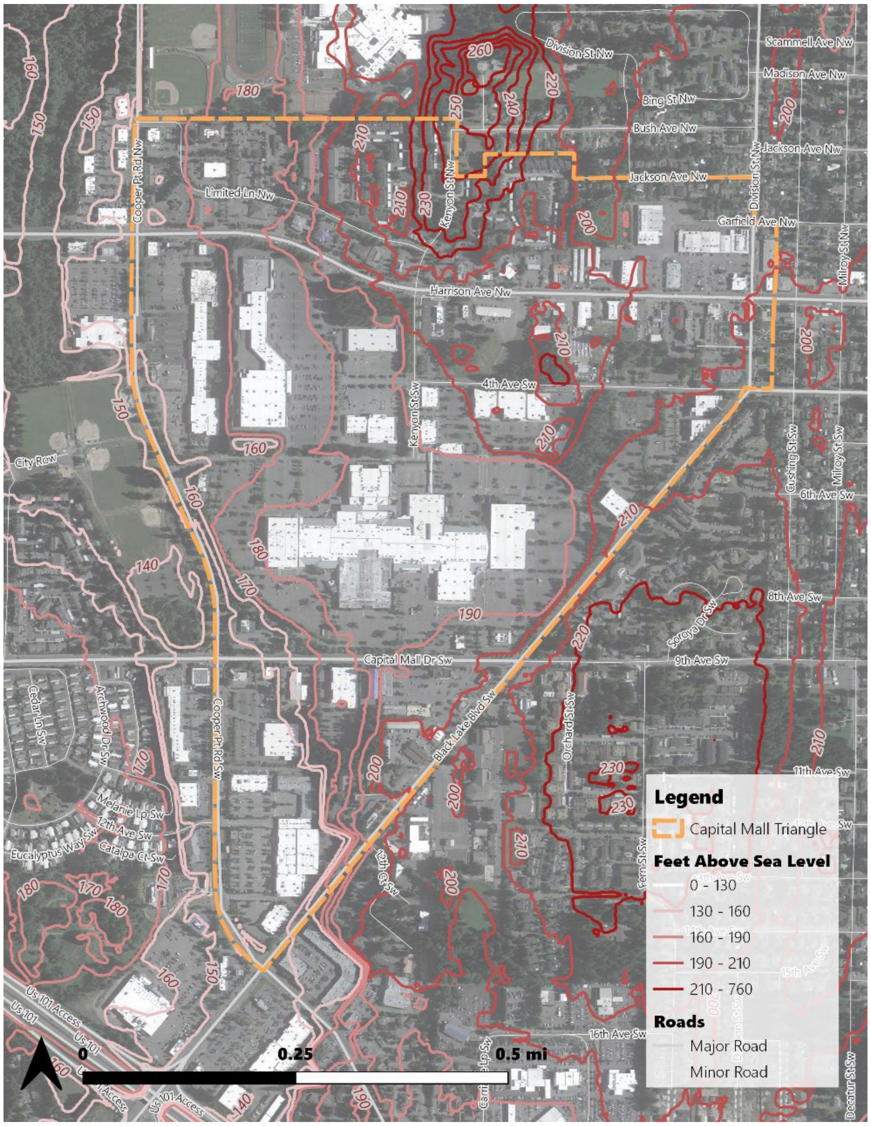
Figure 5. 2018 Future Land Use Map of Olympia's West Side



Source: City of Olympia, LCG.

The topography of the Capital Mall Subarea does not feature significant changes in elevation, but it does generally slope downward, with Yauger Park and the bottom of the triangle at a low point. Changes in elevation on site could impact the placement of roads as well as new developments and stormwater needs. The intersection of Black Lake Boulevard and Cooper Point Road has a history of flooding. The Target Place Shopping Center, owned by Cafaro, has a drop in elevation between the corner of the lot and the parking area. This elevation change could be a bigger challenge to the development of shorter structures with a large footprint than it would be to a taller building that takes up less horizontal space.

Figure 6. Topography and Elevation Map of the Capital Mall Triangle



Source: City of Olympia, LCG.

SWOT

Strengths	Weaknesses
Site-wide SEPA review will reduce development costs and timelines Unlimited density in HDC-4 zone Height up to 7 stories Support from City Retail owners open to mixed-use redevelopment The mall is the only major shopping center in the southern Puget Sound region, attracts visitors from a large trade area Large surface parking and underutilized lots could be redeveloped without displacing residents	Redevelopment of the Capital Mall Triangle could lead to some displacement in the areas just outside the Triangle, particularly the displacement of local small businesses and low-income renters. Lack of connectivity – City and developers will have to determine who is responsible for building out street grid & streetscape elements Elevation changes on site could make development more difficult, require increased stormwater mitigation Fractured ownership of parcels in northern portion of the subarea Zone transition standards that require significantly lower height limits for buildings near lower-density residential neighborhoods, which could impact development feasibility for some of the parcels in the northern portion of the Triangle The mall's large trade area attracts businesses, but will require balancing the needs of local residents & visitors with those travelling long distances by car Current shopping center parking requirements could prevent the redevelopment of surface parking lots

Opportunities	Threats
Transit and multimodal improvements supported by retail owners within the subarea Strengthening connection to local schools through multimodal infrastructure Concentrating housing in an area that primarily features commercial space could reduce potential displacement in other parts of the city Increasing market rate and affordable housing supply in an infill location Large mall site owned entirely by a single ownership group with an interest in mixed use development	City or SEPA regulations (RCW 43.21C.420) may require 10% of new housing built in the subarea to be affordable – specifics of that plan are unclear, could impact development feasibility High parking requirements for shopping centers could limit redevelopment of underutilized surface parking Excessive placemaking requirements could make it difficult for owners of existing retail buildings to redevelop their sites Sewer and tree regulations could impact feasibility Existing traffic in the area that impacts the flow of cars in and out of commercial lots during peak hours negatively impacts interest in business development

Current Land Uses

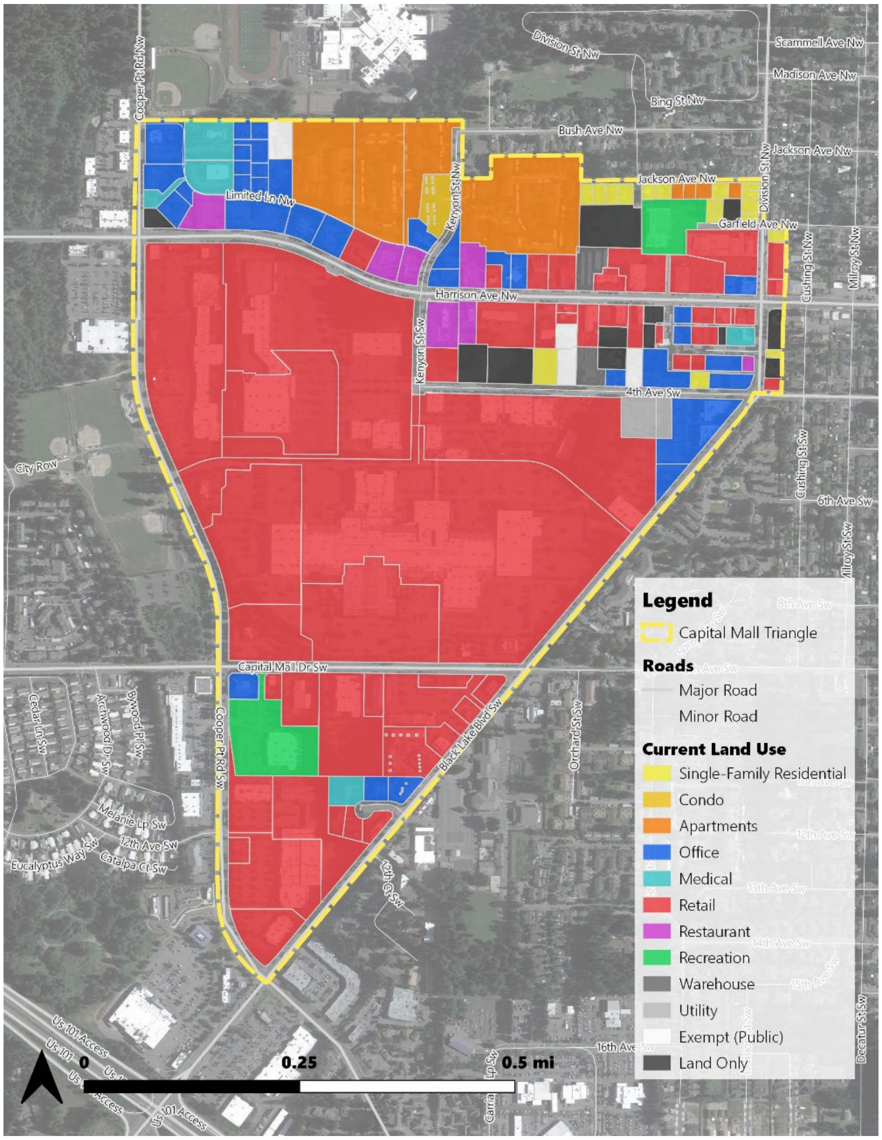
As shown in Table 1 below, the Olympia Capital Mall Triangle subarea currently contains 1.8 million square feet of commercial area as well as 493 housing units. There are 344,995 square feet (7.9 acres) of vacant land, mainly concentrated in the northern portion of the subarea. Retail space accounts for 76% of building area in the Olympia Capital Mall Triangle.

Table 1. Current Land Uses in the Olympia Capital Mall Triangle

Type	# of Units	Square Feet RBA
Single-Family Home	26	
Multi-Family Unit in Large Building	0	
Multi-Family Unit in Small Building	467	
Mobile Home	0	
Education		4,232
Food Sales		9,040
Food Service		33,037
Health Care Inpatient		0
Health Care Outpatient		40,149
Lodging		0
Retail (Other Than Capital Mall)		579,268
Retail (Capital Mall)		793,862
Office		206,210
Public Assembly		0
Public Order and Safety		13,967
Religious Worship		0
Service		26,912
Warehouse and Storage		17,200
Other		76,487
Vacant (SF of land area, not RBA)		*344,995*

Source: City of Olympia, CoStar, LCG.

Figure 7. Map of Current Land Uses in the Olympia Capital Mall Triangle



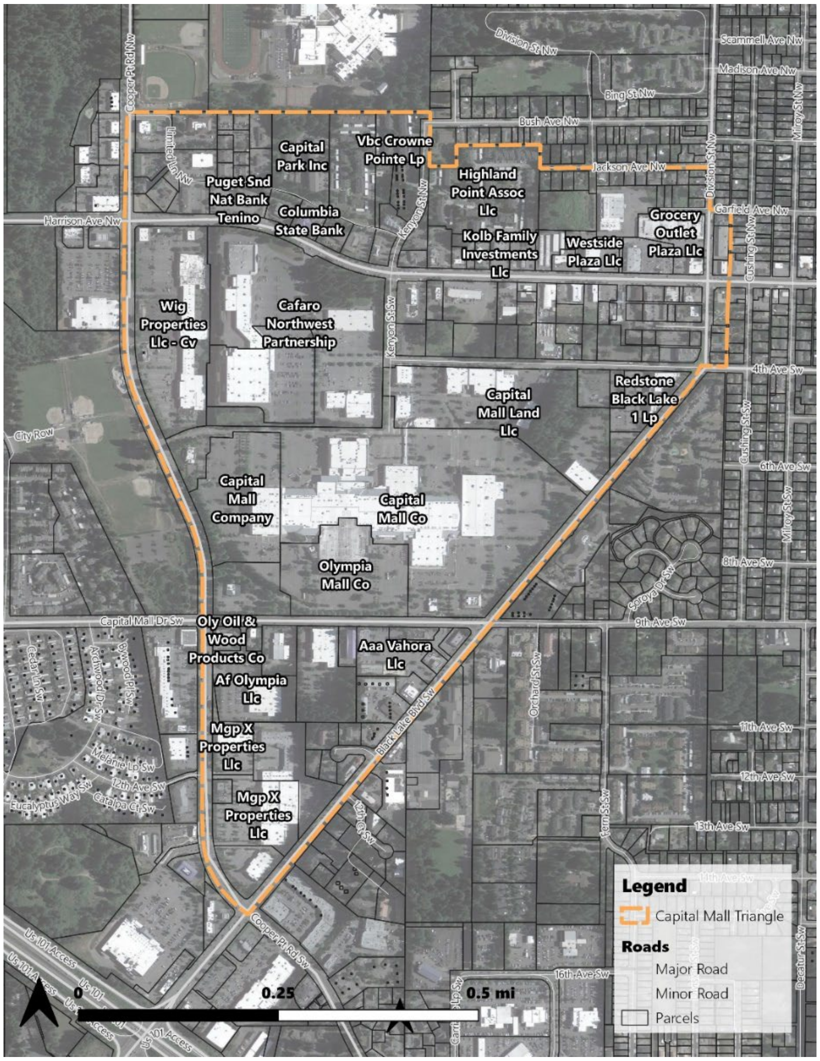
Source: City of Olympia, CoStar, LCG.

Major Property Owners

The entire mall site is owned by a special purpose entity based in the British Virgin Islands represented by a group of financial managers and advisors. This is a unique opportunity, due to the fact that most malls have some individual tenant ownership, particularly department stores or other anchors. While the group is open to redevelopment of the mall site, they view the Capital Mall as a high performing asset in their portfolio. The mall's lack of competition in the region (as shown in Figure 49 below) and large trade area have kept the mall from declining as other suburban shopping centers have. As the area redevelops, the ownership group hopes to continue the mall's operations while adding additional multi-use functions, including housing, hospitality, or office space.

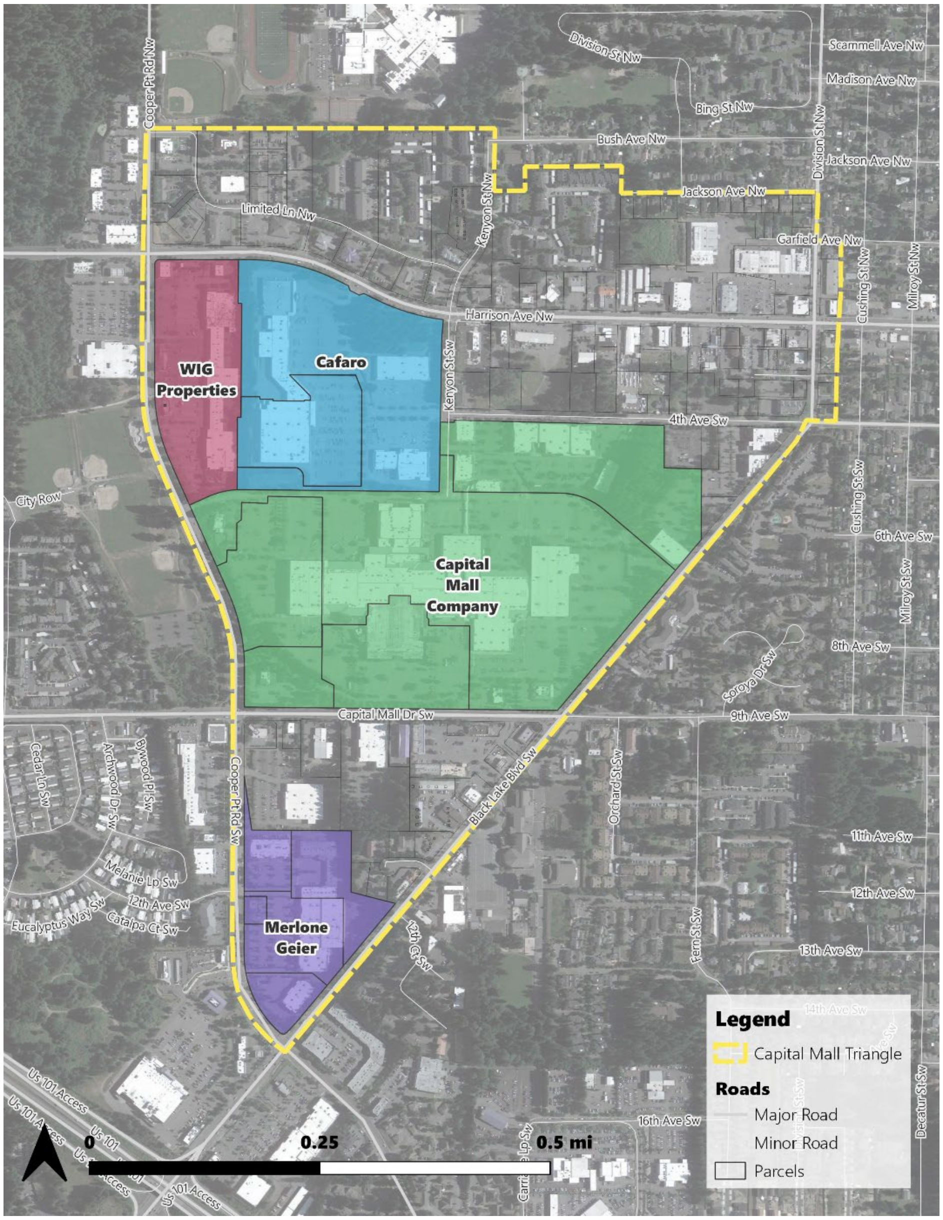
Other major owners of retail properties within the Capital Mall Triangle include Merlone Geier Partners, Wig Properties LLC, and Cafaro. These companies have experience with mall redevelopment and repositioning and are open to the changes proposed by the City.

Figure 8. Major Property Owners in the Olympia Capital Mall Triangle



Source: City of Olympia, LCG.

Figure 9. Parcels owned by Wig Properties, Cafaro, Capital Mall Company, and Merlone Geier Properties



Source: City of Olympia, LCG.

LCG conducted interviews with major retail property owners within the Capital Mall Triangle subarea. LCG interviewed representatives from Wig Properties, Cafaro, Merlone Geier Properties, and the mall ownership group. Representatives from Cafaro and the mall ownership group were enthusiastic about the vision for the site and open to potential redevelopment opportunities. Representatives from Merlone Geier and Wig both indicated that their main focus in the Capital Mall Triangle area is to pursue a more traditional retail strategy. Wig is interested, however, in improving safety and access throughout the subarea. Wig also has plans for adding some placemaking elements and pedestrian infrastructure to their shopping center.

Figure 10. Pedestrian and Placemaking Improvements Proposed by Wig Properties

Source: Wig Properties.

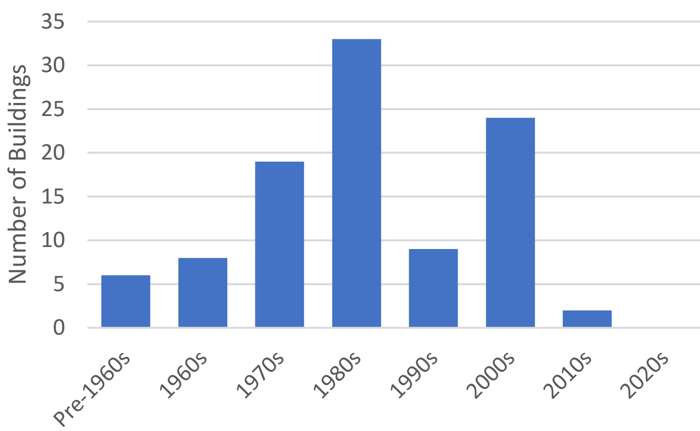
The representative from Cafaro interviewed by LCG was supportive of the plan for the subarea, particularly the Planned Action EIS element, which will save them time and money if they decide to redevelop their property. Cafaro is currently working on redeveloping some of their larger mall sites in the Midwest and believes the future of retail is in vertical mixed-use development. Previous attempts to develop part of their property in the Capital Mall Triangle have failed, but they are optimistic that they will be able to find the right opportunity. Cafaro has been involved in a similar plan in Puyallup and is wary of policies that force building orientation to the street, as many shopping center visitors do not come from within walking or biking distance of the mall (as explored below in the Capital Mall Trade Area section of this document). Cafaro is not concerned about the potential affordable housing requirement.

The mall is owned by a group of investors represented by Golden East Investors and Ocean Ridge Capital and managed by Pacific Retail Capital Partners. The representatives are enthusiastic about partnering with the City to improve the site. They envision continuing mall operations to some degree with an additional multi-use function, which could include housing, hospitality, or office space. The mall group has stated that due to expected market fluctuations over time, a flexible development code is necessary to enable them to help the City achieve its vision.

Age of Buildings

According to CoStar, the average year built for buildings within the Capital Mall Triangle subarea is 1985. The average year built for multifamily properties in the subarea is 1987 while the average vintage of retail buildings is 1983. Most of the construction in the subarea occurred in the 1970s, 1980s, and 2000s, as shown in Figure 11 below.

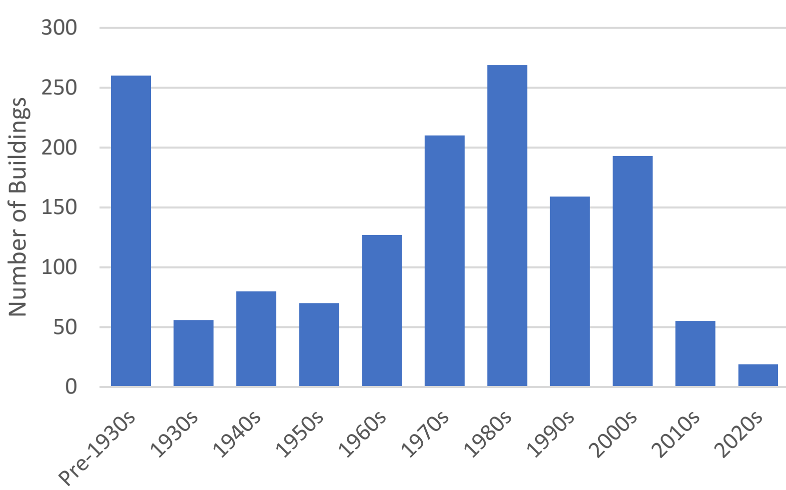
Figure 11. Distribution of Commercial Building Ages in the Capital Mall Triangle Subarea



Source: CoStar, LCG.

The average year built for multifamily, office, and retail properties in the City of Olympia is 1972. The average year built for retail is 1985, for multifamily is 1978, and for office is 1990. As in the subarea, most of the post-1930 multifamily, office, and retail buildings in the City of Olympia were built 1970s, 1980s, and 2000s. The prevalence of buildings built before 1930 throughout the city indicates that development in the Capital Mall Triangle subarea took place later.

Figure 12. Distribution of Retail, Multifamily, and Office Building Ages in the City of Olympia

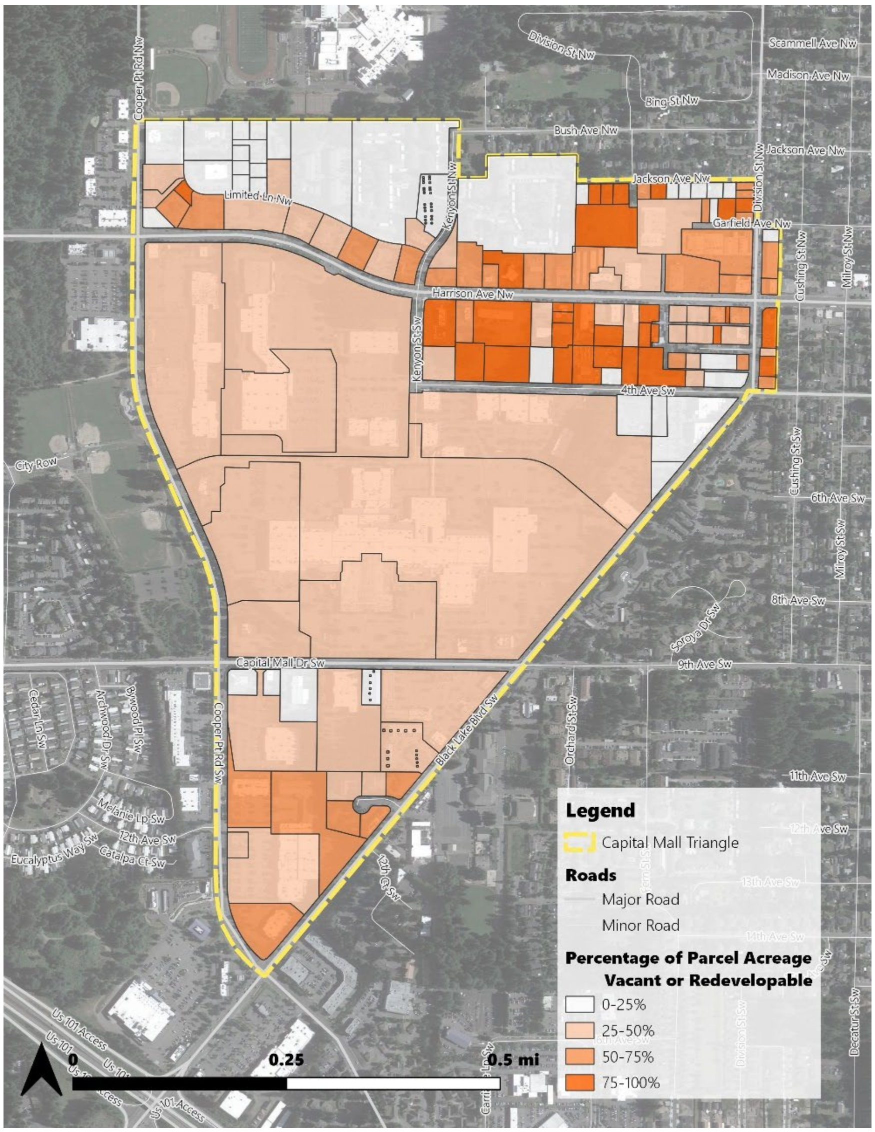


Source: CoStar, LCG.

Redevelopment Capacity

According to [TRPC's 2017 Land Use and Future Development Potential map](), most of the Capital Mall Triangle subarea has medium development potential. However, the parcelized area along Harrison Avenue NW in the northern portion of the triangle has a number of properties with very high redevelopment potential, including some vacant. The map in Figure 13 below shows the percentage of vacant or redevelopment parcel acreage for each parcel in the Capital Mall Triangle, according to TRPC. While the smaller parcels surrounding Harrison Avenue could be substantially redeveloped, TRPC estimates that just 25-50% of the land within the larger parcels in the middle of the triangle could be redeveloped. TRPC uses generalized assumptions across the entire region; they are not nuanced to the study area's market and unique conditions.

Figure 13. TRPC Map of Redevelopment Potential in the Olympia Capital Mall Triangle



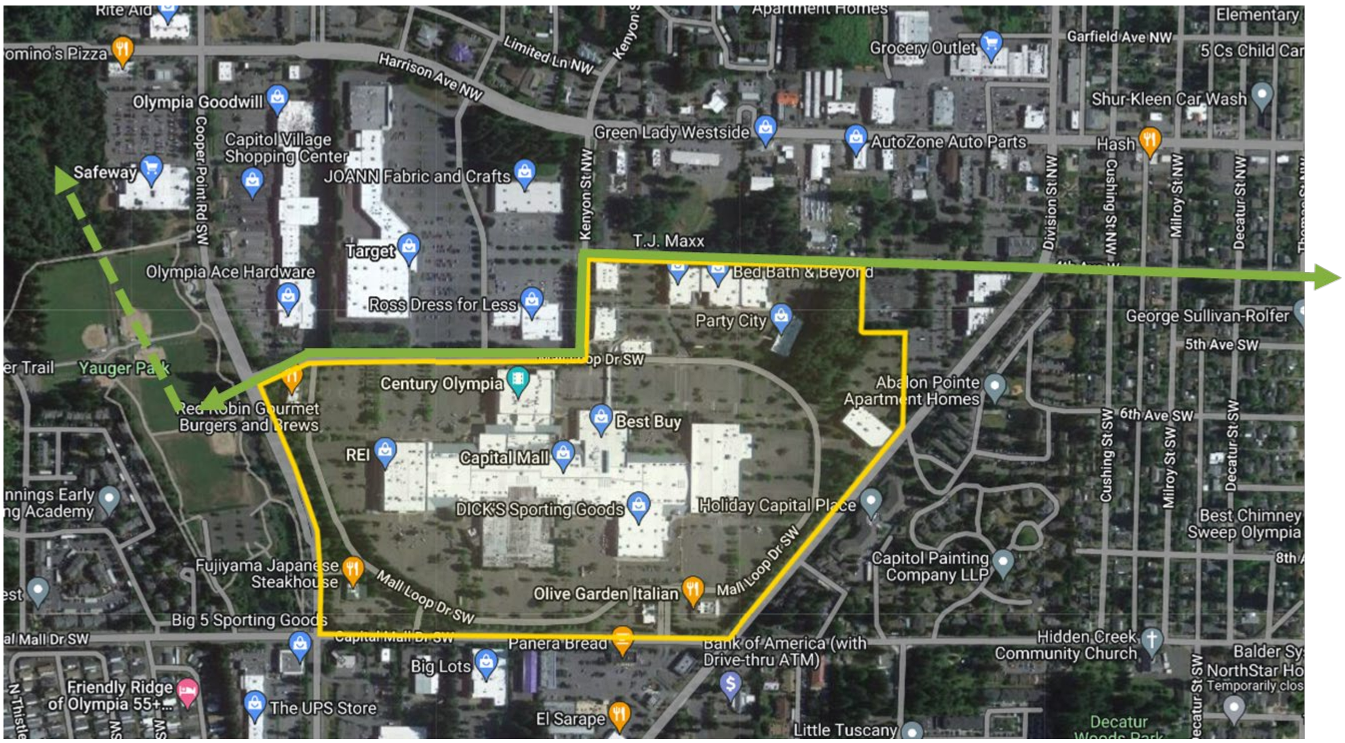
Source: TRPC, LCG.

LCG used these TRPC estimates for redevelopment potential by parcel to determine the maximum capacity of the subarea with a planning horizon year of 2045. See the **Potential Development Alternatives** section for additional methods to estimate capacity.

Current Capital Mall Triangle Opportunities

LCG has identified opportunities for development within the mall site, as well as areas where the city could improve access to and through the site. The main access improvement needed is an east-west route through the subarea connecting the mall site with Yauger Park and Downtown Olympia, as shown in Figure 14 below. In LCG's view, this should be a multimodal corridor that emphasizes bike and pedestrian access.

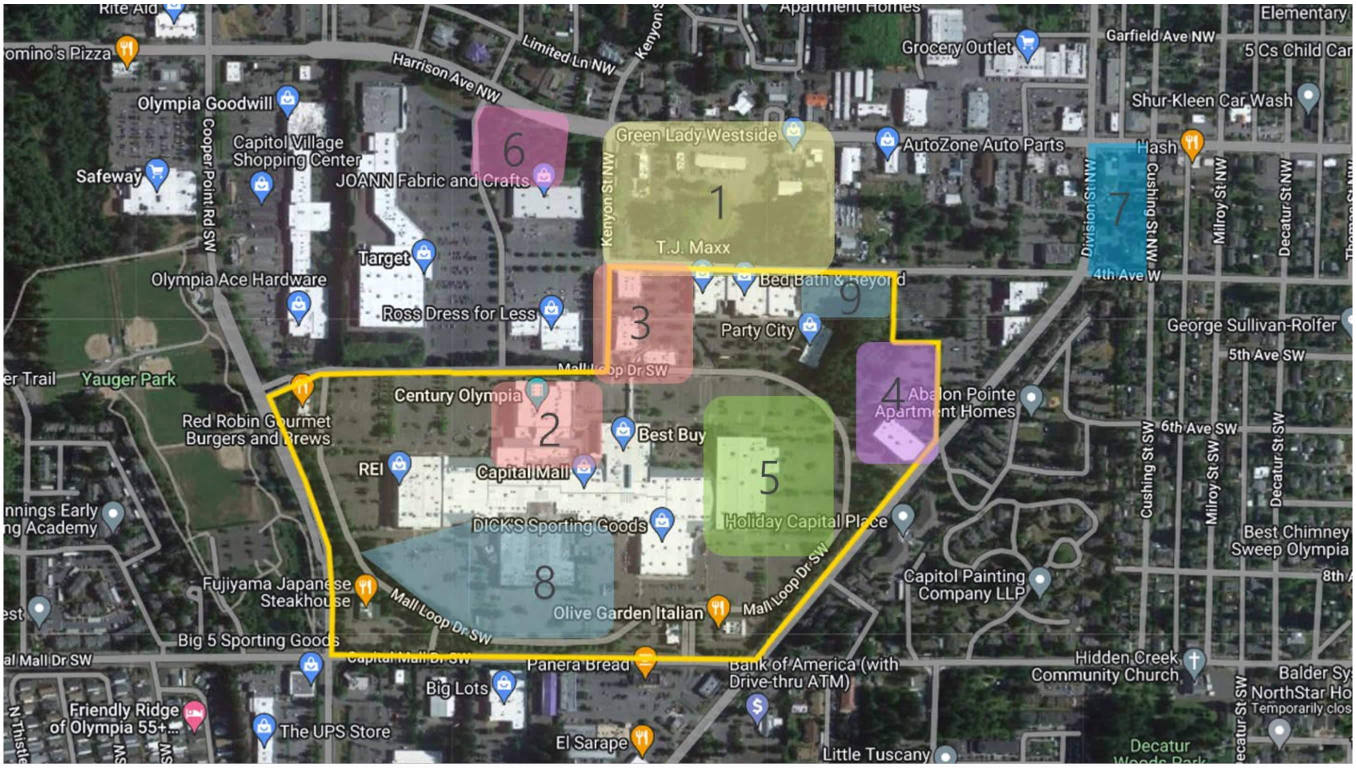
Figure 14. Potential Green Route for Bike/Pedestrian Access through Subarea



Source: LCG.

LCG has identified seven development opportunity sites in the northern portion of the subarea as shown in Figure 15 below. Not all of these areas are immediately developable, but they could potentially bring catalytic change to the subarea if the opportunity arises.

Figure 15. Development Opportunity Areas in the Capital Mall Triangle Subarea



Source: LCG.

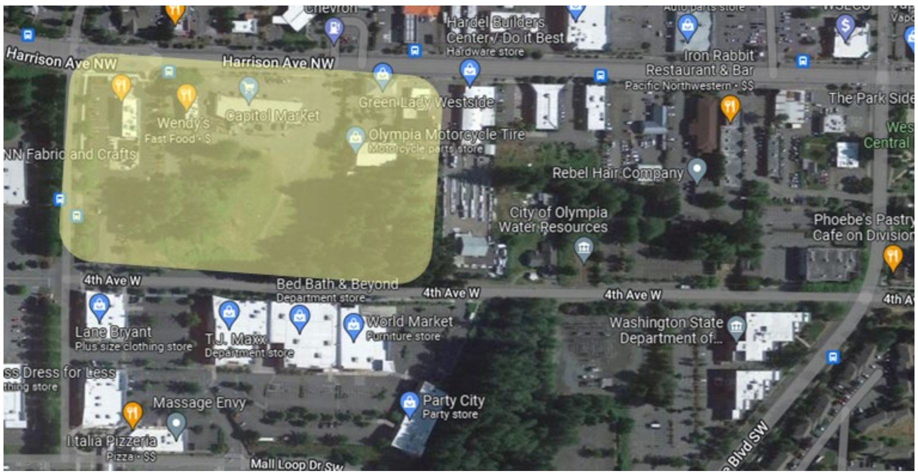
Opportunity Site 1: Southeast Corner of Harrison and Kenyon

The area between Harrison and 4th Avenues in the northeastern portion of the Capital Mall Triangle has smaller parcels with a wider variety of owners than the rest of the subarea. As discussed in the

Redevelopment Capacity section above, it is also the area with the most vacant parcels. Land values in this area are lower, due to reduced Floor Area Ratio (FAR) and older buildings. It is also adjacent to bus and BRT stations, occupying a key location along Harrison Avenue. While it could be difficult to acquire parcels from multiple owners to create an area large enough for substantial redevelopment, it could still be quicker and less expensive to redevelop portions of this area than to build out the existing larger commercial sites, many of which have tenants with long leases. As discussed later in this memo, however, commercial displacement risk is higher in this area than in portions of the subarea with credit tenants (companies that have investor-grade bond ratings and are typically the larger, publicly traded companies thought of as anchors).

The City of Olympia already owns two parcels within this opportunity site and would like to see these parcels developed as low-income housing. Low-income housing on this site, possible in a mixed-use building with retail space for local businesses, could help prevent some displacement and encourage public support for redevelopment of the Capital Mall Triangle subarea.

Figure 16. Opportunity Site 1

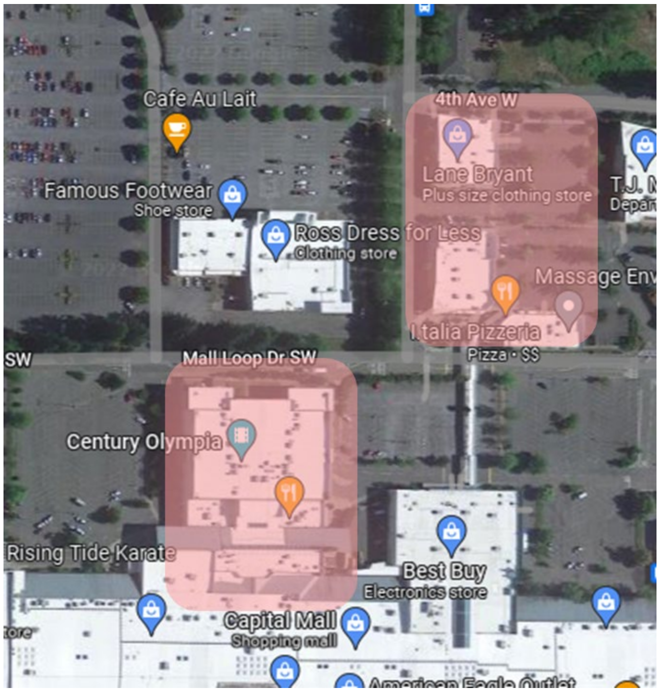


Source: LCG.

Opportunity Sites 2 and 3: "The Promenade"

This portion of the mall site is positioned as a lifestyle area. Opportunity Site 3 includes an outdoor component featuring a plaza and restaurant, while Opportunity Site 2 is within the mall and home to a combination of a movie theater and local food and drink establishments, including a sushi restaurant and a whiskey bar. There is some vacancy in the outdoor component of Opportunity Site 3. Lifestyle centers, as this area aspires to be, benefit from proximity to housing. This area could support walkable, mixed-use development, operating as the subarea's "nightlife" area.

Figure 17. Opportunity Sites 2 and 3

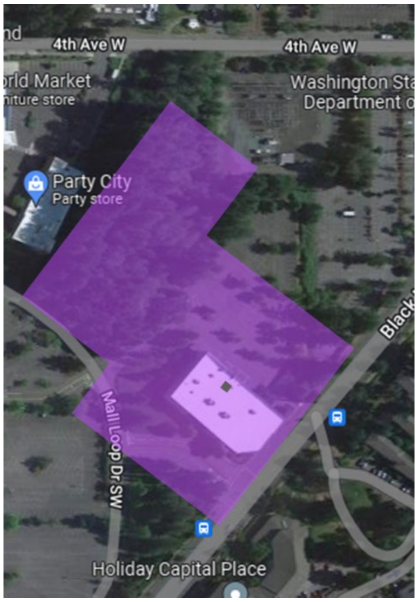


Source: LCG.

Opportunity Site 4: 24-Hour Fitness

The 24-Hour Fitness building on the mall site is vacant, presenting a potential redevelopment opportunity for the mall's ownership group. The building is also adjacent to the mall's tree mitigation area, which by city law must be reserved for wildlife and cannot be used as a park or green space for people. It would also be difficult to redevelop under current Tree Ordinance rules. However, if the former 24-Hour Fitness building and surrounding parking areas were redeveloped with a housing element, the tree area could provide a buffer between the site and surrounding commercial areas. It would be preferable if the tree area could include a public park or walking trails, though that would require changes to the Tree Ordinance.

Figure 18. Opportunity Site 4

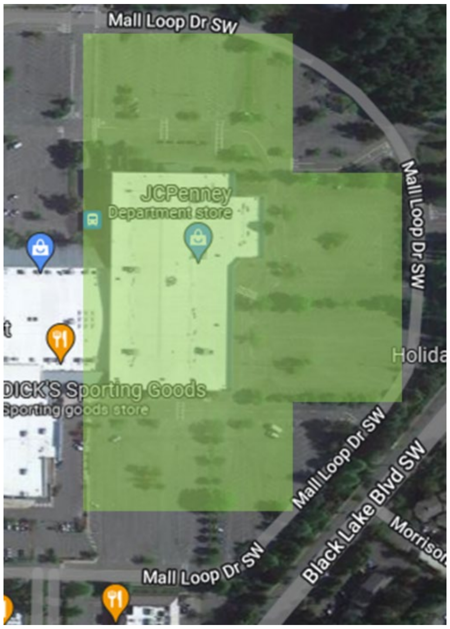


Source: LCG.

Opportunity Site 5: JCPenney

The Capital Mall property is entirely owned by a single ownership entity, an unusual arrangement for malls. Typically, malls have fractured ownership with some larger tenants owning their stores. This presents unique opportunities for both the mall ownership group and the City. The JCPenney at the east end of the Capital Mall is in the 55^{th} percentile nationally and 42^{nd} percentile statewide for annual visits. It's neither particularly high-performing, nor low-performing. However, large-format department stores like Sears and JCPenney have seen significant closures over the past several years in part due to competition from online shopping. The west end of the mall features an REI, a brand that is particularly popular with outdoor enthusiasts in the Pacific Northwest. If the JCPenney closes or moves in the future, the current building and its surrounding, currently underutilized, parking lots could be a major opportunity for redevelopment on the mall site.

Figure 19. Opportunity Site 5

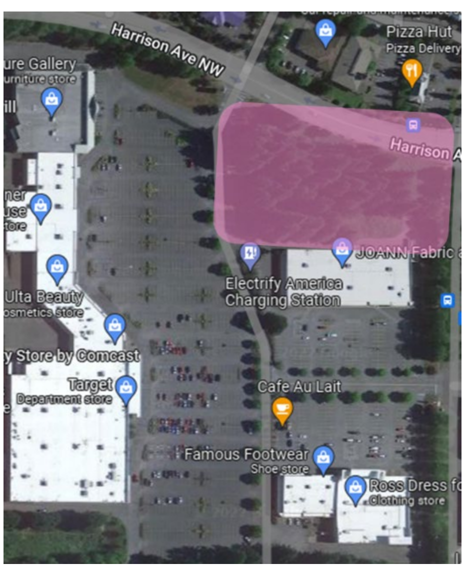


Source: LCG.

Opportunity Site 6: Cafaro Site, NE Corner

The treed portion of the site owned by Cafaro is not a tree mitigation area, unlike the site in Opportunity Site 4: 24-Hour Fitness. Cafaro has attempted to redevelop this area in the past, most recently as a Buffalo Wild Wings. Cafaro continues to be interested in potentially redeveloping this portion of their site, and is open to either commercial or mixed-use development. While it may not be catalytic on its own, combining a redevelopment of this area with new construction in Opportunity Site 1: Southeast Corner of Harrison and Kenyon could have a transformative effect on Harrison Avenue.

Figure 20. Opportunity Site 6



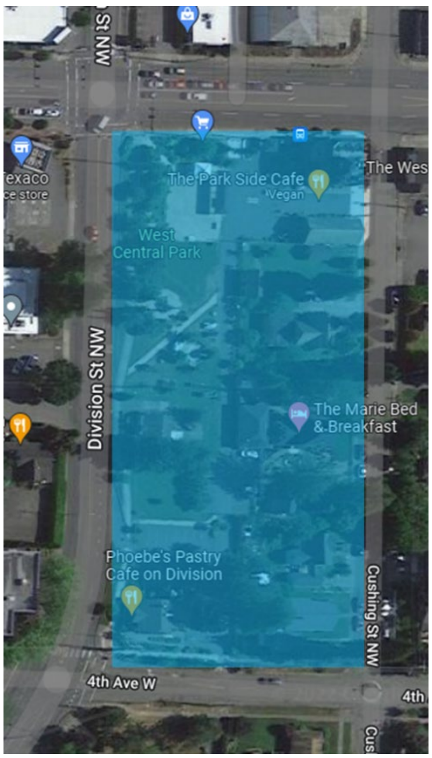
Source: LCG.

Opportunity Site 7: West Central Park

West Central Park does not present an opportunity for redevelopment, but it does provide a template for small area placemaking that could be repeated throughout the subarea. West Central Park features green space, a café, a bakery, a bed and breakfast, and small commercial space with placemaking elements that are unique to Olympia and reflective of the community. It occupies just 2.94 acres of land. Similar outdoor areas that combine community gathering space with small commercial establishments could be built throughout the Capital Mall Triangle, including the Promenade area. If such areas are created, they should be linked together via pedestrian and bike infrastructure, enabling ease of access.

The park is a result of pushback from the community against a proposed 7-11 gas station, and significant investment by a local resident who worked with the community to implement a shared vision. Establishment of a small park with retail or otherwise activated space does not necessarily need to be a philanthropic effort, however. The City could work with developers in the Capital Mall Triangle to establish small community gathering spaces and parklets that take inspiration from West Central Park to ensure that community needs are met. These parks could attract more people to the subarea, which would benefit existing retail and increase the attractiveness of new housing.

Figure 21. Opportunity Site 7

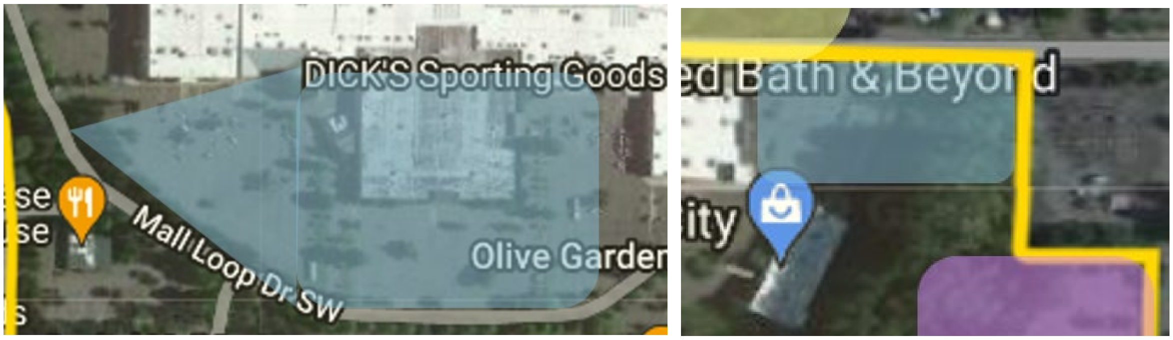


Source: LCG.

Opportunity Sites 8 and 9: Parking Lots

Along with the JC Penney site and adjacent parking lot, there are other lots in the Capital Mall Triangle that could potentially support new development. These sites include the parking lots adjacent to Macy's, as well as a smaller lot north of Party City. While these and other lots are attractive for redevelopment because they do not impose direct displacement risks, there may still be challenges for new development. LCG conducted stakeholder interviews with retail property owners in the Triangle subarea who said that many tenant contracts guarantee a specific minimum number of parking spaces that the tenant's customers will have access to, and these contracts typically have options for tenants to extend term dates. If Macy's, for example, has in their contract that they are guaranteed 4 spaces per 1,000 square feet of gross leasable area (GLA), parking lot redevelopment may not be possible unless Macy's were to vacate its current space.

Figure 22. Opportunity Sites 8 and 9



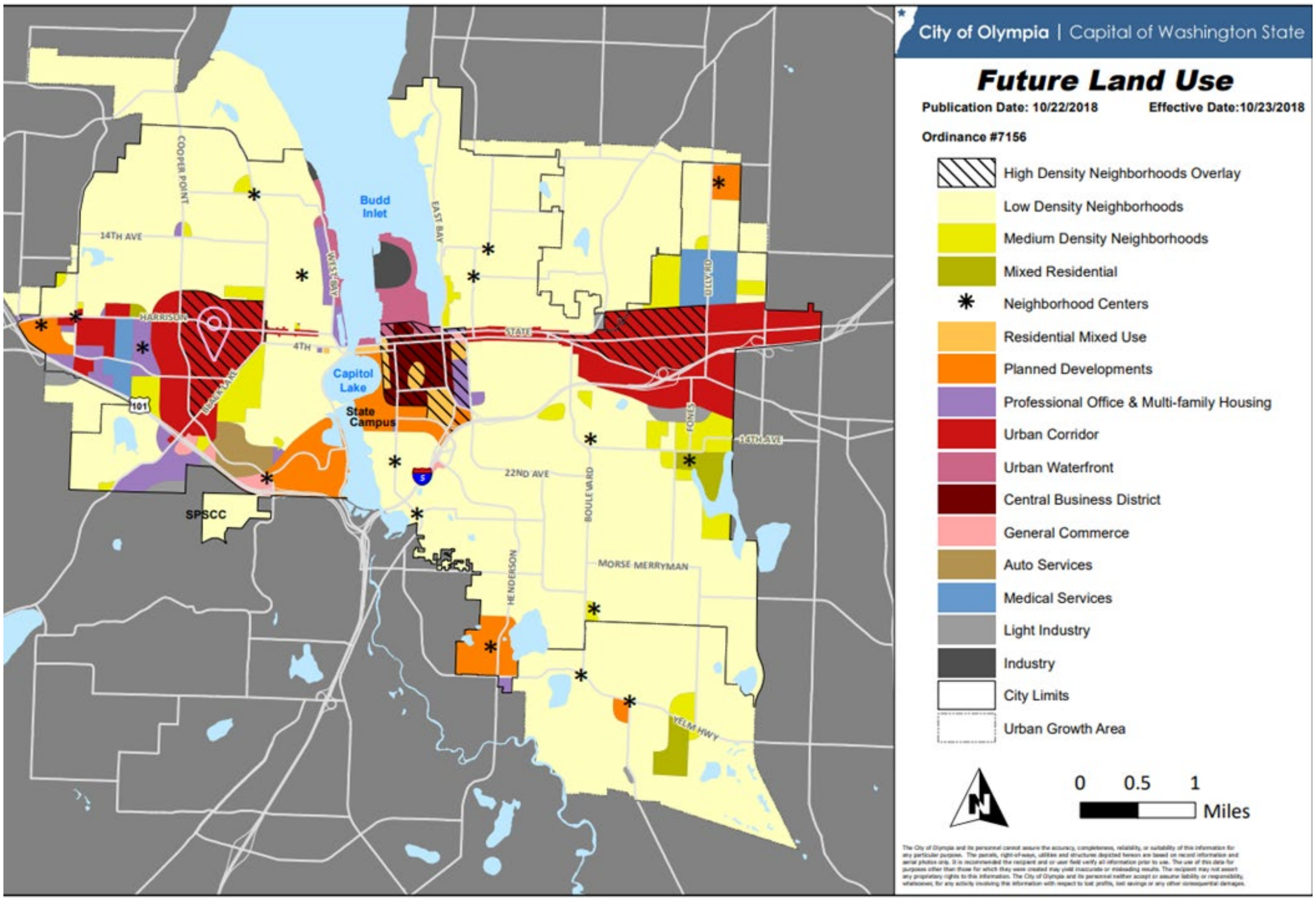
Source: LCG.

Current Zoning and Regulation

Comp Plan

Within Olympia's Comprehensive Plan, the Capital Mall Triangle is designated as an Urban Corridor with a High Density Neighborhoods overlay.

Figure 23. Comprehensive Plan Land Use Map of Olympia

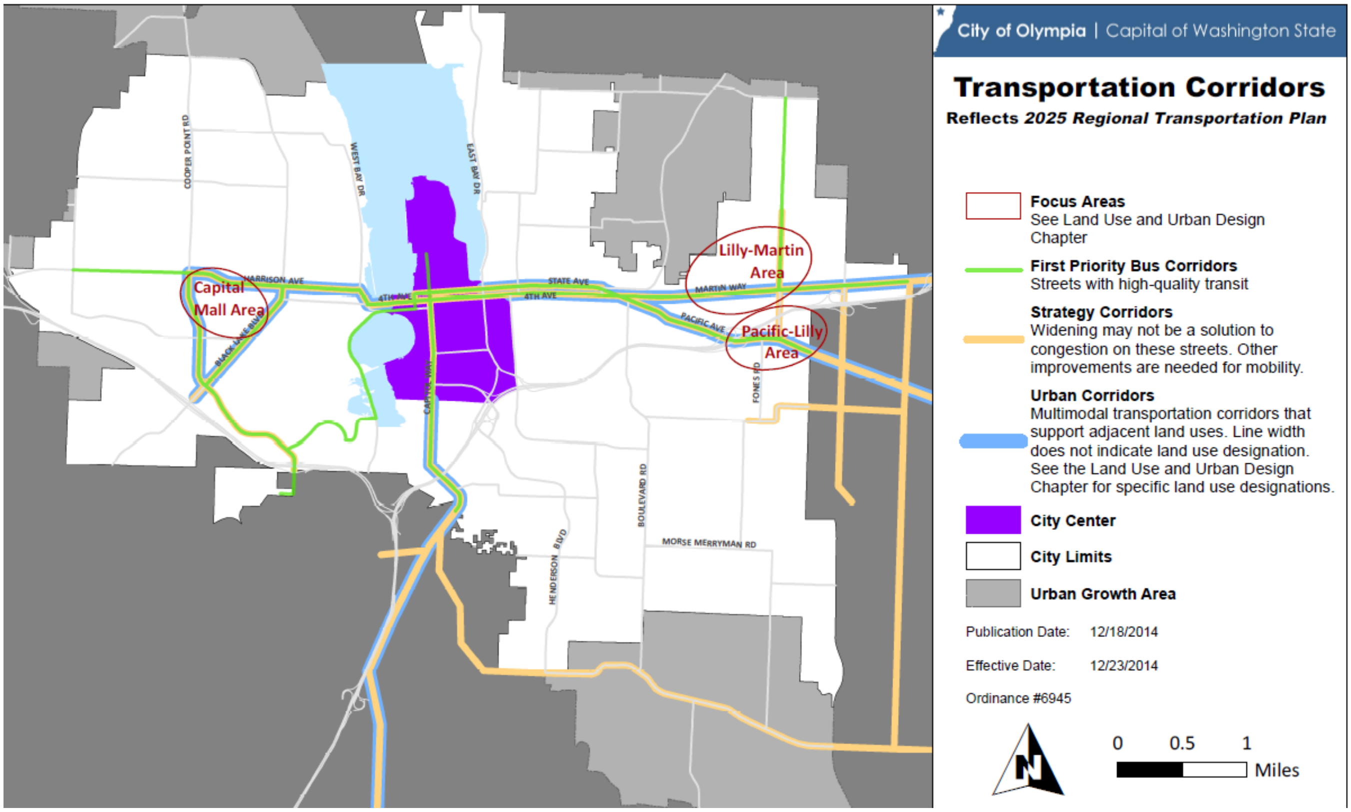


Source: City of Olympia.

Olympia's main goal for areas designated as [urban corridors] is to increase the density and walkability of existing commercial centers rather than create new urban centers. The City is focused on increasing housing, decreasing reliance on automobiles, and improving pedestrian access in these areas. Specifically, Olympia's plan is to encourage redevelopment of urban corridors with the following features:

- Compatible housing, such as apartments or townhomes
- Excellent, frequent transit service
- Housing and employment density to support high-frequency transit service
- Wide sidewalks with trees, landscaping, and benches
- Multi-story, street-oriented buildings
- Parking lots behind rather than in front of buildings

Figure 24. Comprehensive Plan Map of Transportation Corridors in Olympia



Source: City of Olympia.

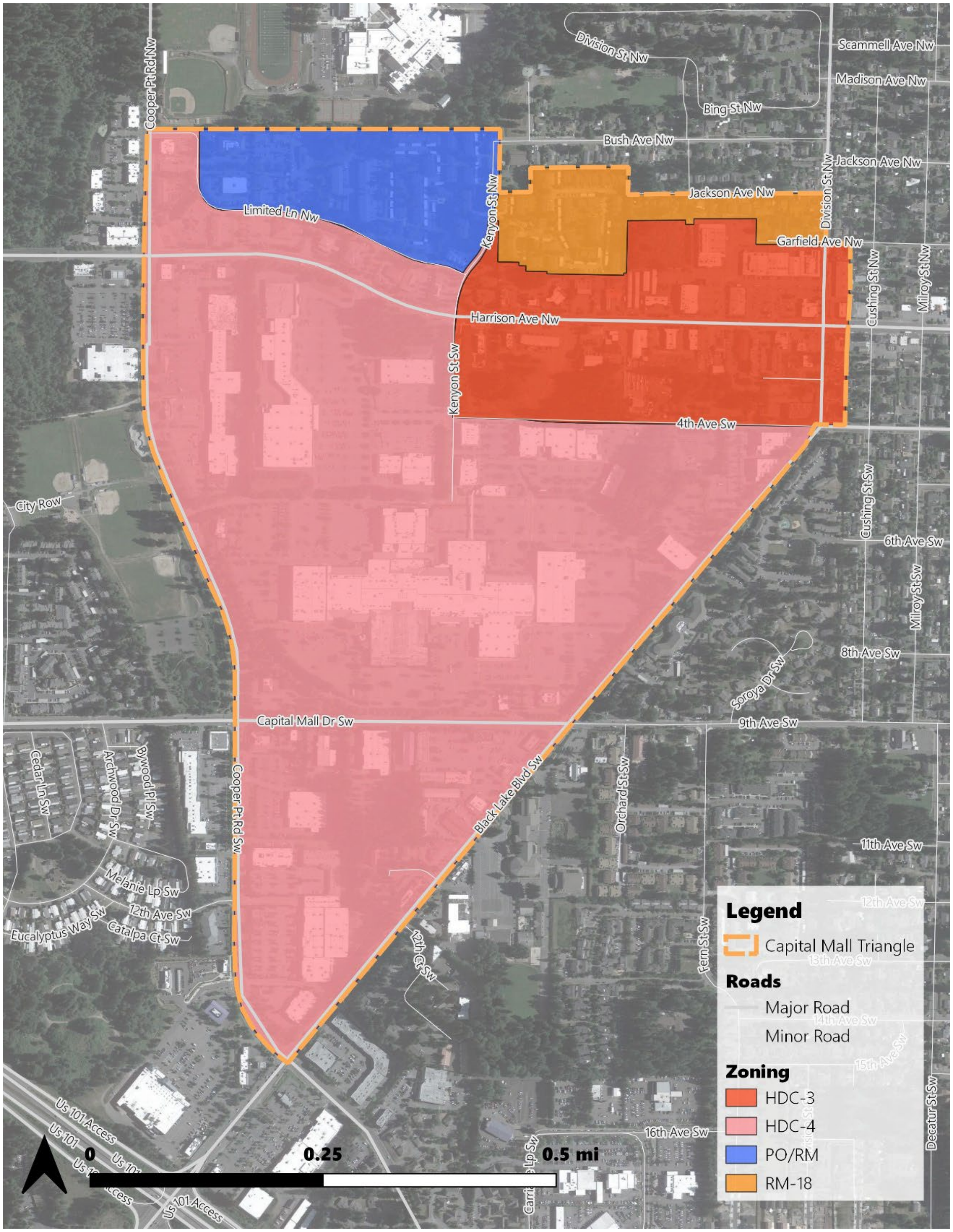
The Capital Mall Area has been identified as a focus area for transit improvements. Harrison Avenue NW, Black Lake Boulevard SW, and Cooper Point Road SW are all designated as first priority bus corridors, strategy corridors, and urban corridors.

The Comprehensive Plan identifies the Capital Mall area as a thriving mixed-use area with a high number of jobs within walking distance of medium-density housing. The City targets this area for infill, redevelopment, and multi-modal connections.

Zoning

Most of the Olympia Capital Mall Triangle is zoned High Density Corridor-4 (HDC-4). The northern portion of the study area is zoned HDC-3, RM-18, and Professional Office/Residential Multifamily (PO/RM).

Figure 25. Zoning Map of the Capital Mall Triangle



Source: City of Olympia, LCG.

According to Olympia's zoning code, the High-Density Corridor districts are intended for transit-oriented residential and mixed-use development.

	HDC-3	HDC-4	PO/RM
Purpose	Provide a compatible mix of medium to high intensity uses with access to transit as part of all new projects Develop a street edge that is continuous and close to the street, with windows and doors visible from the street Create a safe, convenient, and attractive environment for non-automobile users	Provide a compatible mix of high intensity uses with access to transit as part of all new projects Transform areas into commercial and residential "activity centers" Develop a street edge that is continuous and close to the street, with windows and doors visible from the street Create a safe, convenient, and attractive environment for non-automobile users	Provide a transitional area buffering residential from commercial uses Provide a compatible mix of office, moderate- to high-density residential, and small-scale commercial in a pedestrian-oriented area
Setbacks	Front Yard: 0-10' Rear Yard: 10' minimum + 5' for each building above 2 stories when next to residential zone	Front Yard: 0-10' Rear Yard: 10' minimum + 5' for each building above 2 stories when next to residential zone	10' maximum if located in a High Density Corridor
Maximum Building Height	Up to 35' if within 100' of land zoned for 14 units/acre or fewer Up to 60' if within 100' of land zoned for 14 acres or more Up to 70' if at least 50% of required parking is under the building Up to 75' if at least one story is residential	Up to 35' if within 100' of land zoned for 14 units/acre or fewer Up to 60' if within 100' of land zoned for 14 acres or more Up to 70' if at least 50% of required parking is under the building Up to 75' if at least one story is residential Building entry tower exemption allows an additional 30' for a tower element at the Capital Mall	Up to 35' if building is within 100' of residential districts Up to 60' otherwise
Parking Requirements	Retail: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 6,000 SF; 1 short term bike parking space per 3,000 SF Shopping Center: 4.5 spaces per 1,000 feet GLA (in	Retail: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 6,000 SF; 1 short term bike parking space per 3,000 SF	Retail: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 6,000 SF; 1 short term bike parking space per 3,000 SF Shopping Center: 4.5 spaces per 1,000 feet GLA (in

	properties over 400,000 SF) Multifamily: 1.5 off-street parking spaces per dwelling units; 1 bike storage space per unit; 1 short term bike parking space per 10 units Offices: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 5,000 SF; 1 short term bike parking space per 5,000 SF	Shopping Center: 4.5 spaces per 1,000 feet GLA (in properties over 400,000 SF) Multifamily: exempt from parking requirements where the new project provides for the development of replacement units in a development agreement and the project is all or part of an area of 40 acres or more that was in contiguous ownership in 2009; 1 bike storage space per unit; 1 short term bike parking space per 10 units Offices: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 5,000 SF; 1 short term bike parking space per 5,000 SF	properties over 400,000 SF) Multifamily: 1.5 off-street parking spaces per dwelling units; 1 bike storage space per unit; 1 short term bike parking space per 10 units Offices: 3.5 motor vehicle spaces per 1,000 SF; 1 long term bike parking space per 5,000 SF; 1 short term bike parking space per 5,000 SF

Table 2. Net Acreage of Parcels in the Olympia Capital Mall Triangle by Zoning Designation

Zone Name	Zone	Net Acreage
High Density Corridor	HDC-3	50.8
	HDC-4	205.9
Professional Office/Residential Multifamily	PO/RM	22.6
Residential Low Density	R-6-12	0.0
Residential Multifamily	RM-18	14.4
Total		**293.7**

Source: City of Olympia, LCG.

The Olympia Capital Mall is classified as a shopping center, and as a result is required to have 4.5 spaces per 1,000 square feet of gross leasable area. The mall has 858,568 square feet of GLA and therefore is required to have 3,864 parking spaces. However, the site currently has 3,650, indicating that it is under-parked according to current parking requirements. This will be an issue if the City wants to see redevelopment of underutilized parking spaces. A change to parking requirements in the zoning code will be necessary before redevelopment can occur.

Stormwater

Olympia's stormwater requirements are governed by its [2016 Drainage Design and Erosion Control Manual](). Both new development and redevelopment projects must adhere to the core requirements listed in that document.

The stated purpose of the City and State stormwater management codes is as follows:

> *The engineered stormwater conveyance, treatment, and detention systems advocated by this and other stormwater manuals can reduce the impacts from development to water quality and hydrology. However, they cannot replicate the natural hydrologic functions of the natural watershed that existed before development, nor can they remove enough pollutants to replicate the water quality of predevelopment conditions. Ecology understands that despite the application of appropriate practices and technologies identified in this manual, some degradation of urban and suburban receiving waters will continue, and some beneficial uses will continue to be impaired or lost due to new development. This is because land development, as practiced today, is incompatible with the achievement of sustainable ecosystems.* ***Unless development methods are adopted that cause significantly less disruption of the hydrologic cycle, the cycle of new development followed by beneficial use impairments will continue.***
>
> *In recent years, researchers (May et al., 1997) and regulators [e.g., (King County Surface Water Management, 1996)] have speculated on the amount of natural land cover and soils that should be preserved in a watershed to retain sufficient hydrologic conditions to prevent stream channel degradation, maintain base flows, and contribute to achieving properly functioning conditions for salmonids.* ***There is some agreement that preserving a high percentage (possibly 65 to 75%) of the land cover and soils in an undisturbed state is necessary****. To achieve these high percentages in urban, urbanizing, and suburban watersheds,* ***a dramatic reduction is necessary in the amount of impervious surfaces and artificially landscaped areas to accommodate our preferred housing, play, and work environments, and most significantly, our transportation choices****.*

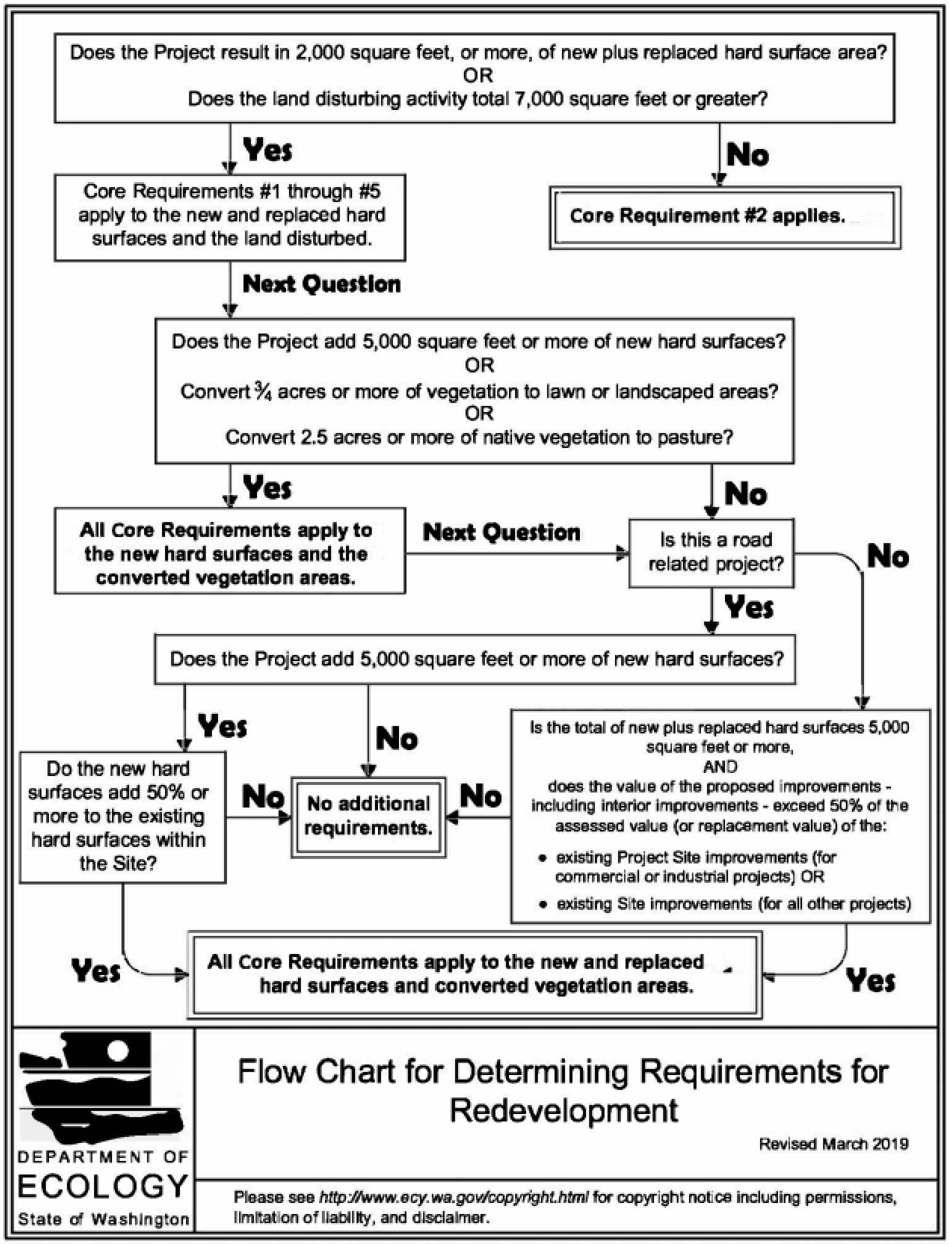
The flow chart in Figure 26 below can be used to determine which core requirements apply to a specific project. The five core requirements that typically apply to redevelopment projects include:

1. Preparation of drainage control plans
2. Construction stormwater pollution prevention (SWPP) thresholds
3. Source control of pollution
4. Preservation of natural drainage systems and outfalls
5. On-site storm water management

While all redevelopment projects must comply with Core Requirement #2, larger projects are required to comply with all five requirements listed above. The threshold criteria, as defined in the manual, are:

- At least 2,000 square feet of new and replaced hard surface area
- Land disturbing activity of 7,000 feet or greater
- 5,000 square feet or more of new hard surface
- Conversion of at least ¾ of an acre of vegetation to lawn or landscaped areas
- Conversion of at least 2.5 acres of native vegetation to pasture
- At least 5,000 square feet of new and replaced hard surface area and the value of proposed improvements is greater than 50% of the assessed value of existing improvements

Figure 26. Flow Chart to Determine whether Core Requirements Must be Met in a Redevelopment Project



Source: Washington Department of Ecology.

The goals of the City's Storm and Surface Water Plan include:

- Reducing the rate of expansion of impervious surface
- Increasing the use of permeable materials and environmentally beneficial vegetation
- Reducing the hazards associated with the frequency and severity of flooding
- Improving stormwater systems

The intersection of Cooper Point Road and Black Lake Boulevard, at the south end of the Capital Mall Triangle, experiences flood conditions, especially during 100-year storm events like the multi-day storm in December 2007. This intersection has already been improved with major piping system upgrades, but flooding continues to be a major concern, especially as the impacts of climate change increase in severity.

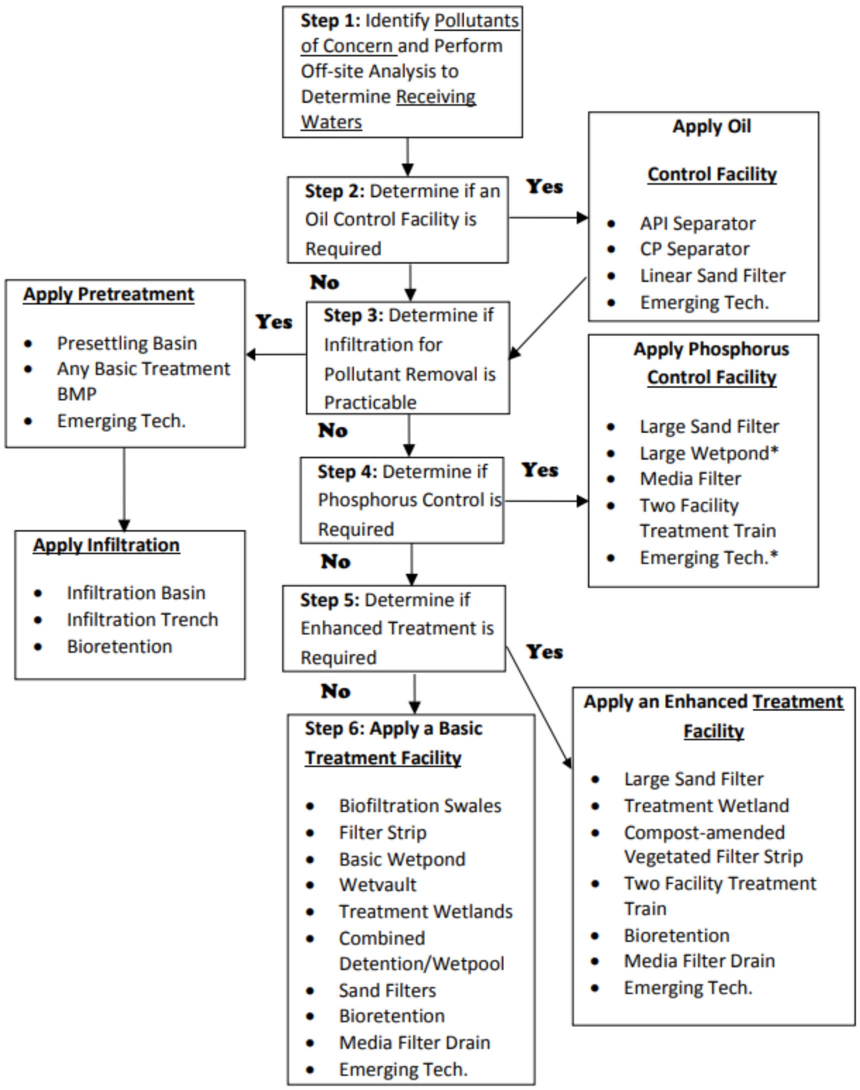
The City of Olympia is currently undertaking some major stormwater projects in or near the Capital Mall Triangle subarea:

- Westside Stormwater Conveyance Design and Construction ($3.37 million) – new stormwater infrastructure to address flooding at the intersection of Cooper Point Road and Black Lake Boulevard.
- Ascension and 4th Avenue Pond Construction ($300,000) – new stormwater facility on City-owned land between 4th and Ascension avenues to provide flow control and water quality treatment.

In 1978, the Yauger Park property was given to the City of Olympia by the owners of the mall property. The deed required the City of Olympia to construct a park at the site and a stormwater facility that would serve the mall properties. The deed only requires the city maintain the stormwater facility that was originally constructed. However, the city did expand the existing stormwater facility in 2010, even though it was not obligated to do so. New development or redevelopment at the mall site that results in stormwater that the existing stormwater facility cannot accommodate must be dealt with by the development in accordance with applicable stormwater regulations.

In addition, a retrofit was recently completed on the Cafaro site in conjunction with development there. Depending on the ability of water to infiltrate the soil in the Capital Mall Triangle, mitigations including bioswales, ditches, and permeable pavement may be sufficient. However, in areas where water cannot infiltrate the soil ponds or underground vaults may be necessary. The manual linked above lists mitigation solutions by preference, as shown in Figure 27.

Figure 27. Flow Chart to Determine Necessary Stormwater Mitigations



Source: Washington Department of Ecology.

These options are further described in Volume V of the Stormwater Management Manual. This section includes treatment menus for each necessary mitigation.

Tree Ordinance

Olympia's tree ordinance governs the removal and planting of trees at development and redevelopment sites. Olympia's code requires that all development projects must have a Soil and Vegetation Plan (SVP) that meets certain criteria with regards to trees and vegetation. According to the ordinance:

> *"Unless otherwise exempted, any site to be developed, within the City of Olympia, shall be required to develop a tree plan and shall be required to meet the minimum tree density herein created. For the purposes of this chapter, development shall include conversions, structural alterations, and remodeling only if a permit is required and the footprint of the building is expanded."*

Olympia's Urban Forestry Manual dictates specific tree plan requirements. It includes five designated Tree Plan Levels that impact what elements must be included in the tree plans for specific types of projects. New commercial, industrial, and multifamily projects are considered level IV or V, as shown in Figure 28 below.

Figure 28. Tree Plan Levels for Different Types of Developments

PROJECTS OR ACTIVITIES FOR WHICH TREE PLANS ARE REQUIRED

ACTIVITY or PROJECT	LEVEL (see manual)
Residential subdivisions (1-4 units)	I
Residential subdivisions (more than 4 units)	IV, V
Commercial/Industrial/Multifamily (over 4 units)	IV, V
Developed Commercial/Industrial/Multifamily (over 4 units), proposing a building addition or other site disturbance	II
Multifamily (1-4 units)	I
Planned Residential Development	IV, V
Mobile Home Park	IV, V
Nuisance Tree removal permit	III
Conversion Option Harvest Permit	VI
Residential 1-4 unit, building permit	I

Source: City of Olympia.

The City requires 30 "tree units" per acre, which can be met with existing or new trees. Tree Units are based on the diameter of the tree at breast height (DBH).

DBH	Tree Units	DBH	Tree Units	DBH	Tree Units
1"-6"	1	24"	7	38"	14
6"-12"	1.5	26"	8	40"	15
14"	2	28"	9	42"	16
16"	3	30"	10	44"	17
18"	4	32"	11	46"	18
20"	5	34"	12	48"	19
22"	6	36"	13	50"	20

Source: City of Olympia.

In the context of redevelopment projects, developers are required to replace a minimum tree density of 1 tree unit for every 500 square feet to be disturbed. Disturbances include the expansion of a building, site grading, drilling, paving, and excavation.

In 2015, the City estimated that the Capital Mall site had a total of 3,230 trees. The 85.1-acre parcel is required to have at least 2,555 trees on site. 44 trees were removed for the construction of Dick's Sporting Goods and some die off has occurred since the 2015 census. It is now estimated that the site has 3,000 trees, though a new count is expected to be conducted soon.

If the Mall were to be redeveloped with a multifamily component, it would need to establish a natural forested area for local wildlife rather than people. This requirement does not apply to the City's Downtown, which is "open space exempt." Developers in Downtown Olympia can utilize a handful of options to meet tree code provisions, including:

- Planting trees on a nearby city property
- Replacing street trees and committing to three years of maintenance
- Paying into the tree fund ($380 per tree)

A similar exemption in the Capital Mall Triangle could help spur the type of dense, mixed-use development that the City envisions for the site. It could also allow for the establishment of public parks or treed areas intended to serve residents rather than wildlife.

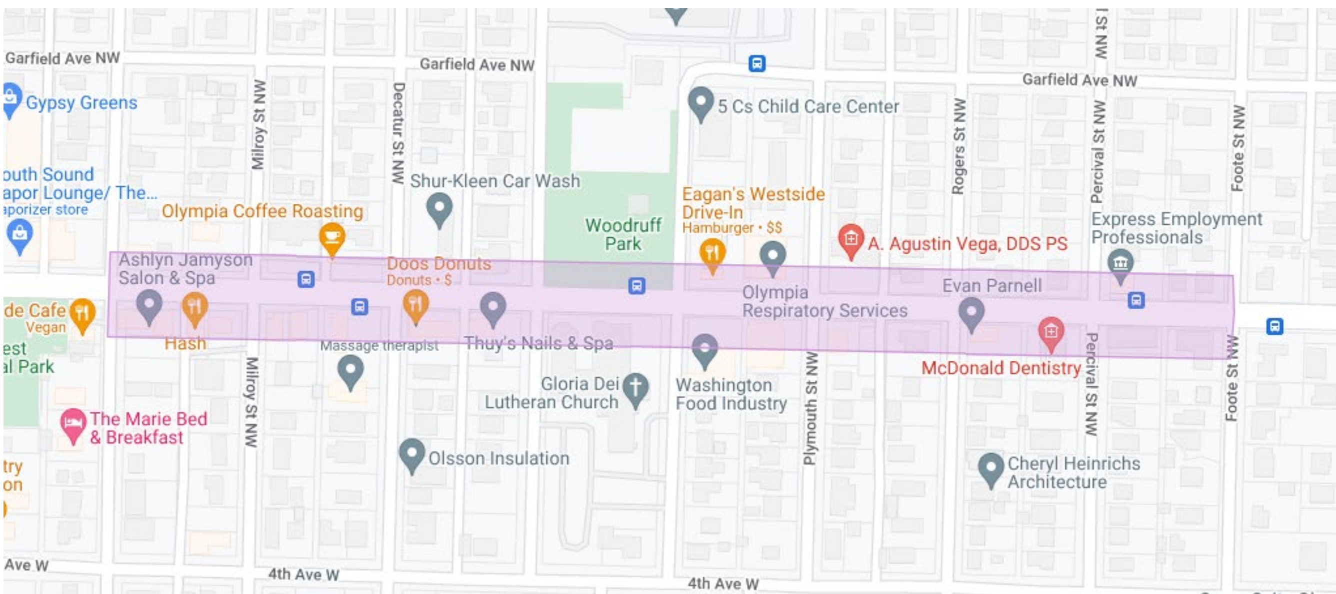
Multi-Family Tax Exemption (MFTE)

Currently, Olympia has designated three target areas for its MFTE program:

- Downtown
- Eastside
- Westside

The Westside Residential Target Area is located just east of the capital mall triangle. It is confined to Harrison Avenue between Cushing Street and Foote Street.

Figure 29. Olympia's MFTE Westside Residential Target Area on Harrison Avenue



Source: City of Olympia, LCG.

According to Darian Lightfoot with the City of Olympia, discussions are currently underway about expanding the MFTE programs to other areas, including the Olympia Capital Mall Triangle. The City will also consider changes to the program criteria. This would have a greater impact on housing development than the current Westside Residential Target Area, which only encompasses approximately 5 acres of land.

Projects are eligible for an 8-year tax exemption through MFTE if they meet the following criteria:

- The project is within a residential target area
- The project does not displace existing residential tenants

- The project must contain at least 4 units of new multifamily housing
- The project must be completed within three years of approval
- The project must comply with all relevant guidelines and standards
- At least 50% of space must be for permanent residential housing
- The applicant and City must enter into a contract to ensure all criteria are met

To utilize the 12-year program, projects must meet the same criteria while also including affordable housing.

Inclusionary Housing Requirements

SEPA Requirements

In order to facilitate development in the Olympia Capital Mall Subarea, the City is conducting a SEPA review of the entire area. This means that in the future, developers planning to build in the subarea will not have to conduct SEPA reviews for their individual projects, saving time and money and reducing uncertainty. If the subarea is subject to RCW 43.21C.420, or if the City elects to impose similar affordability requirements, 10% of dwelling units within a development must be affordable to low-income households.

This requirement (RCW 43.21C.420(5)(b)) does not specify a specific level of affordability, nor does it make clear whether each building is required to include affordable units, or whether the units can be distributed throughout the subarea. It states:

> *(ii) Sets aside or requires the occupancy of at least ten percent of the dwelling units, or a greater percentage as determined by city development regulations, within the development for low-income households at a sale price or rental amount that is considered affordable by a city's housing programs. This subsection (5)(b)(ii) applies only to projects that are consistent with an optional element adopted by a city pursuant to this section after July 28, 2019;*

The City of Olympia typically follows HUD guidance to set the affordability target at 80% Area Median Income (AMI). HUD updates AMI annually. Income eligibility limits for Thurston County as of April 1, 2022, are:

	1 Person	2 People	3 People	4 People	5 People	6 People	7 People
30% AMI	$21,200	$24,200	$27,250	$30,250	$32,700	$37,190	$41,910
50% AMI	$35,350	$40,400	$45,450	$50,450	$54,500	$58,550	$62,600
80% AMI	$56,500	$64,600	$72,650	$80,700	$87,200	$93,650	$100,100

Annual rent is typically set at 30% of household income at these thresholds. This means that a family of two making 80% AMI would spend roughly $1,615 in housing costs each month ($64,600 x 0.30 = $19,380; $19,380 / 12 months = $1,615). The number of people allowed per bedroom can vary based on rules associated with specific funding sources. According to affordable housing provider ROSE Community Development, typically the minimum allowed is one person per bedroom and the maximum is two people per bedroom plus one.

The city intends to confirm how the 10% of units in the subarea must be allocated, whether the 10% applies across all new developments, within each new development, or across all housing units new and old in the subarea.

Future Inclusionary Housing Policies

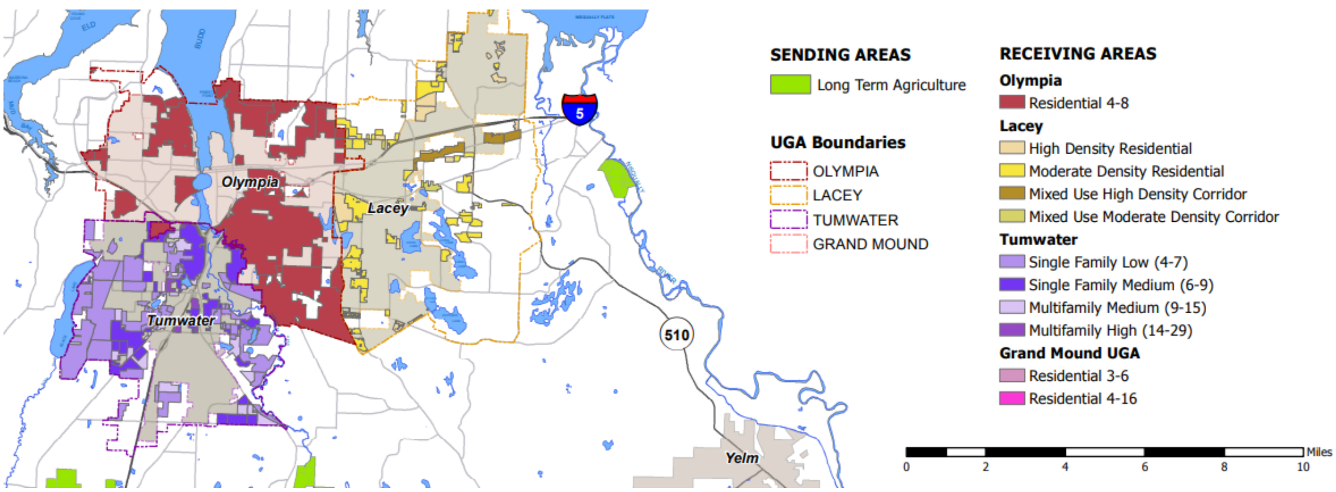
Olympia's Housing Action Plan from June 2021 identifies recommended actions for the city to take in order to meet its housing goals. Included in these actions is further analysis to "1.l. Require Low Income Housing Units as Part of New Developments." Olympia has learned from other cities that if not properly applied inclusionary housing requirements can have the unintended consequence of suppressing both low income and market rate housing development. However, if analysis shows that implementing such a program will not negatively impact housing development in the city, they intend to do so. The City already offers a density bonus of 1 additional residential unit for each low-income unit provided (up to 20% of units), but it has not yet established a mandatory inclusionary housing program.

The city’s recommended approach to establishing an inclusionary housing requirement is to analyze and restructure the 12-year MFTE program to determine whether the city can encourage the development of more low-income housing units through a combination of that program and other incentives. This analysis has not yet been completed.

Transfer of Development Rights (TDR)

Thurston County operates a program that allows for the transfer of development rights from rural to urban properties. However, the majority of the subarea is zoned HDC-4, which has no maximum density. The small areas within the Capital Mall Triangle with other zoning designations are already built out and are unlikely to benefit from TDR. Outside of density, the benefits that could be transferred through this program are limited to permitting process incentives and environmental review incentives. Because the City is already planning to pre-approve the entire area through the SEPA process, any new development in the subarea will already benefit from the waiving of environmental review. As a result, the county TDR program will not incentivize development in the Capital Mall Triangle subarea.

Figure 30. Transfer of Development Rights Sending and Receiving Areas



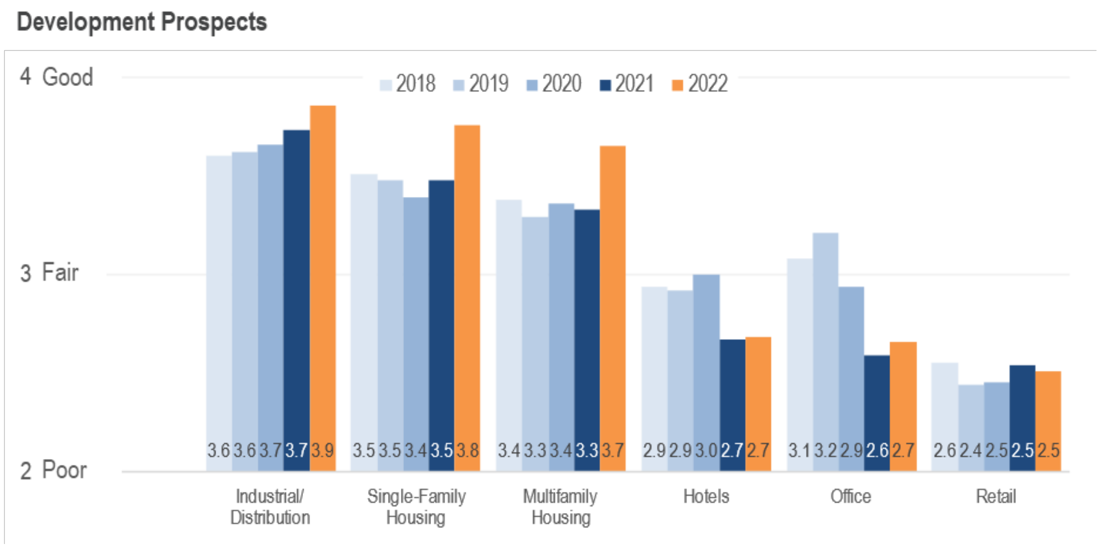
Source: Thurston County.

Emerging Trends in Real Estate Development and Place Making

Figure 31 below shows how real estate developers and other industry professionals associated with the Urban Land Institute (ULI) evaluate the desirability of development of various property types nationwide. ULI is the leading national professional association for developers of infill and mixed-use projects. This chart shows that developers are shifting away from building hospitality, office, and retail properties in favor of industrial, single family, and multifamily housing. While this chart reflects national sentiment, LCG’s assessment is that it is also applicable in Olympia.

Even prior to the pandemic, the demand for industrial space was growing due to the need for warehouses closer to urban centers to solve the “last mile” problem of delivery-based retail. In addition, the persistent shortage of housing in cities of all sizes has led to low vacancy rates and bolstered developer interest in the housing sector. While retail has been on the decline for several years due to changing consumer preferences, interest in hotels and office properties dropped off significantly because of the COVID-19 pandemic. While the hospitality sector appears to be bouncing back slightly, developers nationwide are still wary of building new projects. There is continued uncertainty in the office market as workers seek to continue taking advantage of work from home policies. Organizations are starting to reassess how much space they need to accommodate a remote or hybrid workforce. Developer interest in building new office space increased slightly in 2022, but there is still significantly less interest in building new office space than there is for industrial, single-family, and multifamily housing.

Figure 31. Developer Interest by Property Type, 2018-2022



Source: ULI Emerging Trends 2022.

Housing

According to the National Association of Realtors, while Millennials and Gen Z, especially those with kids, shifted their preferences slightly from urban, walkable neighborhoods to suburban auto-centric neighborhoods with detached homes at the beginning of the pandemic, 20% of people living in detached homes in July 2020 would have preferred to live in an apartment or townhome in a walkable neighborhood.

Figure 32. Mismatch Between Where People Live and Where They Prefer to Live

JULY 2020	Lives in	Prefers	%
Mismatched	Detached home	Apartment/townhouse in *walkable neighborhood*	20%
	Attached home	Detached home in *conventional neighborhood*	10%
Matched	Attached home	Apartment/townhouse in *walkable neighborhood*	25%
	Detached home	Detached home in *conventional neighborhood*	39%

Source: National Association of Realtors.

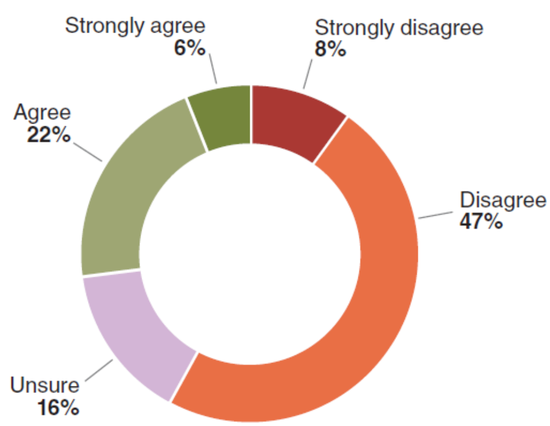
In addition to younger adults, seniors are also interested in moving to more walkable communities. Walkability has a positive impact on quality of life and continues to be in demand despite pandemic-related disruptions within the real estate industry.

The pandemic has accelerated trends toward remote work and online shopping that had already begun prior to 2020, and while the future remains uncertain it does seem clear that housing, office, and retail are undergoing major shifts. In the Thurston County region, the proliferation of professional services jobs fueled by State and other government employment increases the ability of employees to work from home. As cities plan for growth, old formulas that use office space as a proxy for the number of new jobs may not be as accurate due to the prevalence of shared office space and work from home policies. Similarly, sales tax generated by online sales will also be associated with housing units rather than traditional retail.

Office

Since the beginning of the COVID-19 pandemic in 2020, there have been significant changes in where and how people live and work. Homes are the new offices, and they are increasingly where retail transactions are taking place. While some employers are pushing to bring their workers back to the office, the pandemic may have a more lasting effect on where and how people work. ULI's 2022 Emerging Trends in Real Estate Survey found that 55% of Real Estate Industry professionals either disagree or strongly disagree that we will revert to pre-pandemic norms in 2022.

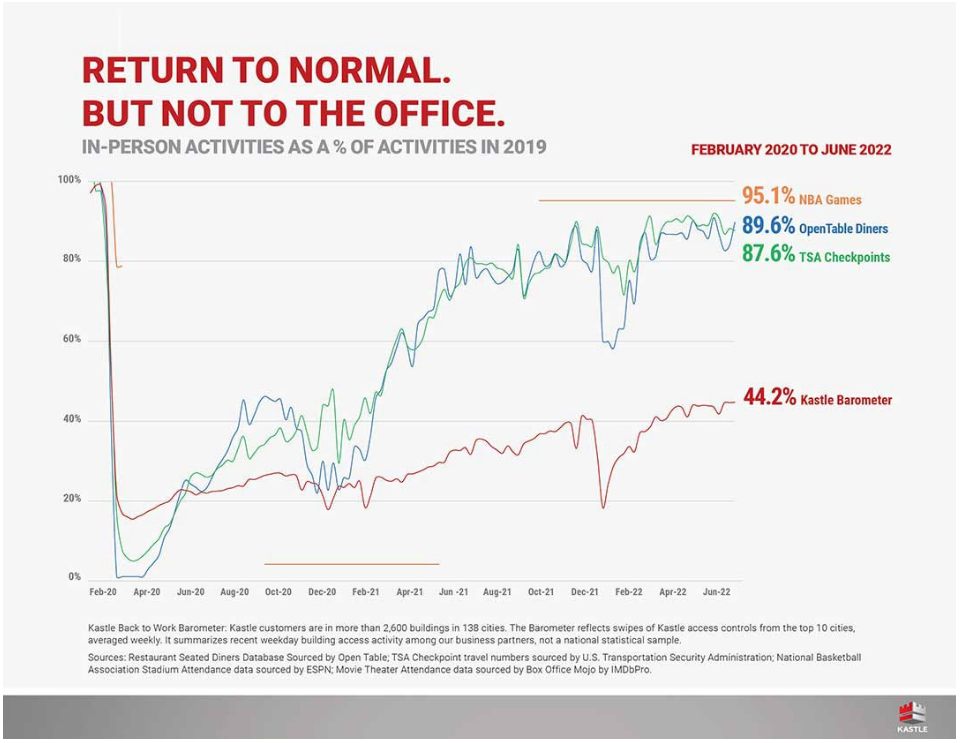
Figure 33. Percent of Real Estate Industry Professionals who Believe Changes Implemented as a Result of COVID-19 Will Revert to Pre-Pandemic Activity in 2022



Source: ULI Emerging Trends 2022.

As of June 2022, many people had returned to in-person social gatherings and travel, but far fewer returned to the office. The chart in Figure 34 below shows activities as a percent of the 2019 baseline. While sporting events, dining, and airports are drawing nearly as many people as in 2019, offices were still at just 44% of pre-pandemic capacity.

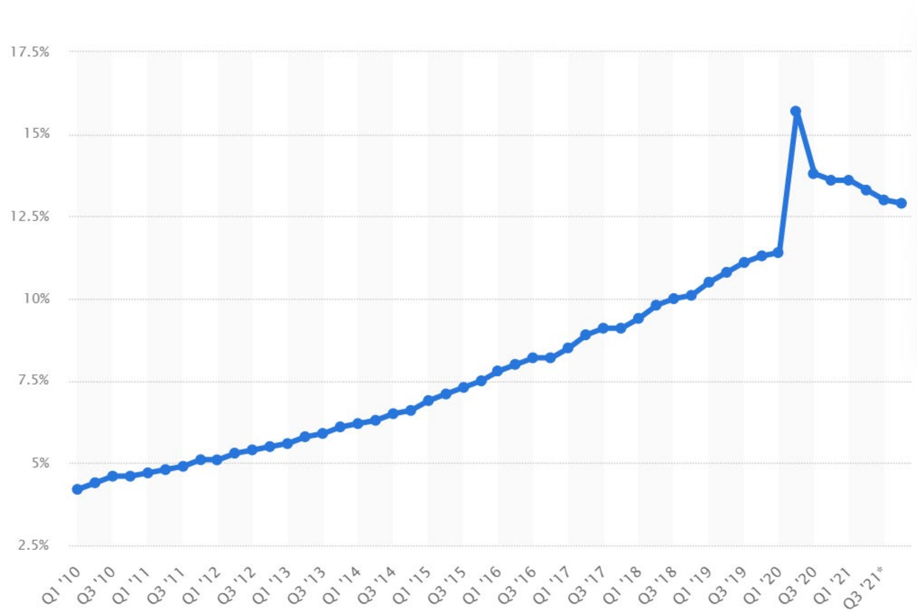
Figure 34. Kastle Back to Work Barometer



Retail

During the height of the pandemic, E-Commerce jumped from around 11% to 15.7% of total retail sales. As of Q3 2021 it had decreased to 12.9%, still well over pre-pandemic levels.

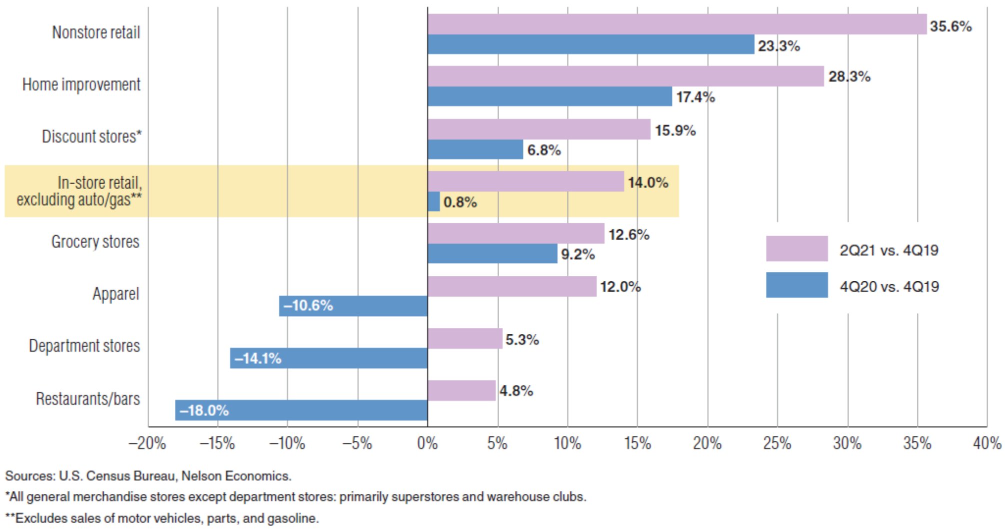
Figure 35. E-Commerce as a Percent of Total Retail Sales



Source: Statista.

As of the second quarter of 2021, retail sales were higher than the fourth quarter of 2019 in all categories. The highest increases were in non-store retail, home improvement, discount stores, and in-store retail. Perhaps surprisingly, non-store retail continued to increase in 2021, after an initial jump of 23% between 2019 and 2020.

Figure 36. Changes in Retail Sales by Category

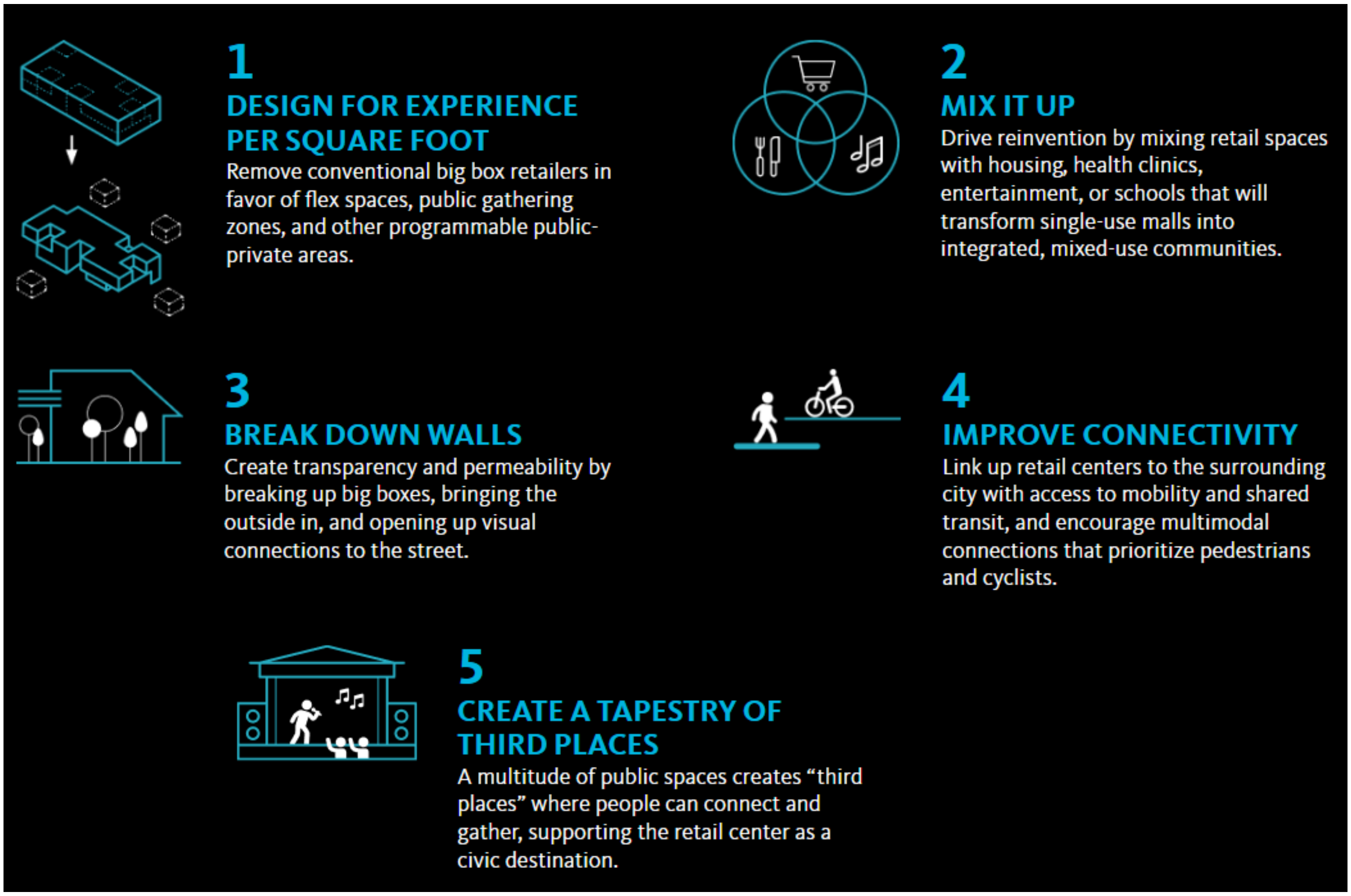


Source: US Census Bureau.

Malls and Placemaking

As malls have begun to decline in popularity, retail owners, investors, developers, and others have been working to determine best practices for reinventing these spaces. Architecture and design firm Gensler offers a five-point strategy for reinventing malls and other retail centers that focuses on placemaking and offering visitors an experience rather than a traditional shopping opportunity. Emphasizing elements like permeability and connectivity while offering site users a wider variety of destinations is essential to creating a modern retail center.

Figure 37. Gensler's Strategies for Reinventing the Retail Center



Source: Gensler.

Demographics

LCG compared the Olympia Capital Mall Triangle subarea to comparison areas in an effort to determine the subarea's relative attractiveness to potential developers. Currently, the subarea's population is very low. In addition, the subarea's median household income is lower than comparison areas, as are the percentage of residents over 25 with a bachelor's degree or higher and the median age. Additional analysis of the demographics in the subarea and comparison areas is below.

Table 3. Demographic Comparison Chart

								5 Mile Radius	
	Subarea	1-Mile	3-Mile	5-Mile	Mall Trade Area (80%)	City of Olympia	Thurston County	Alderwood Mall	Tacoma Malll
Population	667	13,266	54,297	105,513	372,295	55,919	297,977	366,243	312,113
Households	272	5,960	23,795	45,109	150,013	23,031	112,323	138,467	123,322
People per Household	2.45	2.15	2.22	2.28	2.48	2.21	2.50	2.63	2.46
Median Household Income	$55,418	$55,605	$74,270	$79,374	$67,562	$63,185	$75,867	$103,227	$85,833
Median Age	34.2	37.4	38.6	40.8	38.0	37.7	39.1	38.7	36.8
Percent White non-Hispanic	62.5%	70.3%	74.4%	74.7%	82.0%	80.1%	80.8%	56.3%	54.5%
Percent with Bachelor's Degree or Higher	13.8%	41.4%	49.6%	47.2%	21.9%	46.0%	35.7%	29.30%	19.60%

Source: US Census, ESRI, Data USA, LCG.

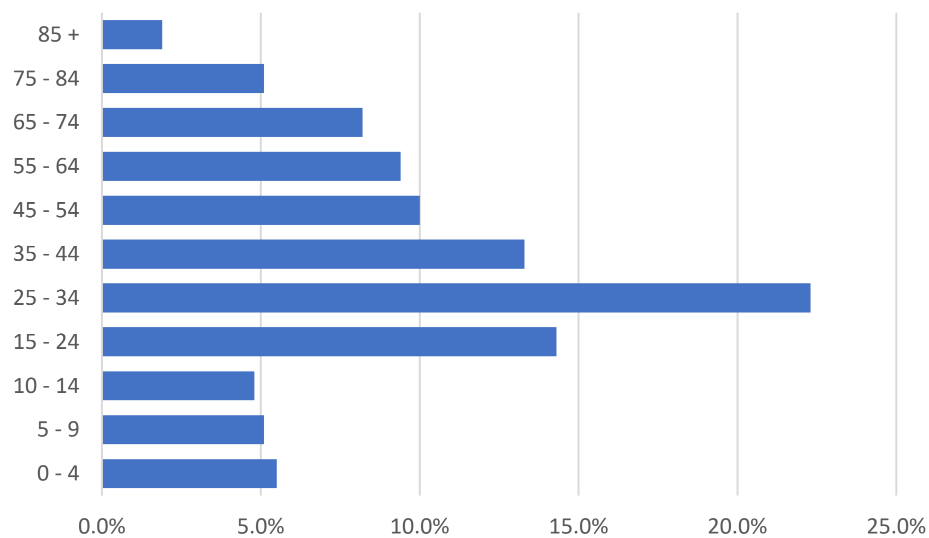
Capital Mall Triangle Subarea

According to Esri, the Capital Mall Triangle is home to 667 residents in 272 households, with an average of 2.45 people per household. By 2027, Esri estimates that there will be 671 residents in 273 households. 289 residents (43%) are in the labor force as of 2022. Overwhelmingly, subarea residents work in the service industry.

The subarea is home to 343 businesses with a total of 3,671 employees. 126 businesses (36.7%) are retail sector while 152 (44.3%) are service sector. Although service establishments outnumber retail, retail businesses retain the most employees. 56.4% of workers in the Capital Mall Triangle work in retail trades. 790 of those workers (21.5%) work in eating and drinking establishments. Of the 1,288 service sector employees in the subarea, 15.5% work in health services.

The median age of subarea residents is 34.2 years old. 25- to 34-year-olds make up over a fifth of the subarea population (22.5%). 15.2% of residents are over 65 years old. 20.5% are under the age of 18.

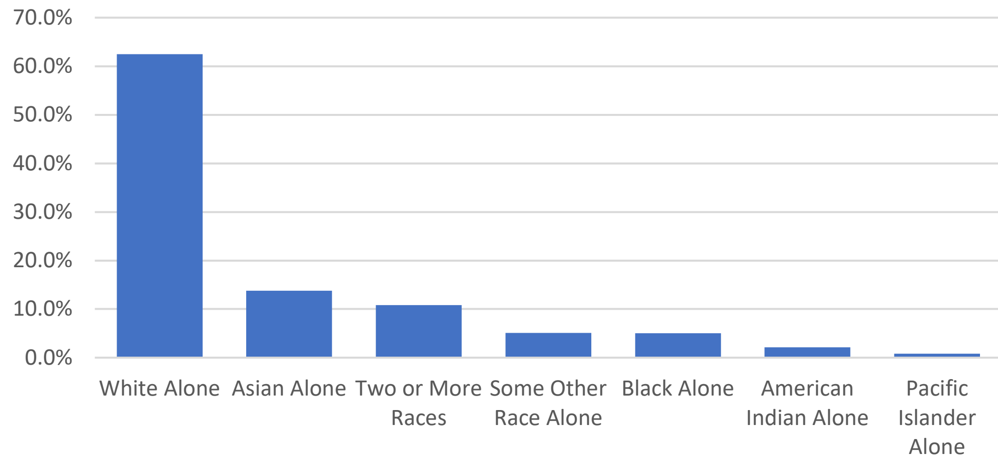
Figure 38. Age Distribution in the Olympia Capital Mall Triangle Subarea



Source: Esri, US Census, LCG.

As of 2022, the subarea is 62.5% white, down from 70% white in 2010. While the percentage of Asian-Americans has decreased slightly in the subarea over that time, the number of multiracial and Black residents has increased. 12% of subarea residents are of Hispanic or Latino origin.

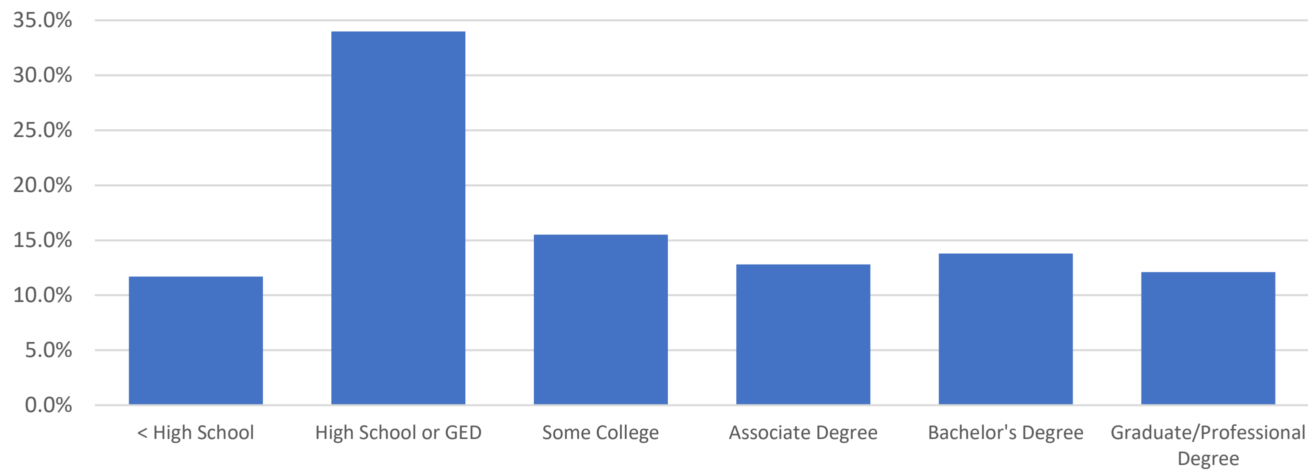
Figure 39. Racial Distribution in the Capital Mall Triangle Subarea



Source: Esri, US Census, LCG.

Just 13.8% of subarea residents over the age of 25 have a bachelor's degree, while 11.7% have less than a high school diploma.

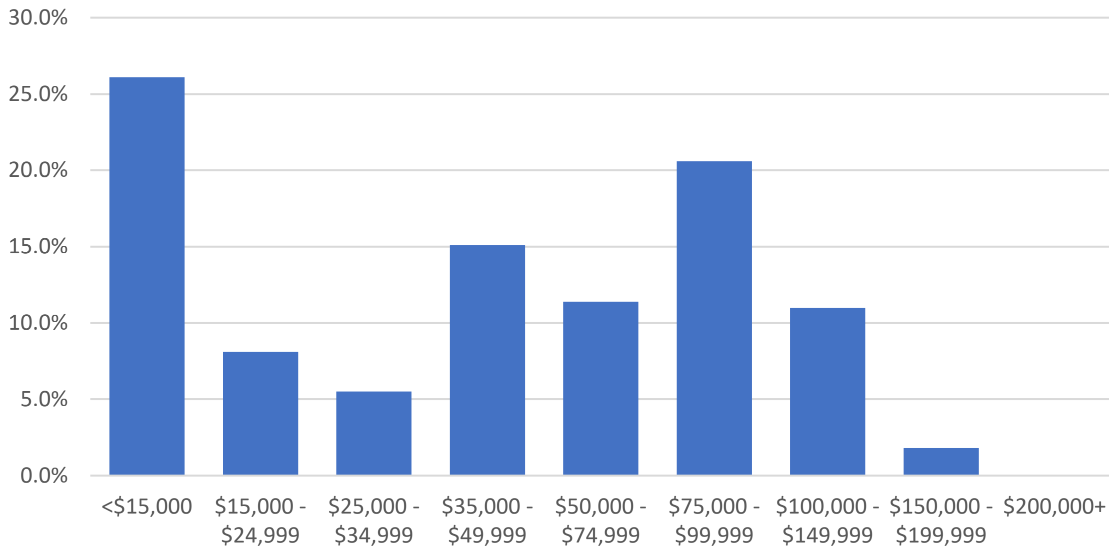
Figure 40. Educational Attainment in the Capital Mall Triangle Subarea



Source: Esri, US Census, LCG.

The average household income in the subarea is $55,418. Over a quarter of households in the subarea make less than $15,000 per year, while roughly a fifth make between $75,000 and $99,999 per year.

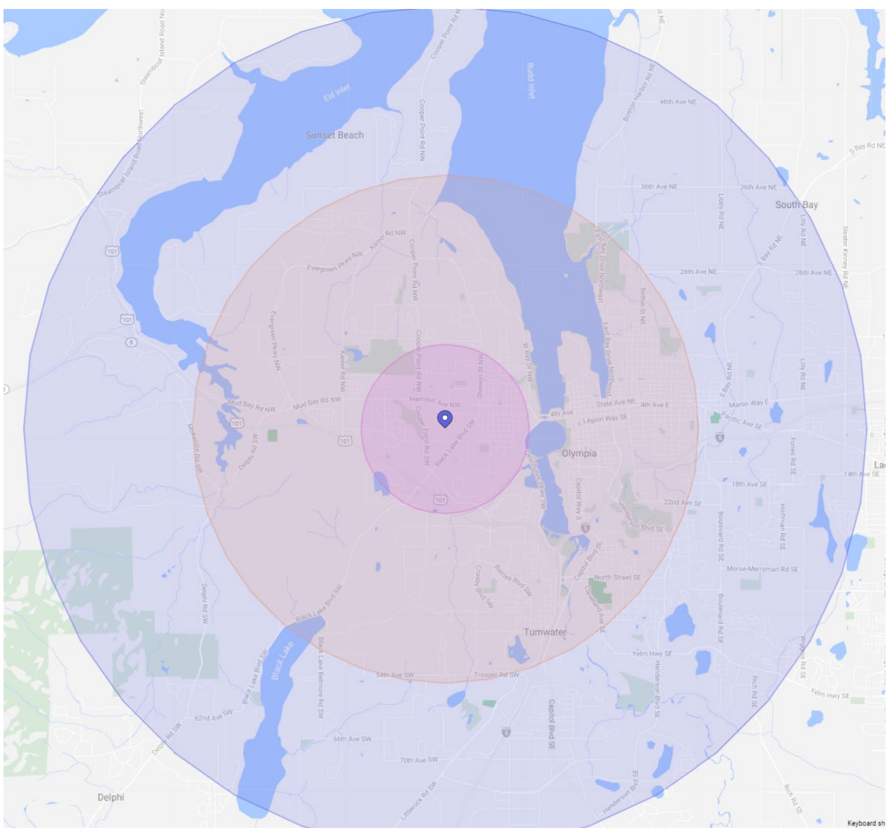
Figure 41. Distribution of Household Income in the Olympia Capital Mall Triangle Subarea



Source: Esri, US Census, LCG.

1-, 3-, 5-Mile Analysis

Figure 42. Map of the Areas within 1, 3, and 5 miles of the Capital Mall in Olympia



Source: Placer AI.

The area within one mile of the Olympia Capital Mall grew faster between 2010 and 2020 than the surrounding areas, but that trend has since reversed. Between 2010 and 2020, the population within a 1-mile radius grew by 23%, compared with 18% in a 3-mile radius and 15% in a 5-mile radius. But between 2020 and 2022, the population within 1-mile of the mall grew by just 1.2%, while the population grew by 1.7% within three miles and 2.3% within five miles. That trend is expected to continue – between 2022 and 2027 the population within a mile of the mall is expected to grow an additional 2.2%, compared with 3.7% within five miles.

Figure 43. Population within 1-, 3-, and 5-mile Radii of the Capital Mall, 2010-2027

	Population		
	1 mile	**3 miles**	**5 miles**
2010	10,633	45,197	89,455
2020	13,106	53,381	103,184
2022	13,266	54,297	105,513
2027	13,558	55,697	109,424

Source: Esri, US Census Bureau.

Households within a mile radius of the mall are also slightly smaller in size, at 2.15 people per household vs. 2.28 within a 5-mile radius. As of 2022, 64.2% of homes within a mile of the mall are renters, while within three and five miles less than half of households rent their homes. Median household income is also lower within a mile of the mall, $55,605 compared with $79,374 within five miles. However, median income is expected to grow faster in the mall area between 2022 and 2027, reaching $77,042 in the next five years.

Figure 44. Percent of Population between 25 and 34 Years Old in the Vicinity of the Capital Mall

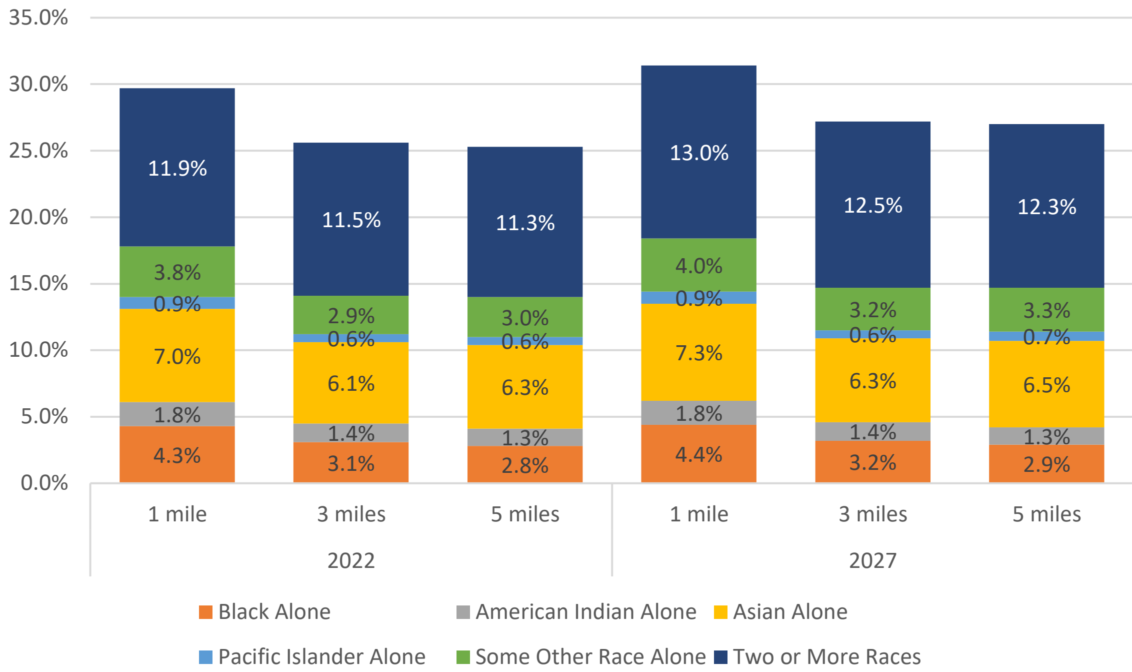
	Percent of Population, 25-34 Years Old		
	1 mile	**3 miles**	**5 miles**
2010	16.5%	16.1%	14.0%
2022	19.7%	17.8%	15.4%
2027	15.9%	16.4%	14.6%

Source: Esri, US Census Bureau.

As of 2022, nearly 20% of residents within a mile of the mall are between the ages of 25 and 34 years old. This share is expected to decrease to 16% by 2027, presumably due to the number of those residents expected to turn 35 over the next five years.

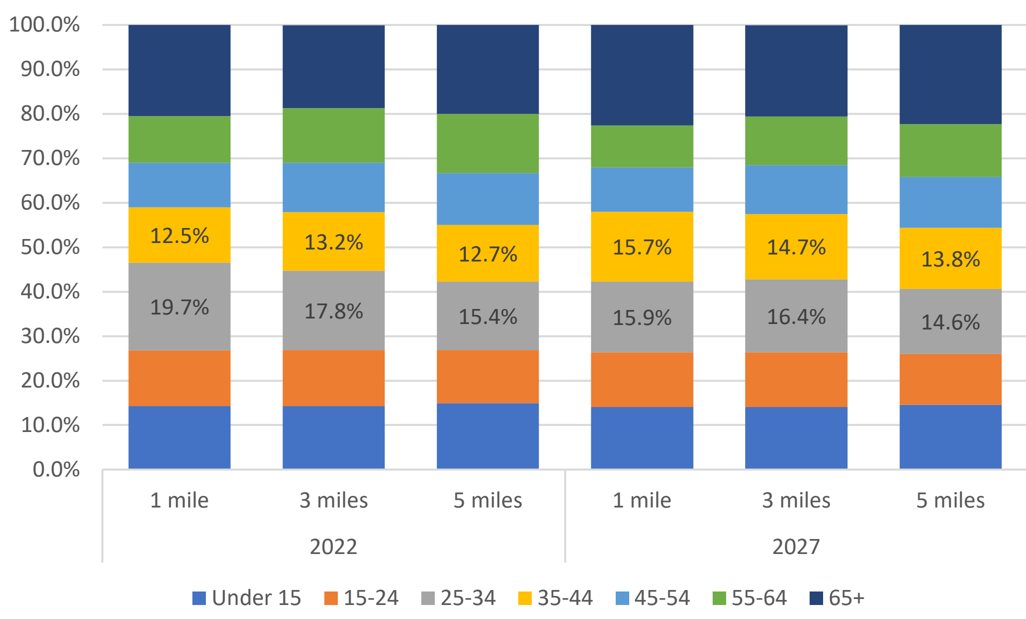
The population within one mile of the mall is less white than surrounding areas, with more Black, Asian, and Hispanic residents. That trend is expected to continue through 2027.

Figure 45. Share of Non-White Population by Race, 2022 and 2027



Source: Esri, US Census Bureau.

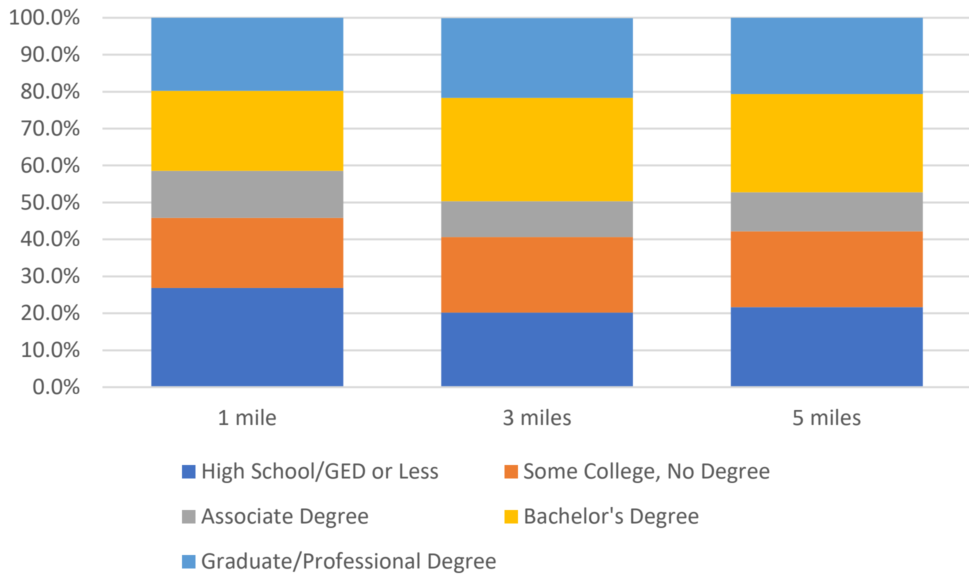
Figure 46. Share of Population by Age Group Near the Capital Mall, 2022 and 2027



Source: Esri, US Census Bureau.

The area within a mile of the mall is slightly less educated than surrounding areas, but it still has a high level of educational attainment with 41.4% of residents over 25 holding a bachelor's degree or higher. Comparatively, 36.7% of residents over 25 in the state of Washington have a bachelor's degree or higher.

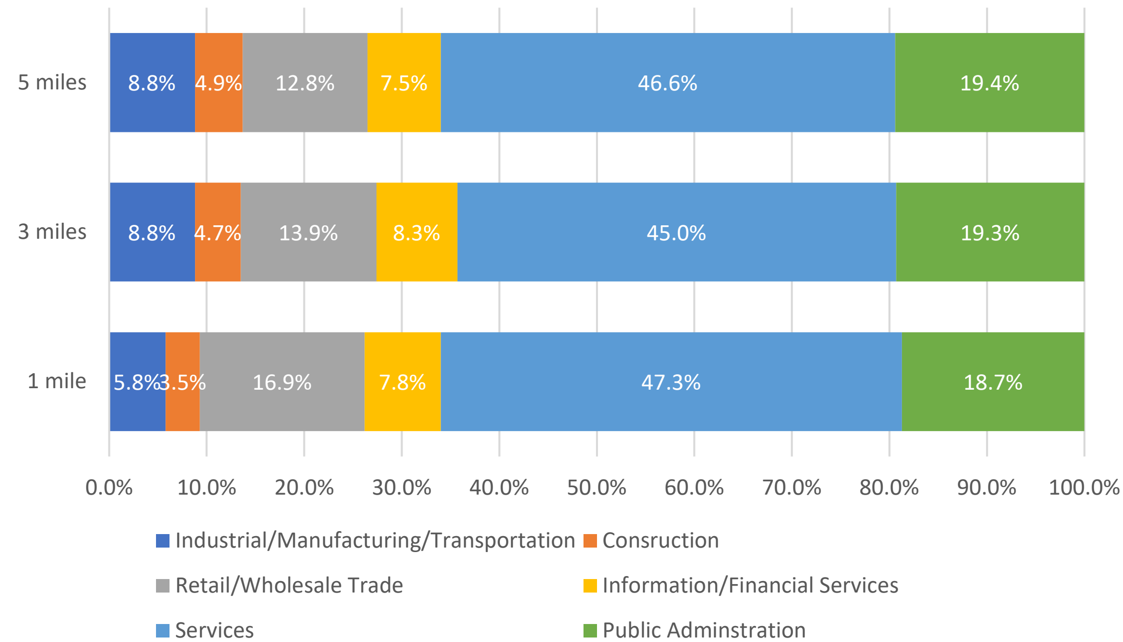
Figure 47. Educational Attainment within 1, 3, and 5 Miles of the Capital Mall, 2022



Source: Esri, US Census Bureau.

The area directly adjacent to the mall has a higher percentage of retail and wholesale trade jobs due to the dominance of the mall in that area. Within 1 mile of the mall there area also slightly more service industry jobs and fewer industrial, manufacturing, and transportation jobs.

Figure 48. Jobs by Industry within 1, 3, and 5 Miles of the Capital Mall

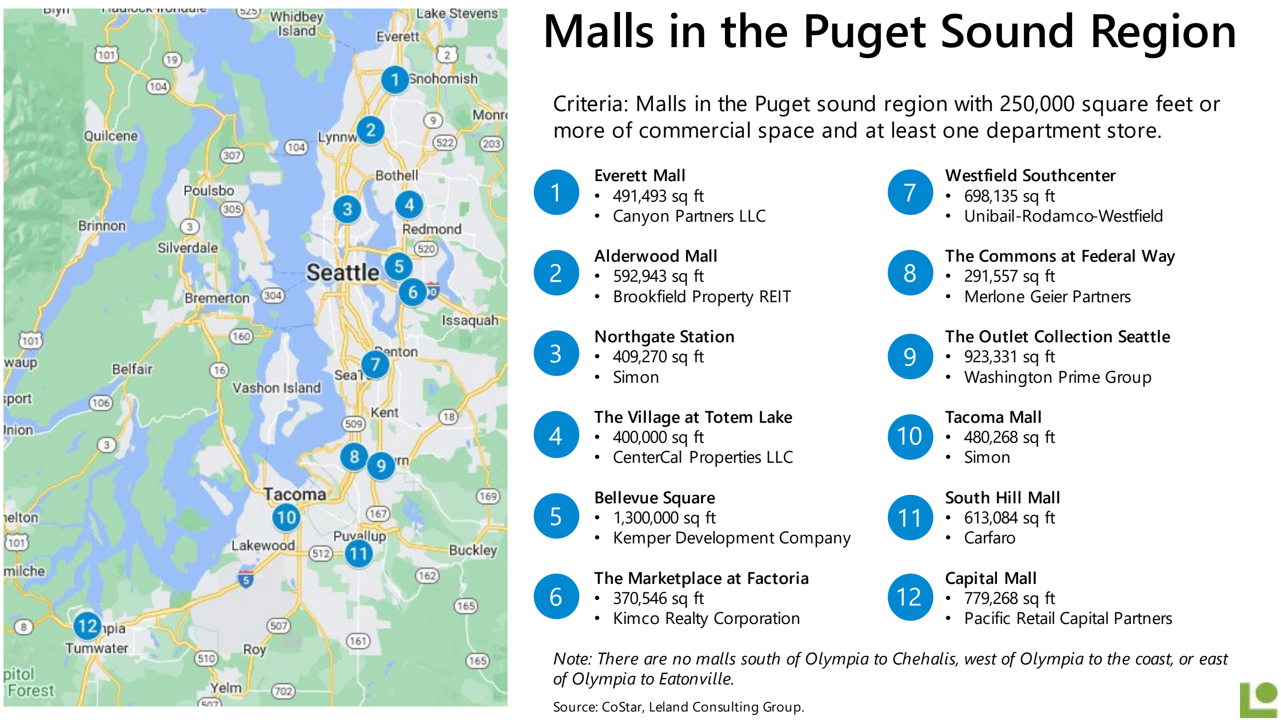


Source: Esri, US Census Bureau.

Capital Mall Trade Area

The Capital Mall benefits from being the only mall at the southern tip of the Puget Sound. South of Olympia, the nearest mall is in Kelso. As a result, the Olympia Capital Mall has a very large trade area, pulling both from around the Puget Sound area and the coast.

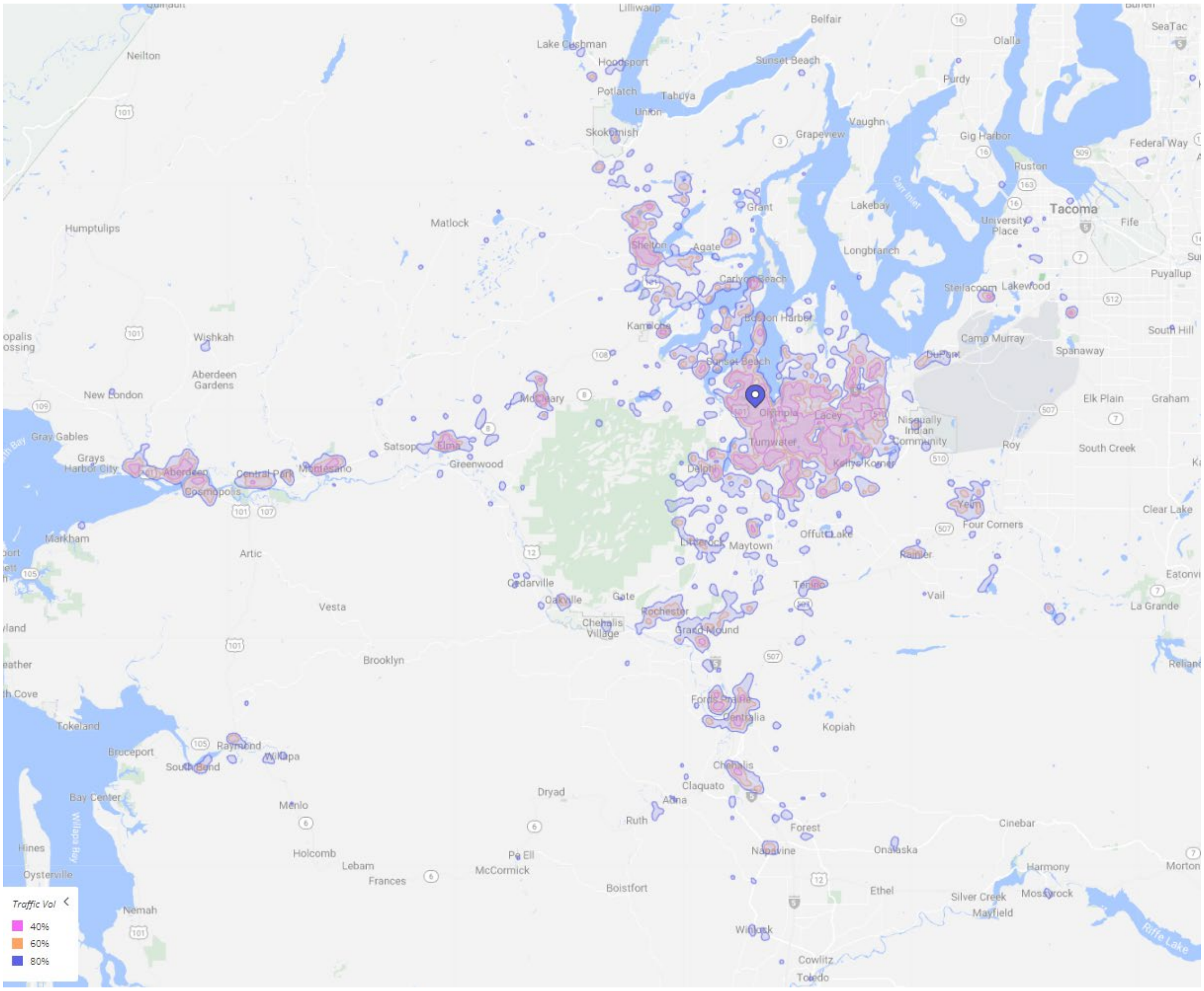
Figure 49. Malls in the Puget Sound Region



Source: LCG, CoStar.

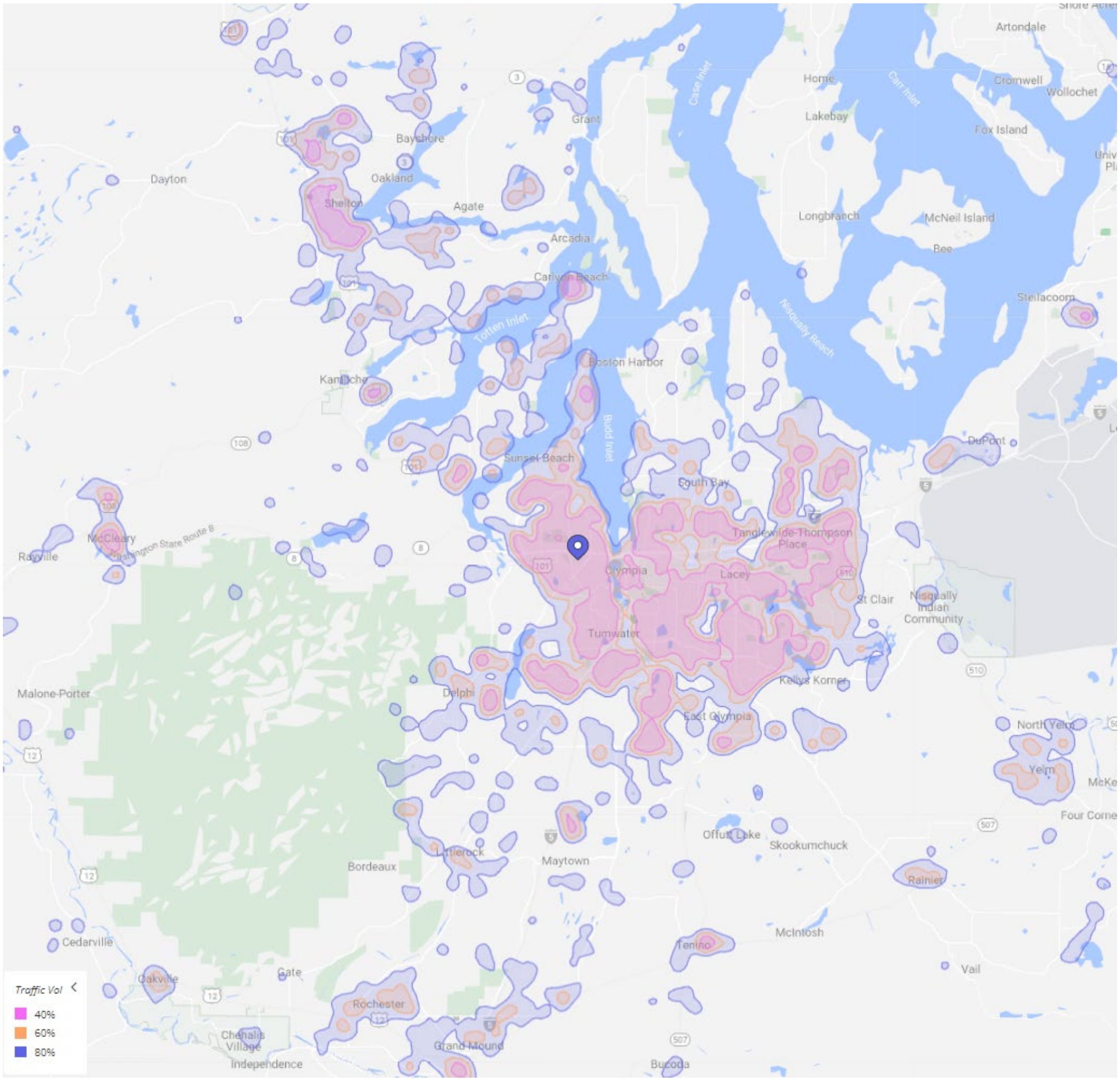
The Capital Mall's trade area, defined by the home location of 40%, 60%, or 80% of traffic to the mall over the last twelve months, reaches as far west as the coast, as far south as Chehalis, as far north as Shelton, and east to DuPont.

Figure 50. Olympia Capital Mall Trade Area by Visits in the Last 12 Months



Source: Placer AI

Figure 51. Close-Up View of Primary Trade Area for Olympia Capital Mall

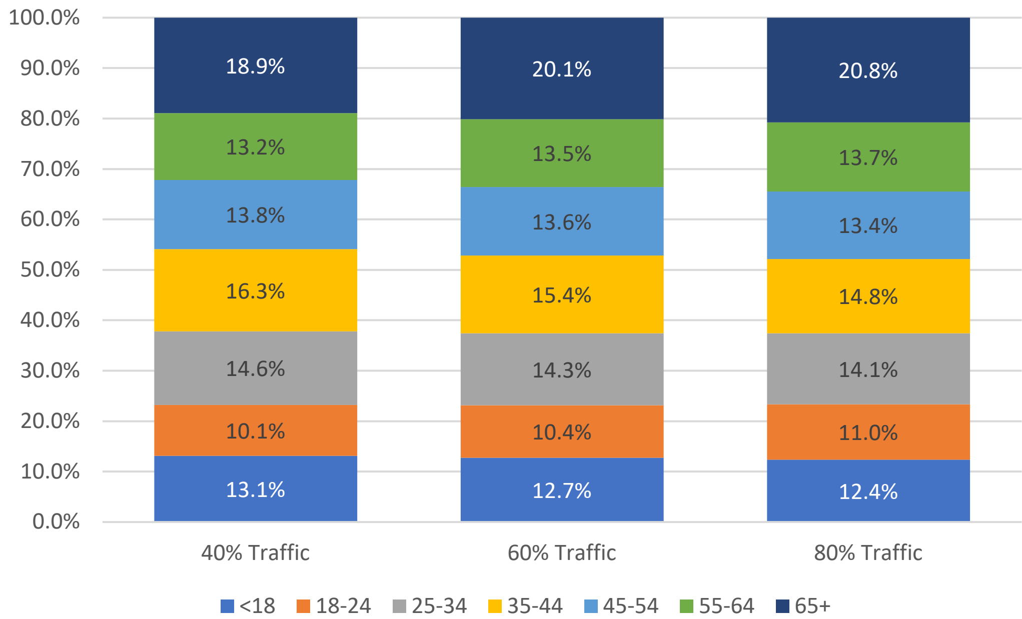


Source: Placer AI.

Visitors to the mall have higher median household incomes than those who live within a mile of it. Those who make up 40% to 80% of mall visits have median incomes ranging from $64,768 to $67,562. Visitors to the mall are also whiter than the surrounding area – 82% of those who make up the vast majority of mall visits are white, compared with 70% of those who live within a mile of the mall.

Visitors to the mall are relatively evenly distributed by age group, with those under over 65 making up the largest percentage of mall visits, followed by those aged 35-44.

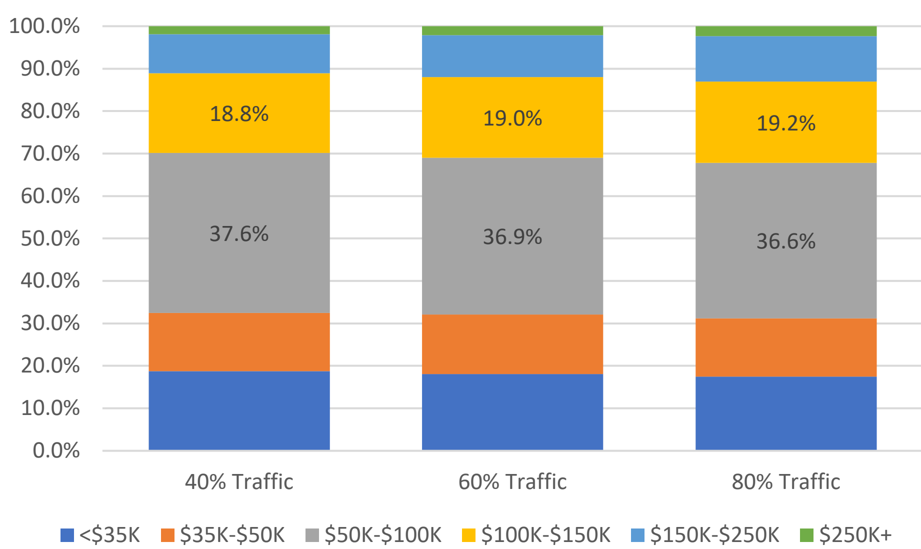
Figure 52. Capital Mall Visits by Age, Last 12 Months



Source: Placer AI, LCG.

Those making between $50,000 and $100,000 per year make up the largest share of mall visits over the past twelve months. Those making between $100,000 and $150,000 are the next largest group. Unsurprisingly, most trips to the mall are made by those with higher levels of disposable income.

Figure 53. Capital Mall Visits by Income, Last 12 Months



Source: Placer AI, LCG.

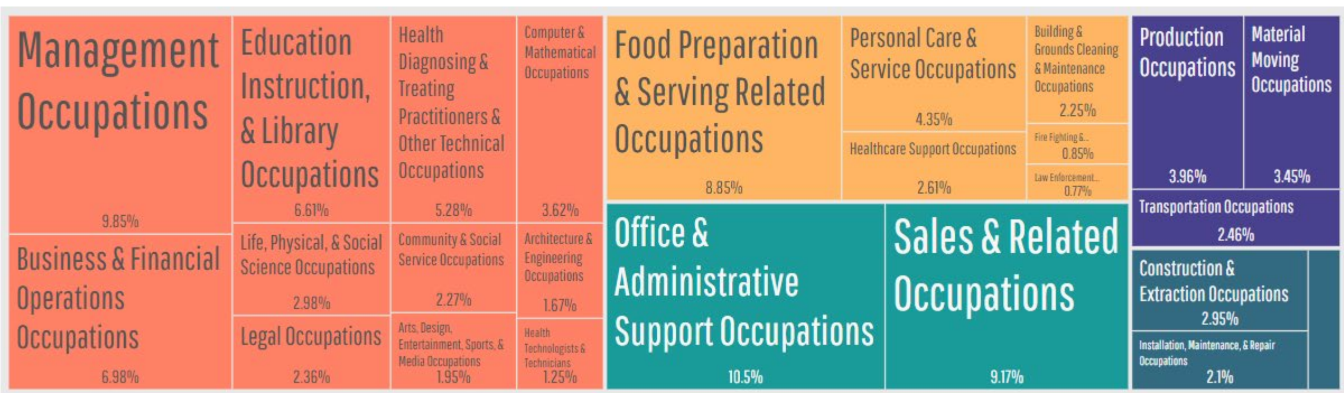
City of Olympia

According to the US Census Bureau, the City of Olympia has a total population of 55,919 residents. Between 2010 and 2021, the city's population grew by 20.3%. The city is 80% white and nearly 64% of residents are between the ages of 18 and 64 years old. More than half of households in the city are renters – the homeownership rate is just 47.2%. Olympia is a relatively educated city – 46% of residents over 25 years old have a bachelor's degree or higher. The average household has 2.21 residents. The median household income is $63,185, slightly below the national average, and the median per capita income is $35,914. The city has a 14.7% poverty rate. The city's population density increased from 2,608 people per square mile in 2010 to 3,052 people per square mile in 2020, a 17% rise over that time.

The most common jobs in Olympia are management occupations, food preparation and serving related occupations, and office and administrative support occupations. As the state's capital, public administration is the largest industry in the city by number of employees. It is followed by health care and social assistance and retail trade.

The medical industry is by far the fastest growing employment sector in Olympia. Other fast growing industry sectors are professional services and information-technology. While the government sector is not expected to shrink, per say, as a percentage of overall jobs it is shrinking. Private sector jobs are growing at a much faster rate than the public sector.

Figure 54. Most Common Occupations in Olympia, 2019



Source: Data USA.

Figure 55. Biggest Industries by Employment in Olympia, 2019

Source: Data USA.

Olympia's median home value is $547,953, having risen 17% between July 2021 and July 2022.

Thurston County

Thurston County's population was 297,977 as of 2021. Between 2010 and 2021 the county saw 18% population growth. 66% of Thurston County households own their homes and the average household size is 2.5. 35.7% of residents over 25 have a bachelor's degree or higher. The median household income is $75,867 and the per capita income is $36,256. As in Olympia, the most common occupations are management, office and administrative support, and food preparation and serving and the most common industries are health care and social assistance, public administration, and retail trade.

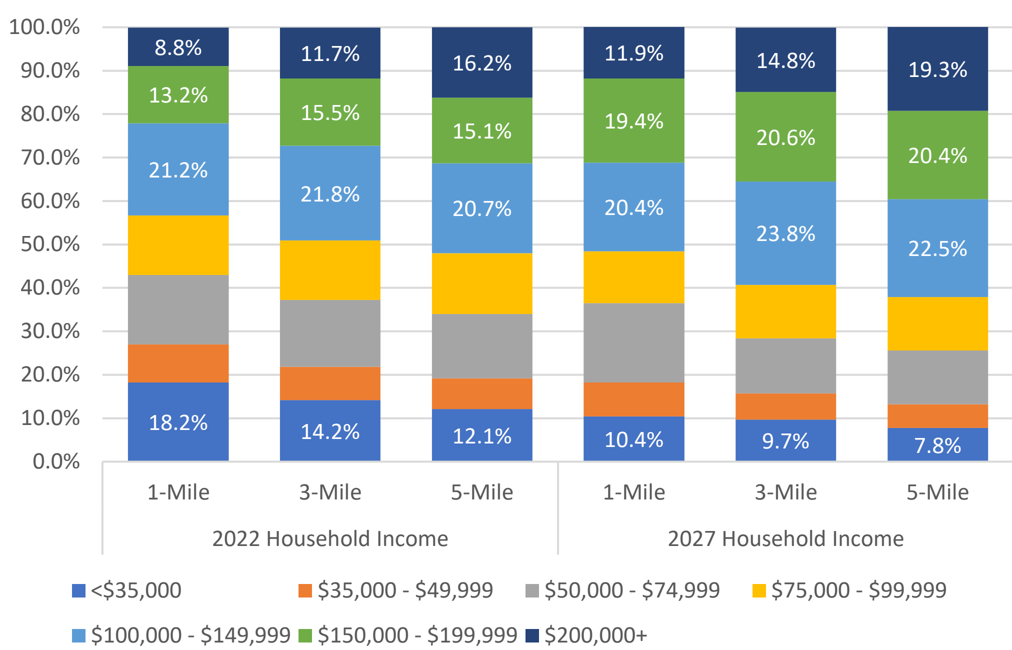
Comparable Malls

In order to contextualize the demographics of the Capital Mall Triangle, LCG discusses below the demographics of two regional malls in comparable areas: the Alderwood Mall in Lynnwood and the Tacoma Mall in Tacoma. The Alderwood Mall area has seen substantial new housing development over the past few years and is within Lynnwood's Regional Growth Center. Comparing the Capital Mall Triangle's demographics with the demographics of areas that are seeing redevelopment and rapid change can help determine how likely transformative change is in the subarea.

Alderwood Mall – 5 Mile Radius

The median household income within five miles of the Alderwood Mall is $103,227, but within one mile of the mall that drops to $85,915. Esri forecasts that by 2027 median household income within five miles of the mall will grow to $121,779. As of 2022 over half (52%) of households within five miles of the Alderwood Mall make at least $100,000 per year. By 2027, that is expected to increase to 62.2% of households.

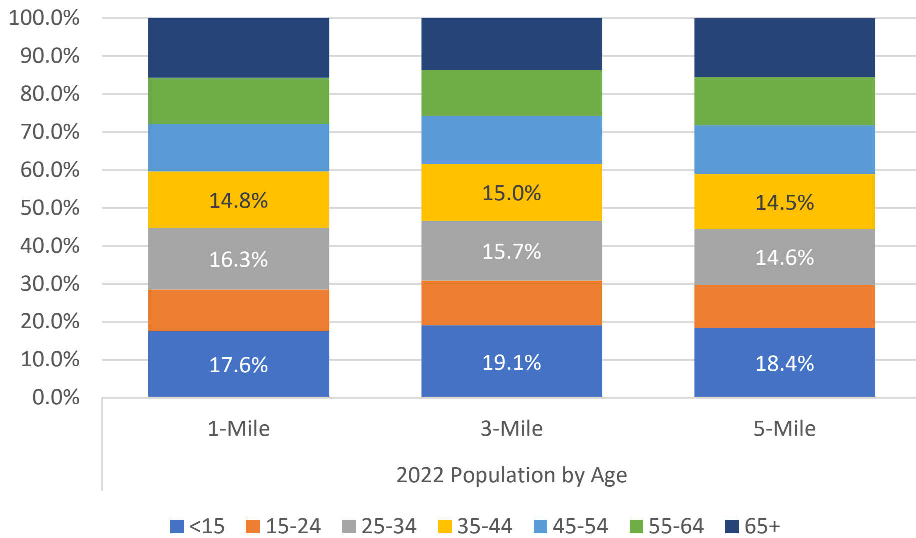
Figure 56. Median Income within 1, 3, and 5 Miles of the Alderwood Mall, 2022 and 2027



Source: Esri, US Census, LCG.

The population surrounding the Alderwood Mall is relatively evenly distributed across age groups. 31% of the population within a mile of the mall is between 25 and 44 years old, in their prime "root setting" years. Within five miles, that percentage drops slightly to 29%.

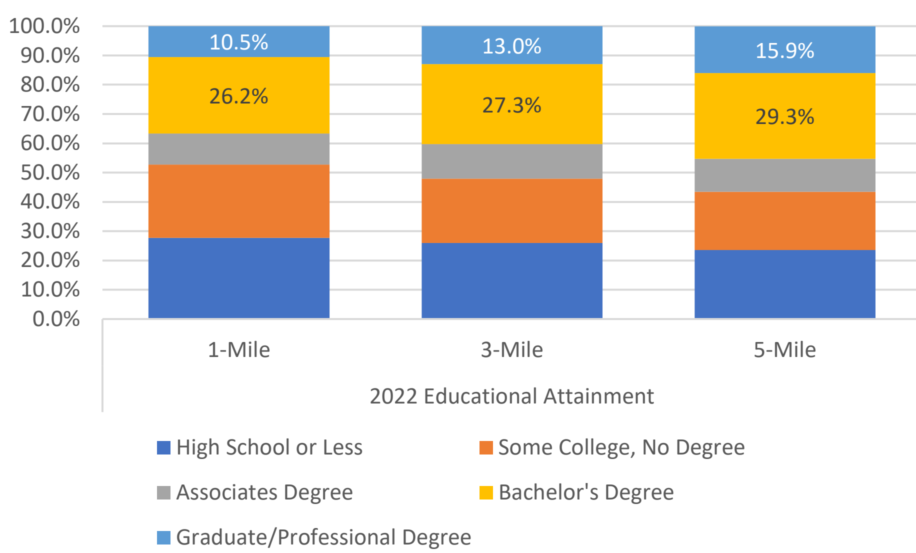
Figure 57. Population by Age within 1, 3, and 5 Miles of the Alderwood Mall



Source: Esri, US Census, LCG.

While the population over 25 within one mile of the Alderwood Mall is relatively well educated, with over a third having completed a bachelor's degree or higher, education levels increase farther from the mall's immediate vicinity. Within five miles of the mall, 45% of residents have at least a bachelor's degree.

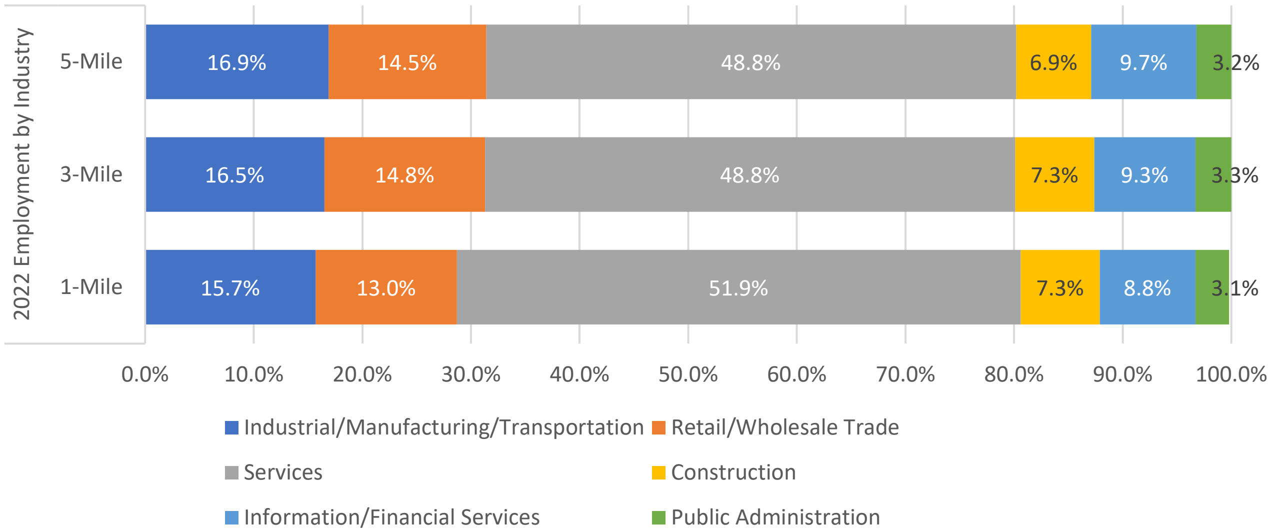
Figure 58. Educational Attainment within 1, 3, and 5 Miles of the Alderwood Mall



Source: Esri, US Census, LCG.

The largest job category within five miles of the Alderwood Mall is Services, followed by Industrial, Manufacturing, and Transportation, and Retail and Wholesale Trade.

Figure 59. Employment by Industry within 1, 3, and 5 Miles of the Alderwood Mall

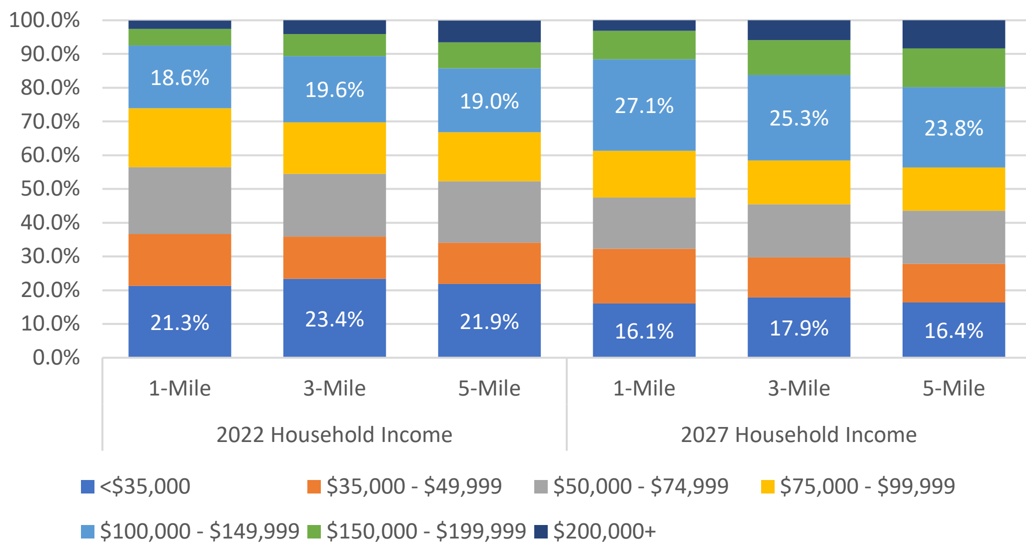


Source: Esri, US Census, LCG.

Tacoma Mall – 5 Mile Radius

Household incomes in the vicinity of the Tacoma Mall are lower than for those households near the Alderwood Mall, but are expected to increase over the next five years. The median household income within one mile of the Tacoma Mall is $64,473 and is expected to reach $78,582 by 2027. Within five miles of the mall, the median household income is $70,614 as of 2022.

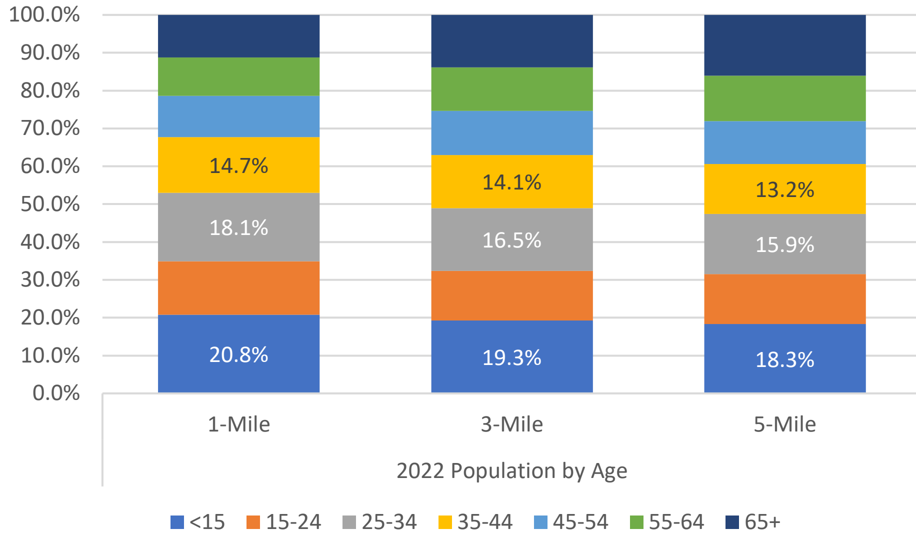
Figure 60. Households by Income within 1, 3, and 5 Miles of the Tacoma Mall, 2022 and 2027



Source: Esri, US Census, LCG.

Within one mile of the Tacoma Mall, approximately one fifth of the population is under the age of 15. Within five miles of the mall, the population skews slightly older with a higher share of residents over 65 years old.

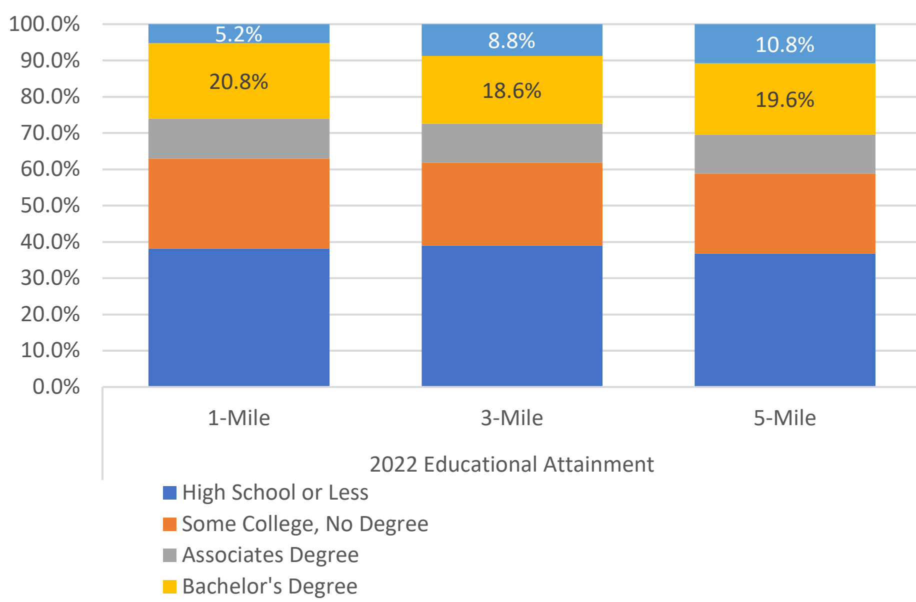
Figure 61. Population by Age within 1, 3, and 5 Miles of the Tacoma Mall



Source: Esri, US Census, LCG.

As in the area around the Alderwood Mall, the population within five miles of the Tacoma Mall is highly educated. Over 30% of residents over 25 within five miles of the mall have a bachelor's degree or higher.

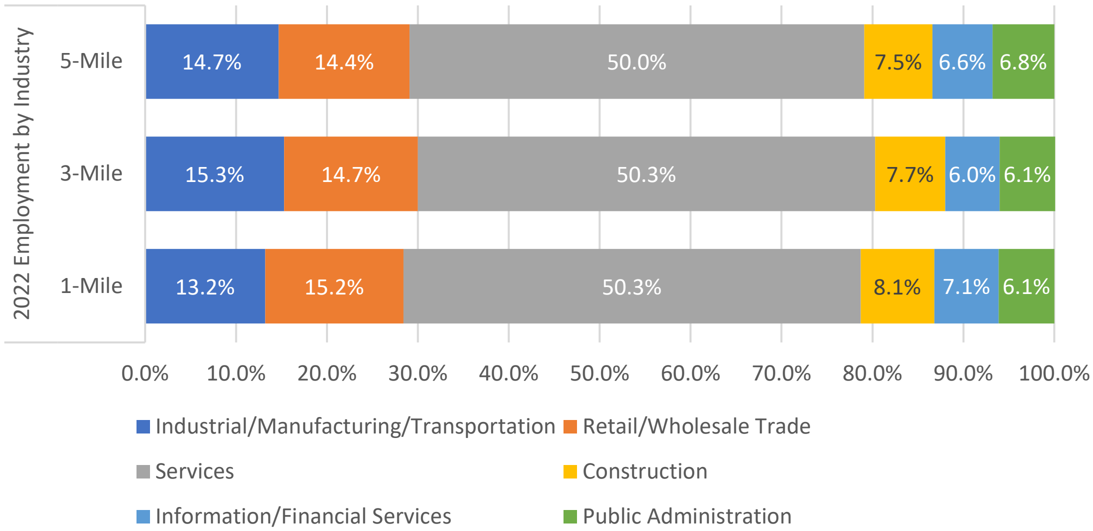
Figure 62. Population over 25 by Educational Attainment within 1, 3, and 5 Miles of the Tacoma Mall



Source: Esri, US Census, LCG.

Half of the jobs within five miles of the Tacoma Mall are in the Services industry. Industrial, Manufacturing, and Transportation jobs and Retail and Wholesale Trade jobs are also relatively common in this area.

Figure 63. Employment by Industry within 1, 3, and 5 Miles of the Tacoma Mall



Source: Esri, US Census, LCG.

Displacement Risk

Residential Displacement Risk

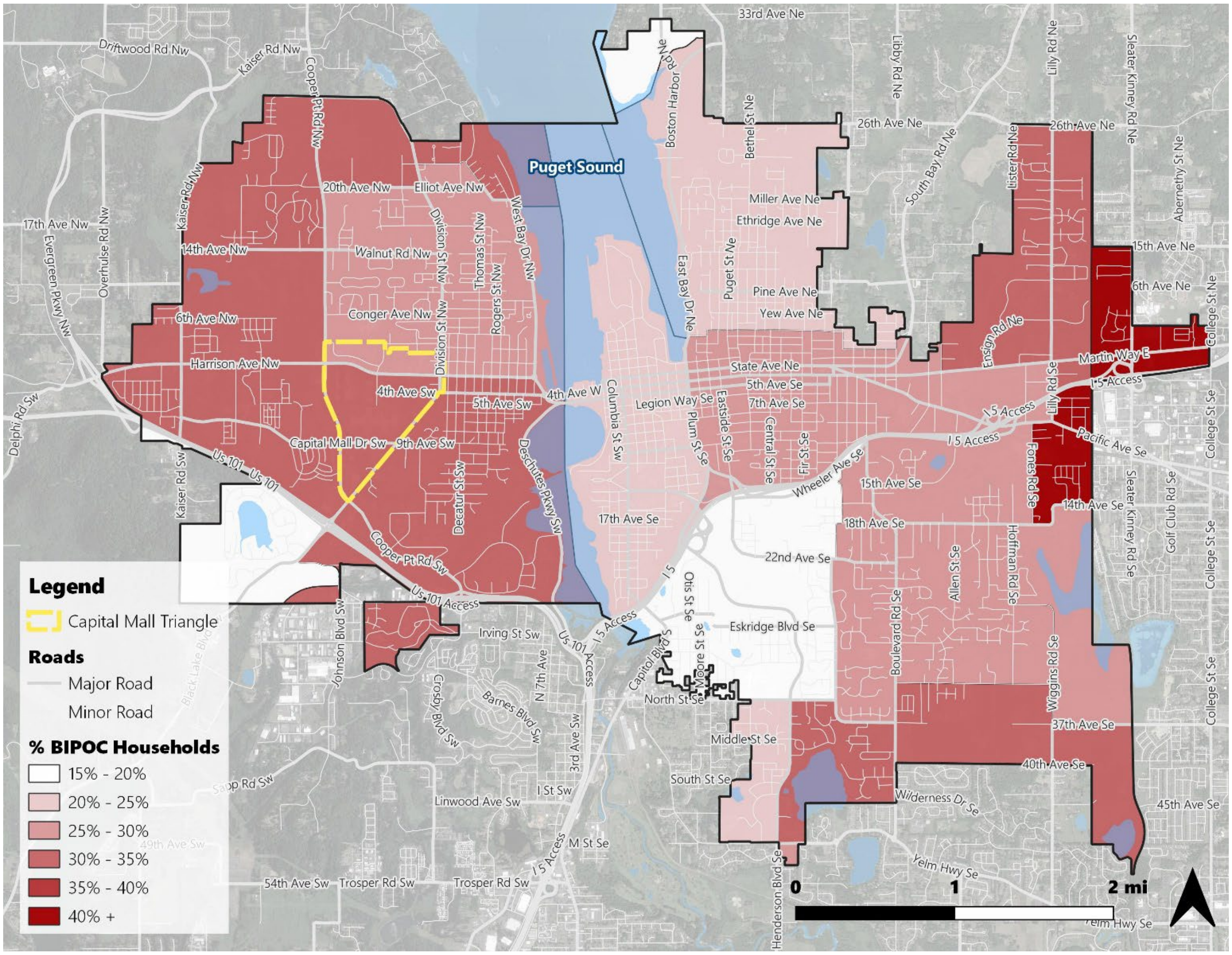
Summary. Between 2010 and 2020, the median household income in the census tract that includes the Capital Mall Triangle grew by 47.7%, putting it in the highest quantile category for income growth in Thurston County. Over that same period, home values in the Capital Mall Triangle subarea have decreased by 5%. The tract just east of the triangle has seen median home values increase by 30% over that period. 86.6% of households in the Capital Mall Triangle census tract are renters, indicating that they are susceptible to displacement and unlikely to benefit from improvements that drive up rent and housing costs. As discussed in the Housing section below, the multifamily vacancy rate in the West Olympia submarket is extremely low, and rent has risen nearly 8% year over year.

The Capital Mall Triangle subarea is primarily commercial, with just 275 total residential units.

These factors indicate that there is a relatively high risk of "economic displacement" (when rents increase to the degree that they "push out" current residents) for a relatively low number of residents in the Triangle. The risk of "physical displacement" (i.e., the demolition and redevelopment of existing housing) is relatively low, in part because so much of the area is already developed as commercial properties. In additional to the risk of economic displacement in the Triangle, there is also a risk of economic displacement of residents living near the Triangle, particularly to the west. However, these risks can be mitigated by multiple actions that are summarized in the next section.

Demographic and Market Considerations. As Figure 64 shows, there is a relatively high concentration of BIPOC households in the Triangle and most of the city's west side. Multiple studies show that BIPIC households are at particularly high risk of displacement.

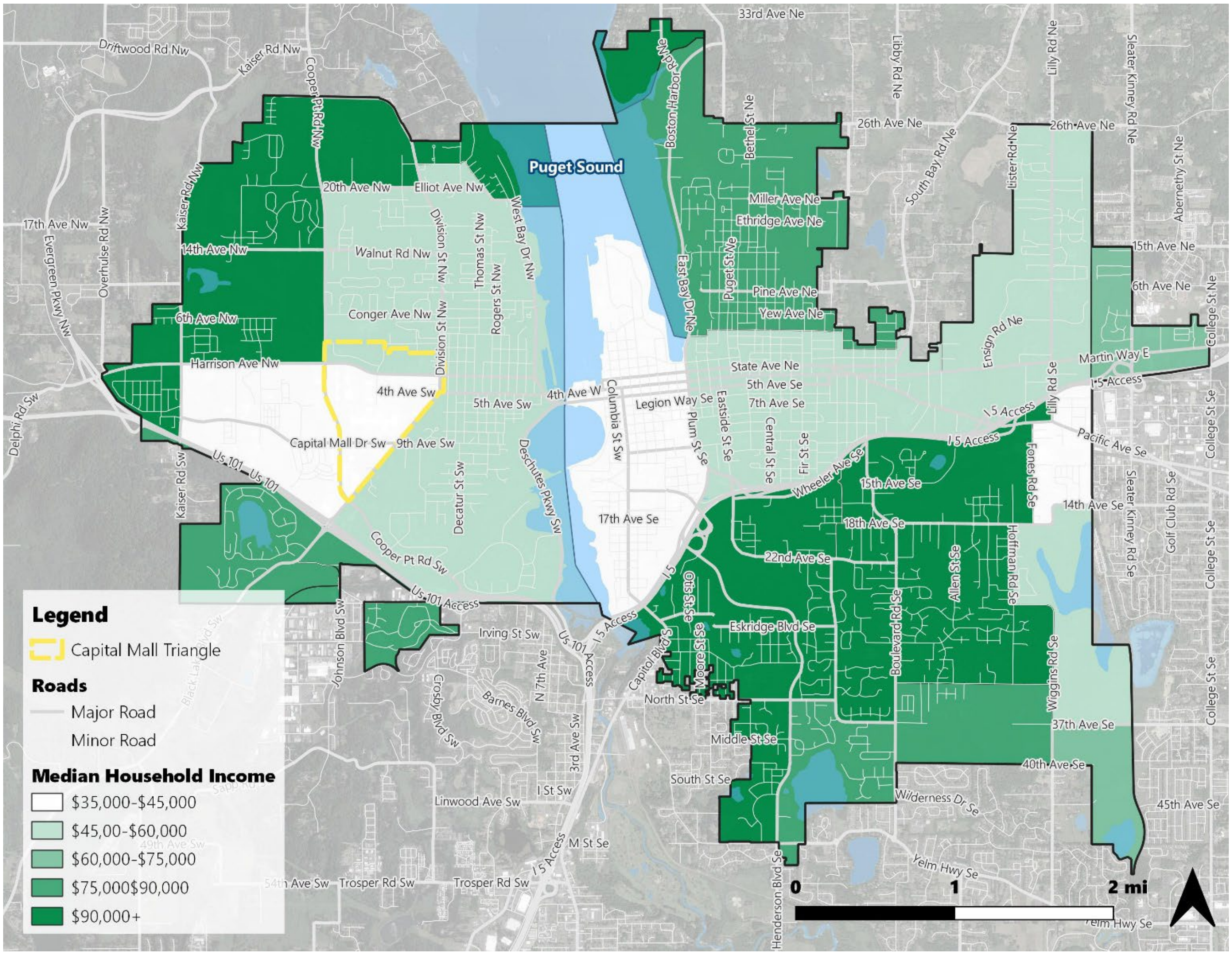
Figure 64. Percent of BIPOC Households by Census Tract in Olympia



Source: US Census Bureau, LCG.

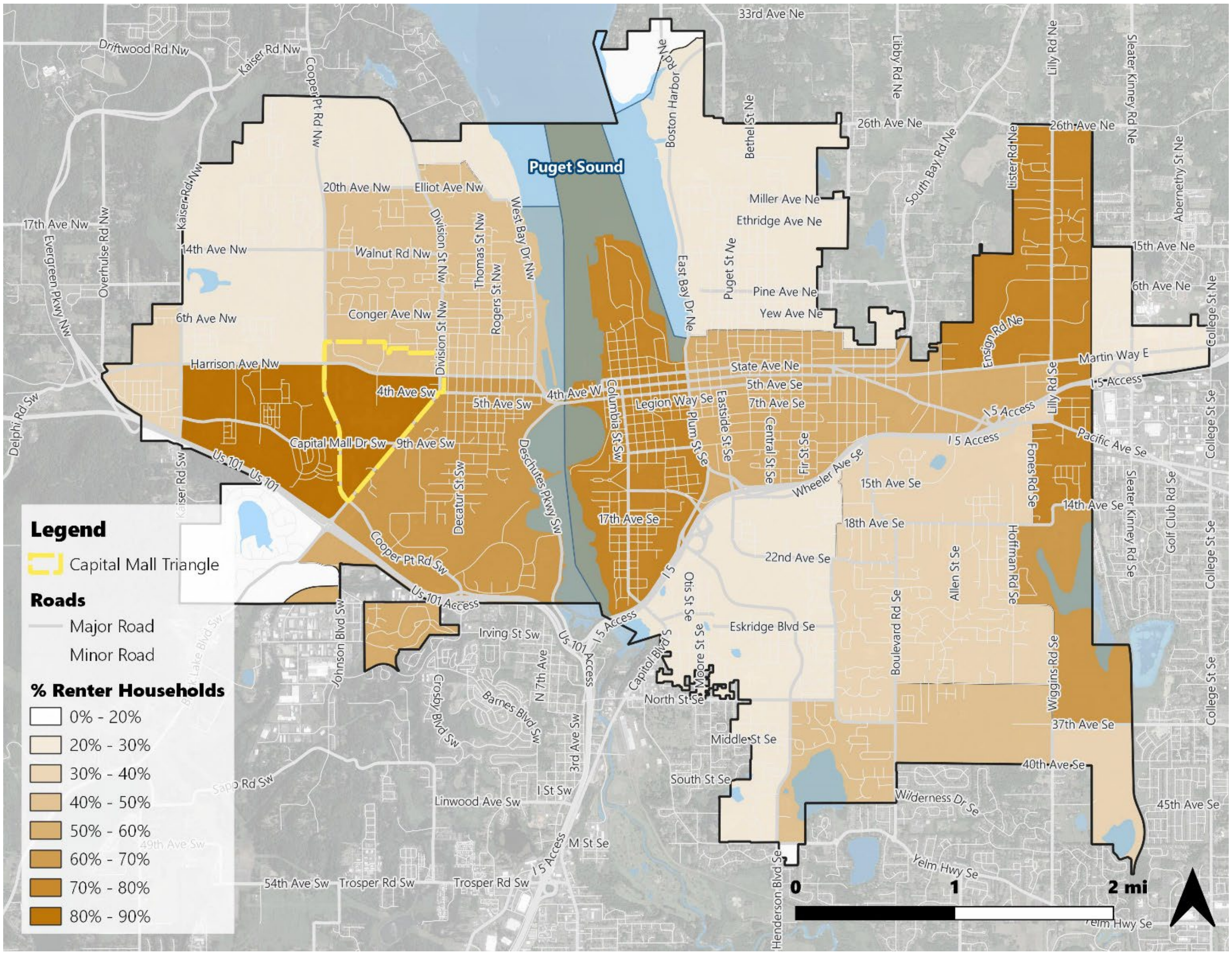
As shown in Figure 65 below, median household incomes in the Triangle are also below the citywide average in most of the subarea. It is notable that the Downtown area, where there is also a significant number of apartments also has a low household income. This could be due in part to smaller household sizes in multifamily housing. However, the presence of relatively low-income renter households indicates that there could be displacement risk associated with redevelopment if existing housing units are lost or redeveloped as new, higher-end units.

Figure 65. Median Household Income by Census Tract in Olympia



Source: US Census Bureau, LCG.

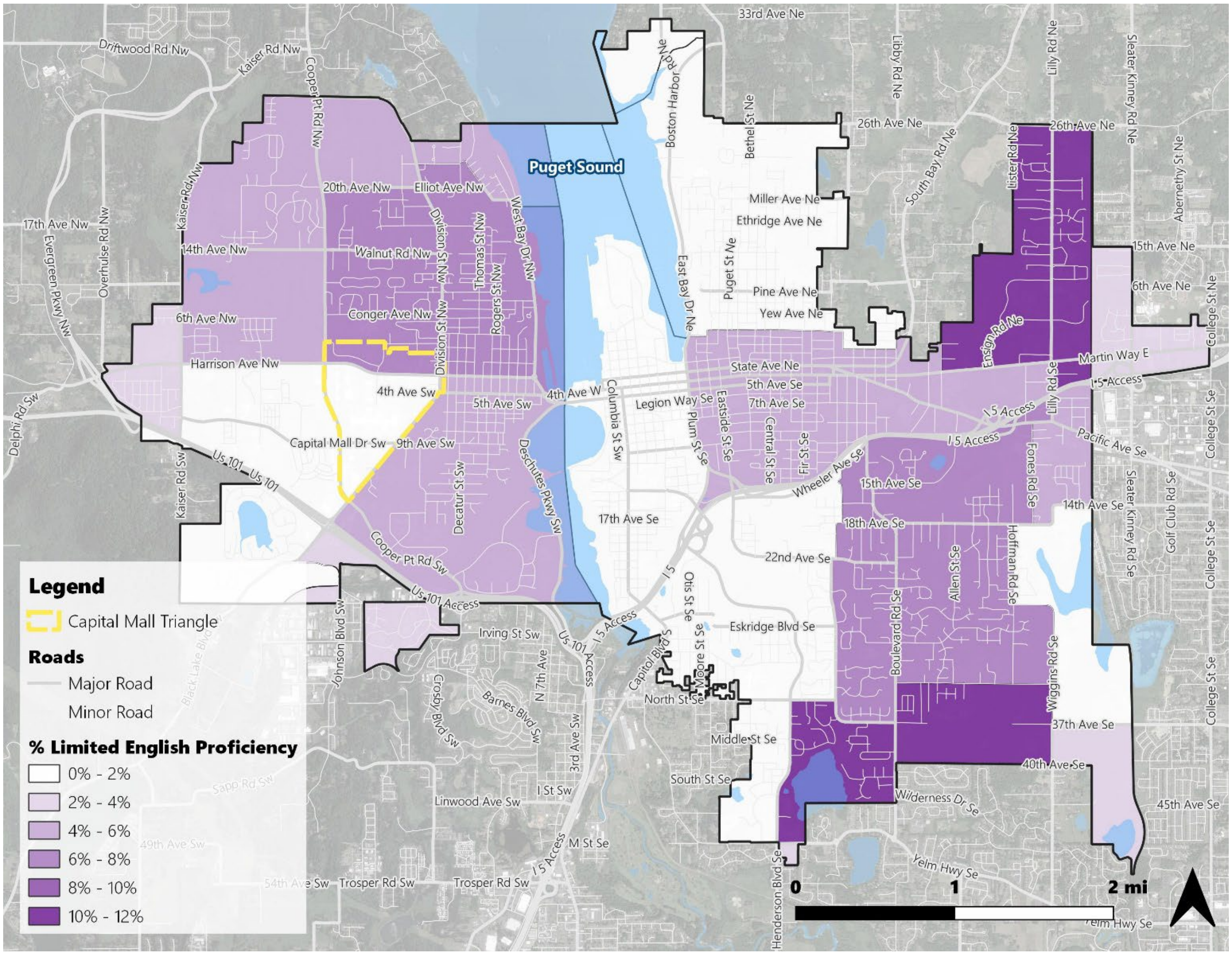
Figure 66. Percent of Renter Households in Olympia by Census Tract



Source: US Census Bureau, LCG.

While residents in most of the Capital Mall Triangle have high levels of English proficiency, the northern part of the study area has a higher percentage of residents with limited English proficiency.

Figure 67. Percent of Residents with Limited English Proficiency in Olympia.



Source: US Census Bureau, LCG.

The biggest displacement risk may be for those who live just outside of the Triangle and rent their homes. If the Capital Mall Triangle sees significant new development and becomes a more attractive place to live, rents in the area could go up as demand for new apartments both in and near the Capital Mall Triangle increases. This would raise the risk of displacement for low-income residents. In addition, if new commercial establishments replace community businesses, residents may feel socially displaced. Lower-income residents may also find that the new retail is out of their price range. While this is not the same as more direct forms of physical displacement, long-time residents may feel they are being culturally pushed out by some of the changes occurring in the subarea. The City can help mitigate some of this potential displacement risk by proactively employing strategies that have been employed by other cities, as well as those listed below. For example, both Seattle and Portland have established relocation assistance programs for renters who are forced out of their homes by rent increases, and have banned source of income discrimination.

It is unlikely that gentrification will occur quickly in the Capital Mall Triangle subarea. While timing may be hard to predict, the initial redevelopment of commercial spaces and parking lots is unlikely to result in higher rents in the vicinity. But as the subarea slowly transforms into a more desirable place to live and demand for housing and commercial space increases, the risk of displacement will grow.

Residential Displacement Mitigation

Mitigating the risk of physical displacement is the large number of commercial properties in the Capital Mall Triangle subarea. These large commercial parcels, many of which include sizeable surface parking fields, are likely the lowest hanging fruit for redevelopment. The land value per square foot for these parcels is lower than for residential properties in the area and LCG's interviews with commercial property owners in the triangle reveal an interest in mixed-use redevelopment. Adding more housing to commercial sites within the Capital Mall Triangle subarea could reduce displacement pressure on existing residents.

While the actions below can help mitigate displacement risk, it is important to note that housing markets are influenced by citywide and regional factors. If regional demand increases and/or factors like rising construction costs lead to a slowdown in housing production, rents will go up and economic displacement will occur in all areas of the city where there is a high concentration of renters. Any displacement mitigation strategies that the City chooses to employ should be enacted citywide, rather than just in the Capital Mall Triangle subarea. The City should couple tenant protections with strategies to increase the supply of housing, preferably both affordable and market rate. Housing supply increases should be commensurate with the number of new households in the City. The City has already begun taking steps to encourage housing construction, including lowering parking requirements, and increasing flexibility within the permitting process. Other factors may also reduce pressure on the City's housing supply, thereby lowering the risk of economic displacement. For example, if the State decides to reduce its physical office space and increase the number of employees working from home, the City's population growth could slow substantially.

Housing Action Plan. Through the recent Housing Action Plan (HAP), the City has identified the steps necessary to reduce displacement of lower-income renters. The following strategies for preventing displacement are listed in the HAP, and more details regarding the specifics of these strategies can be found there:

- Mitigation for individuals and families experiencing displacement
  - Require developers to provide relocation assistance, which the City could also do
  - Down payment assistance program
  - Right to Return policy
  - Tenant Protection Enhancements
  - Rental Registration Program
  - Notice of Intent to Sell Ordinance
  - Tenant Opportunity to Purchase Ordinance
- Land use and development strategies to increase the supply of permanently affordable housing
  - Donating or leasing city-owned land or providing funding to non-profit and low-income housing developers to build or renovate low-income affordable housing; or buy income restricted units proposed to be converted to market rate; or expand affordable home ownership opportunities
  - Offering density bonuses, fee waivers, 12-year Multifamily Tax Exemption or other incentives to build affordable housing
  - Requiring low-income housing units as part of new developments
  - Working with regional partners to develop a comprehensive funding strategy for affordable housing

Preserving existing market rate and affordable housing and building new affordable housing will help prevent widespread displacement in this neighborhood alongside the strategies outlined above. If the City is able to use the tools outlined in its Housing Action Plan to mitigate potential physical, economic, and cultural displacement, it will serve the entire community, as mixed-income neighborhoods benefit all residents.

Commercial Displacement

While most of the commercial space in the subarea is dominated by larger national chains, there are some smaller businesses both in the mall and in the area around Harrison Avenue NW in the northern portion of the subarea. Redevelopment of existing retail is likely to increase commercial rents in the area, both for the renovated buildings and those adjacent to them. In addition, the older, smaller buildings that house local businesses could be at a higher risk of redevelopment. The Small Business Anti-Displacement Network has produced a toolkit with strategies cities can use to reduce the risk of small business displacement. These include:

- Commercial preservation and property improvement
    - Façade, tenant, and/or interior improvement programs
    - Legacy business preservation
    - Heritage tourism
- Local hiring and entrepreneurial support
    - Local hiring ordinances
    - Technical assistance and counseling
    - Neighborhood business incubators
- Tax credits and incentives, however, Washington State law limits how a City's public funds may be used to help private entities. Quasi-public entities like Ports and Preservation and Development Authorities have more flexibility in using funds for economic development and business anti-displacement.
    - Tax abatements
    - Tax increment financing
    - Business or community improvement districts (BIDs or CIDs)
    - Real estate taxes
- Zoning and form-based codes
    - Store size caps
    - Neighborhood-serving zones
    - Formula business ordinances
    - Affordable workspace policies
    - Streamlined permitting and licensing
- Commercial tenant protections
    - Anti-displacement codes of conduct
    - Tenant harassment protections
    - Construction disruption assistance
- Commercial property and community ownership
    - Cooperatives
    - Community land trusts
    - Community benefits agreements
    - Real estate and community investment cooperatives

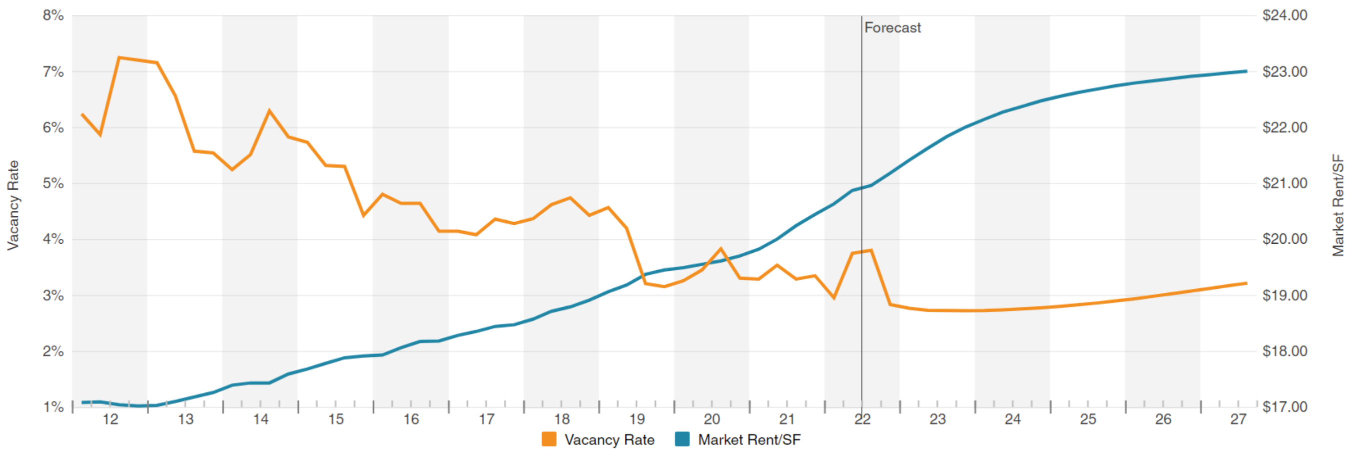
Market Analysis and Development Forecast

Retail/Commercial

Retail Indicators in the Olympia Market and Westside Submarket

According to CoStar, Olympia's Westside Retail Submarket has 3.1 million square feet of retail space with no new space currently under construction. The retail vacancy rate is 3.8% and the market rent is $20.89 per square foot. CoStar forecasts that the vacancy rate will remain around 3% over the next five years, while the rent will increase to approximately $23 per square foot.

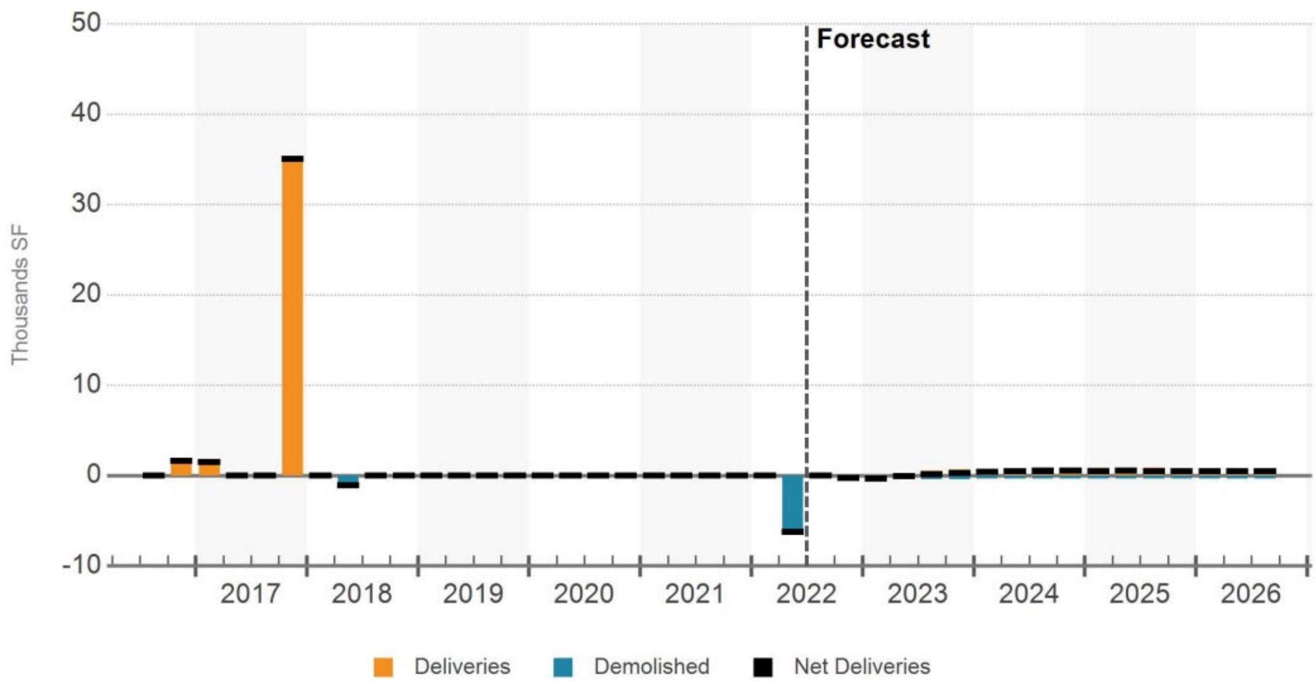
Figure 68. Vacancy Rate and Market Rent per Square Foot in the Olympia Westside Retail Submarket



Source: CoStar.

There has been no new retail construction in the submarket since 2017, and retail space has decreased since then due to demolitions. Inventory is not expected to change significantly over the next five years.

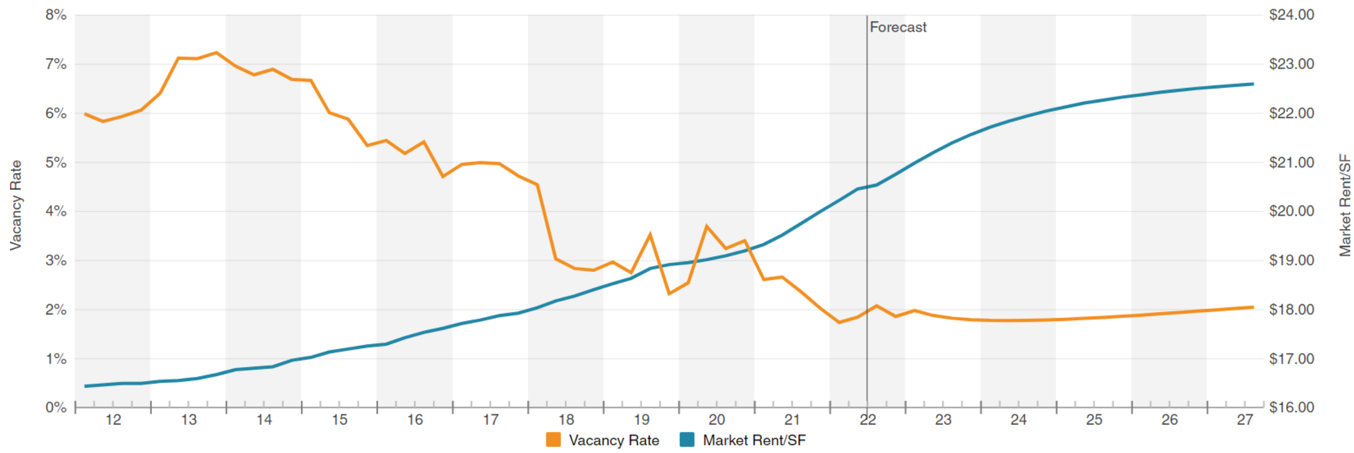
Figure 69. Deliveries and Demolitions in the Olympia Westside Retail Submarket, 2016-2027



Source: CoStar.

In the broader Olympia market, 69.5 thousand square feet of retail is currently under construction. Vacancy is 2.0% and market rent per square foot is $20.46, just below the Westside submarket rent. As in the Westside submarket, vacancy is expected to remain low as rents rise over the next five years.

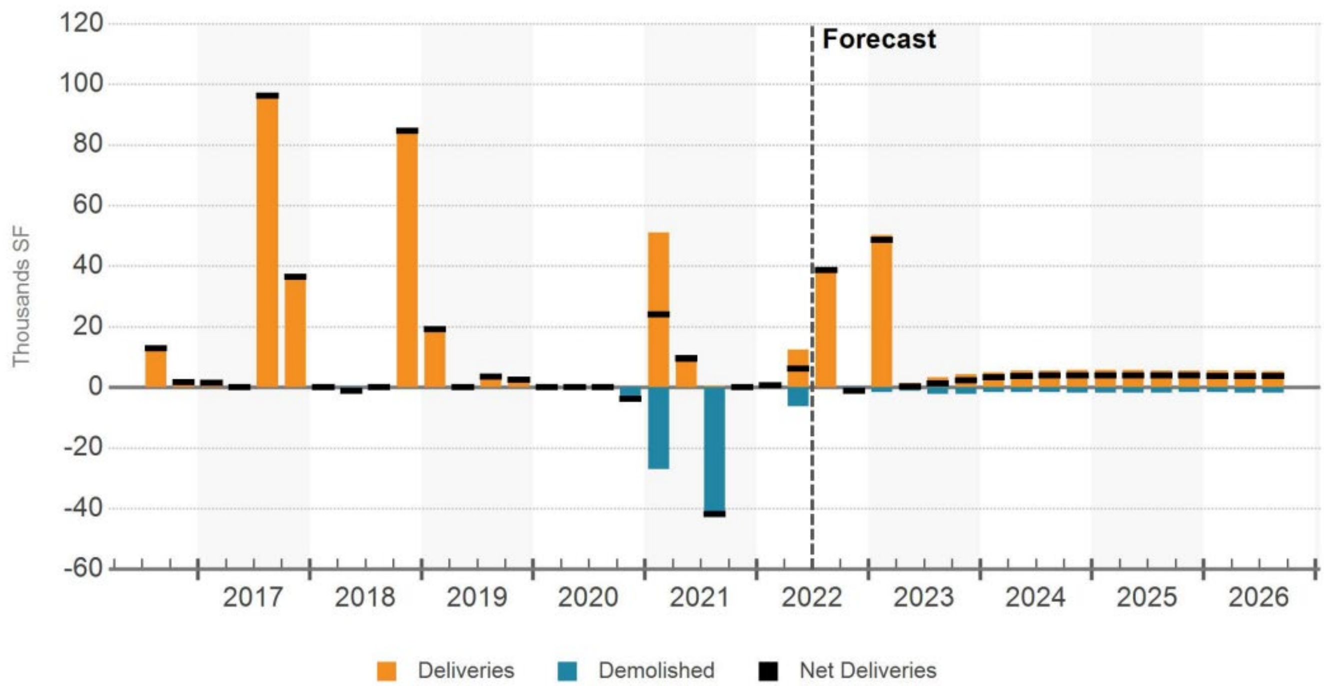
Figure 70. Vacancy Rate and Market Rent per Square Foot in the Olympia Market



Source: CoStar.

New retail space is expected to be delivered at the end of 2022 and beginning of 2023, with much lower levels of construction anticipated between 2024 and 2027.

Figure 71. Deliveries and Demolitions in the Olympia Market, 2016-2027



Source: CoStar.

Based on a leakage report from Placer AI, the largest category of unmet demand in the Olympia Capital Mall Triangle is electronic shopping and mail order houses. The report also notes a lack of automobile dealers, though the proximity of the Olympia Auto Mall makes this a less pressing issue. These types of businesses do not fit with the vision the City has laid out for a dense, walkable, mixed-use neighborhood. In addition, while there is no grocery store in the Capital Mall Triangle, there is a Safeway across the street, just west of the northern portion of the triangle. Restaurants, limited-service eating places, and bars in the Capital Mall Triangle currently serve a clientele that is much larger than the population of the Triangle itself. As shown in Table 5, $10.8 million of the $13.3 million in economic activity at full-service restaurants is generated by people who live outside of the Triangle. As the Capital Mall Triangle evolves, retailers will likely want to ensure that visitors from outside of the subarea continue to patronize their businesses.

Table 4. Categories with at least $1 Million in Unmet Demand in the Capital Mall Triangle

	Demand	Supply	Unmet need
Electronic Shopping & Mail-Order Houses	$24,357,849	$0	$24,357,849
Automobile Dealers	$10,000,286	$0	$10,000,286
Grocery Stores	$6,679,416	$0	$6,679,416
Other General Merchandise Stores	$10,288,960	$5,334,987	$4,953,973
Building Material & Supplies Dealers	$3,447,794	$0	$3,447,794
Health & Personal Care Stores	$2,635,902	$0	$2,635,902
Other Motor Vehicle Dealers	$1,290,041	$0	$1,290,041

Source: Placer AI, LCG.

Table 5. Categories where Demand from within the Triangle Is Lower than the Supply

	Demand	Supply	Unmet need
Full-Service Restaurants	$2,502,225	$13,339,181	($10,836,956)
Limited-Service Eating Places	$3,208,444	$13,067,604	($9,859,160)
Gasoline Stations	$3,433,304	$11,356,024	($7,922,720)
Automotive Parts, Accessories, & Tire Stores	$1,047,394	$6,343,401	($5,296,007)
Bars/Drinking Places (Alcoholic Beverages)	$333,403	$1,951,462	($1,618,059)
Clothing Stores	$1,176,132	$2,114,803	($938,671)
Office Supplies, Stationery, & Gift Stores	$174,734	$948,449	($773,715)

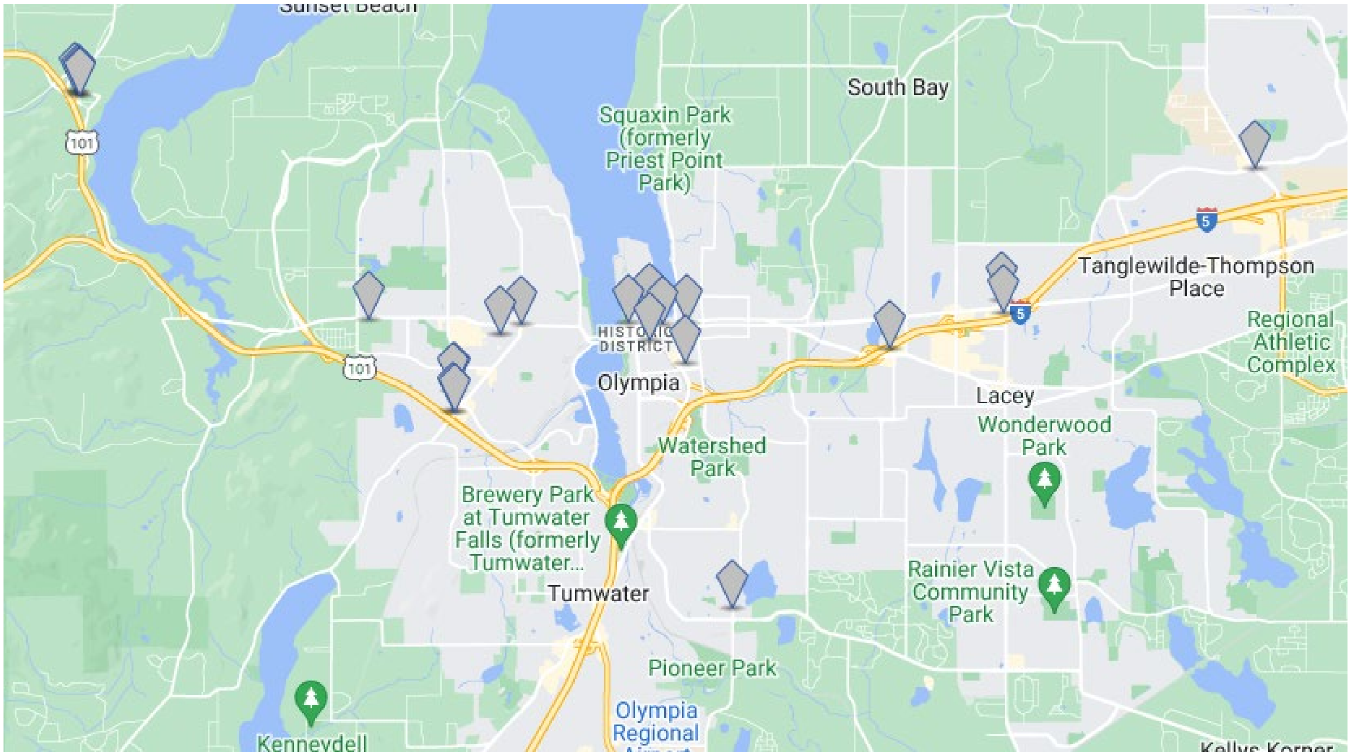
Source: Placer AI, LCG.

There is an opportunity to increase the amount of retail space in the Westside Submarket, particularly in the context of mixed-use development. Ground floor retail coupled with new housing units in the Capital Market Triangle would increase walkability and make the area more attractive for residents. However, the City should balance any ground floor retail requirements with the demand for retail in the area – vacant retail will not activate the subarea, and high vacancy rates could impact feasibility assessments.

Recent Retail Development in Olympia

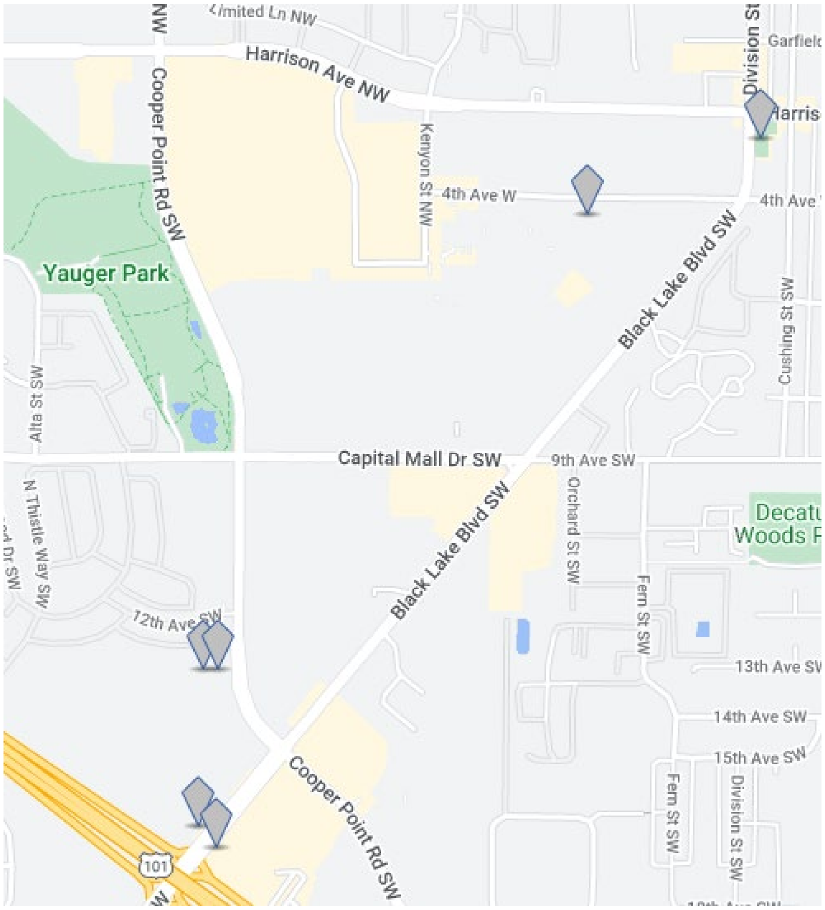
Since 2010, Olympia has added roughly 199,000 square feet of retail across 22 properties. The average market rent for these properties is $21 per square foot. Six new buildings have been added in close proximity to the Olympia Capital Mall Triangle subarea.

Figure 72. Locations of New Retail Development in Olympia since 2010



Source: CoStar.

Figure 73. Locations of Retail Built since 2010 Proximate to the Capital Mall Triangle Subarea

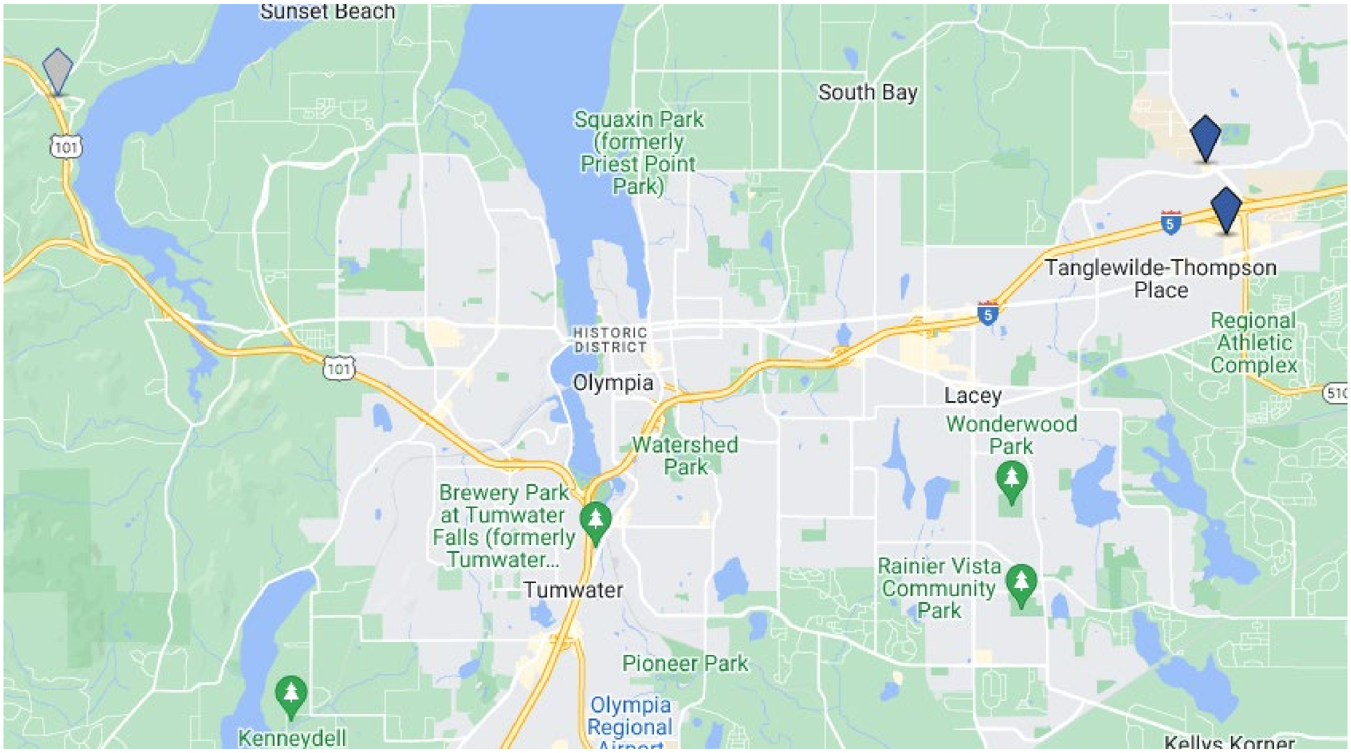


Source: CoStar.

These new retail establishments include, a Sonic, a Starbucks, a Buffalo Wild Wings, and a 35,000 square foot free-standing strip mall anchored by Party City located on 4th Avenue W.

The three retail properties currently planned or under construction in the Olympia-Lacey-Tumwater urban area are far outside the city center. Two are located east of the city in the Tanglewood-Thomson Place neighborhood, while the third is to the west in the Steamboat Square area. There are currently no new retail developments planned within the City of Olympia.

Figure 74. Map of Planned or Under Construction Retail in the Olympia-Lacey-Tumwater Urban Area



Source: CoStar.

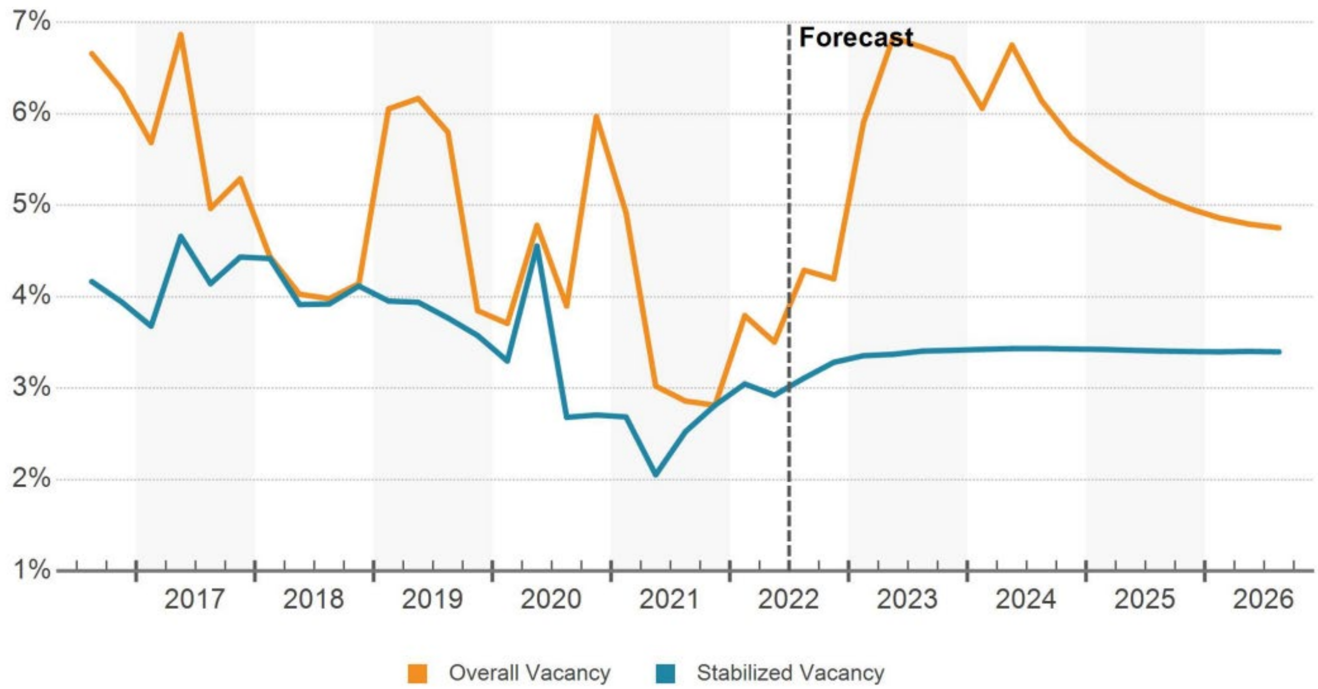
Together these properties will add 26,804 square feet of retail to Olympia.

Housing

Multifamily Indicators in the Olympia Market & West Olympia Submarket

The Olympia multifamily market has a vacancy rate of 3.4% with 253 new units delivered over the past twelve months. Its rent increased 7% year over year and 1,198 units are currently under construction.

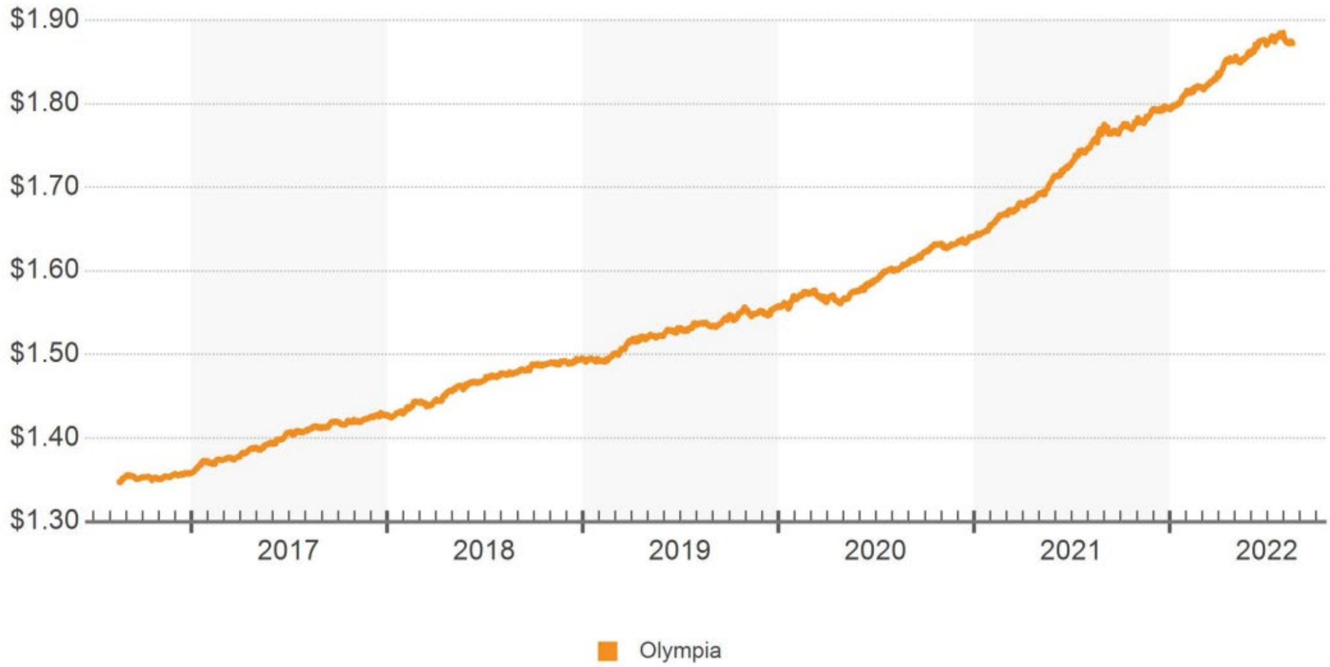
Figure 75. Multifamily Vacancy Rate in the Olympia Market



Source: CoStar

The average asking rent for four- and five-star units (those on the luxury end of the multifamily building spectrum) is $1,918 while the effective rent is $1,907. The average asking rent for all units is $1,618. The average rent per square foot is $1.87 as of August 2022, a 6.9% increase year over year.

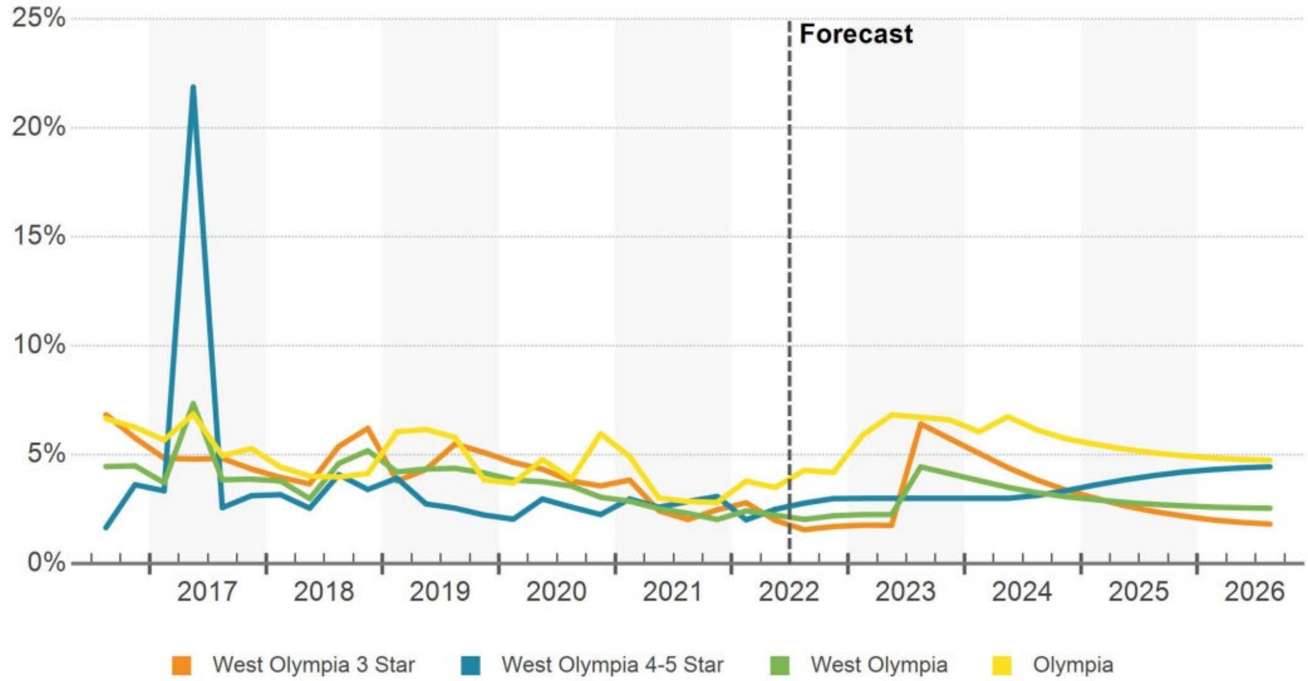
Figure 76. Asking Rent per Square Foot, Olympia Market



Source: CoStar

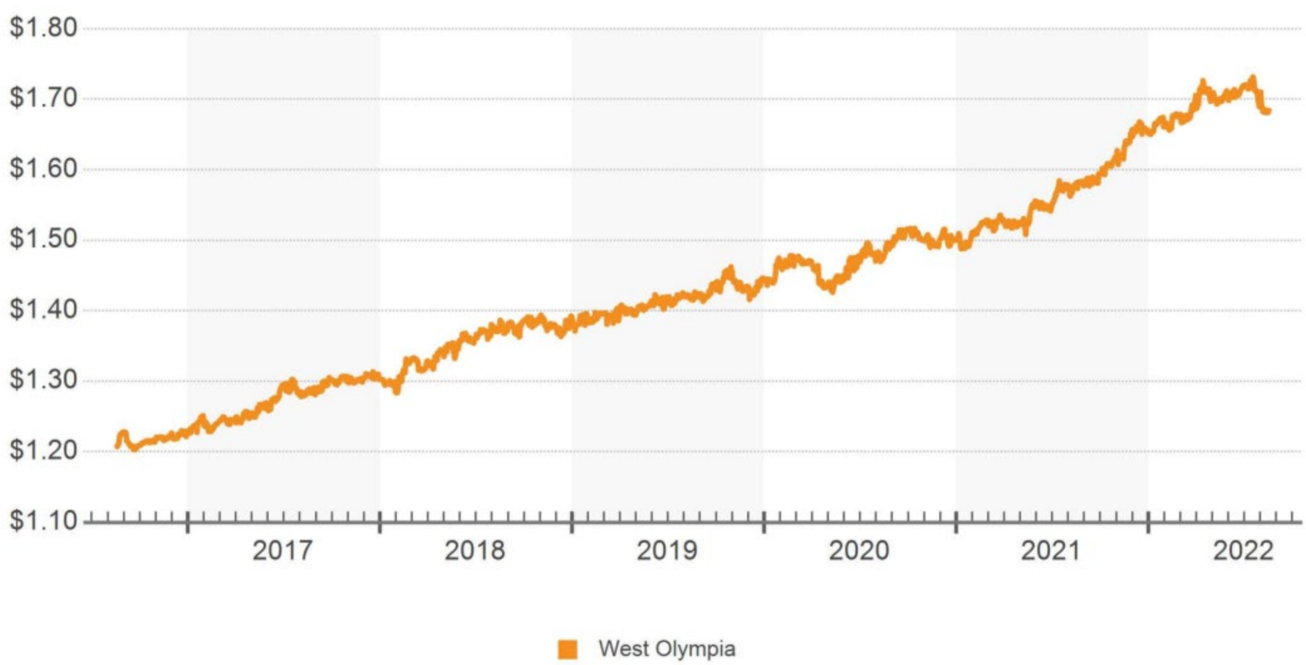
The vacancy rate in the West Olympia submarket is 1.9% as of Q3 2022, with no new units delivered in the last twelve months. The average asking rent for four- and five-star units is $1,702 while the effective rent is $1,694. The submarket average asking rent for all units is $1,472. Asking rent has grown 7.7% year over year. Asking rent per square foot is $1.68 as of August 2022. An 80-unit building called The Goat is currently under construction and expected to be completed by March 2023. It is located just west of the southern portion of Yauger Park on Capital Mall Drive SW.

Figure 77. Multifamily Vacancy Rate in Olympia and West Olympia



Source: CoStar

Figure 78. Daily Asking Rent per Square Foot, West Olympia Submarket

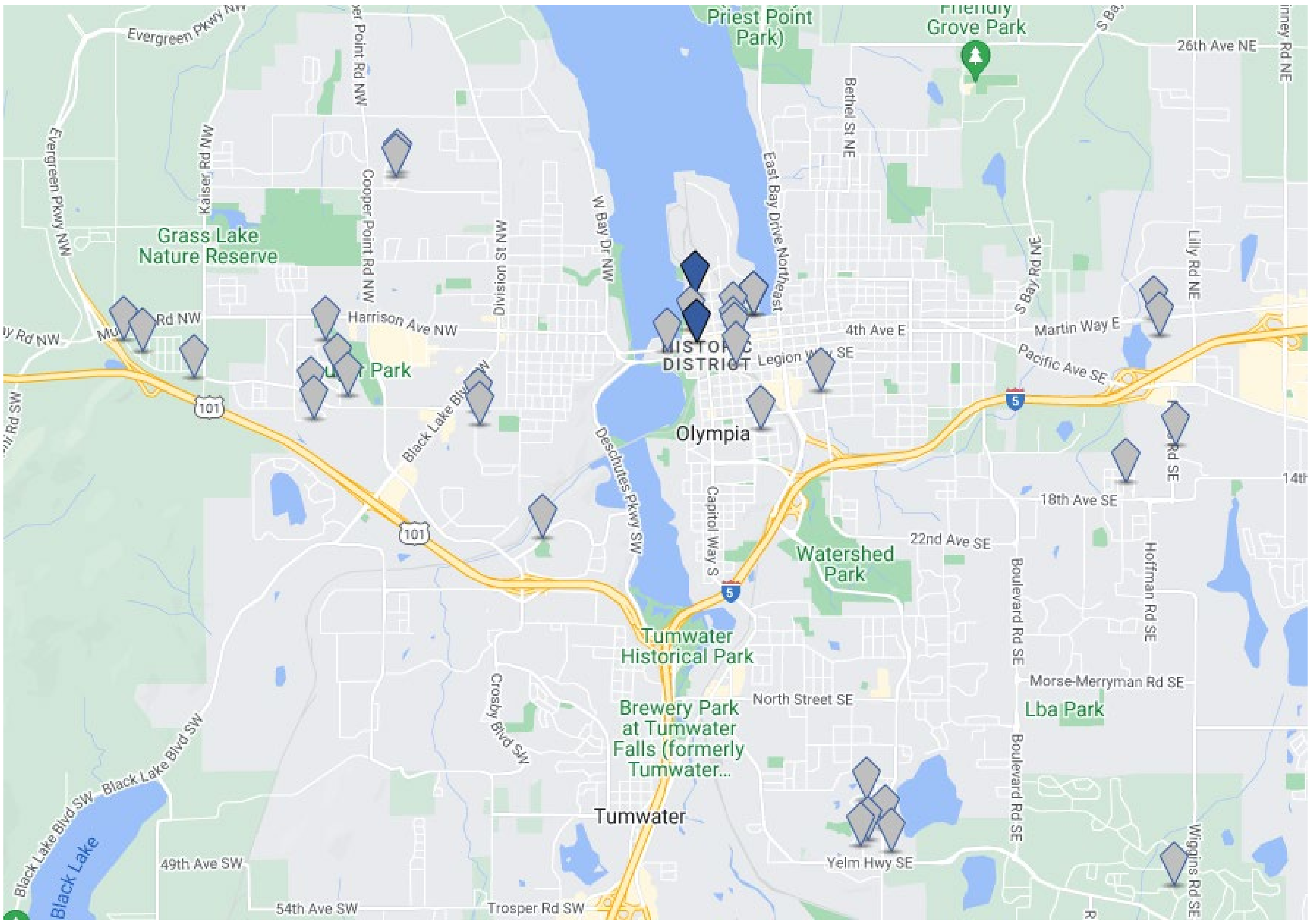


Source: CoStar

The West Olympia submarket's extremely low vacancy rate indicates a strong need for more housing units. Since 2010 the submarket has added 880 units across 8 buildings, but the vacancy rate remains at 1.9%, well below what would be expected in a healthy market. While there is a risk of displacement in the area, many of the primary opportunity sites for housing development in the Capital Mall Triangle are vacant lots, parking lots, and retail spaces. Redeveloping these areas would not result in the demolition of existing housing units. New housing units will also take the pressure off of rising rents, which can lead to displacement. In addition, if SEPA requires that 10% of new units be affordable and this requirement does not negatively impact development feasibility, some displacement may be mitigated.

Recent Multifamily Development in Olympia

Figure 79. Multifamily Properties Completed between 2010 and 2022



Source: CoStar.

Of the 2,768 multifamily units that have been completed in Olympia since 2010, 531 are senior housing (market rate and affordable) and 363 are subsidized affordable housing. While Downtown Olympia has seen the most new multifamily buildings constructed since 2010, the South Westside has seen the most units.

Table 6. New Multifamily Construction in Olympia Submarkets since 2010

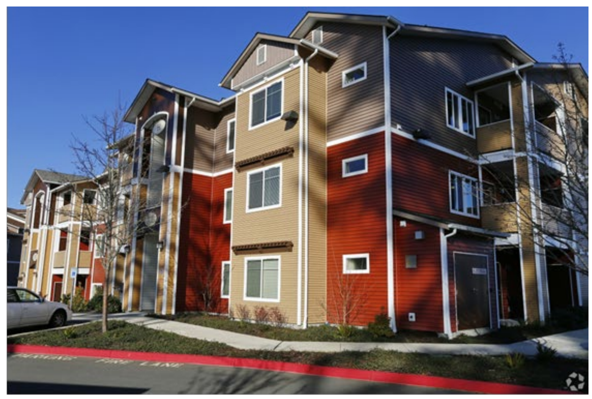
Submarket	Number of Buildings	Number of Units	Average Units/Building
Downtown Olympia	12	742	62
North Olympia	2	130	65
South Olympia	8	552	69
South Westside	1	150	150
West Olympia	8	880	110
Western Thurston County	3	314	105
Total	***34***	***2,768***	***561***

Source: CoStar, LCG.

On the west side, the apartments built since 2010 are mainly garden-style apartments, townhomes, and duplex communities, while the city's Downtown features urban-style mid-rises.

Figure 80. Garden and Townhome Style Apartments on Olympia's West Side

8Hundred West
800 Alta Street SW
101 Units built in 2015



Woodland Apartments
800 Yauger Way
224 Units built in 2012

Source: CoStar.

Figure 81. Urban Mid-Rise Apartment Buildings in Downtown Olympia

123-4th Apartments
123 4th Avenue W
138 Units built in 2016

Views on Fifth
410 5th Avenue
140 Units built in 2020

Source: CoStar.

Rents are significantly higher in Downtown Olympia than on the City's West Side. According to CoStar, the weighted average rent per square foot of West Side market rate properties built since 2010 is $1.74, while Downtown properties built since that time have a weighted average rent of $2.65 per square foot. The average size of Downtown units is 631 square feet, while on the West Side units average 1,048 square feet. West Side units are also slightly older – the newest properties were built between 2010 and 2015. Downtown, development activity picked up in 2016 and continued through 2020.

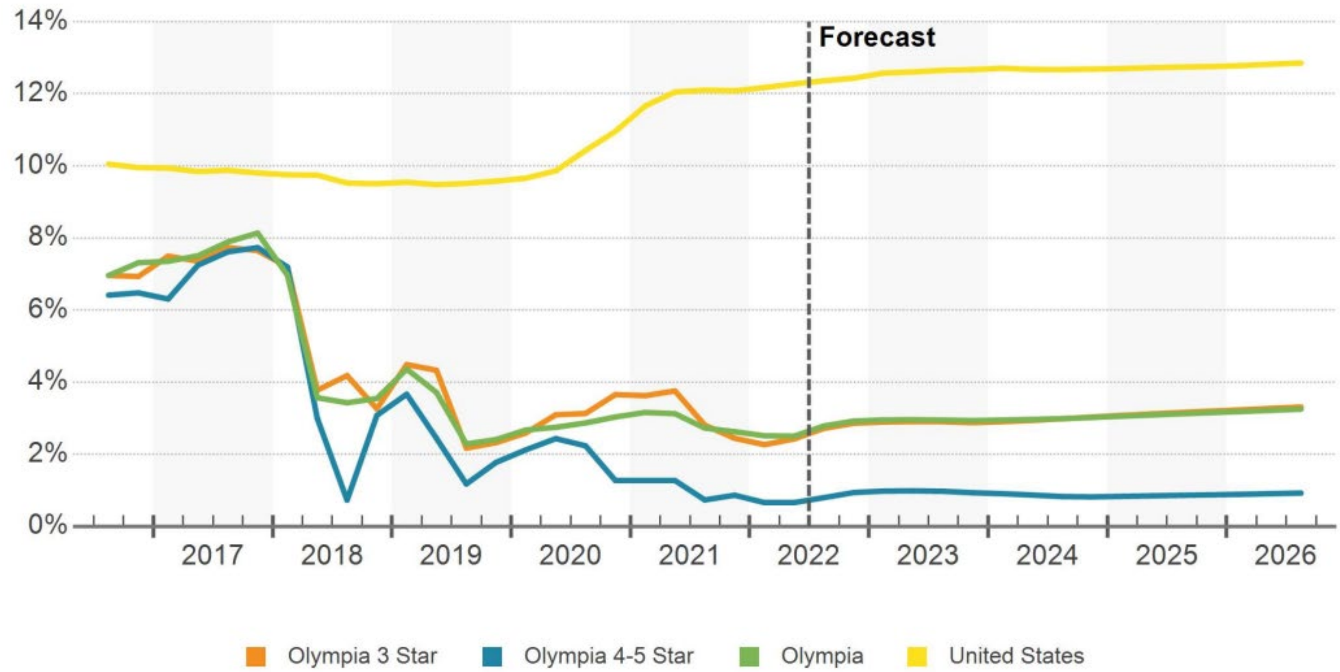
No new multifamily housing has been built in the Capital Mall Triangle subarea since 2000.

Office

Office Indicators in the Olympia Market and Westside Submarket

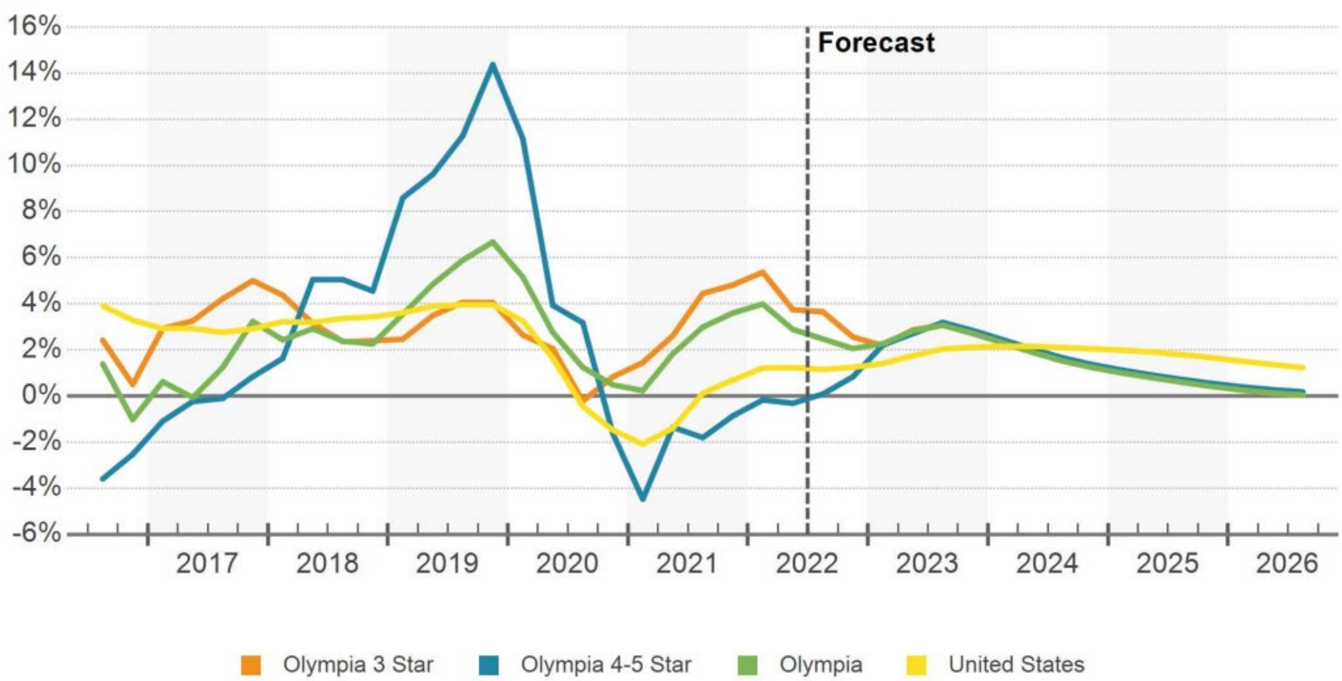
According to CoStar, the Olympia office market has an extremely low vacancy rate at 2.7%. This is largely due to the number of offices associated with the state government. While 43,000 square feet of office space has been added to the Olympia market over the past three years, there is currently no new office space under construction. As of August 2022, the asking rent per square foot is $21.73. Year over year rent growth as of 3Q 2022 is 3.7% for 3-star office space and just 0.1% for 4- and 5-star office space. The market cap rate for office properties in Olympia is 7.75%.

Figure 82. Vacancy Rates in the Olympia Market



Source: CoStar.

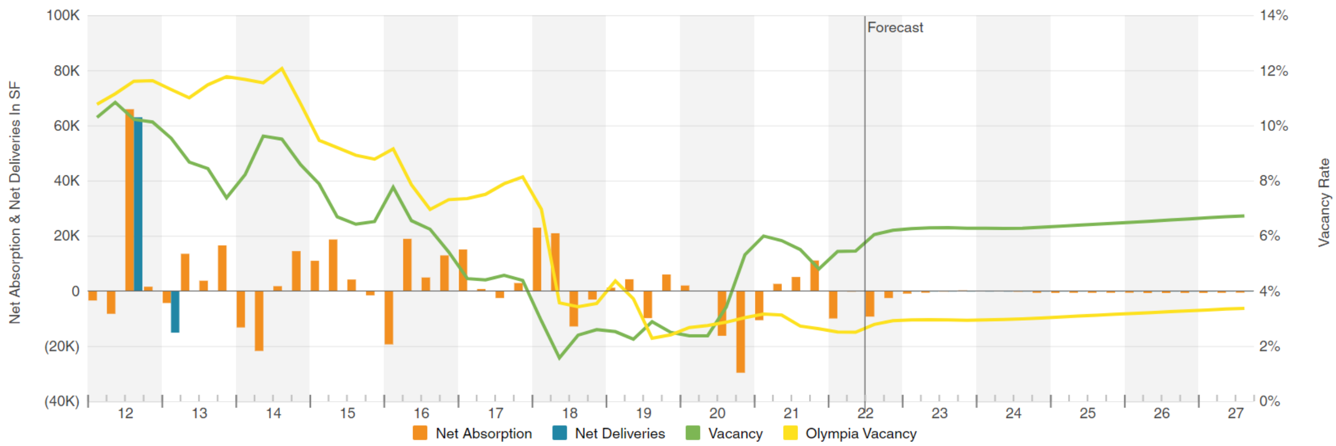
Figure 83. Market Rent Growth (YOY) in the Olympia Market



Source: CoStar.

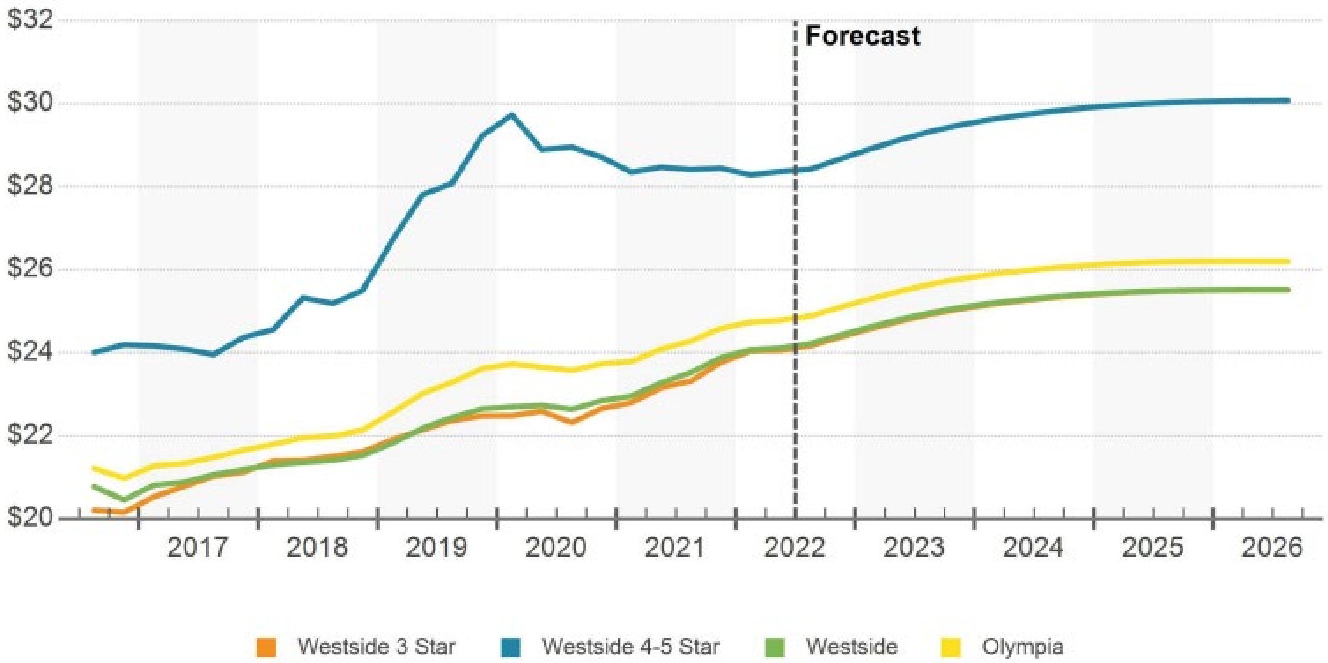
Olympia's Westside submarket has a vacancy rate of 6.0%, significantly higher than the market as a whole. This area has roughly 1.6 million square feet of office space. Rents grew 3.1% between August 2021 and August 2022. The average market rent per square feet is $24.14, higher than the market average. The vacancy rate is especially low for 4- and 5-star properties in the submarket at 0.1% as of 3Q 2022. The vacancy rate for 3-star properties is 4.5%. No new office space has been built in the submarket since 2012.

Figure 84. Net Deliveries, Absorption, and Vacancy in Olympia's Westside Office Submarket



Source: CoStar.

Figure 85. Market Rent per Square Foot in Olympia's Westside Office Submarket

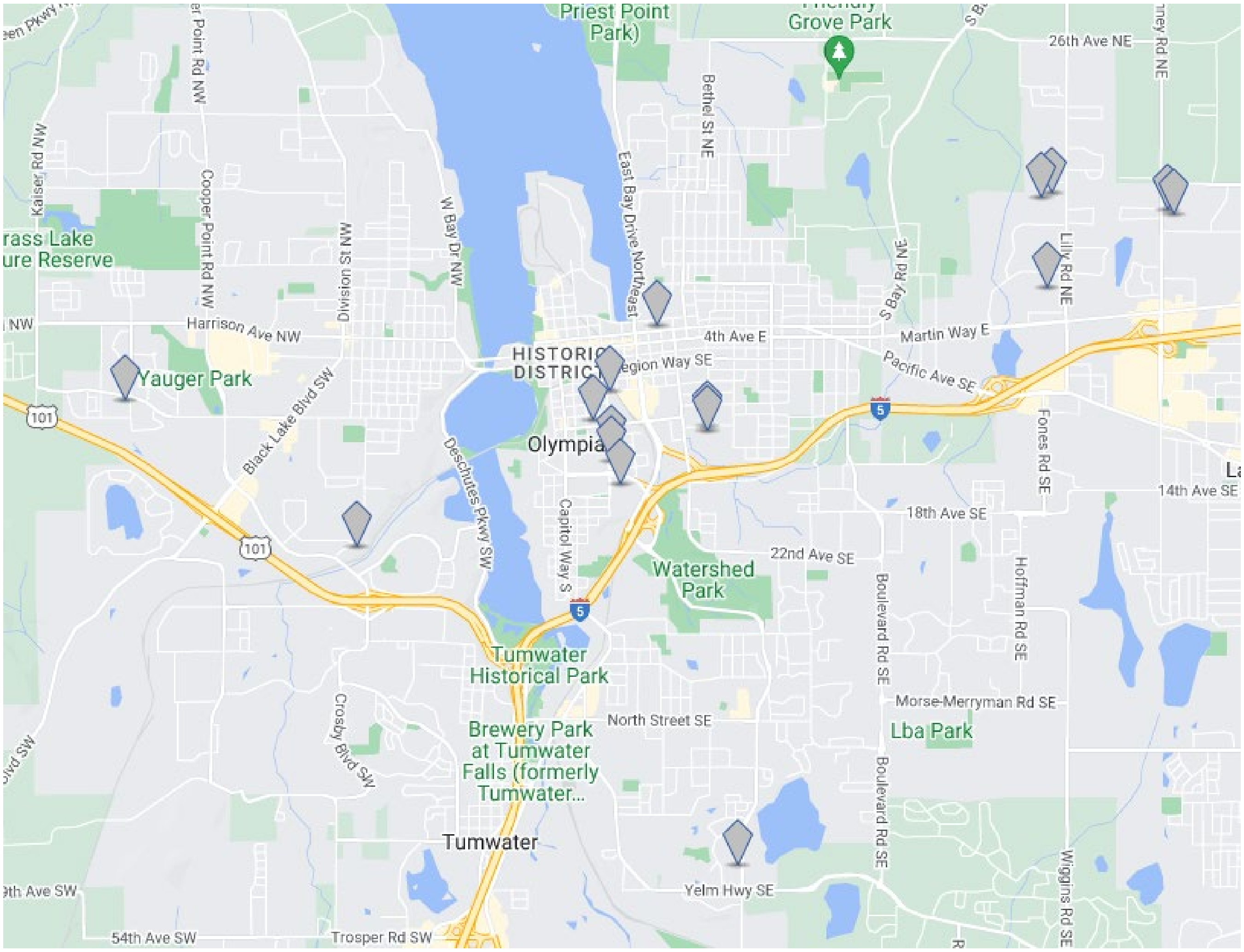


Source: CoStar.

While the vacancy rate is low for high-end office space in Olympia's Westside submarket, it is not clear that significantly more office space is needed in this area. The rise in remote work has reduced demand for office space, and the government agencies that drive Olympia's office demand are concentrated on the east side of town. While there may be an opportunity for a developer to include high-end office space in a new mixed use development, this should not be the primary focus of the City's efforts in the Capital Mall Triangle subarea.

Recent Office Developments in Olympia

Figure 86. Locations of New Office Development in Olympia since 2010



Source: CoStar.

Since 2010, just two new office properties with a total of 70,640 rentable square feet have been built west of Downtown Olympia. Over that same period, Downtown Olympia gained 395,273 square feet of new office space across 6 buildings.

Table 7. New Office Construction in Olympia Submarkets since 2010

Submarket	Number of Buildings	Total RBA	Average RBA/Building
Downtown Olympia	6	395,273	65,879
Eastside	5	62,030	12,406
Lacey	2	6,400	3,200
Outlying Thurston County	1	12,378	12,378
Westside	2	70,640	35,320
Total	*16*	*546,721*	*129,183*

Source: CoStar, LCG.

Figure 87. New Office Space Built West of Downtown Since 2010

Olympia Orthopaedic Associates
3901 Capital Mall Drive SW
63,000 SF built in 2012

Percival Creek Office Park
2024 Caton Way SW
7,640 SF built in 2011

Source: CoStar.

Since 2000, 46,406 square feet of office space in 9 properties have been built in the Capital Mall Triangle. All of these properties were completed between 2002 and 2008 in the northern portion of the subarea.

Figure 88. New Office Development in the Capital Mall Triangle Subarea since 2000

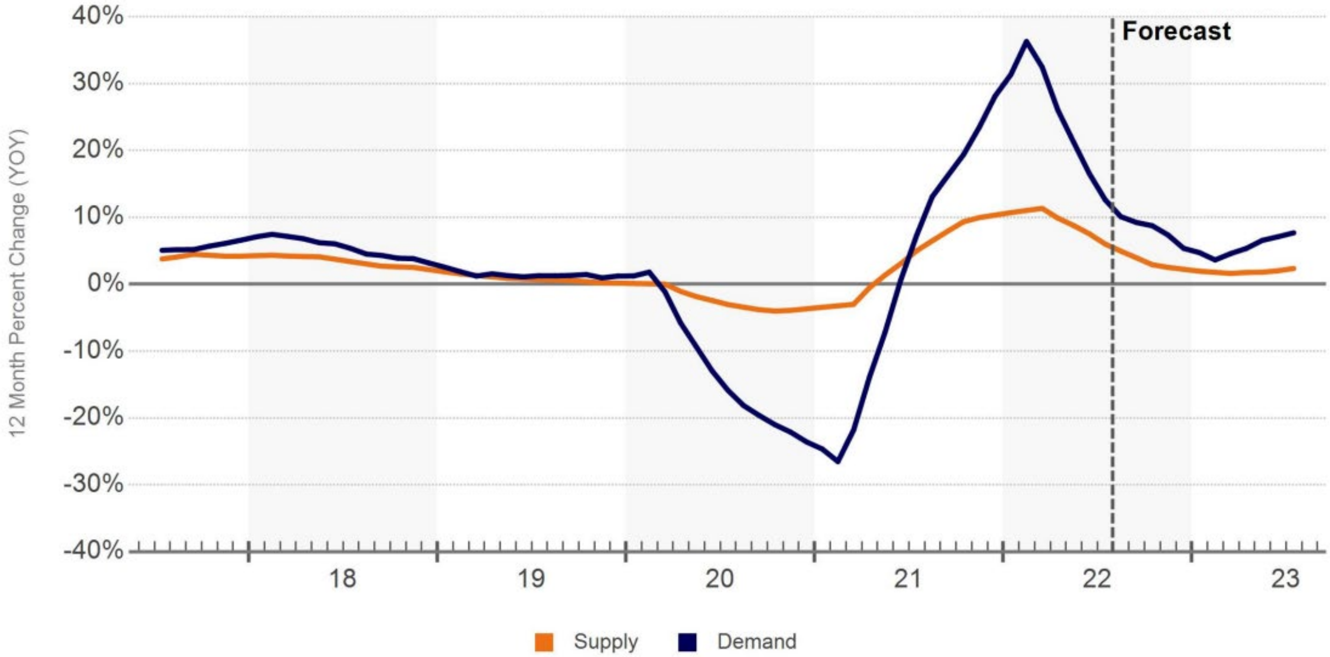
Source: CoStar.

Hospitality

Hospitality Indicators in the Olympia-Tacoma Submarket

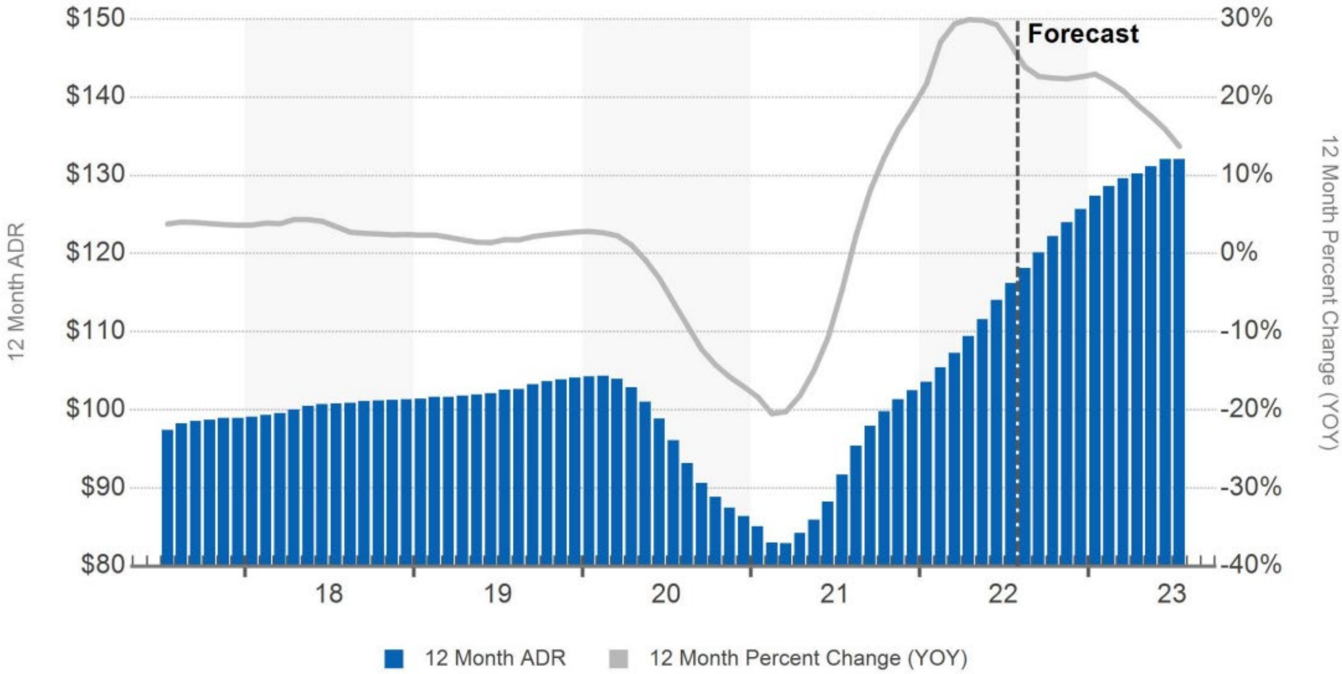
According to CoStar, the Olympia-Tacoma Submarket has 9,025 hotel rooms with an additional 124 currently under construction. 85 rooms have been added over the last twelve months. The submarket occupancy rate is 75.8% and the Average Daily Rate (ADR) is $141.16. RevPAR is $106.99.

Figure 89. Twelve Month Supply and Demand Change for Hospitality in the Olympia-Tacoma Submarket



Source: CoStar.

Figure 90. ADR over the Last Five Years in the Olympia-Tacoma Submarket

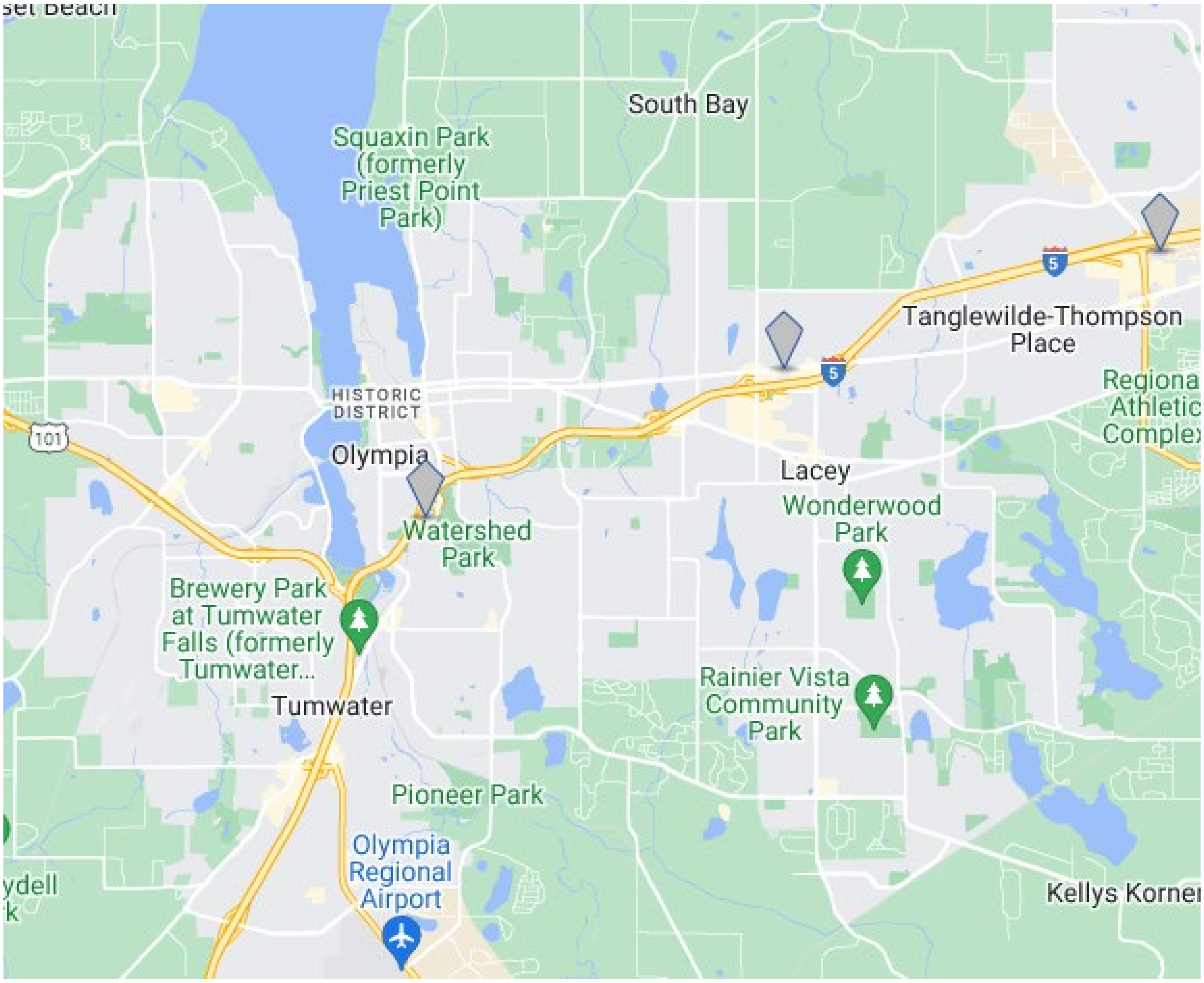


Source: CoStar.

While demand for hotel rooms has been increasing in Olympia, the Capital Mall Triangle subarea is not the ideal location for new hotel rooms. Hotel development is primarily concentrated in downtown Olympia and the east side. There are also 286 rooms currently in the development pipeline in the city. The absorption of those new rooms and their impact on ADR and other indicators will determine whether additional rooms are necessary in the submarket. The Capital Mall Triangle subarea is unlikely to attract significant new hotel development.

Recent Hospitality Developments in Olympia

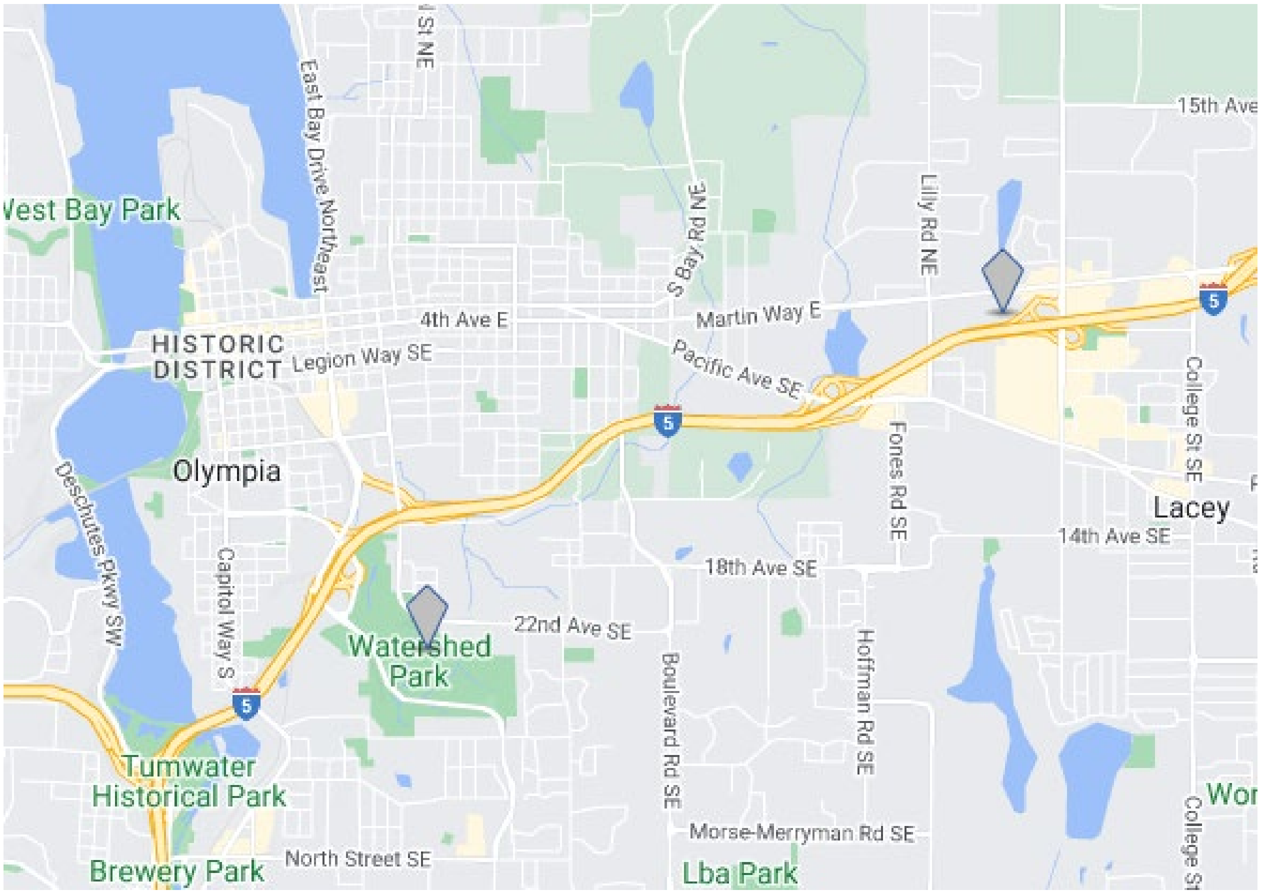
Figure 91. Locations of New Hotel Developments in Olympia Since 2010



Source: CoStar.

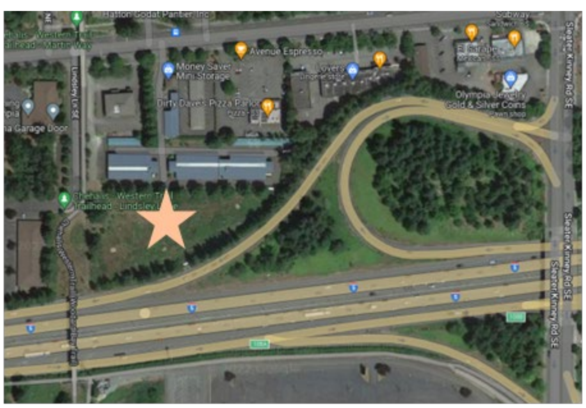
Since 2010, no new hotels have been built west of Downtown Olympia. A 118-room Hilton Garden Inn was built just across I-5 from the South Capitol neighborhood in 2016, a 121-room Hampton Inn was built in Olympia in 2016, and an 85-room Best Western was built in Tanglewilde-Thompson Place in 2011. There are two hotel projects with a total of 246 rooms currently planned or under construction in the city.

Figure 92. Location of Currently Under Construction Hotels in Olympia

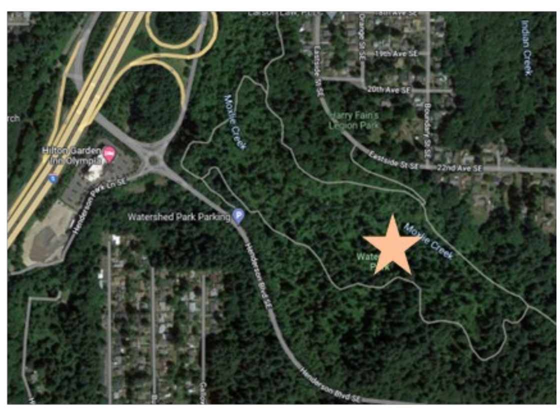


Source: CoStar.

Figure 93. Hotel Developments in Olympia



Woodspring Suites
3901 Martin Way
122 rooms, under construction



Courtyard Olympia
2102 SE Henderson Park Lane
124 rooms, under construction

Source: CoStar.

Comparable Projects

Belmar

The Belmar redevelopment project in Lakewood, Colorado provides a potential example for the Olympia Capital Mall Triangle Subarea to follow. The Belmar site was previously home to the Villa Italia regional mall, a 104-acre site with 1.2 million square feet of commercial space built in 1966.

Figure 94. Villa Italia prior to Redevelopment

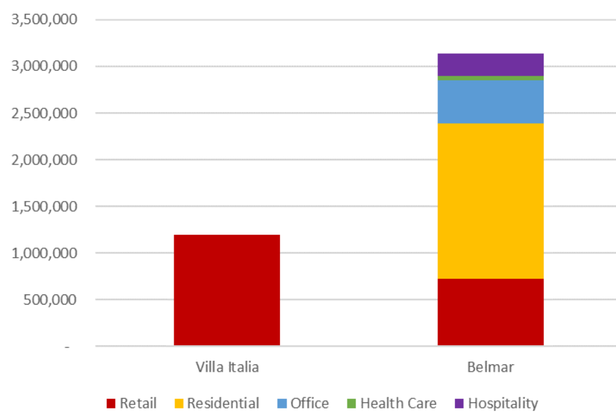
Figure 95. Belmar after Redevelopment

Figure 96. Belmar Master Plan.

Source: Van Meter, Williams, Pollack LLP.

Figure 97. Square footage of uses and value comparison of Villa Italia and Belmar.

	Villa Italia	Belmar
Retail	1,200,000	726,000
Residential		1,659,619
Office		468,826
Health Care		44,016
Hospitality		235,122
Total	*1,200,000*	*3,133,583*
Value PSF	$100	$325
Total Value	*$120,000,000*	*$1,018,414,475*



Source: Leland Consulting Group. Note: Belmar data is as of 2018.

The vast, sprawling parking lots that had surrounded the Villa Italia shopping center were converted into mixed use buildings with space for retail, housing, office, health care, and hospitality. The redevelopment was a public private partnership between the City of Lakewood and the developer, Continuum Partners. The City used Public Improvement Fee and Tax Increment Financing to direct $95 million to site infrastructure and preparation and in exchange got a new thriving downtown area. As a result of the redevelopment, the value of the site increased from $120 million to $1.02 billion. While it is still a shopping district, it is significantly more walkable and offers spaces for public gatherings. The site still includes a significant parking element, with 2,500 surface and 2,500 structured spaces, but the parking ratio is significantly lower than it had been previously. 5,000 spaces serve 1,048 residential units and nearly 1.5 million square feet of retail, office, health care, and hospitality.

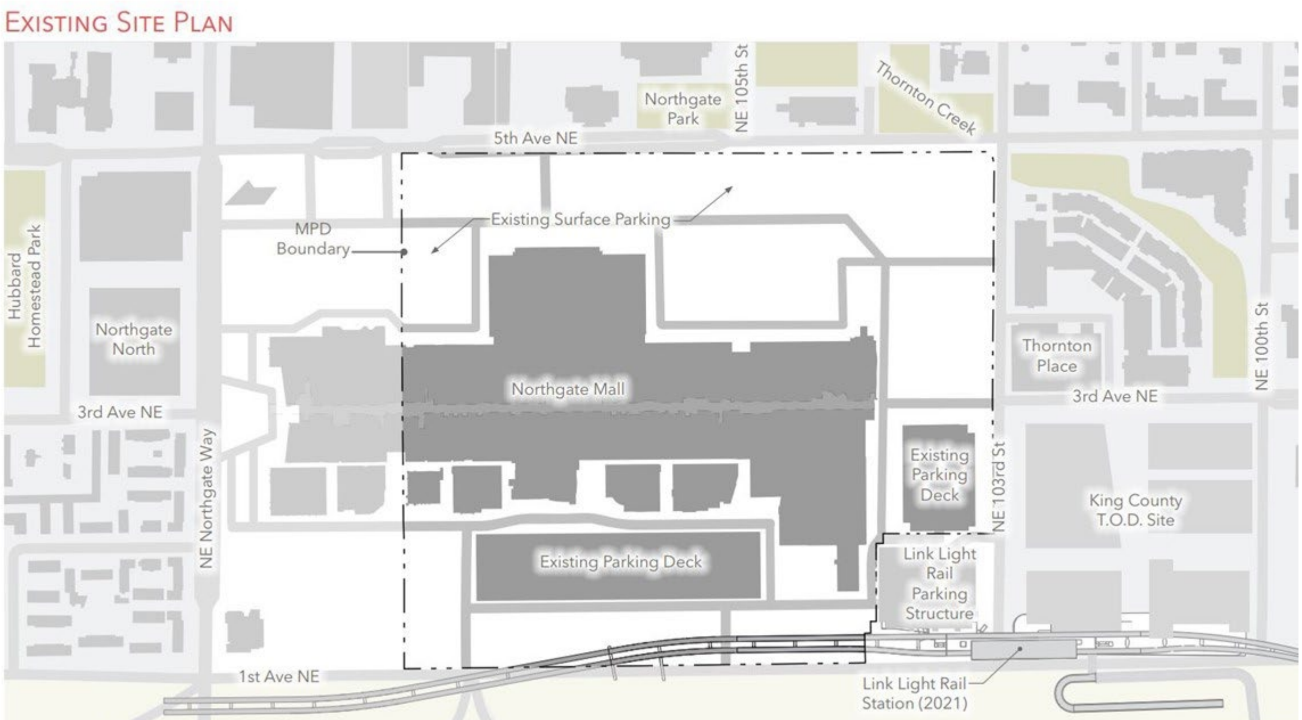
By significantly reducing the amount of surface parking on site, Belmar was able to become a more attractive and walkable area that people want to visit. Like the Capital Mall Triangle, Belmar is not served by commuter or light rail. However, a number of bus lines have stops on W Virginia and W Alameda Avenues, on the northern and southern borders of the site. This transportation access helps attract tenants and visitors without maximizing parking area.

Thornton Place/Northgate

The Northgate Shopping Center in North Seattle is currently undergoing a transformation from mall to mixed-use destination with housing, office space, and community amenities. The full build-out is expected to include:

- Kraken Community Iceplex and Team Store
- 32 Bar & Grill
- Starbucks
- Virginia Mason Franciscan Health Medial Pavilion
- Local & specialty retail & dining destinations
- Public gathering spaces
- 900,000 SF of Class A office space
- 1,200 residential units
- Two hotels
- Transit-oriented amenities
- Improved circulation routes

Figure 98. Northgate Mall Site Plan Prior to Redevelopment



Source: King5 Seattle.

Figure 99. Proposed Site Plan for Northgate Station Redevelopment Project

Source: King5 Seattle.

The plan includes the redevelopment of surface parking and reconfiguration of retail on site to create a more walkable community with multimodal access to the new Link Light Rail station. By creating a permeable site, the development will also help connect community amenities like the library, community center, and Northgate Park with the new light rail station. The light rail station opened in 2021, along with a pedestrian and bike bridge over I-5 to connect the Northgate Transit Center to North Seattle College.

The four buildings along 5th Avenue NE will be mixed use with ground floor retail and residential above. The planned office buildings will also have ground floor retail and restaurant space. Despite the redevelopment of the surface parking lots, the site is not expecting to reduce parking on-site. Instead, parking will be structured.

The full build-out of the Northgate Station redevelopment project is expected to add 5,260 new jobs in addition to the 400 new jobs at the Iceplex. The $80 million Iceplex project alone is expected to attract 1 million visitors spending $5.5 million each year. As the rest of the area gets built up, visitors to the Iceplex will have new places to eat, shop, and gather. The new apartments will be home to the Northgate Station workforce as well as commuters attracted by the new light rail.

Thornton Place, located just east of the Northgate property, is located on the site of a former surface parking lot and was completed in 2009. It includes 387 multifamily units and 98,511 square feet of retail space. The units are a mix of market rate and affordable housing. Market rate multifamily rents are $3.31 per square foot as of September 2022, while retail commands around $34 per square foot.

Figure 100. Location of Thornton Place Prior to Development

Source: Grist.

Figure 101. Thornton Place

Source: CoStar.

https://www.theurbanist.org/2021/06/10/northgates-construction-spree-is-just-starting/

https://www.seattletimes.com/seattle-news/transportation/light-rail-ready-to-open-at-northgate-transforming-more-than-just-commutes/

https://northgatenhltrainingcenter.splashthat.com/

https://www.bizjournals.com/seattle/news/2022/06/07/new-seattle-jobs-northgate-station-jobs.html

Totem Lake, Kirkland

The Village at Totem Lake is a mall redevelopment project with 400,000 square feet of mixed-use development featuring housing, retail, grocery, restaurants, a theater, and creative office space. Prior to redevelopment, the Totem Lake Mall was a typical strip-mall style shopping center.

Figure 102. Totem Lake Mall Prior to Redevelopment

Source: Kirkland Reporter.

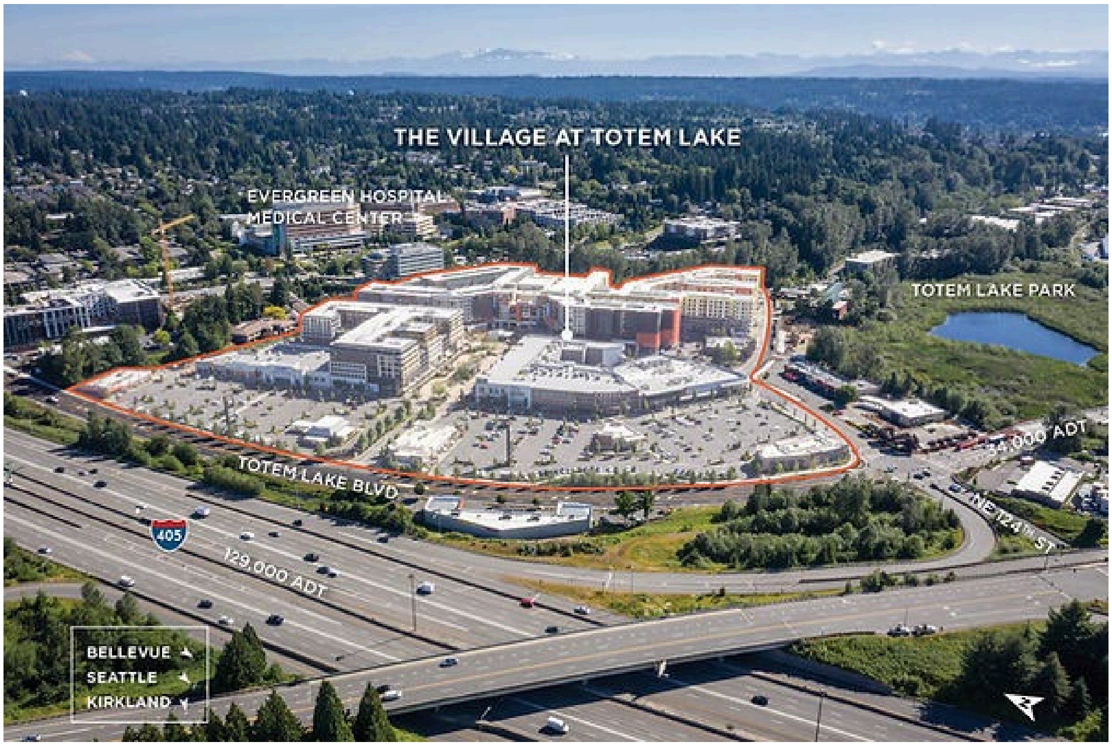
Now, the site is home to a wide range of retail, personal care services, fitness, restaurants, a Whole Foods and a Trader Joe's.

Figure 103. Current Site Plan of The Village at Totem Lake

Source: Village at Totem Lake

The redevelopment is based on the Totem Lake Plan adopted in 2002 and the five-phase build-out was completed in 2021. The original mall was built in the 1970s and by the time of redevelopment had a high level of vacancies. According to Kirkland Mayor Penny Sweet, the redevelopment of the mall into a walkable, mixed-use village accomplished to main goals: it concentrated high density development near major thoroughfares instead of in the city's suburban neighborhoods and created an urban-style place where people want to live. The City invested in the infrastructure necessary to make the project a success, including parks, pedestrian and bike trails, and roadways.

Figure 104. Location and Rendering of The Village at Totem Lake



Source: CenterCal Properties.

Figure 105. Mixed Use Buildings at The Village at Totem Lake

Source: Reid Middleton.

https://ulidigitalmarketing.blob.core.windows.net/ulidcnc/2012/03/Kirkland-TAP.pdf

https://www.kirklandwa.gov/files/sharedassets/public/tv/resident/totem-lake/totem-lake-magazine-2020.pdf

https://www.barghausen.com/portfolio/the-village-at-totem-lake

https://www.commerce.wa.gov/programs/smart-communities-award/2021-awardee-city-of-kirkland-village-at-totem-lake/

https://www.kirklandwa.gov/Whats-Happening/News/Village-at-Totem-Lake-Receives-Governors-Smart-Communities-Award

Promenade of Wayzata

The Wayzata Bay Center was a shopping center built in the 1960s on a 14.5-acre, 5-block site in an affluent Minneapolis suburb located along Lake Minnetonka. It was constructed on wetlands without a stormwater system, and contaminated stormwater runoff from the shopping center's vast parking lots regularly ended up in Lake Minnetonka. A joint venture between BohLand Companies, Presbyterian Homes, and the Wayzata Bay Redevelopment Company spent $342 million redeveloping the site as a mixed-use neighborhood with two condominium properties, senior and assisted living facilities, office and commercial space, a hotel, and a community Great Lawn. The project was completed in 2017.

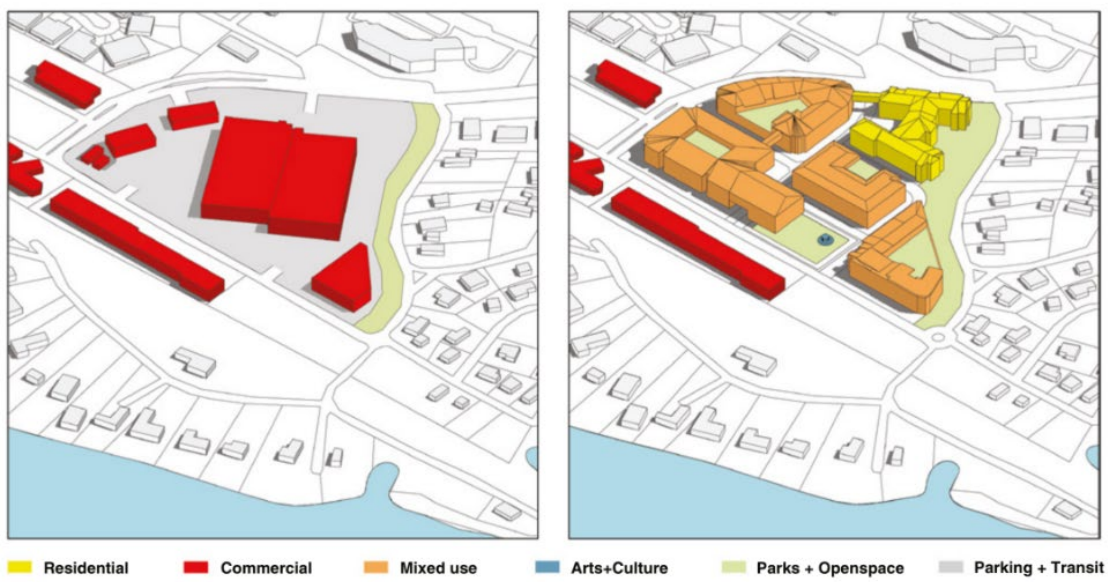
Figure 106. The Wayzata Bay Center Prior to Redevelopment as The Promenade of Wayzata

Source: Twin Cities Business.

Figure 107. The Promenade of Wayzata in 2019

Source: State of Minnesota.

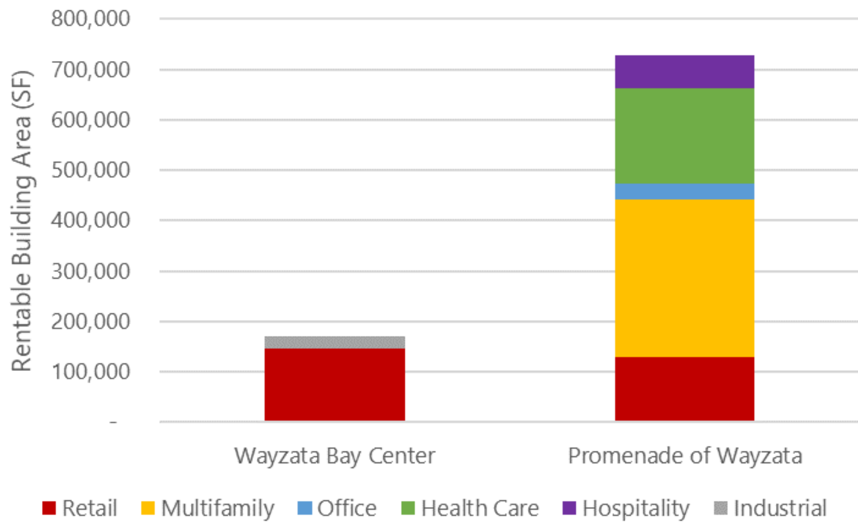
Figure 108. Site diagrams of the Wayzata Bay Center and the Promenade of Wayzata



Source: June Williamson & Ellen Dunham-Jones, "Case Studies in Retrofitting Suburbia" (2021).

When it was first approved by the Wayzata City Council in 2008, it was controversial within the community due to its size. The project includes 326 units of senior housing, 118 condos, 26 apartments, over 200,000 square feet of retail, a 92-room hotel, and parking. When the 30-unit Nine TwentyFive condo building was completed in 2017 units were listed for between $825,000 and $4 million dollars. The shopping center that previously occupied the site included 33 stores and two additional buildings. Despite the addition of significant commercial, office, and multifamily square footage, the site has just 1,500 parking spaces. That is roughly 1 parking space per 500 square feet of development. In order to address stormwater issues, the developers incorporated under-street infiltration and filtration systems, a stormwater wet pond, green roofs, and heated boulevards that reduce the need for deicing chemicals in the winter.

Figure 109. Land Use Distribution, Wayzata Bay Center vs. Promenade of Wayzata



Source: CoStar, Dan Ionescu Architects & Planners. Note: this does not include condominiums.

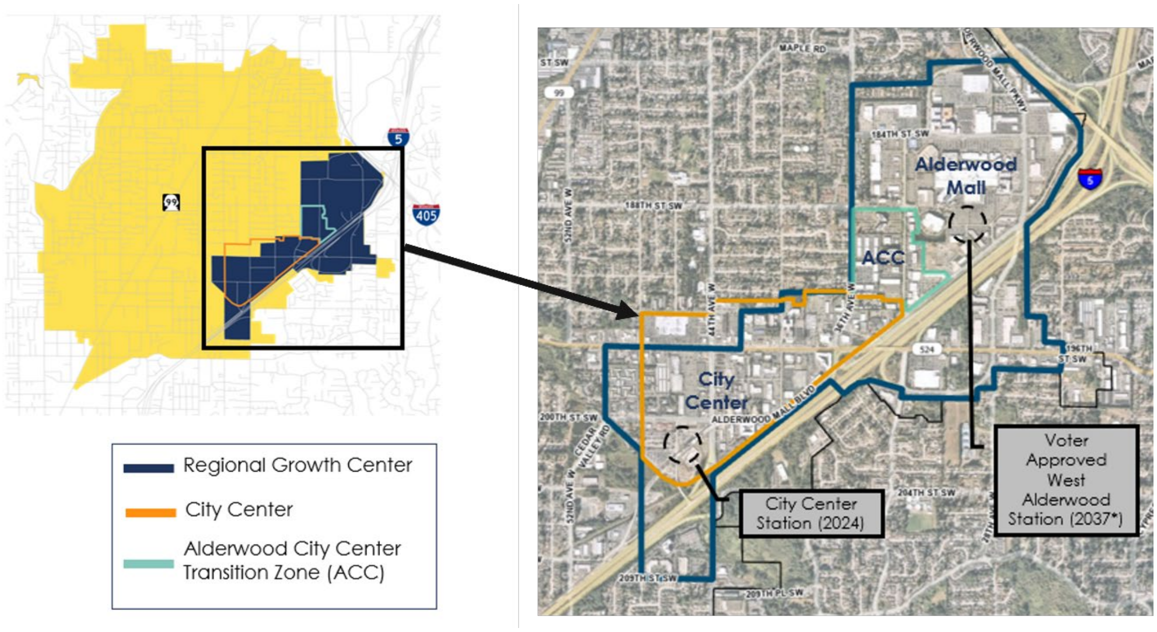
In their profile of Wayzata, MN in 2019, healthcare real estate company Davis attributed the city's population growth, which outpaced regional and county growth, to senior housing development. As of 2020, the Folkestone senior housing complex at the Promenade had a five-year waiting list. The ongoing success of the Promenade at Wayzata development generates both sales and property tax for the city, contributing significantly more financially than the Wayzata Bay Center was by 2008. In addition, the environmental costs of stormwater runoff to the lake have been significantly reduced.

The City designated the Wayzata Bay Center as a Mixed-Use Downtown District in its comprehensive plan and approved the area as a Planned Unit Development. The City's parking code allows for off-site joint use parking based on parking needs at different times of day.

Lynnwood - Alderwood Mall and Northline Village

The City of Lynnwood in Snohomish County, Washington has included the Alderwood Mall and surrounding area in its City Center + Alderwood Subarea plan. The City plans to direct future growth in the city to the CC+A Plan Area, which is expected to get a new light rail station in 2024 and another one in 2037. The second station will be adjacent to the Alderwood Mall.

Figure 110. Lynnwood's City Center + Alderwood Plan Area



Source: City of Lynnwood.

To accommodate future growth, including growth spurred by the future transit station, the City zoned the Alderwood area as a Planned Regional Shopping Center (PRSC). This zoning allows for multifamily, retail, office and hospitality uses. There are no restrictions to building height or lot coverage. A 15-foot setback is required from public street rights-of-way and a 50-foot setback is required adjacent to residential zones. Parking for residential units is restricted to between 1 and 1.5 spaces per unit.

Since 2015, the Alderwood area has seen the construction of big box retail, restaurants, and large apartment buildings. Recently built apartment projects include the Woods at Alderwood and Avalon Alderwood Place, which together added 826 units to the area surrounding the Alderwood Mall.

Figure 111. Recently Completed Apartment Developments in the Alderwood Neighborhood of Lynnwood

The Woods at Alderwood
3101 184th Street SW
498 Units; Built 2022

	Effective Rent	Rent/SF
Studio	$1,611	$3.15
1-Bed	$1,762	$2.37
2-Bed	$2,380	$2.29
3-Bed	$2,889	$2.10
Weighted Avg.		$2.35

Avalon Alderwood Place
18602 Alderwood Mall Parkway
328 Units; Built 2021

	Effective Rent	Rent/SF
Studio	$1,742	$3.28
1-Bed	$2,004	$2.62
2-Bed	$2,789	$2.53
3-Bed	$3,107	$2.42
Weighted Avg.		$2.60

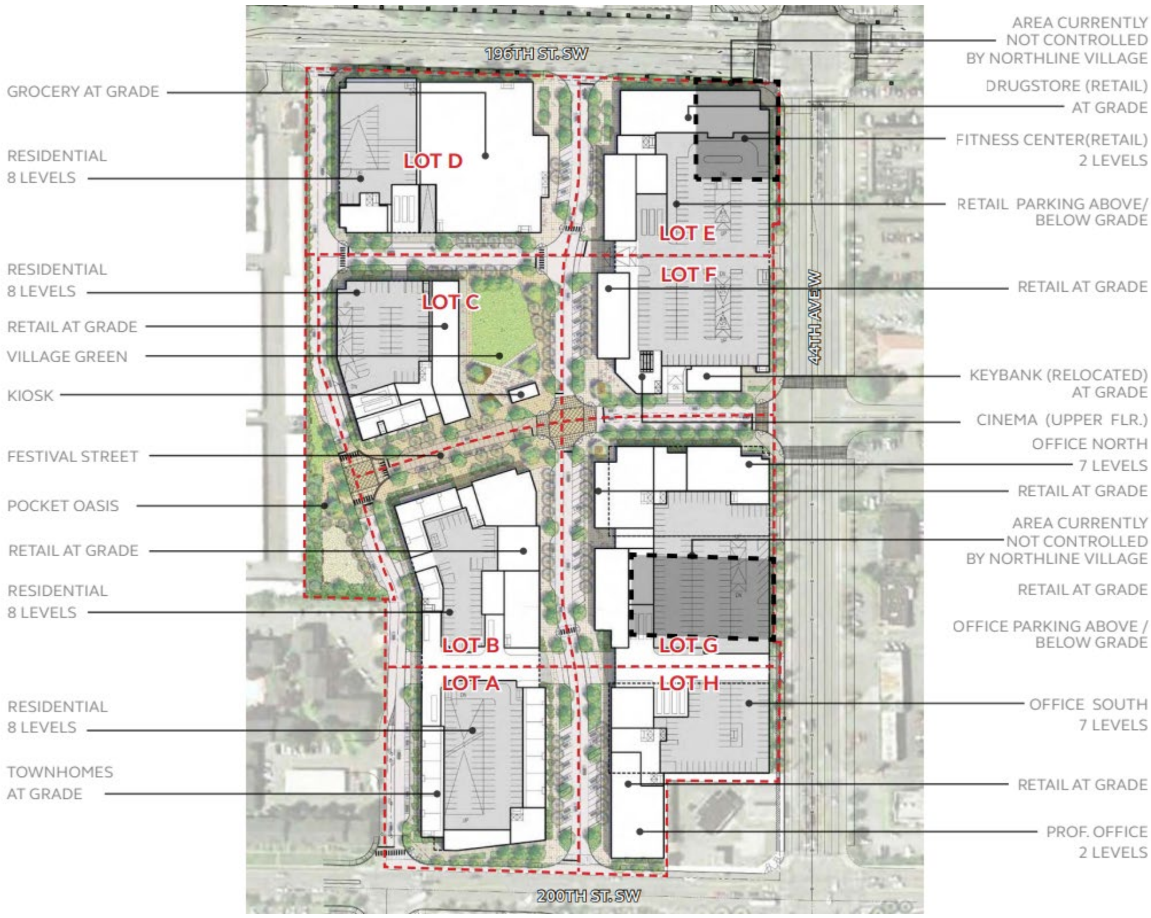
Source: CoStar, LCG.

Additionally, a 145-room AC Hotels by Marriott branded hotel and a 384-unit apartment building called the Alexan Alderwood are currently under construction in the Alderwood area, and an additional 349-unit apartment development (the Cosmos) is in the planning stages.

While Lynnwood is located in the Seattle metro area and is anticipating high levels of population and employment growth due to new light rail, it is a significantly smaller city by population than Olympia. As of 2020, Olympia's population was 52,290, compared with 38,538 in Lynnwood. The urban density Lynnwood is encouraging in its CC+A Plan Area is the basis of a walkable, transit-oriented neighborhood. Eliminating height and lot coverage limits could help Olympia achieve its goals in the Capital Mall Triangle area while adding significantly to the city's housing stock.

Also in Lynnwood, adjacent to an anticipated light rail station, developer Merlone Geier Partners is planning to build a phased, mixed-use, transit-oriented development with 1,370 units – slightly more units than is needed to meet TRPC forecasts for 2045. The project, Northline Village, will be built on an 18-acre site, and is expected to include 500,000 square feet of office space and 250,000 square feet of retail space. 18 acres is the equivalent of 6.25% of the land area of the Olympia Capital Mall Triangle subarea. If developers were to redevelop just 18 acres with the 1,160 new housing units expected by 2045, the density would be 64 units per acre.

Figure 112. Site Plan for the Northline Village Development in Lynnwood, WA



Source: City of Lynnwood.

Figure 113. Rendering of Northline Village

Source: Northline Village.

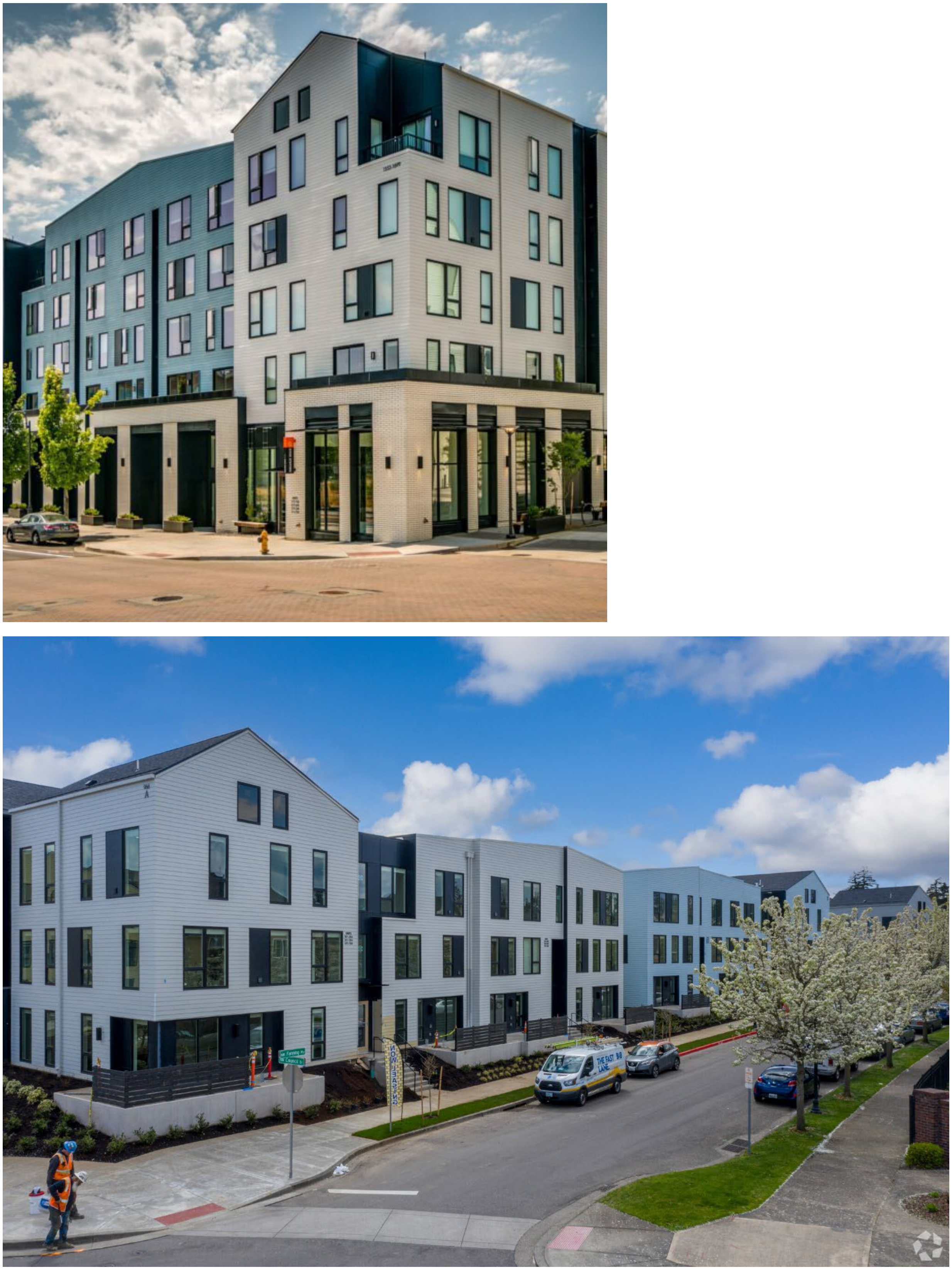
Alta Civic Station

Alta Civic Station is a mixed-use transit-oriented development along a MAX light rail line in Gresham, Oregon. The site was previously a field owned by the Metro regional government, which intended to hold off on developing the site until the market could support a large-scale, urban-style TOD project. While the market in Gresham grew stronger, it did not support Metro's initial vision for the site, and in 2021 Wood Partners built a 318-unit community with 1-, 2-, and 3-bedroom apartments as well as live-work units. There is surface parking at the rear of the project, but the building frontages are adjacent to the sidewalk, creating the illusion of a more urban TOD project and enhancing walkability. Rents in Gresham were not high enough to support the cost of underground or structured parking.

Figure 114. Site Map of the Alta at Civic Station

Source: Alta at Civic Station.

Figure 115. Exterior of the Alta at Civic Station



Source: Alta at Civic Station.

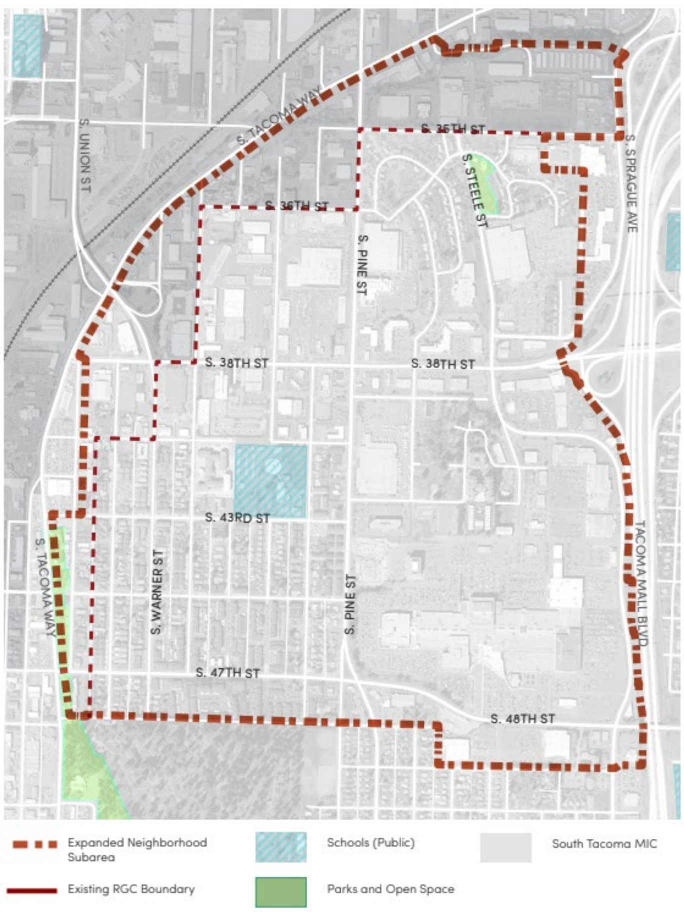
Alta Civic Station sits on 6.49 acres of land across from the Civic Drive MAX station, which serves the Blue line from Gresham to Hillsboro. It has a density of just 49 units per acre and a height of 5 stories.

Metro held onto the vacant land for years hoping that a more ambitious TOD project without surface parking would be feasible. Although those conditions never arose, this project added 318 transit-oriented units to a market that had a high demand for housing. A project like Alta Civic Station may not be completely transformative for the Capital Mall Triangle subarea, but it could help meet community needs if it can be built more quickly.

Tacoma Mall

As of 2017, the Tacoma Mall Neighborhood was designated by the City and the Puget Sound Regional Council as a Regional Growth Center. According to the Tacoma Mall Neighborhood Subarea Plan, this designation made the neighborhood a top investment priority for the City. The neighborhood features a mix of uses, including housing, commercial, and light industrial. The mall is located in the southeast corner of the neighborhood.

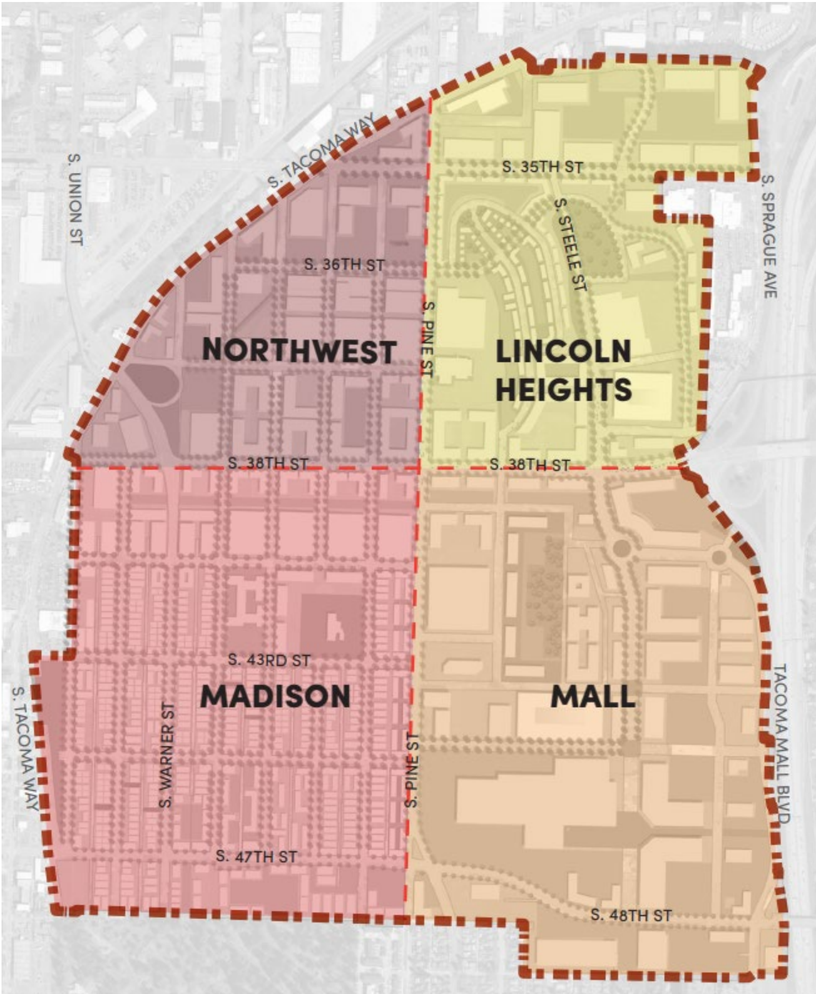
Figure 116. The Tacoma Mall Neighborhood



Source: City of Tacoma.

Through community workshops, the City determined that zoning in the area was not supporting placemaking goals. While the zoning allowed for more capacity than necessary, it also resulted in uncoordinated development that hindered neighborhood identity and connectivity. Based on this feedback, the City divided the area into four quadrants, which each have their own identities: Northwest, Lincoln Heights, Madison, and Mall.

Figure 117. Long-Term Vision Map Divided into Quadrants



Source: City of Tacoma.

Part of the long-term plan for the subarea is to create a neighborhood that transitions from suburban to urban-style development patterns. According to the city:

> *Much of the Tacoma Mall Neighborhood currently has a suburban development pattern with relatively low development intensities and low-scale buildings. This plan provides guidance to strategically transition the neighborhood to a more urban development pattern, with areas of focused density that have higher development heights and larger-scale buildings, and transition areas between these and lower-height areas. By directing the majority of new growth to focused density areas the City can leverage near-term development activity to create urban nodes that catalyze the transition of the neighborhood from suburban to urban.*

Figure 118. Sketches of Current Density, Current Zoning, and Future Goals in the Tacoma Mall Subarea

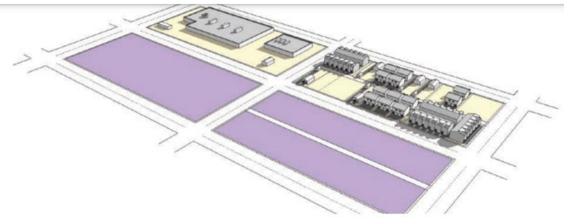


Figure UF-6. Madison District existing zoning scale transition sketch.

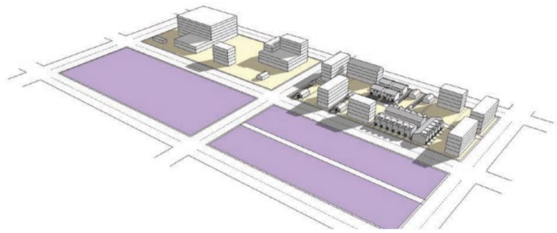


Figure UF-7. Madison District existing potential zoning scale transition sketch.

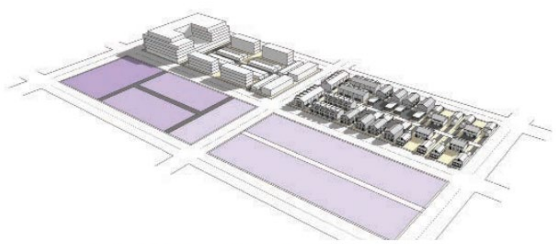
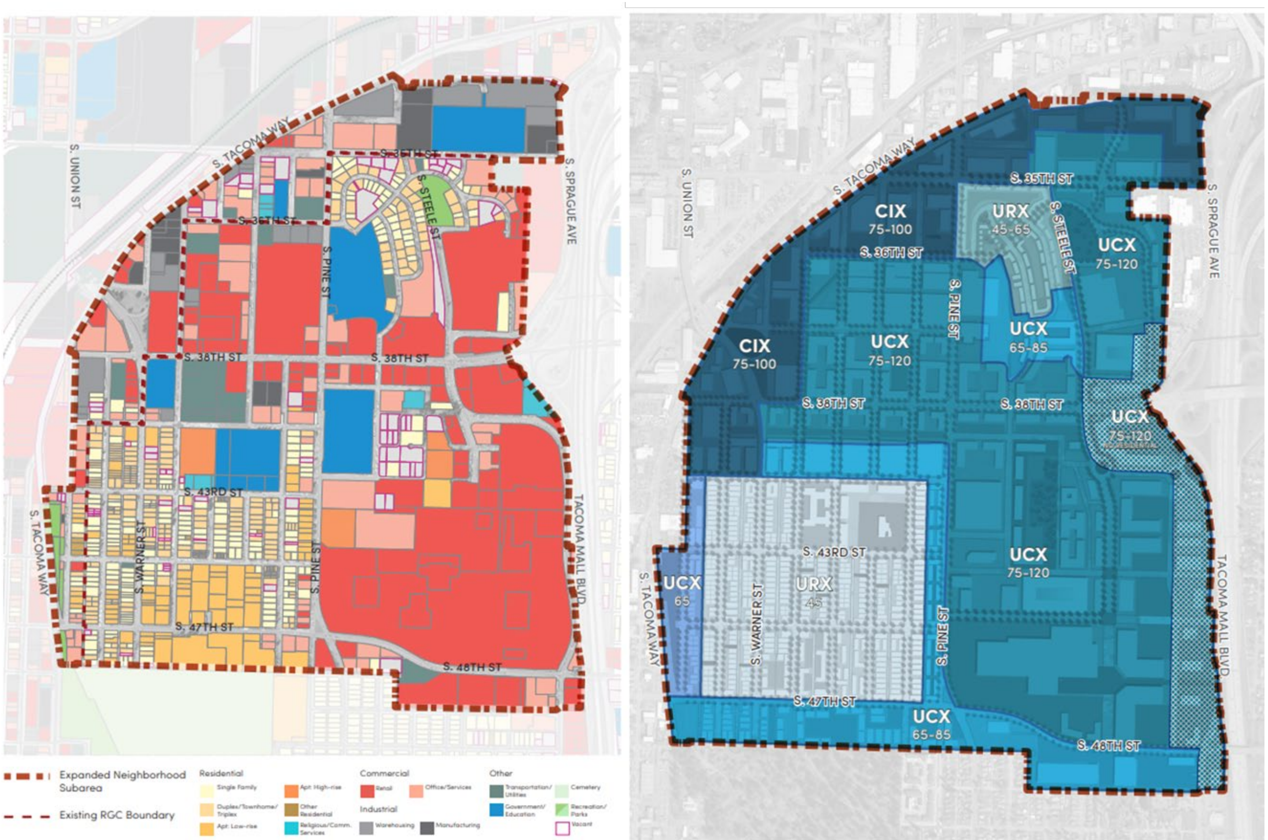


Figure UF-8. Madison District future potential zoning scale transition sketch.

Source: City of Tacoma.

Rather than focusing on large-scale redevelopment projects, the City of Tacoma aims to use the tools at its disposal to make an attractive, cohesive place with multimodal connectivity. As in Kirkland, the City believes this is a place where growth can be concentrated to reduce sprawl, limit the impact of new development on lower density neighborhoods, and create a modern urban neighborhood with a strong sense of identity. To accomplish this, the City also made zoning more flexible within the subarea, allowing a wider variety of uses and focusing instead on targeted density.

Figure 119. Existing vs. Future Zoning in the Tacoma Mall Subarea

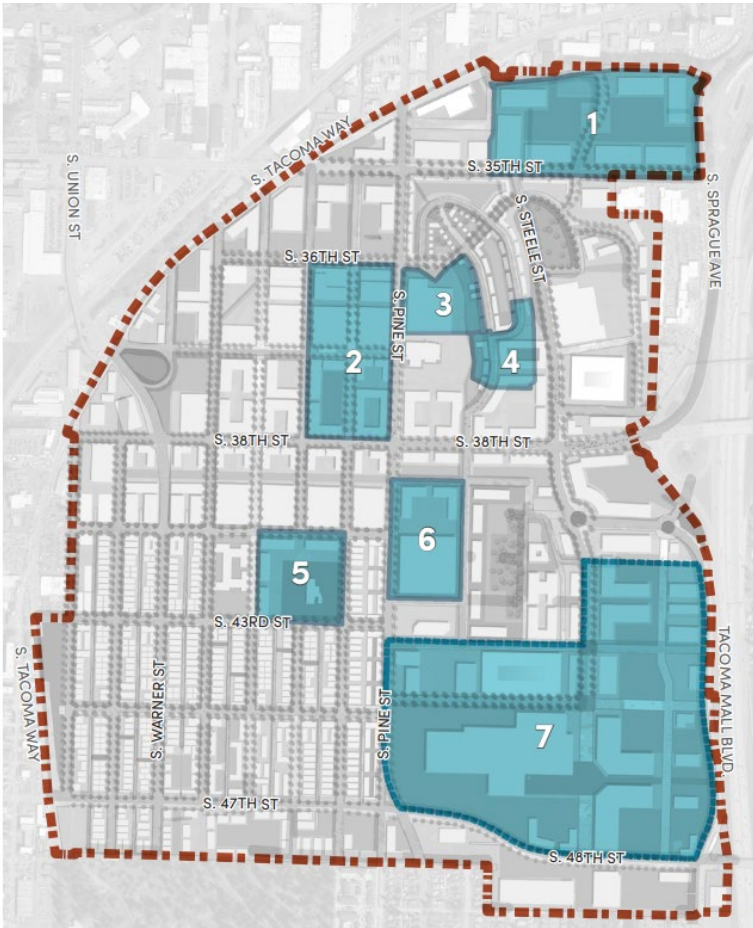


Source: City of Tacoma.

While the previous zoning could accommodate 50,000 new residents and 45,000 new jobs, the new designations will allow for 60,000 new residents and 75,000 additional jobs.

The City of Tacoma acknowledged in its Tacoma Mall Subarea Plan that there is more redevelopment capacity than market demand in the neighborhood. The City identified a handful of large "catalyst sites" where mixed-use redevelopment projects could have the biggest impact. One of their goals for the subarea plan is to "Build critical mass by leveraging partnerships and investments to enable catalytic developments to take place." By focusing on specific sites and highlighting their potential, the city can target development to areas where it will be most impactful.

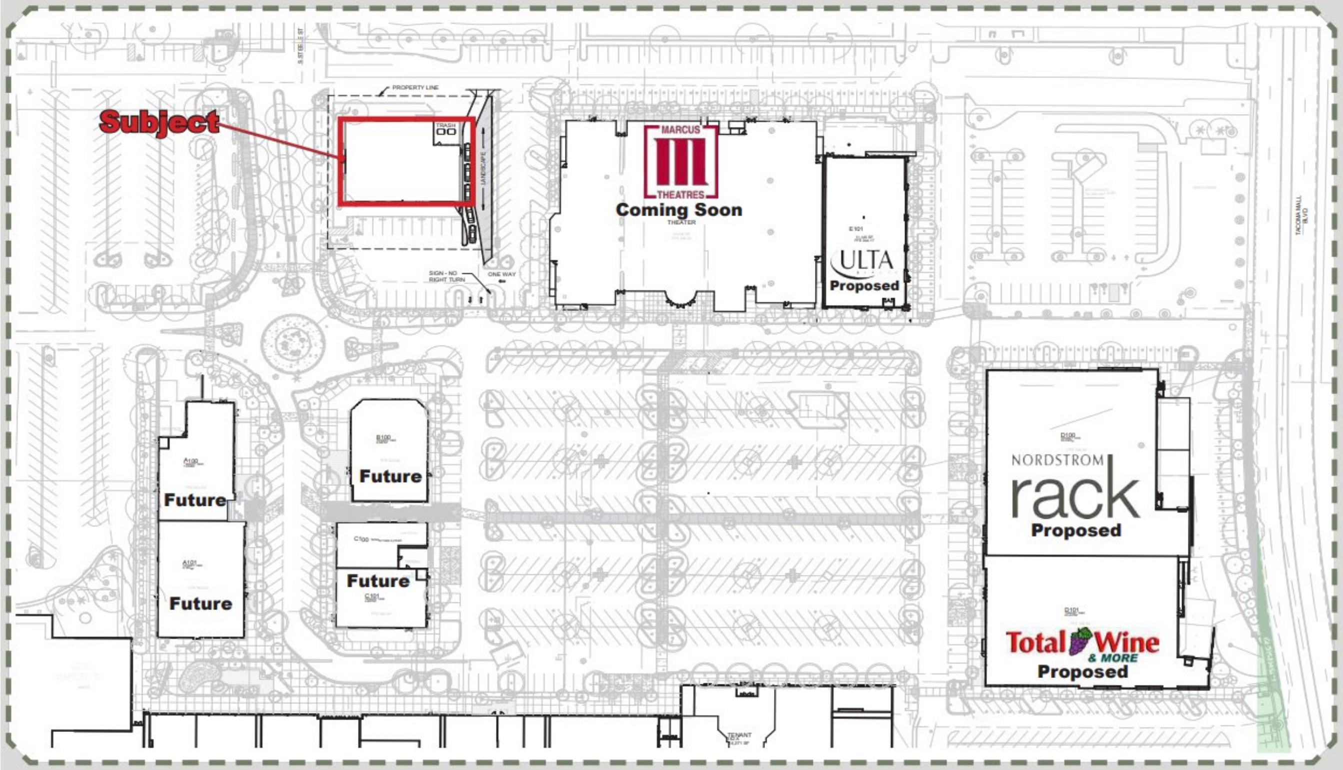
Figure 120. Catalyst Sites in the Tacoma Mall Subarea



Source: City of Tacoma.

The mall property itself is currently being redeveloped through a partnership between the mall owners and MG2. The property will remain a shopping center but will be reconfigured into 6 new buildings. In February 2022, the former Pier1 Imports store at the mall site sold for $6.9 million, double the price it sold for in 2018. While redevelopment on the mall site will not fundamentally change the use of the area – it will remain a shopping center – the goal is to increase the attractiveness and walkability of the area, and to combine entertainment with retail. This will include new development of surface parking at the mall, as well as the redevelopment of existing retail buildings.

Figure 121. Map of Proposed and Future Development on Mall Site, with Former Pier1 Site Highlighted



Source: Mattis Partners.

Figure 122. A Rendering of the Tacoma Mall Redevelopment Project

Source: MG2.

https://cms.cityoftacoma.org/Planning/Tacoma%20Mall%20Subarea/TacomaMallNeighborhoodSubareaPlan_PublicReviewDraft08-11-17.pdf

https://www.commercialmls.com/Media/PDF/photos/pdf/fl/624165_1.pdf

https://www.cityoftacoma.org/cms/one.aspx?pageId=67757

https://showcasemedialive.com/tacoma-mall-expands-with-new-retailers-theatre/

Potential Development Alternatives

Status Quo

Between 2000 and 2022, the subarea has only seen industrial, office, and retail development, as shown in Table 8 below.

Table 8. Square Feet of Development by Property Type in the Capital Mall Triangle, 2000-2022

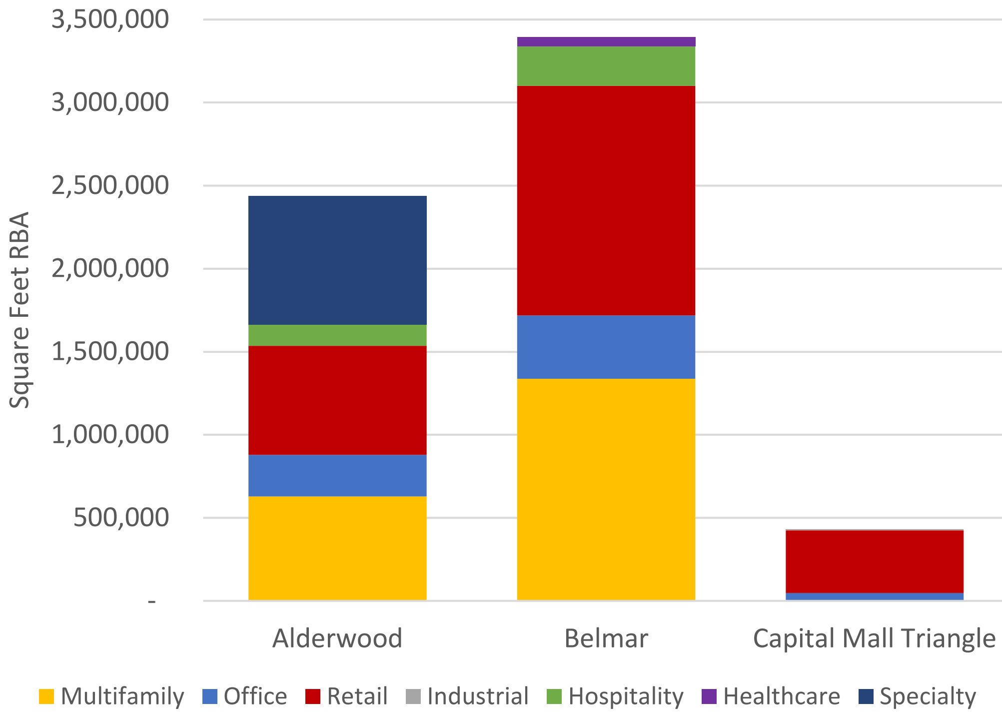
Property Type	RBA
Multifamily	-
Industrial	6,400
Office	46,406
Retail	377,442
Total	***430,248***

Note: RBA is rentable building area.

Source: CoStar.

Since 2010, no new housing, office, or hospitality development has occurred within the Capital Mall Triangle subarea, and just one retail project has been completed. Already, vacancy rates are low in the west side submarket for housing and retail. Following the 2000-2022 trend, no new housing units would be built, and the submarket would gain an additional 1,345 jobs over TRPC 2017 estimates by 2045. Without new housing supply, rents will continue increasing significantly each year. There is a high risk of displacement of the current renter households in the subarea and adjacent neighborhoods if no additional housing is built.

Figure 123. Square Feet RBA of Uses built since 2000 at Alderwood, Belmar, and the Capital Mall Triangle



Note: RBA is rentable building area. See Comparable Projects *section above for more about Alderwood and Belmar.*

Source: CoStar, LCG.

The City has identified the Capital Mall Triangle subarea as a place where growth should be concentrated. In order to achieve this vision, change must occur in this area. Currently, high parking requirements for shopping centers prevent the redevelopment of the mall and other retail properties south of Harrison Avenue. There is, however, some development potential on parcels in the northern part of the study area, though no multifamily development has occurred here over the last 20 years. The proposed Bing Street apartments, which are currently under permit review, are expected to add 114 units to a 2.28-acre site. We used a density of 50 units per acre to estimate how many units could be built in the northern portion of the subarea by 2045.

Table 9. Potential New Units in the Status Quo Scenario

	Units	Acres	Units/Acre
Bing Street Apts	114	2.28	50
Capitol Market Site	310	6.19	
City-owned property	46	0.922	
	470		

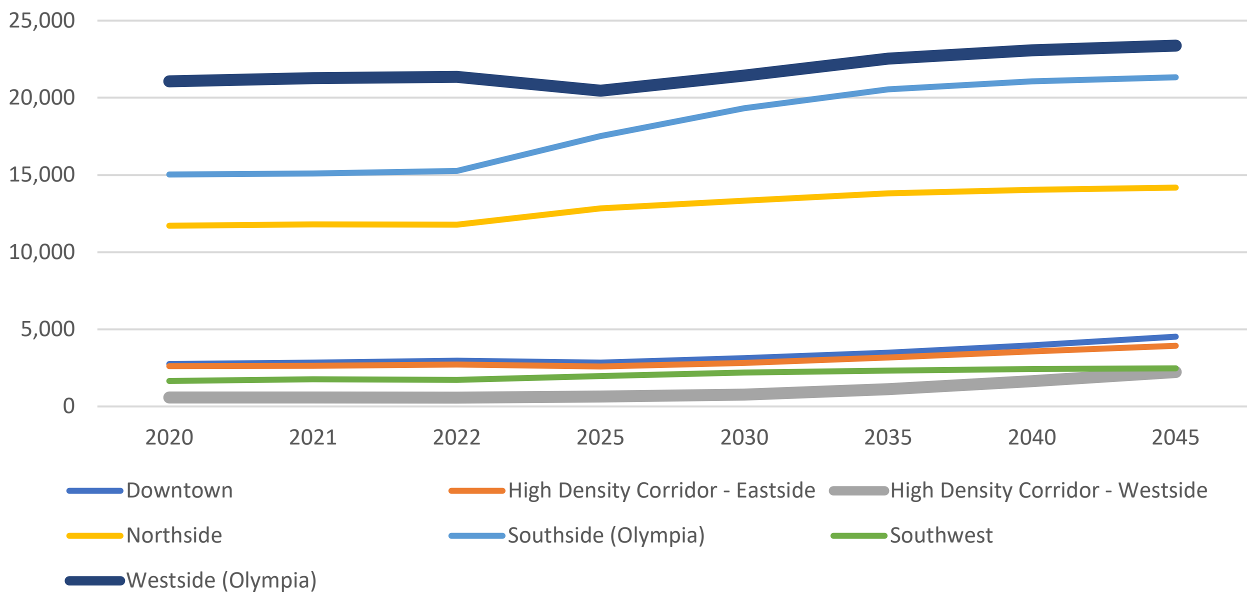
Source: LCG.

TRPC Projections

According to TRPC, the subarea was home to 1,010 people, 500 housing units, and 3,888 jobs in 2017. By 2045, TRPC forecasts that the area will grow to 2,180 people, 1,410 housing units, and 5,948 jobs. TRPC also estimates that there are

121.5 acres of developable land in the Capital Mall Triangle subarea. If housing units and jobs were spread evenly throughout that area, it would have a density of 18 people, 12 housing units, and 49 jobs per acre by 2045. Alternatively, the expected growth of 910 new housing units could be concentrated in one small portion of the subarea, as in the Northline Village case study above.

Figure 124. TRPC Expected Population Growth Between 2020 and 2045



Source: TRPC.

The average household size in Olympia is 2.18 residents. If that rate remains the same, 1,022 housing units will be needed in the West Side High Density Corridor by 2045. As of 2022, there are 340 housing units in the Westside high density corridor. TRPC forecasts that by 2045 there will be 1,500 housing units. This estimate expects roughly 50 units to be built annually between 2022 and 2045. Spreading that housing evenly across the 288-acre Capital Mall Triangle subarea would require a density of 5.2 units per acre. However, because much of the land is already dedicated to retail uses, the actual density is likely to be much higher. One option could be to build a dense mixed-use development on a smaller area, as in the Northline Village example above. Northline Village will have 1,370 housing units along with retail and office space on just 18 acres of land. Building something like Northline Village would have a large impact on a small space, while leaving the rest of the Capital Mall Triangle unchanged.

Hypothetical Full Parcel Buildout of TRPC Vacant and Redevelopable Land

As noted in the Redevelopment Capacity section above, TRPC estimates that roughly 25-50% of each redevelopable parcel can be developed or redeveloped. Their estimate is based on expected market conditions between 2017 and 2045. Based on an analysis of existing 5 to 10 story buildings in Olympia, LCG analyzed the implications of a 100% buildout on the 121.5 redevelopable or vacant acres identified by TRPC. While this scenario is unlikely to play out, and will certainly not be achievable by 2045, LCG conducted this analysis to determine a true maximum buildout scenario for the Olympia Capital Mall Triangle.

In this scenario, the 121.5 acres of land identified by TRPC could hold 24,091 people, 9,833 housing units, and 18,931 jobs. This is significantly higher than the 2017 TRPC baseline as well as the status quo and TRPC projection scenarios. Table 11 shows the estimated square footage of residential and nonresidential land developed under each scenario. While the TRPC projection results in a buildout of 3.37 million square feet by 2045, this full parcel buildout scenario estimates that 12.69 million square feet of development could potentially be built in the subarea. In Figure 125 below all scenarios are projected out to 2045, but it is unlikely that a full redevelopment of all buildable lands in the subarea would be complete by that date.

Additional assumptions include:

- Per TRPC, there is a total of 121.5 acres of buildable lands ("vacant" and "high redevelopment potential" parcels) in the subarea.
- Maximum capacity is based on a full build-out of the 121.5 acres of land, meaning existing space is removed and new space is added to the 2017 baseline.
- The ratio of commercial space to workers is 320 square feet per employee.
- The typical household size in the Triangle (2.45 people per household) will not change.
- LCG assumed 67% residential and 33% commercial mix in redeveloped properties

LCG estimates that under current zoning and average household size, the subarea could accommodate a maximum of 24,091 people, 9,833 housing units, and 18,931 employees. This would be a 2,285% increase over the subarea's 2017 population and a 3,869% increase in jobs.

Table 10. Estimated Multifamily and Commercial Capacity in the Hypothetical Full Parcel Buildout Scenario in the Olympia Capital Mall Triangle

	Multifamily		Commercial
	Units	Square Feet	Square Feet
Est. Capacity per Acre	121	81,870	149,580
Est. Capacity in Subarea	9,833	6,631,481	6,057,972

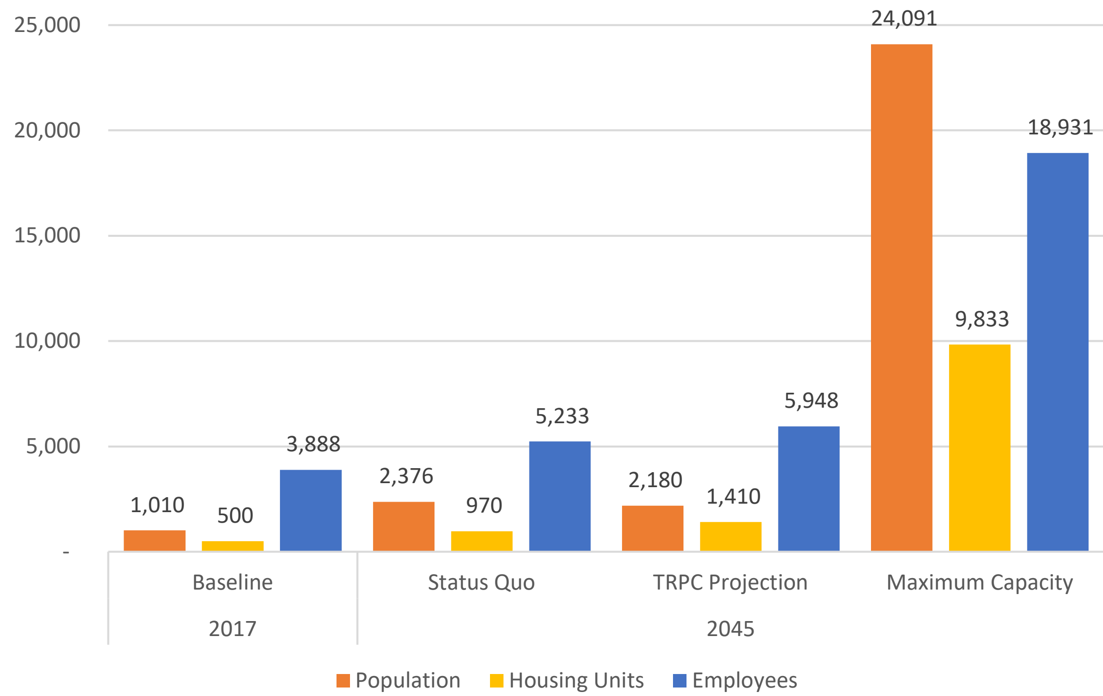
Source: TRPC, LCG.

In addition, LCG analyzed a scenario in which 293.7 acres, the total amount of buildable land of the subarea (all land except critical areas and right-of-ways), were to be fully redeveloped under HDC-4 zoning. This purely hypothetical scenario could accommodate a maximum capacity of 16 million square feet of residential and 14.6 million square feet of nonresidential uses. This scenario would support 58,234 residents in 23,769 housing units, as well as 45,762 jobs. Population density would be 150 residents per acre throughout the entire subarea.

Comparison of Alternatives: No Change, TRPC, and Hypothetical Maximum Capacity

Figure 125 shows the three "no change" alternatives compared to TRPC's 2017 baseline. As described above, the Status Quo option assumes commercial development activity will continue to the same extent as occurred between 2000 and 2022 and multifamily development will occur north of Harrison, while the Maximum Capacity projection is the total capacity of 121.5 acres of redevelopable or vacant land in the subarea. The Status Quo and Maximum Capacity alternatives assume the number of people per household will be 2.45.

Figure 125. Number of People, Housing Units, and Employees Expected Under Status Quo, TRPC, and Maximum Capacity Projections



Source: TRPC, CoStar, LCG.

Table 11. Square Footage of Residential and Nonresidential Land Expected under Each Projection

		Status Quo		TRPC Projections		Maximum Capacity	
Year		**GBA (SF)**	**Units**	**GBA (SF)**	**Units**	**GBA (SF)**	**Units**
2017	**Residential**	1,052,226	500	1,052,226	500	1,052,226	500
	Nonresidential	2,398,977		2,398,977		2,398,977	
2045	**Residential**	1,010,137	970	1,468,949	1,410	6,631,481	9,833
	Nonresidential	2,829,225		1,903,360		6,057,972	

Note: GBA is gross building area.

Source: TRPC, CoStar, LCG.

Table 12. Projected Capacity by Scenario

		Projected (2045)

	Existing (2017)	Status Quo	TRPC Projection	Maximum Capacity
Residences (housing units)	500	970	1,410	9,833
Residential average density* (du/acre)	1.7 units per acre	1.7 units per acre	4.8 units per acre	33.5 units per acre
Employees	3,888	5,233	5,948	18,931
Commercial SF	2,398,977	2,829,225	1,903,360	6,057,972

*Average across the whole study area; actual densities would vary by parcel/smaller districts.

Additional Alternatives

For consideration, particularly during the alternatives analysis phase of the project.

Incremental Change

An alternative plan for the Olympia Capital Mall Triangle subarea is to improve the attractiveness and walkability of the area by modernizing the mall site while concentrating mixed-use development on other lots in the subarea, as in the Alderwood Mall case study above. In this scenario, as with the Alderwood Mall, the primary use of the subarea would remain the same, with change mainly taking place elsewhere. The City could also potentially invest in new infrastructure on site, such as a grid street system, larger sidewalks, landscaping, or transit stations. Incremental change could also include projects like Alta Civic Station, which are slightly more suburban in nature than what the City hopes to achieve at the Capital Mall Triangle, with surface parking rather than structured. A project like Alta Civic Station could be built on a relatively small space – in Gresham it sits on under 6.5 acres. Small projects like this can add up over time, improving the character and walkability of the neighborhood without substantial urbanization.

Big Change

A more ambitious proposal would be to emulate the Belmar example in the Comparable Projects section above. At Belmar, the 104-acre site featuring the Villa Italia mall was redeveloped into a walkable, mixed-use neighborhood with housing, office, retail, and community space. On its 104-acre site, Belmar has 1,048 housing units, nearly 500,000 square feet of office space, 44,000 square feet of medical office space, and 235,000 square feet of hospitality space. If just the 85-acre mall site were redeveloped at the density of Belmar, it could include 2.56 million square feet of mixed-use space. While this scenario is unlikely, it could be a longer-term goal for the subarea.

Summary of Findings

Some of the key findings of this Triangle subarea market analysis are:

- **The Triangle offers Olympia and the West Side a unique opportunity for mixed-use redevelopment** that can incorporate many elements of the community's vision—including an emphasis on well-connected pedestrian and bike travel, a mix of residential incomes, and sustainable development principles. However, achieving this vision means that the area will need to change significantly from its present land use patterns (the Status Quo development alternative), and this change will require significant effort, investment, and collaboration from the City, West Side community members, private property owners, and other groups, for many years to come. Large property ownerships, good location, existing flexible zoning that allows mid-rise mixed-use buildings, and a national trend towards redeveloping malls and some commercial properties will support the community's vision. The Capital Mall property itself, at about 85 acres in size, offers the most promising redevelopment opportunities, and the 4th Avenue to Yauger Park green route offers one key opportunity to create a better multi-modal connection.

- **Housing is the greatest need in the subarea**. Commercial space can be built alongside housing, but the City should be wary of requiring too much ground floor commercial space as vacant space can impact the attractiveness and livability of the area.
- **Due to the high costs of redeveloping existing commercial land, and West Side apartment rents that are lower than those in Downtown Olympia, the feasibility of apartment development is likely to be challenging in the subarea**. The City should consider strategies that will incentivize housing and mixed-use development in the subarea, including investments in key infrastructure projects, the multifamily tax exemption (MFTE) program, and potentially other incentives.
- **The City should determine whether there is a 10% housing affordability requirement, either under City rules or SEPA**. If each new housing development will be required to provide affordable units, it could have a significant impact on feasibility. Additional incentives will likely be needed to ensure that new housing will be built.
- **Due to the increasing amount of hybrid work and working from home, demand for new office development will likely be weak, particularly in the next five to ten years.** While there may be some demand for office space, there are other areas of Olympia that present more promising opportunities for office development, particularly the east side neighborhoods proximate to state government buildings.
- **The Capital Mall Triangle subarea is unlikely to attract significant hotel development in the near term**, both because of the location and anticipated new hotel room deliveries. However, after some redevelopment of the area has occurred—including development of new housing, streets, open spaces, and other place making improvements—one or more mid-range hotels could be built.
- **The displacement risk is moderate in the near term**. The existing residential population of the subarea is relatively low (per TRPC, about 1,010 people compared to 3,888 jobs) and is primarily concentrated in the northern part of the subarea, just south and north of Harrison Avenue. While high rentership rates and relatively low incomes in the Capital Mall Triangle subarea indicate that there is a displacement risk for these existing residents, many of the opportunities for redevelopment in the subarea are existing parking lots and commercial buildings, indicating that, in the near-term, existing housing is unlikely to be demolished or redeveloped. Adding new market-rate and affordable housing to the submarket will also temper rent increases at older properties. In addition, the SEPA affordability target should help current residents stay in the neighborhood. The biggest displacement risk is likely to renters who live just outside of the subarea. As the area improves, rents could rise in the surrounding neighborhood. **The City should ensure that adequate strategies are in place to mitigate this.**
- The City should **identify infill sites within the subarea to concentrate dense development**. Focusing on small portions of the subarea will allow the city to take a more phased approach to infrastructure. Putting more housing units on infill lots will also help reduce displacement pressure on existing renters.
- The City should **reduce parking minimums for shopping centers** to allow for the redevelopment of underutilized surface parking lots at the Capital Mall.
- LCG's understanding is that developers will be able to use the existing system of stormwater pipes and detention facilities (rather than construct new stormwater vaults or surface ponds) as they redevelop the Mall property, and some of the other commercial properties in the Triangle. If this is correct, it will provide a significant incentive for mixed-use development in the area, since planning and funding new stormwater facilities can prove to be a major cost and deterrent for commercial-to-mixed-use-redevelopment projects.
- The City should consider **establishing a tax increment financing (TIF) district in the Capital Mall Triangle subarea** to capture some of the value of new construction and invest in infrastructure improvements. While there is a limit on the total assessed value within a TIF district of $200 million (or 20% of the sponsoring

jurisdiction's total assessed value, whichever is less), the City could consider establishing a TIF district on a portion of the subarea where development could be particularly catalytic, and where investment in infrastructure is needed. The northern portion of the subarea could potentially be an ideal location for a smaller TIF district.

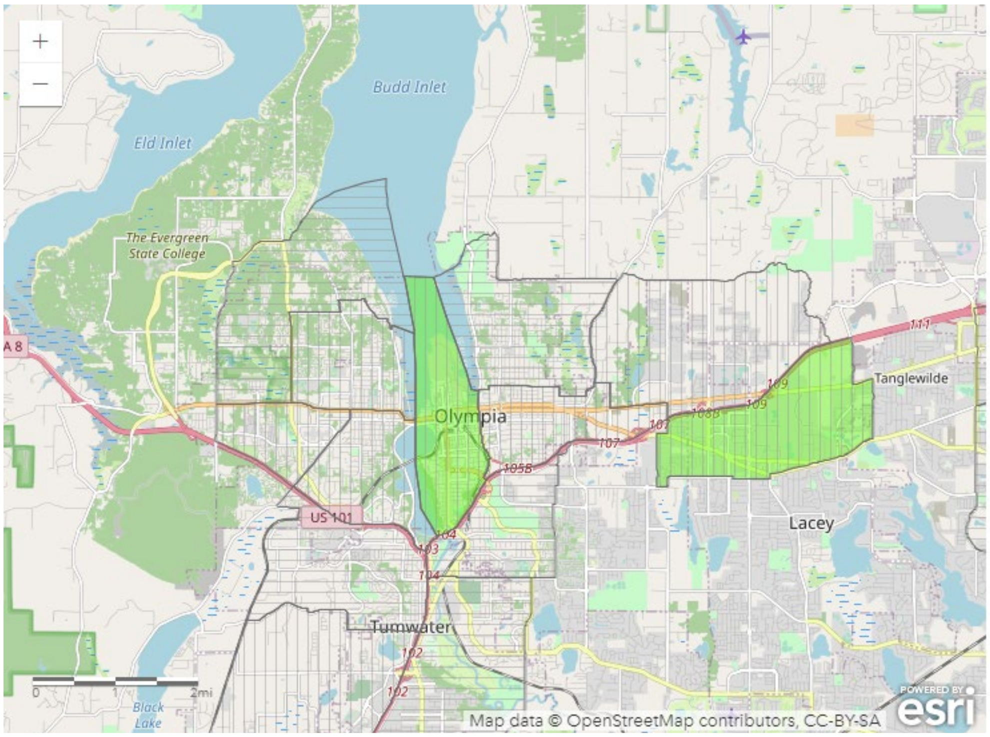
- **The City should apply the Tree Code exemption policies that are currently applied in Downtown to the Capital Mall Triangle subarea.** The City's sewer and tree ordinances add significantly to the cost of development and limit the amount of developable space in the subarea. Providing alternative options for tree coverage could help improve feasibility, especially for housing projects.
- **The City should consider expanding the Westside Residential Target Area for MFTE eligibility** to include the Capital Mall Triangle and offer an MFTE exemption with low-income housing requirements to offset the cost of building affordable units.

Appendices

Opportunity Zone

As shown in Figure 126 below The Triangle area is not within an Opportunity Zone.

Figure 126. Opportunity Zones in the Olympia Region



Source: Washington State Department of Commerce, 2022.

Appendix C

Land Use Alternatives

Capital Mall Triangle Subarea Plan

Land Use Alternatives | DRAFT

Date	February 21, 2023
To	David Ginther, Senior Planner, City of Olympia Rachel Miller, MAKERS
From	Brian Vanneman & Jennifer Shuch, Leland Consulting Group

Introduction

The City of Olympia has engaged a consultant team led by MAKERS urban design to prepare a Subarea Plan and Environmental Impact Statement (EIS) for Olympia's Triangle Subarea.

Leland Consulting Group (LCG) is a part of the MAKERS team and has prepared this memorandum in order to document the potential future land use alternatives for the subarea, including the amount of housing, population, jobs, and commercial space that could be in the area based on certain defined alternatives. The alternatives cover the period from 2017 to 2045.

The three alternatives developed by MAKERS and the City as a part of the Draft EIS are[1]:

- **Alternative 1 (No Action):** The zoning, policies, plans, and investments that are in place and already planned will continue as-is; however, no other changes would be made. This alternative uses Thurston Regional Planning Council's (TRPC) population and employment projections for the area.
- **Alternative 2 (West Olympia Hubs):** Remove barriers and provide flexibility for development of three hubs, focusing on connecting the Triangle to existing neighborhoods
- **Alternative 3 (Urban Sustainability):** Address climate mitigation and adaptation goals by expanding density, transit, and mobility options, focusing on a new interior center.

In addition to the three EIS alternatives shown above, LCG also presents two additional land use forecasts:

- **Market Trend:** Assumes that the pace of development that has taken place in the Triangle between 2000 and 2022 will continue about as-is for the next two+ decades. Some development projects that are planned or in the pipeline are also assumed to move forward.
- **Maximum Capacity:** Illustrates the amount of housing and employment development that could possibly occur—if most properties were built to their maximum height and density—in the area under current zoning. This is unlikely to occur since the development heights and density currently allowed are far in excess of what exists and what has recently been built in the area. Nonetheless, this capacity is useful to understand from a policy point of view.

Alternatives 2 and 3 would require varying levels of public interventions, for example, changes to parking requirements, building heights, and other aspects of the City's zoning code. Certain alternatives also imply that changes will be made to the City's tree code, connectivity requirements, approach to infrastructure investment, and other policies in order to

[1] These names are temporary and likely to change but have not been finalized as of the writing of this draft memo.

achieve the community's vision that the area "will grow into a more people-oriented urban neighborhood. A place where residents can commute to work, shop, recreate, and meet basic needs without a car."

The Potential Public Interventions section below outlines which public interventions would be necessary for each alternative. Without certain public interventions, Alternatives 2 and 3 are unlikely to be achieved as described.

As the EIS process continues, a final preferred alternative will be selected by citizens, the City, and MAKERS team. The alternatives analyzed in this memo are not the final preferred alternative.

This report is organized as follows:

Subarea Plan Purpose and Community Goals

The City of Olympia designated the Capital Mall Triangle as one of three urban centers in the city's 20-year comprehensive plan. The City received a grant from the State of Washington to conduct long range planning in the subarea, with the aim of creating a people-oriented urban neighborhood.

Over time, the plan will help us transition this area to a mixed-use, grid-based street network. This will:

- require shorter trips while driving.
- make it easier to use transit.
- give residents the chance to walk or bike to jobs, schools, services, and recreation opportunities.

This area will also play a significant role in realizing more mixed-use housing. Housing types will be appropriate for families and individuals at all income levels, including some homes for those who require access to low-income affordable housing.

Changes in land use and a gridded street network will generate more walk and transit trips as workforce housing expands throughout the subarea. This plan will guide policy and investment decisions needed to stimulate that transit-oriented redevelopment and infill.

Potential Public Interventions

The three alternatives proposed in the Draft Environmental Impact Statements include bold visions for the Olympia Capital Mall Triangle subarea. Detailed information about the alternatives can be found on the project web page: https://engage.olympiawa.gov/capital-mall-triangle.

All three scenarios, including the No Change alternative, expect a higher intensity of development than has previously taken place in the subarea. Alternatives 2 and 3 are unlikely to take place without some amount of public intervention, either through administrative actions or infrastructure investments.

Figure 1 below shows a summary of the Draft EIS alternatives. The policy changes that LCG believes are most likely to have a positive impact on encouraging development in the area that meets the City’s vision and goals are shown in green. Those policy changes with a minor impact or unknown impact are shown in white. In some cases, policy proposals may have positive social or environmental impacts, while their impact on development is difficult to determine. For example, having some additional open space/parks in the subarea would likely be positive, however, LCG would need to know what entity (e.g., private developers, City, or other) would fund, build, and maintain those parks in order to understand their impact on private development decisions.

Figure 1. DEIS Alternatives with Policy Impacts

Impact on desired mixed-use development
Major positive impact
Significant positive impact
Positive impact
Possible or unknown impact
Key unknown policy

	Alternative 1 **No Action**	**Alternative 2** **West Olympia Hubs**	**Alternative 3** **Deep Green**
Map			
Intent Summary	No changes made to existing plans and regulations over the next 20 years.	Remove barriers and provide flexibility for development of three hubs, focusing on connecting the Triangle to existing neighborhoods.	Address climate mitigation and adaption goals by expanding density, transit, and mobility options, focusing on a new interior center.
Land Use Actions			
HDC-4 Area	No change	Some parcels north of 4th Avenue change to HDC-4	Some parcels north of 4th Avenue change to HDC-4
Max Height (feet)	60	85	145
Max Height w. Bonus	75		
Stories (High)	7	8	14
HDC-3			
Max Height (feet)	60	75	75
Max Height w. Bonus	75		105
Stories (High)	7	7	10
Parking			
Residential Minimum	No change	0 (Eliminated)	1 (Eliminated)
Commercial Minimum	No change	Reduce	Significantly reduce
Minimum Density (units/acre)	0	15	15
Zone Scale Transitions	35' within 100' of land zoned 14 units/acre	Slightly updated for greater flexibility	Slightly updated for greater flexibility

	Alternative 1 No Action	Alternative 2 West Olympia Hubs	Alternative 3 Deep Green
Potential Strategies			
Main Street Treatment	N/A	Add flexible main street requirements	Require main street treatments along Kenyon St and 4th Ave NW, paired with public investment
Park/Gathering Place	N/A	A minimum of a half-acre park in each hub	Total of 3-5 acres of park in subarea
Connectivity Improvements	N/A	Multimodal connectivity	More significant public investments in connectivity
Green Building	No incentives or requirements	No incentives or requirements	Require green building standards in new development
Tree Code	No Change	Apply some or all of Downtown Tree Code Provisions to Triangle; update tree code	Apply some or all of Downtown Tree Code Provisions to Triangle; update tree code
Transportation			
TMP 20-Year Projects	Yes	Yes	Yes
Bus Priority Lanes	None	Priority lane on Harrison	Priority lanes on three major arterials
Multimodal Improvements	No additional outside of the TMP 20-year project list	Multimodal improvements focused on arterials and connections to adjacent neighborhoods	Major street redesigns within the Triangle; multimodal improvements on main arterials
Transit Center	*Confirm any IT plans in 20-year horizon*	*TBD pending IT conversation; potentially closer to one of the arterials*	*TBD pending IT conversation; likely leveraging the inward focus near Kenyon, Mall Loop Dr, and Bing St connection*
Apply Multifamily Tax Exemption (MFTE)		TBD	TBD
Infrastructure Funding Tools and Strategy		TBD	TBD
Clear Plan for Stormwater Management		TBD	TBD

The text below documents the reasons that LCG believes certain public interventions are most likely to create different outcomes in the Triangle.

Maximum Building Heights

Currently, the HDC-3 and HDC-4 zones have maximum height limits of 60 to 75 feet (approximately 7 stories). Alternatives 2 and 3 propose an increase to the maximum height in these zones to 85 feet in Alternative 2 (8 stories) and 145 feet (14 stories) in Alternative 3.

LCG believes that providing additional building height will have a modest but material impact and will encourage property owners to build mixed-use projects by enabling more profitable land uses (e.g., housing) to be put on an existing parcel of land. Over the 20+-year time horizon of this plan, increasing heights could potentially make mid-rise "podium" or high-rise projects with ground floor retail more feasible. However, in the medium term (e.g., next five years) developers are unlikely to take advantage of higher allowed heights because of current market conditions and the cost of construction.

The cost to the City of increasing heights is minimal, since it can be done administratively, via the Municipal Code.

However, the plan should carefully consider stepping down development near existing residential neighborhoods in order to minimize real and perceived impacts.

Range of Land Uses

The range of land uses that is currently allowed in the subarea is not shown in Figure 1.

However, with the exception of some industrial uses, nearly all commercial and residential uses in the City Code are allowed in HDC-3 and HDC-4 zones. These include (but are not limited to) eating and drinking establishments, office uses, recreational and cultural establishments, apartments (standalone or above ground floor commercial), retail, health and personal services, and lodging.

LCG's understanding is that Alternatives 1, 2, and 3 will ensure that these zones continue to allow this wide variety of uses. This wide range of land uses is important and will provide developers with flexibility to meet market demand and build mixed-use projects.

Reducing Parking Requirements

Current zoning in the Capital Mall Triangle requires a large amount of parking for shopping centers and other retail establishments. This has caused conflicts in the past when owners have tried to redevelop surface parking lots in the subarea. While some of these issues are due to lease terms between existing landlords and tenants rather than zoning regulations, reducing parking requirements for retail establishments and shopping centers would have a significant impact and would help reduce barriers to mixed-use development. Put simply, despite the fact that there are scores of acres of parking in the Triangle, some of these parking lots cannot be redeveloped because of the City's current parking requirements. Parking is often the binding constraint on development and reducing or eliminating parking requirements may be the most important "low hanging fruit" policy change. In addition, multifamily parking requirements could be reduced or eliminated, as in Alternatives 2 and 3 shown in Table 1 below.

Table 1. Proposed Changes to Parking Minimums in Proposed Alternative Scenarios

	Alternative 1 **No Action**	**Alternative 2** **West Olympia Hubs**	**Alternative 3** **Urban Sustainability**
Residential Minimum	No Change	None	None
Commercial Minimum	No Change	Reduce	Significantly Reduce

Source: MAKERS.

Parks and Landscape Requirements

The City requires that all perimeter areas of residential and commercial developments that do not include buildings or driveways must be landscaped. Property owners are responsible for maintaining planting areas in a healthy condition.

In addition, Alternatives 2 and 3 indicate that as the Olympia Capital Mall Triangle develops, the area will include one or more public parks. LCG believes that public open space is a critical component of creating mixed-use places including downtowns and "centers" like the Triangle.

However, it is difficult to estimate the impact of requiring new park space without understanding what entities will fund, build, and maintain the park space, and these details are yet to be determined. Designing, funding, building, and maintaining park space can be expensive, and developers may or may not be able to pay for that space. The cost of such space can be a deterrent to development rather than an incentive. The City of Olympia has not committed to funding park space in the area. In addition, our understanding is that several questions and concerns have been raised about parks and open space. First, the area may have an adequate number of parks and open spaces per the City's existing targets. Second, some public open spaces can attract crime and vandalism if not properly maintained.

In LCG's view, a more careful plan for the provision and maintenance of open spaces will be needed in order to realize their potential in the Triangle. The best open space plans in mixed-use districts use a mix of public and private funds, potentially in concert with a business improvement area (BIA) or similar.

Connectivity Requirements

The City's goal is to create "a grid-like pattern of smaller blocks" with block sizes ranging from 250 to 350 feet in residential areas and 500 feet along arterials (PT4.1).

However, requiring developers to build new rights of way on their properties can significantly reduce the amount of land that can be used for housing or commercial development, and increase the cost of development. The precise width, size, and design of future rights of way is yet to be determined. It is also not clear whether developers will be able to retain ownership of these street areas or whether they will become public roads controlled by the City. Thus, while connectivity requirements could have both positive or negative impacts, their impact on development is difficult to ascertain for Alternatives 1 and 2 since details are still being worked out.

Alternative 3 calls for "more significant public investments in connectivity" and LCG believes that this could strongly encourage development. Public funds for investments in connectivity could be generated by traditional city sources, grant funds, tax increment financing, local improvement districts, or other.

Green Building Standards

Alternative 3, also called "Urban Sustainability," assumes that the City will require new buildings in the Capital Mall Triangle subarea to meet green building standards. While these standards are not yet set, they could move beyond typical LEED certification to standards like Passive Housing or similar. If the City plans to require "Urban Sustainability" building standards, it should be clear and explicit about what is required but build in enough flexibility that the requirements do not become outdated as new technology is introduced and refined.

From a development feasibility point of view, requiring green building standards are likely to have a mixed, but mostly negative effect. On the plus side, green building standards can provide marketing benefits since tenants and residents generally prefer green buildings. In addition, energy and other operations costs for green buildings can be lower. However, building highly sustainable buildings usually imposes some cost increase. Nonetheless, the City may determine that the environmental benefits of new green building standards may outweigh the costs imposed on new development.

Tree Requirements

Olympia's tree ordinance governs the removal and planting of trees at development and redevelopment sites. Olympia's code requires that all development projects must have a Soil and Vegetation Plan (SVP) that meets certain criteria with regards to trees and vegetation. LCG's understanding, based on discussions with the City, is that if parts of the Triangle were to be redeveloped with a multifamily component, it would need to establish a natural forested area for local wildlife.

Alternatives 2 and 3 will "apply some or all of Downtown Tree Code Provisions to Triangle" and, "update [the] tree code." Olympia's Downtown tree code is "open space exempt," meaning that developers in Downtown Olympia can utilize a handful of options to meet tree code provisions, including:

- Planting trees on a nearby city property
- Replacing street trees and committing to three years of maintenance
- Paying into the tree fund ($380 per tree)

Similar exemption in the Capital Mall Triangle could help spur the type of dense, mixed-use development that the City envisions for the site. It could also allow for the establishment of public parks or treed areas intended to serve residents and wildlife.

Multifamily Tax Exemption

The State allows cities to implement local Multifamily Tax Exemption (MFTE) programs, in which developers of new housing are partially exempt from paying property taxes for a defined period (8 or 12 years) in exchange for providing one or more specific public benefits. The 12-year tax exemption requires developers to build affordable housing; the public benefits associated with the 8-year exemption can be defined by the city, and can require developers to provide affordable housing, ground floor commercial space, provision of public open space, or some other public benefit.

Expanding Olympia's Multifamily Tax Exemption (MFTE) zone to include the Capital Mall Triangle subarea could help make development of dense multifamily housing more feasible. Currently, Olympia has three target areas for its MFTE program – Downtown, Eastside, and Westside. However, the Westside target area is extremely small, encompassing just a handful of blocks on Harrison Avenue (approximately 5 acres of land). City staff has already begun discussing the possibility of expanding this area. If the City intends to concentrate dense multifamily housing in the Triangle, LCG recommends that the City strongly consider expanding this program to the Triangle, where it could encourage housing and mixed-use development. Alternatives 2 and 3 do not specifically call for such an MFTE expansion.

Additional Infrastructure Investments

Alternatives 2 and 3 described in the EIS assume more public infrastructure investment than the City is currently planning to implement. The Alternatives specifically identify investments in bus priority lanes, multimodal improvements, and connectivity, and other investments are possible. Parks were mentioned above, and public- or private-parking garages are sometimes added to mixed-use districts. The City has not indicated that it has capacity to make these investments.

The cities and other public agencies that have worked on the comparison areas described later in this report—including Downtown Bothell, Belmar, and Alderwood Mall—have enabled a range of infrastructure investments, in numerous ways. They have invested their own funds, attracted grants and loans from other public agencies, created new funding approaches including area-specific impact fees and tax increment financing, and created frameworks that encourage private investment in infrastructure.

LCG believes that such innovative approaches towards infrastructure investment and public-private partnerships are critical to successful large-scale redevelopment projects.

Stormwater

Developers' compliance with stormwater management requirements is an important and costly part of redeveloping mid-century commercial properties in Washington State. Developers who redevelop these properties are often required to build either at-grade stormwater management facilities (e.g., ponds or constructed wetlands) or below-grade vaults. Both approaches can deter development.

The stormwater requirements at the Triangle are not unique–the City adheres to the requirements set forth in the State of Washington Department of Ecology's Stormwater Management Manual for Western Washington (SWMMWW). Although Olympia does not have the power to change these requirements, it could help to define a subarea-scale approach to stormwater management, using the examples of Downtown Bothell (improvement and fee), Redmond Overlake, or other areas as an example. Typically, this means making public stormwater improvements that private development pays to enable, via impact fees, utility fees, development agreement, or other means. This has benefits due to economies of scale, permitting, utilization of non-buildable land, and greater clarity regarding cost and process for developers. The City should consider the following actions to reduce the impact of stormwater requirements on developers:

- Determine if the existing Yauger Park stormwater facility can manage additional stormwater outfall from the Triangle and/or support additional development. Determine if there is capacity to expand existing stormwater facilities in the Triangle or add future facilities.
- Evaluate and/or implement a plan that is based on the Bothell, Redmond, or other model.

Establishment of a Planned Action Area

The City and the consultant team led by MAKERS are currently undertaking a Planned Action for the Olympia Capital Mall Triangle that will enable future developments to have more certainty regarding the time and expense of environmental evaluations. Because the City will have already conducted a full Environmental Impact Statement (EIS) process, as long as a development is consistent with City plans, the Planned Action Ordinance, and EIS mitigation measures, individual development projects will be required to complete actions to show compliance with SEPA and will not be subject to further environmental review. This could help improve feasibility and increase interest in the Olympia Capital Mall Triangle.

While this is a public action, it is one that is already being undertaken and therefore is not a new recommendation.

Other Factors That Could Impact Development Outcomes

There are many other factors that will probably have an effect on development outcomes in the Triangle over the coming decades, and many of these are outside the City’s control. It is important to recognize this and understand that, while future land use forecasts may appear precise, the impact of these other factors could significantly increase or decrease the pace of future housing and mixed-use development. Some of these other factors are described below.

Ongoing Strong Economy and Demographics

Job creation, business formation, business revenues, and household formation through immigration or births, all drive demand for more commercial and residential real estate, and for mixed-use development in particular. Ongoing job and population growth will support redevelopment of the Triangle.

Recently, Microsoft, Amazon, and other Puget Sound-area tech companies have announced layoffs, which could have negative effects on the entire Puget Sound region. If these workers choose to leave the region, the reduced demand for housing and other land uses could impact areas as far south as Olympia. However, the unemployment rate in Seattle is currently 2.6%, well below the long-term average of 5.15%, indicating that despite layoffs, the Puget Sound Region’s economy remains strong, and workers are likely to find new jobs without leaving the market.

Lower Interest Rates

Interest rates are currently at their highest point since 2008. As of December 2022, the Fed Funds Rate was 4.4%. Since the Great Recession, rates have largely held at historic lows, though the Federal Reserve began to increase interest rates as the economy improved between 2016 and 2020. Since May 2022, the Fed has been increasing rates in an effort to combat inflation **Error! Reference source not found.**. Although the Consumer Price Index (CPI) grew 9.1% over the 12-months ending in June 2022, a 20-year high, as of December 2022 the year-over-year increase was down to 6.5%. If inflation continues to slow, the Fed may choose to lower interest rates.

Interest rates impact the price of borrowing, both for developers who need construction loans and investors who purchase stabilized properties. This impacts feasibility, both because it increases the cost of construction and because the building's value will be less than it otherwise would be at time of sale.

Lower Construction Costs

Construction costs have been rising significantly nationwide, particularly since the onset of the COVID-19 pandemic. According to M.A. Mortenson Company, as of Q3 2022, nationwide construction costs increased by 9.6% year over year.

The causes of this rapid increase in construction costs include labor shortages (and rising wages) as well as material costs. The prices of PVC pipes, lumber, steel pipes, and copper pipes all rose by at least 70% between Q3 2020 and Q3 2022. These price increases are exacerbated by high shipping costs and material shortages. Like interest rates, the City of Olympia cannot on its own reduce these costs. However, the public interventions listed in the previous section could help offset these cost increases.

Washington State Employment Policy

As Olympia is the capital of Washington, the City's economy is heavily dependent on the workforce associated with legislative and Executive Branch activities that occur in and around the Capitol building. Since the beginning of the COVID-19 pandemic, the State of Washington has allowed eligible workers in accounting, data analysis, programming, phone work, graphics and design, budget preparation, research, web training, and writing to engage in full-time remote work or hybrid working arrangements.

If State workers who previously worked in Olympia choose to work from home outside of the City, it could have a significant negative impact on the City's economy, reducing the demand for housing, office space, and associated amenities. However, if State employees choose to remain in Olympia to facilitate hybrid or in-person work, or simply because they view Olympia as an attractive place to live, development activity is likely to remain strong.

Large Employers Move to Olympia

Outside of the public sector, nearly all employers are in the service, retail, and hospitality industries, which tend to offer lower pay to employees. However, Olympia has a highly educated occupation – 46.3% of residents over 25 have a bachelor's degree or higher. This highly educated workforce could be extremely attractive to potential employers, especially if Olympia invests in the types of placemaking elements described in Alternative 3. If one or more new large employers were to move to Olympia, it could help spur development.

While this is largely out of the hands of the City, the City could invest in marketing itself to potential employers as improvements in and around the Capital Mall Triangle begin to take shape.

Continued Rise in Online Shopping

According to CBRE, as of 2021 online shopping made up 17.2% of all non-auto and non-restaurant retail sales, up from just under 14% in 2019. As online shopping grows as a share of retail transactions, brick-and-mortar stores are seeing a decline in sales. According to the US Bureau of Labor Statistics, while retail jobs are expected to grow by 7.7% between 2020 and 2030, physical stores are expected to lose a significant percentage of workers while non-store retailers, many of which operate online, are expected to see the biggest workforce increase.

While the Capital Mall currently benefits from its expansive trade area and lack of local competition, large-footprint stores may not be sustainable as online shopping commands a larger share of the market. If a large store such as JC

Penney were to close, it could be an attractive opportunity for redevelopment, especially given the large, underutilized parking lot adjacent to it.

West Olympia Access Project

The West Olympia Access Project is a plan to add an off-ramp to Yauger Way from the west-bound side of US 101. This interchange could make it easier for visitors to access the Capital Mall Triangle from Capital Mall Drive rather than Black Lake Boulevard, reducing congestion. This project could increase retail sales by making it easier to access the stores within the Capital Mall Triangle. Alternatively, the new off-ramp could allow drivers traveling north or west within Olympia, for instance those going to Evergreen State College, to more easily bypass the subarea, potentially resulting in lower retail sales. If this project increases access and retail sales, establishments within the Triangle would increase in value, making redevelopment more difficult. If, however, some retail establishments are negatively impacted by the new offramp it could lower their value, making redevelopment more feasible. In Kirkland's Totem Lake, multifamily and mixed-use construction took place even with high visibility and ease of access from the highway. While these factors could impact land values within the Capital Mall Triangle and therefore development feasibility, the level of impact could vary between properties.

Comparison Areas

In order to evaluate forecasts for the DEIS alternatives, LCG used comparison areas as benchmarks for each alternative. Downtown Olympia has seen more development over the past two decades than the Capital Mall Triangle and is therefore a fitting comparison for a no action alternative. The Alderwood Mall in Lynnwood has seen significant new development around the mall area, but the mall itself has not redeveloped. This is similar to what is expected in the Hubs alternative. In addition, Downtown Bothell, WA is a Regional Growth Center that has experienced high density housing growth over the past several years, in part due to the City's investment in stormwater infrastructure, detailed above. It is also applicable to the Hubs alternative. Finally, Belmar in Lakewood, CO is an example of a mall area that was fully demolished and rebuilt as a dense, walkable, mixed-use area. This development was possible due to infrastructure funding by City programs, including tax-increment financing (TIF). The Urban Sustainability alternative expects most of the triangle to be built up into tall mixed-use buildings, as in the case of Belmar.

	Capital Mall Triangle	Downtown Olympia	Alderwood Mall Area, Lynnwood, WA	Downtown Bothell, WA	Belmar, Lakewood, CO
Most Comparable Alternatives	1 and Market Trend	1 and Market Trend	2	2	3
	Development over the last two decades in the Triangle is a reasonably good indicator of future development in the Triangle, if current policies remain unchanged.	There has been more recent development in Downtown Olympia than in the Capital Mall Triangle. We believe that Downtown provides a useful benchmark to identify the high end of what could happen at the Triangle over the next 20 years. Demographic and economic conditions in Downtown are relatively similar to the Triangle, at least compared to other redevelopment projects in other cities.	There has been significant new housing and mixed-use development in the area surrounding the Alderwood Mall in Lynnwood, though the mall itself has mostly undergone aesthetic changes. This area is a potential model for how employment growth may occur in the subarea under Alternative 2.	Downtown Bothell has added a significant amount of new housing over the past 20 years, largely in new 4 to 6 story apartment buildings. It is likely a good indicator for how dense housing in the areas identified in Alternative 2 may occur.	Belmar is an extremely dense mixed-use development on a former mall site in Lakewood, CO. In Belmar, the former mall was completely demolished with the developer and the City investing in new infrastructure, public space, and development on-site. LCG used the amount of new retail per acre at Belmar to estimate the 2045 employment projection for Alternative 3.

The Capital Mall Triangle has not seen significant development over the past twenty or so years, but the City of Olympia has designated it as an area where future growth should be concentrated. Alternative 3 within the Draft EIS expects an especially high level of growth by 2045. In an effort to understand how this growth could take place, LCG compared the Capital Mall Triangle with Downtown Olympia as well as three other areas that have seen significant growth over the past twenty years with continued growth expected into the future:

- The Alderwood Mall area in Lynnwood, Washington
- Belmar in Lakewood, Colorado
- Downtown Bothell, Washington

The three comparison areas outside of Olympia have higher median incomes than the study area. In addition, residents of Belmar and Downtown Bothell have higher levels of educational attainment than those in Olympia. The Capital Mall Triangle subarea has the most people per household, with 2.39 residents in each housing unit, compared to 1.86 in Belmar and 1.85 in Downtown Bothell. Despite the low number of people per household, Belmar and Bothell have by far the highest population densities.

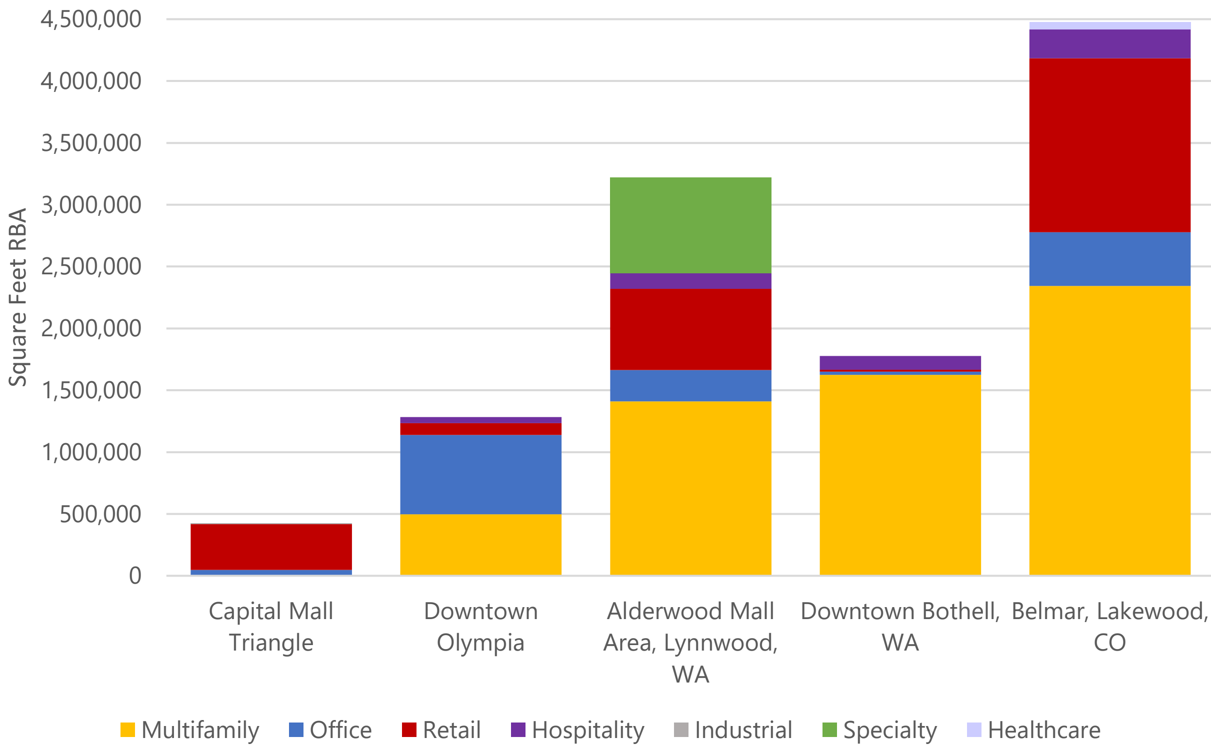
Figure 2. Comparison Area Demographics

	Capital Mall Triangle	Downtown Olympia	Alderwood	Downtown Bothell	Belmar
Acres	288	582	460	203	242
Square Miles	0.45	0.91	0.72	0.32	0.38
Population 2022	675	2,461	882	2,594	5,266
Population Growth, 2010-2022	5.8%	19.5%	2.3%	92.7%	13.8%
Population Density, 2022 (pop. per sq. mi.)	1,500	2,707	1,227	8,178	13,927
Households 2022	280	1,620	420	1,382	2,836
People per Household 2022	2.39	1.47	2.08	1.85	1.86
Median Household Income 2022	$43,993	$35,188	$75,716	$105,569	$78,540
% Bachelor's Degree or Higher	26.4%	53.5%	39.4%	56.6%	53.2%

Source: Esri; US Census, LCG.

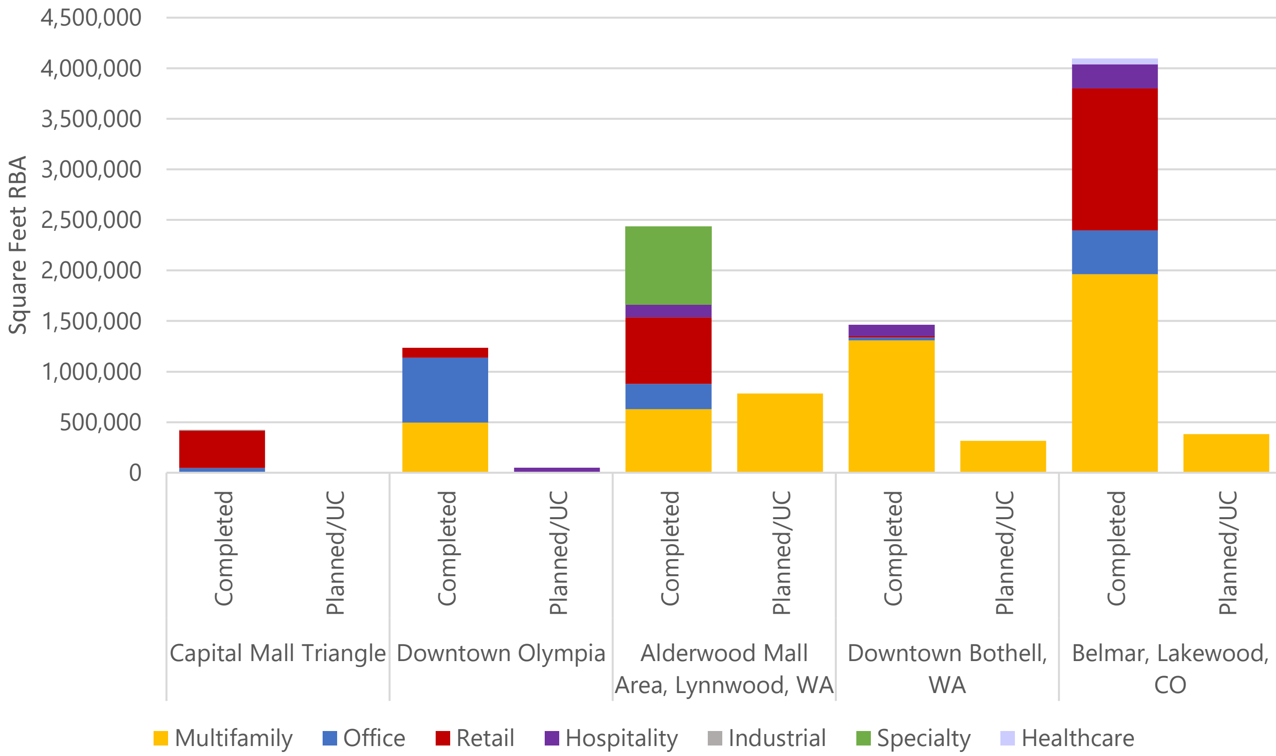
As shown in Figure 3 below, all of the comparison areas have seen significantly more development since 2000 than the Capital Mall Triangle, driven by multifamily housing development. Similarly, Figure 4 shows that all currently planned and under construction projects outside of Olympia are multifamily housing. Alongside multifamily development, the Alderwood and Belmar comparison areas have seen significant retail and office development, with some hospitality. The Specialty development in Alderwood consists of two parking facilities.

Figure 3. Square Feet of Rentable Building Area (RBA): Built Since 2000 and Currently in the Development Pipeline



Source: CoStar; Jefferson County, CO Assessor; LCG.

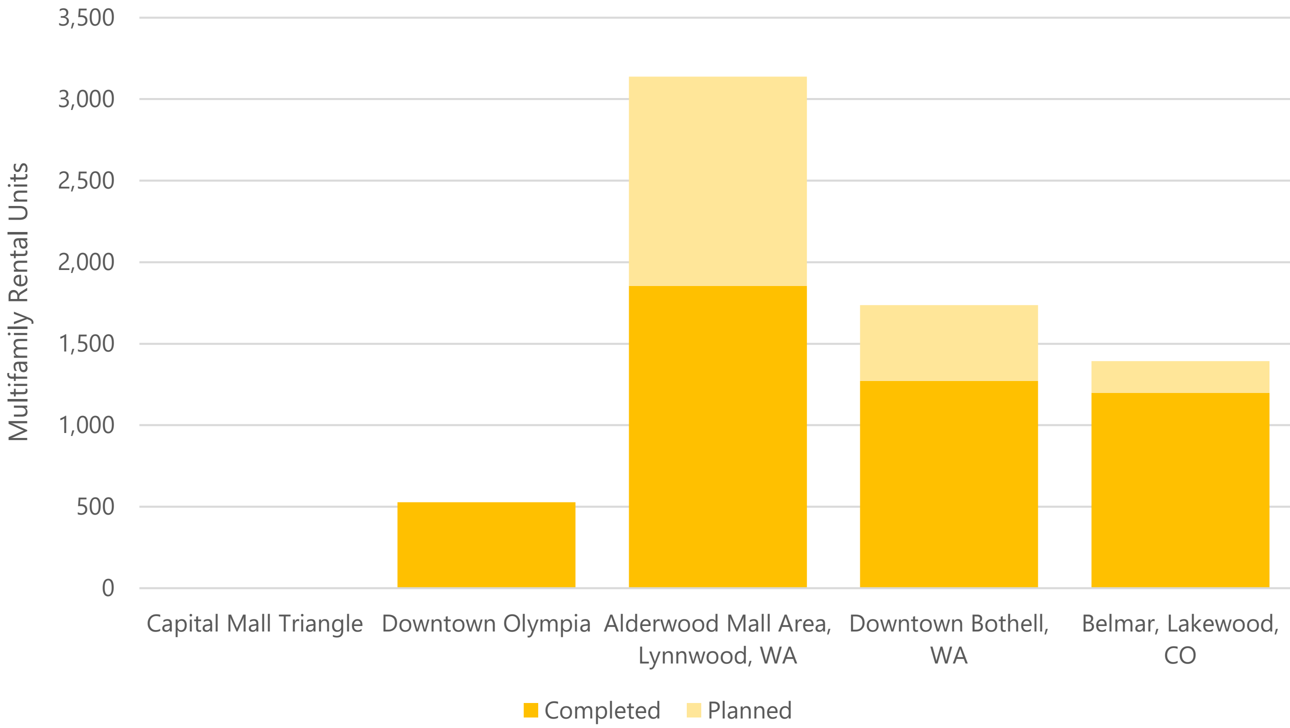
Figure 4. Square Feet of Rentable Building Area (RBA): Built Since 2000 and Currently in the Development Pipeline



Source: CoStar; Jefferson County, CO Assessor; LCG.

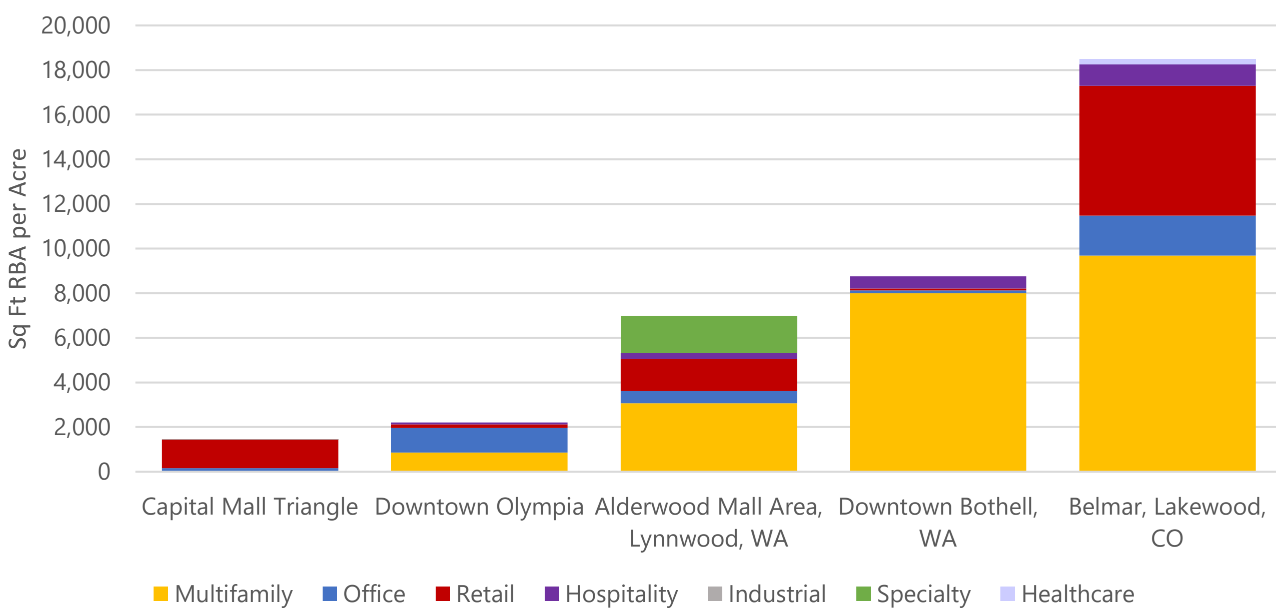
The three comparison areas have seen significantly more construction of multifamily units than either the Capital Mall Triangle or Downtown Olympia. 1,855 units have been built since 2000 in the Alderwood Mall Area in Lynnwood, and there are another 1,283 units currently planned or under construction. Belmar in Lakewood, CO has 1,199 housing units, in a mix of rental housing and condominiums, with 194 units in the development pipeline. While 527 units have been built in Downtown Olympia since 2000, none have been built in the Capital Mall Triangle.

Figure 5. Multifamily Rental Units Built Since 2000 and Currently in the Development Pipeline



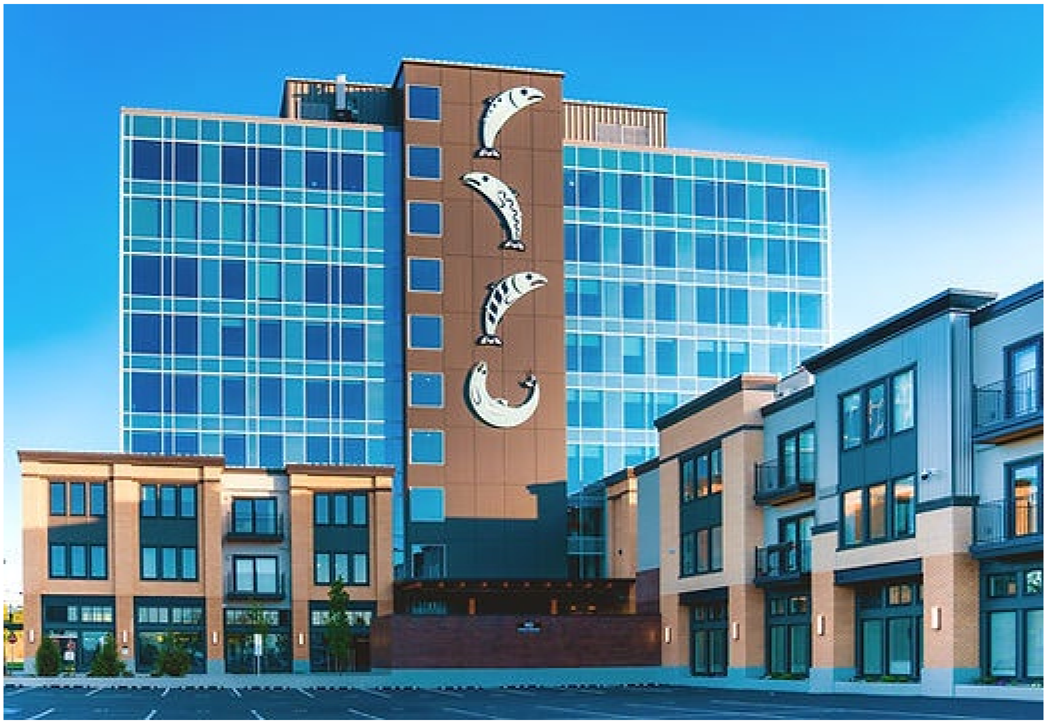
Source: CoStar; Jefferson County, CO Assessor; LCG.

Figure 6. Square Feet of RBA per Acre Built Since 2000 or Currently in the Development Pipeline



Source: CoStar; Jefferson County, CO Assessor; LCG.

Figure 7. Views on 5th, a New Apartment Building in Downtown Olympia



Source: Views on 5th.

Figure 8. The Woods at Alderwood in Lynnwood, WA

Source: Apartment Finder.

Figure 9. Downtown Bothell, Washington

Source: SnoKing Living.

Figure 10. Housing at Belmar in Lakewood, Colorado

Source: David Weekly Homes.

Alternatives Analysis

In order to analyze the alternatives outlined in the DEIS, LCG used data from the comparison areas described above compared with a 2017 baseline from TRPC. For the Market Trend scenario, LCG used data from Esri, the US Census, LEHD, and CoStar to determine how the subarea has changed between 2000 and 2022. Because the subarea is now mostly built out, LCG assumed that 25% less commercial development will take place by 2045. 21 housing units were built between 2000 and 2022. LCG assumes that development at a density of 50 units per acre is likely to take place at the Bing Street Apartments site and the city-owned property in the northern portion of the Triangle. LCG therefore estimated 181 new units by 2045 in this market-based scenario.

LCG used TRPC and LEHD data for Alternative 1, the "no change" scenario. LCG believes that the net change in population, housing units, and employees is far greater in these projections than is realistic in a true no-change scenario, thus the inclusion of the Market Trend comparison scenario.

Alternatives 2 and 3 both assume an average of 2.02 residents per housing unit. Additional assumptions are below.

Alternative 2 assumes the following:

- The total size of the "hubs" where development will be concentrated is approximately 43 acres, 35% of which will be redeveloped with housing (27.9 acres).
- These 27.9 acres will be redeveloped at a density of 55 units per acre.
- The hub areas will have the same density of employment square footage as Alderwood.
- The typical square foot per worker is 430.
- The areas outside of the 43-acre hub areas will have the same employment density as the Market Trend scenario.

Alternative 3 assumes:

- 35% of the 288-acre subarea will be built out (100.8 acres) at a density of 74 units per acre, but only 60% of that development will occur in the next 20 years.
- The typical square foot per worker is 430.
- The subarea will have the same density of employment space as Belmar.

Market Trend assumes:

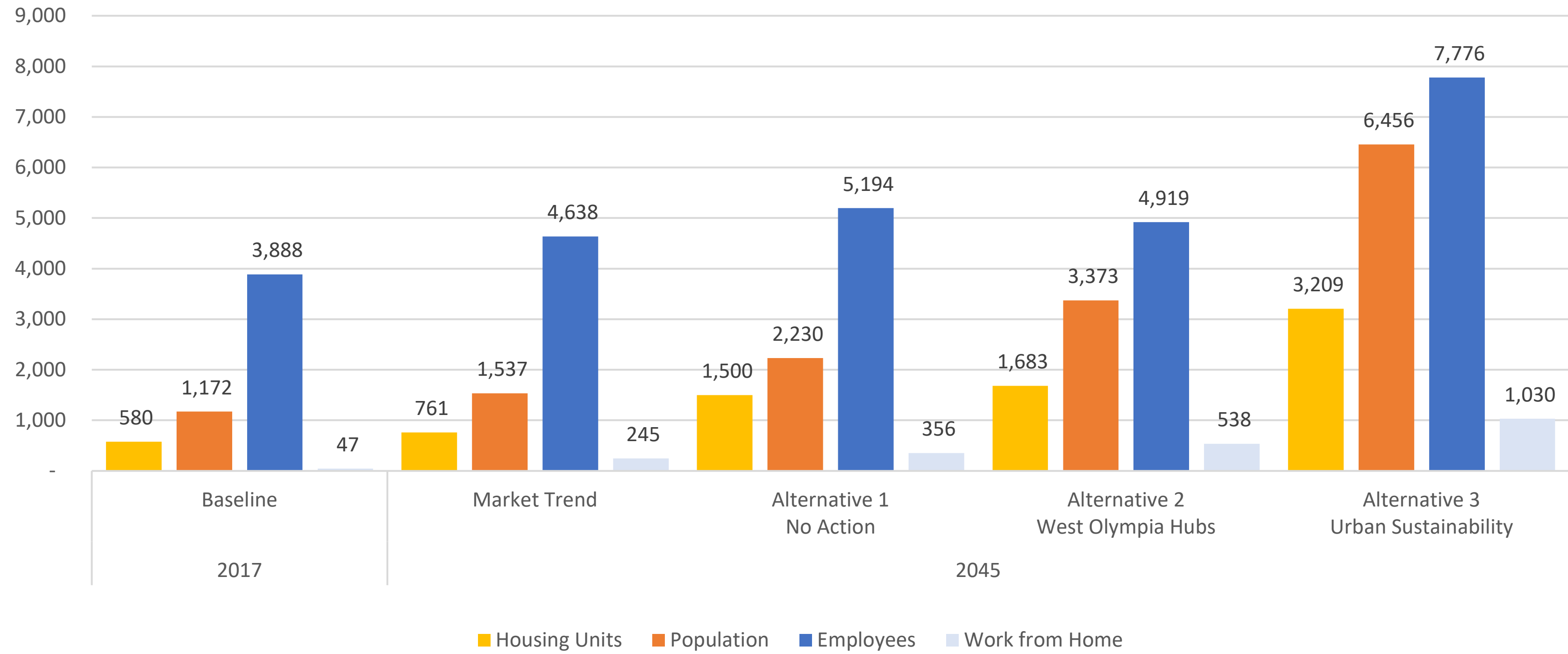
- The pace of development that has taken place in the Triangle between 2000 and 2022 will continue about as-is for the next two+ decades
- Some development projects that are planned or in the pipeline are also assumed to move forward.

Maximum Capacity:

- Illustrates the amount of housing and employment development that could possibly occur—if most properties were built to their maximum height and density—in the area under current zoning. This is unlikely to occur since the development heights and density currently allowed are far in excess of what exists and what has recently been built in the area. Nonetheless, this capacity is useful to understand from a policy point of view.
- Maximum Capacity is shown in the following section for use in the transportation analysis portion of the DEIS.

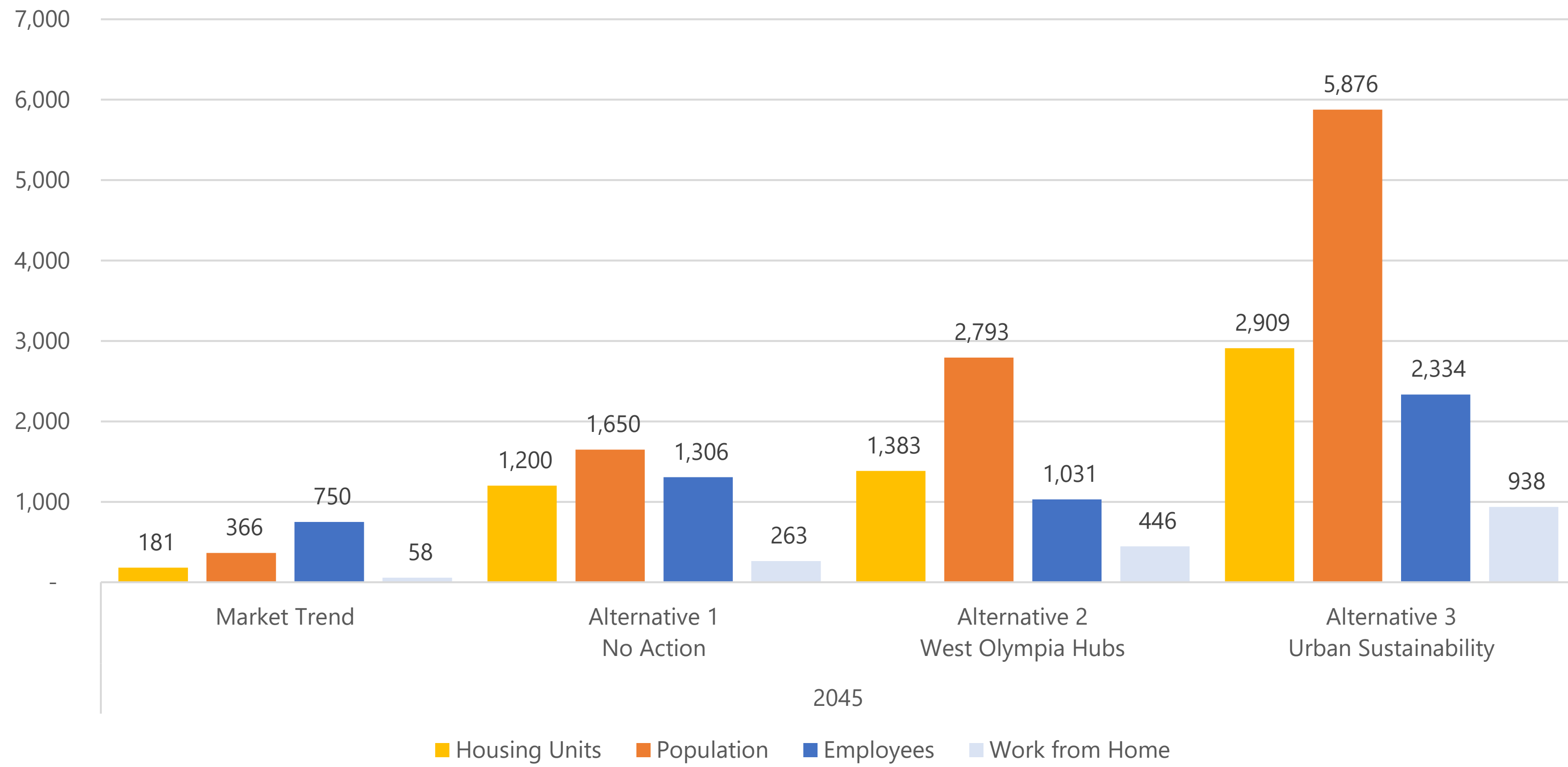
Assumptions about work from home are based on the percentage of the existing population that is employed and an average rate for remote work of 20%.

Figure 11. Expected Total Housing Units, Population, and Employees in the Capital Mall Triangle



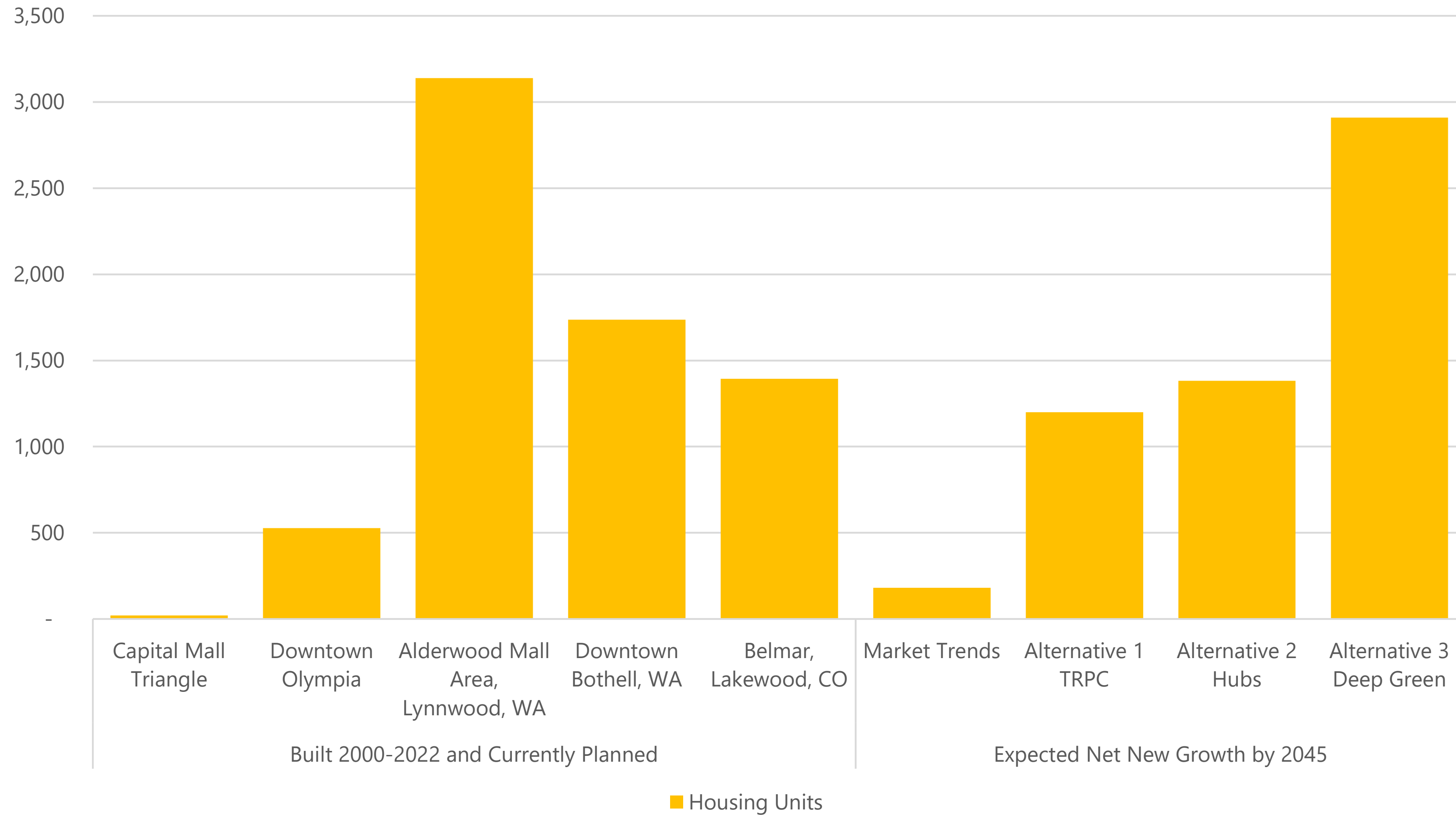
Source: TRPC; CoStar; Leland Consulting Group.

Figure 12. Net New Housing Units, People, and Employees Expected in the Capital Mall Triangle



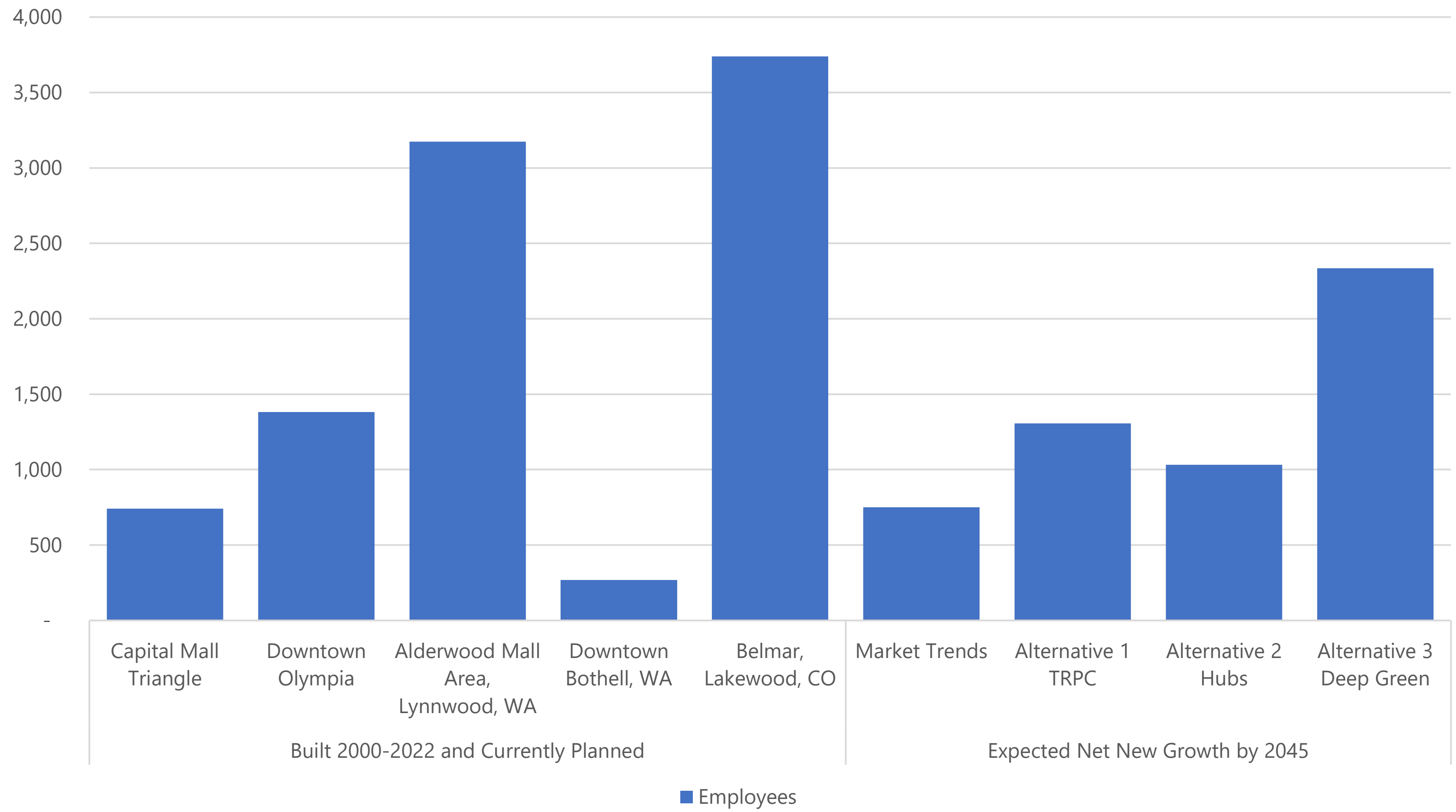
Source: TRPC; CoStar; Leland Consulting Group.

Figure 13. New Housing Built in Comparison Centers between 2000 and 2022 vs. Expected Net New Growth in DEIS Alternative Plans by 2045



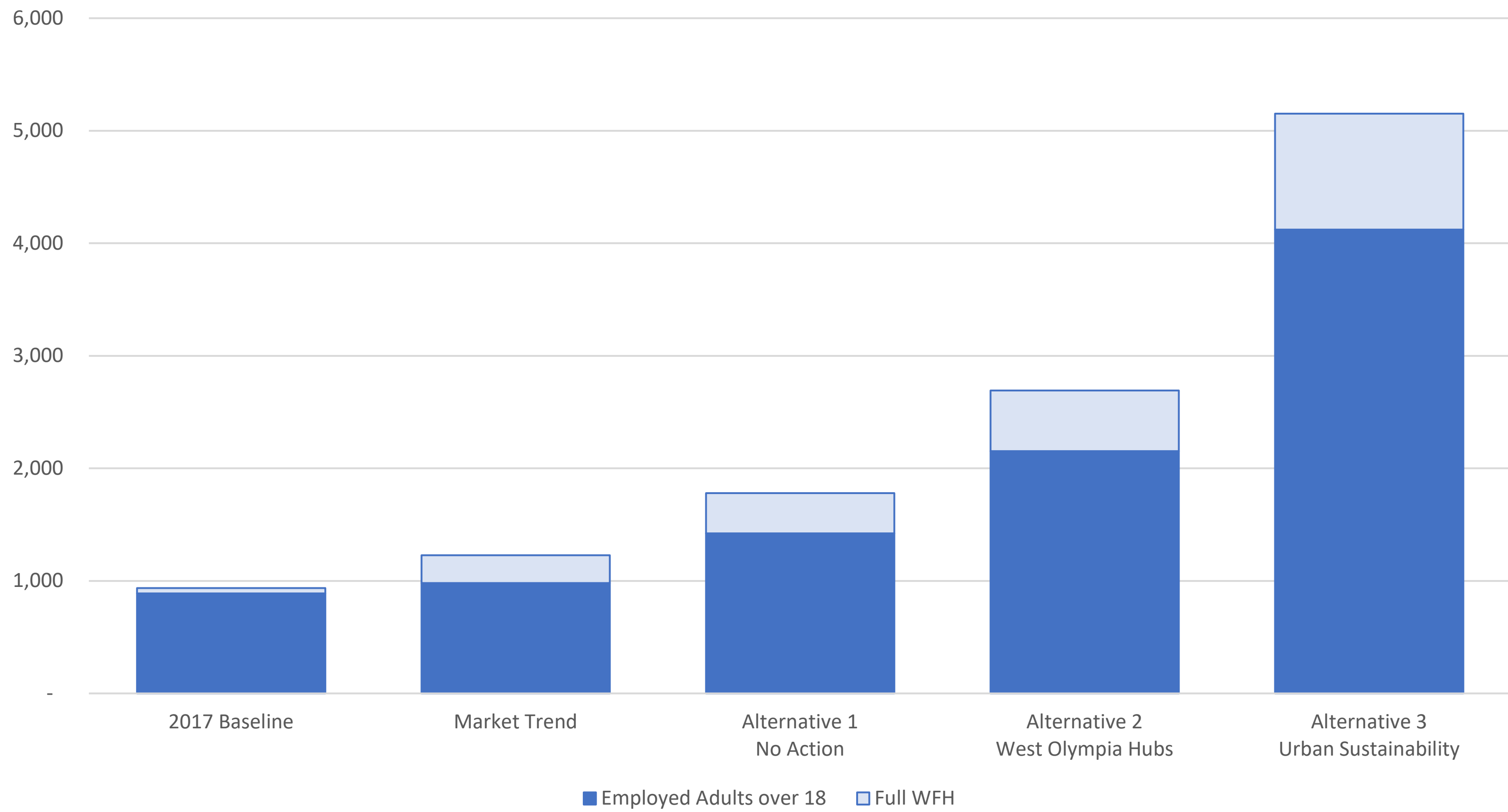
Source: TRPC; CoStar; Leland Consulting Group.

Figure 14. New Jobs Created in Comparison Centers between 2000 and 2022 vs. Expected Net New Growth in DEIS Alternative Plans by 2045



Source: TRPC; CoStar; Leland Consulting Group.

Figure 15. Expected Employed Adults over 18 with Proportion of Full-Time Remote Workers



Source: TRPC; CoStar; Leland Consulting Group.

Expected Use Mix for Transportation Analysis

LCG's assumptions for the following analysis include:

- No single-family homes have been built in the triangle since 2000, this trend is expected to continue
- The Maximum Buildout scenario is based on the total area of land in the triangle (293.7 acres) reduced by 35% for right of ways and infrastructure (191 acres total buildable)
- (Note: the total amount of land in the triangle zoned HDC-3 or HDC-4 is 223.44 acres)
- 2/3 of buildable land area is expected to be dedicated to multifamily, with 1/3 commercial
- The Market Trend alternative is based on existing conditions in the Capital Mall Triangle, while all other scenarios are based on the expected percentages listed below
- "Other" includes lodging, health care, and specialty uses such as sports facilities and flex space

Table 2. Existing and Expected Commercial Mix in the Capital Mall Triangle

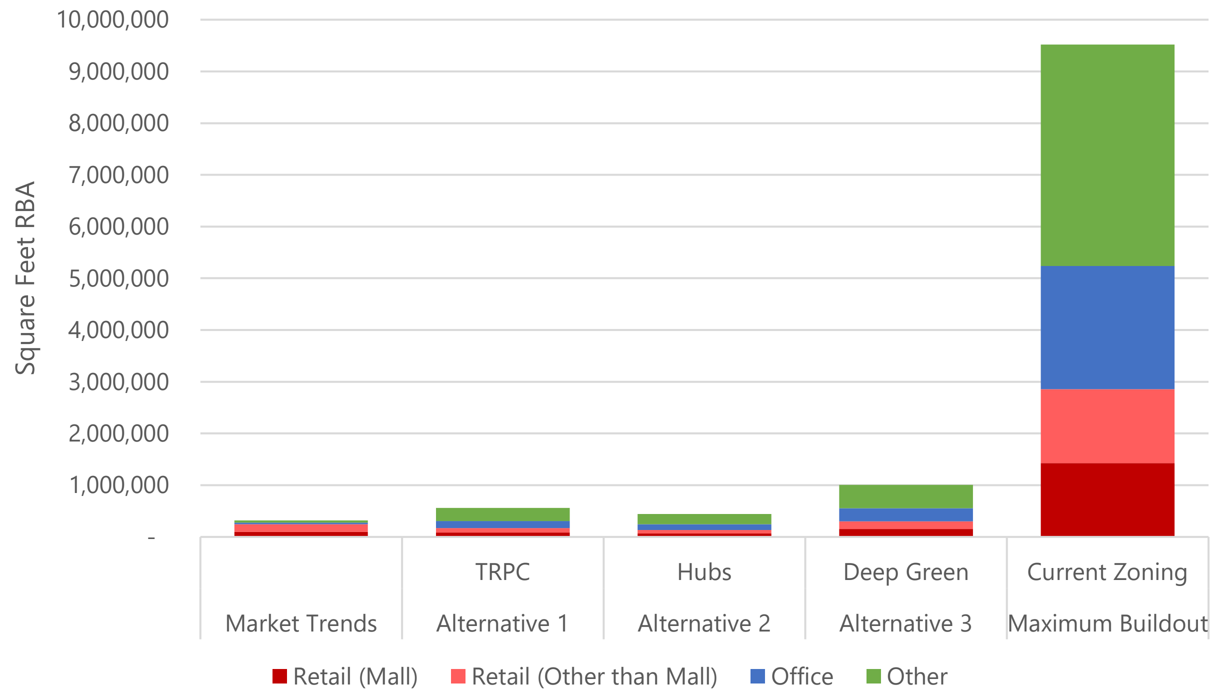
	Oly Triangle Percent Existing	Oly Triangle Percent Expected
Office	8%	25%
Retail (mall)	29%	15%
Retail (not mall)	47%	15%
Other	15%	45%

Figure 16. Projected Net New Housing Units, Retail, and Office Space in the Olympia Capital Mall Triangle

	Market Trend		Alternative 1: No Change		Alternative 2: Hubs		Alternative 3: Deep Green		Maximum Buildout	
Type or Principal Activity	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**
Single-Family Home	-		-		-		-		-	
Single-Family Attached (Townhome)	-		-		-		-		-	
Multi-Family Unit (4+ Stories)	181		1,200		1,383		2,909		15,150	
Multi-Family Unit (≤ 3 Stories)	-		-		-		-		-	
Retail (Mall)		94,367		84,254		66,525		150,561		1,427,774
Retail (Other than Mall)		152,713		84,254		66,525		150,561		1,427,774
Office		26,560		140,423		110,876		250,935		2,379,624
Other		49,045		252,761		199,576		451,682		4,283,323
Total	**181**	**322,686**	**1,200**	**561,692**	**1,383**	**443,502**	**2,909**	**1,003,738**	**15,150**	**9,518,495**

Source: LCG.

Figure 17. Mix of Forecasted Net New Commercial Development (Non-Multifamily) in the Capital Mall Development



Source: LCG.

The "Other" category in Figure 17 above and Figure 19 below include:

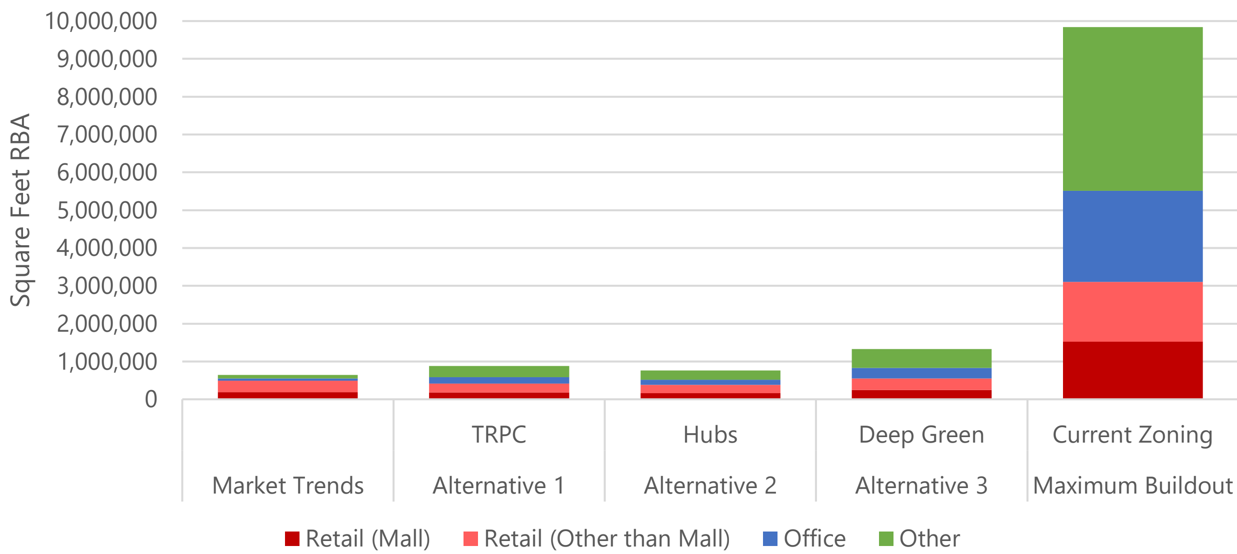
- Hospitality/Lodging
- Industrial
- Flex Space

Figure 18. Projected Total Housing Units, Retail, and Office Space in the Olympia Capital Mall Triangle by 2045

	Market Trend		Alternative 1: No Change		Alternative 2: Hubs		Alternative 3: Deep Green		Maximum Buildout	
Type or Principal Activity	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**	**Dwelling Units**	**Square Feet**
Single-Family Home	-		-		-		-		-	
Single-Family Attached (Townhome)	-		-		-		-		-	
Multi-Family Unit in Large Building	761		1,780		1,963		3,489		15,730	
Multi-Family Unit in Small Building	-		-		-		-		-	
Retail (Mall)		188,735		178,621		160,893		244,928		1,522,142
Retail (Other than Mall)		305,427		236,967		219,239		303,274		1,580,488
Office		53,120		166,983		137,436		277,495		2,406,184
Other		98,090		301,806		248,621		500,727		4,332,368
Total	**761**	**645,372**	**1,780**	**884,378**	**1,963**	**766,188**	**3,489**	**1,326,424**	**15,730**	**9,841,181**

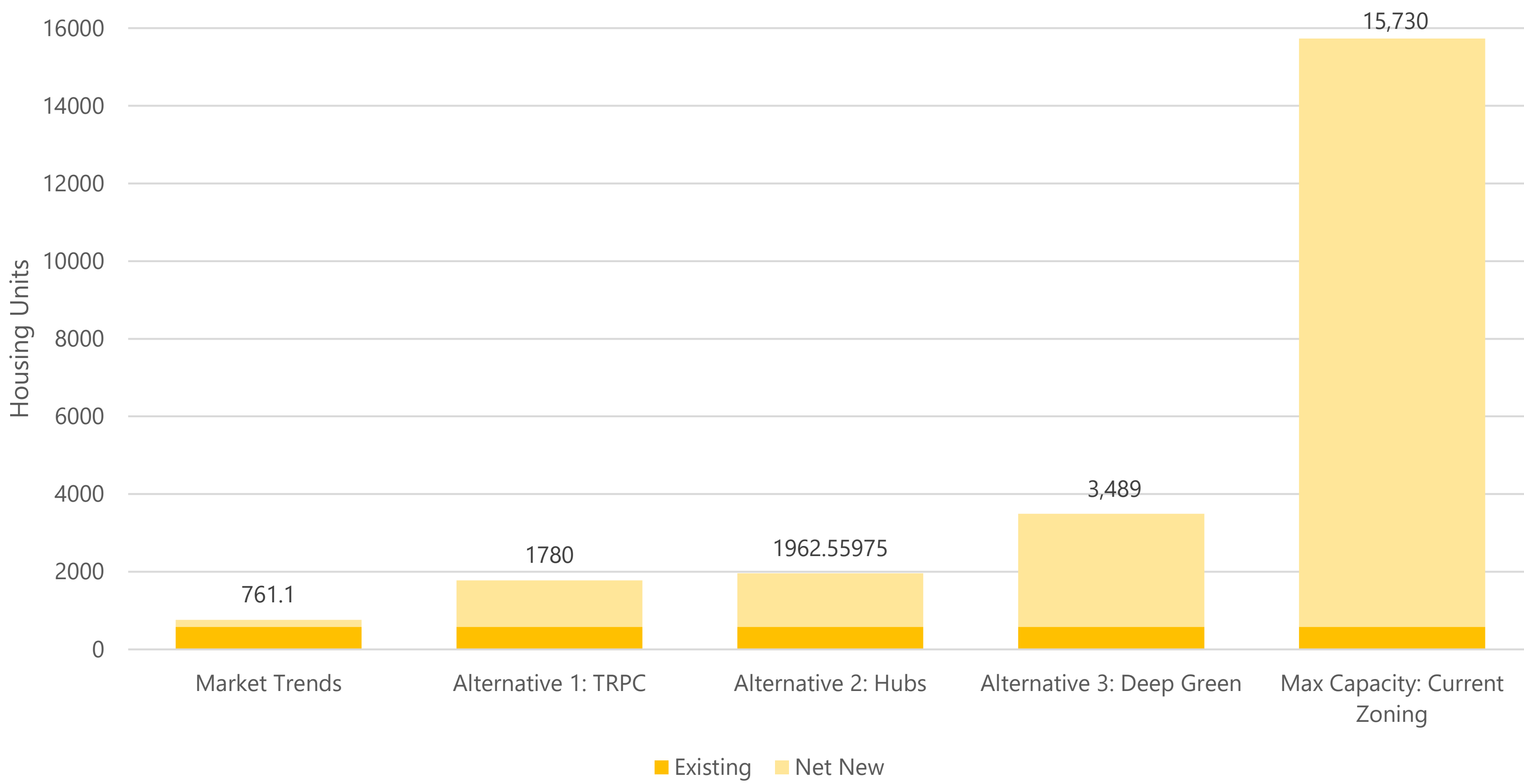
Source: LCG.

Figure 19. Forecasted Mix of Commercial Space (Non-Multifamily) in the Capital Mall Development by 2045



Source: LCG.

Figure 20. Forecasted Total Units in the Olympia Capital Mall Triangle by 2045, and Maximum Capacity



Source: LCG.

Appendices

Table 3. Quantitative Description of Alternatives Analysis

	Market Trend 2000-2022			Alternative 1 TRPC			Alternative 2 Westside Hubs			Alternative 3 Deep Green			Maximum Capacity Current Zoning		
	2017	**Change**	**2045**	**2017**	**Change**	**2045**	**2017**	**Change**	**2045**	**2017**	**Change**	**2045**	**2017**	**Change**	**2045**
Gross Acres	288						288			288			288		
Gross Redevelopable Acres		3.2			*See*			43			100.8				
Unbuildable (ROW, slope, stormwater)		0%			*TRPC*			35%			35%			35%	
Net Buildable Acres		3.2			*Buildable*			27.9			65.5			187.2	
Market Factor		100%			*Lands*			90%			60%			100%	
Developed Area by 2045		3.2			*Analysis*			25.1			39.3			187.2	
					2021										
Res. Density (Units/Acre)	2.01	57	2.64					55			74			81	
Units	580	181	761	300	1,200	1,500		1,383	1,683		2,909	3,209		15,150	15,450
People/Unit	2.02		2.02	1.93		1.49		2.02		2.02					2.01
Population	1,172	366	1,537	580	1,650	2,230		2,793	3,373		5,876	6,456		30,504	31,084
Comm'l SF		322,686			561,692			443,502			1,003,738			9,518,495	9,841,181
Comm'l SF/Ac		1,120						3,932			5,809			50,847	
Comm'l SF/Job		430			430			430			430			430	
Total Employees	3,888	750	4,638	3,888	1,306	5,194		1,031	4,919		2,334	7,776		22,136	22,886

Source: LCG.

Appendix D

Engagement Report

Olympia Capital Mall Triangle Subarea Plan Engagement Report

February 2, 2024

Olympia
MAKERS
architecture • planning • urban design

Engagement Events

From August 2022 through November 2023, the project team gathered stakeholders' and community members' ideas and goals for the subarea. Some of the engagement included interviews, more than 3,000 mailed notices, and 200 public comments. A full summary table of all public engagement can be seen in the "Process and Public Engagement" section of the Subarea Plan.

However, this document summarizes the key events the project team facilitated for the Capital Mall Triangle Subarea Plan. The major engagement events included:

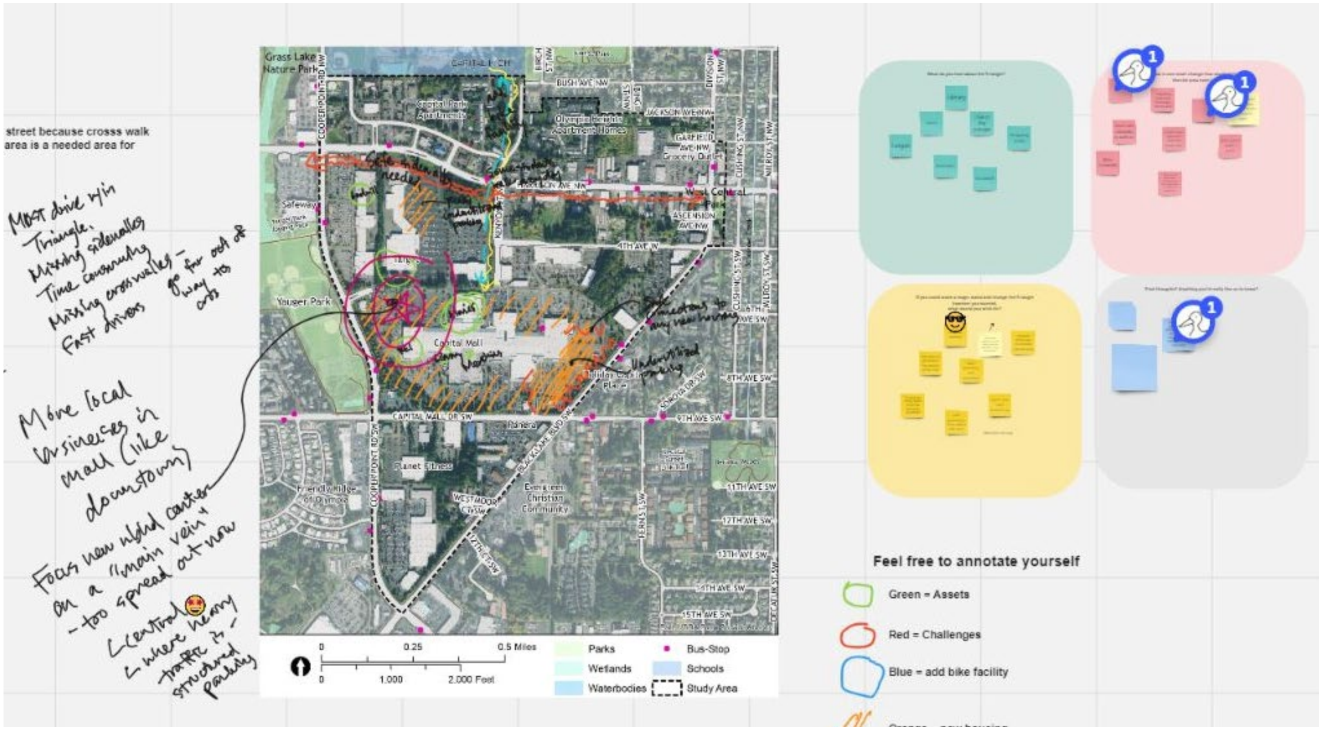
- **Capital High School Climate Club Workshop**
- **Walking Tour and Chat with Neighborhood Associations**
- **Stakeholder Work Group** Meetings **(4)**
- **Property Owner Interviews (8)**
- **Business Listen-in (2)**
- **Community Meetings (4)**
- **Additional Insights from Community Members**

Capital High School Climate Club Workshop

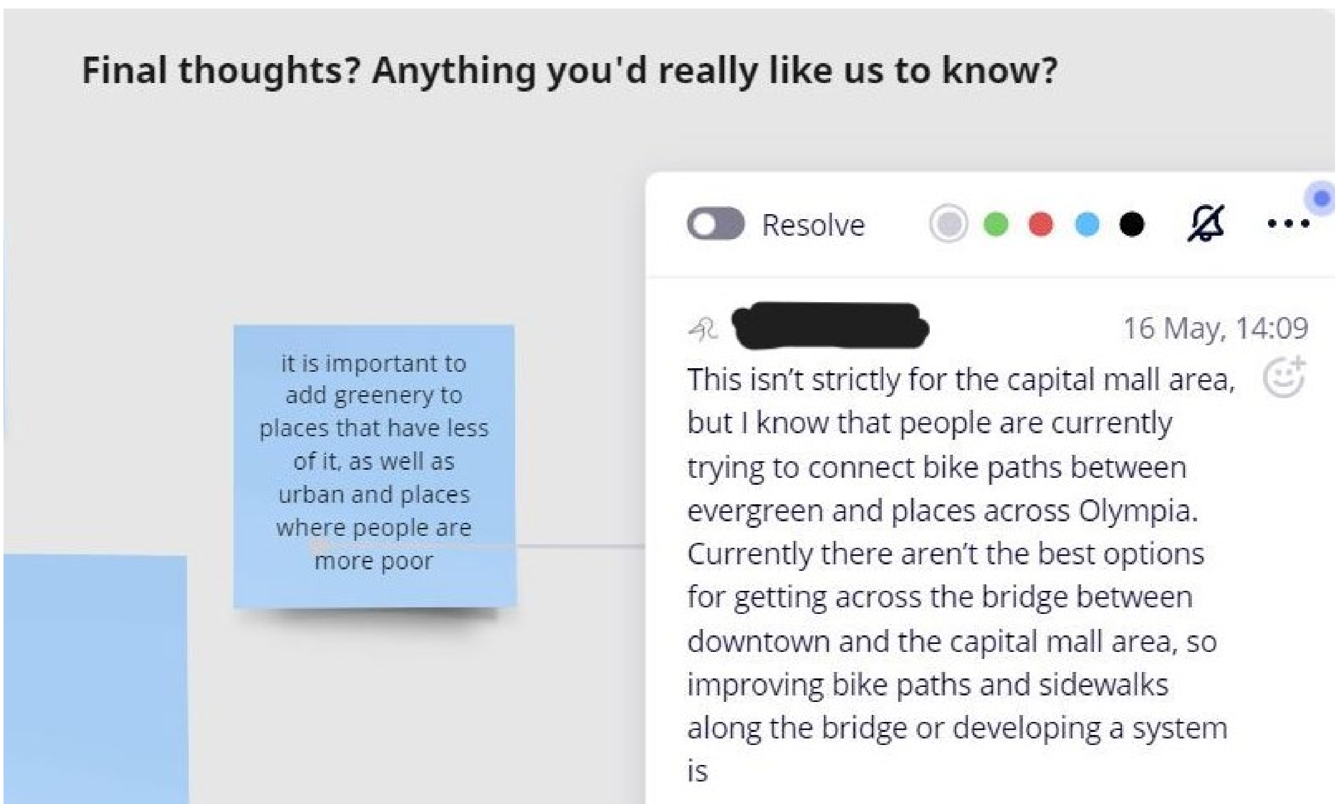
October 2022; Location: online

Consultants gave a short presentation on what urban planning is, what urban planners do, how urban planning connects to climate change, and project background on the Capital Mall Triangle Subarea. After the presentation consultants and students shared an interactive whiteboard on Miro, where students responded to questions with sketches, virtual sticky notes, and emojis.

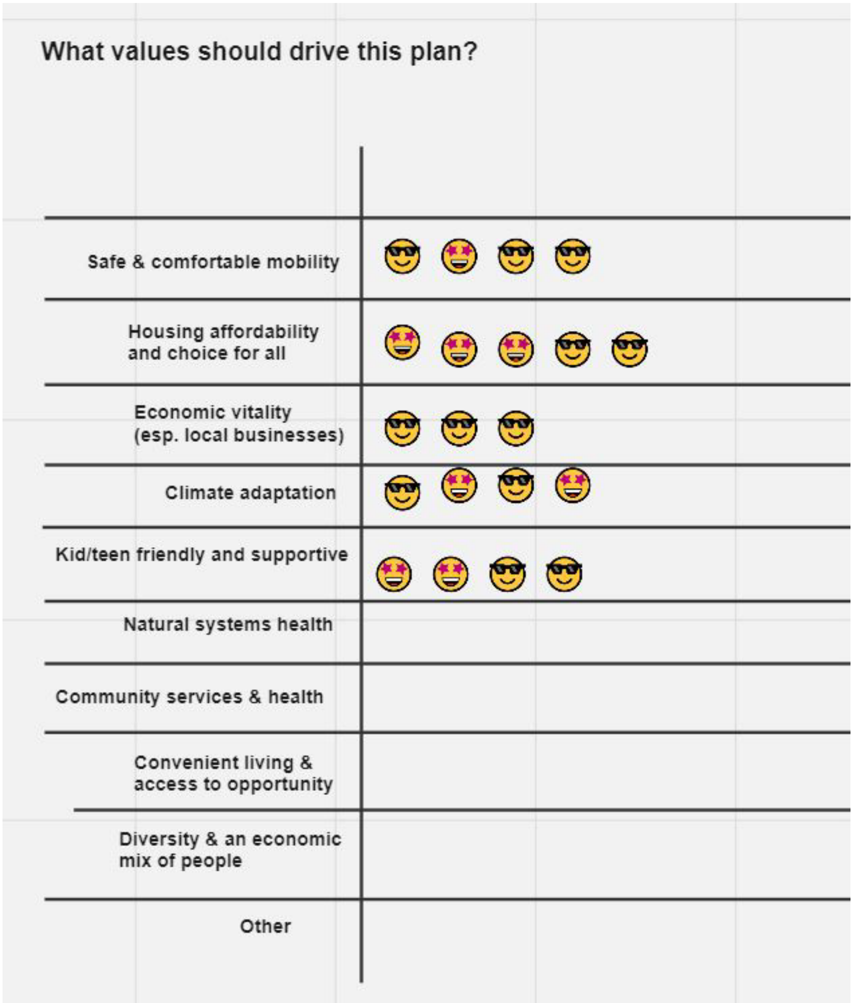
Students use the mall for a multitude of social and shopping reasons. However, they mostly access the mall using a car because of the lack of convenient pedestrian and bicycle connections. Students liked the idea of a central main street leading into the mall and desired more crosswalks, completed sidewalks, protection along noisy roads, and protected bike lanes.



street because crosss walk
area is a needed area for
Most drive w/in Triangle.
Missing sidewalks
Time consuming
Missing crosswalks - go far out of way to cross
Fast drivers
More local businesses in mall (like downtown)
Focus new urban center on a "main vein" - too spread out now
L central
L where heavy traffic is - structured parking
Grass Lake Nature Park
Capital Mall
Youngs Park
Feel free to annotate yourself
Green = Assets
Red = Challenges
Blue = add bike facility
Parks
Wetlands
Waterbodies
Bus-Stop
Schools
Study Area
0.25
0.5 Miles
1,000
2,000 Feet



Final thoughts? Anything you'd really like us to know?
it is important to add greenery to places that have less of it, as well as urban and places where people are more poor
Resolve
[redacted]
16 May, 14:09
This isn't strictly for the capital mall area, but I know that people are currently trying to connect bike paths between evergreen and places across Olympia. Currently there aren't the best options for getting across the bridge between downtown and the capital mall area, so improving bike paths and sidewalks along the bridge or developing a system is


What values should drive this plan?
Safe & comfortable mobility
Housing affordability and choice for all
Economic vitality (esp. local businesses)
Climate adaptation
Kid/teen friendly and supportive
Natural systems health
Community services & health
Convenient living & access to opportunity
Diversity & an economic mix of people
Other

Walking Tour and Chat with Neighborhood Associations

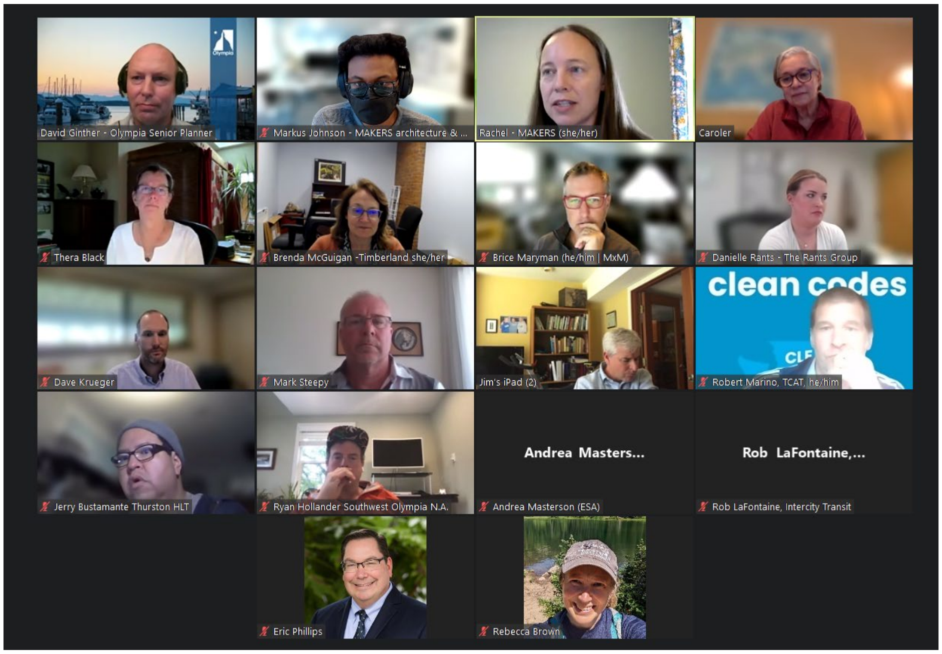
August 2022; Location: Capital Mall Subarea

The project team met with representatives from the Southwest, the Northwest, and the Burbank/Elliot Neighborhood Associations, to walk around areas in the subarea and discuss the assets, challenges, and opportunities for the Capital Mall Subarea.

All participants felt Capital Mall, West Olympia Timberland Regional Library, and West Central Park are assets in the subarea that people in their neighborhoods regularly use. The project team also learned there is:

- Concern about traffic safety and feeling unsafe walking from neighborhoods to the Capital Mall area.
- A desire for safe multimodal connections between adjacent neighborhoods and the mall area.
- A desire for street trees and/or a green buffer from main arterials.
- A desire for more community services like daycares and more places like West Central Park.

Stakeholder Work Group Meetings



Stakeholder Work Group Meeting 1

October 2022; Location: online

City staff and consultants gave short presentations on the project background, purpose, scope, schedule, and role of the stakeholder work group. While presenting existing conditions information, the consultants interspersed Poll Everywhere questions to gauge the group's interests and confirm and clarify the findings. Participants expressed likes, dislikes, and desired changes to the subarea in the next 20 years, which can be seen in the word cloud below.

What do you love about the Capital Mall Triangle area?

Amenity rich. The shopping options, services, schools, and parks came up frequently in answers to this question. Essentially participants love the amenity richness of the area. This question had 19 total responses. The following are a sample:

- "Has: shopping, schools, parks, and housing available in a concentrated area."
- "Nice diversity of shops and experiences like Cho Capital Market, movie theaters, Italia restaurant, Best Buy, Thai Garden."
- "I can satisfy many of my commercial needs here. I like the business owners. Cap Mall is doing some really innovative things!"
- "Skate park!"
- "West central park (is it included?) And all the programming they have"
- "Several different uses are often in close proximity"

- “Vics pizza”

Convenience. The potential of the area because of its convenience (destinations in close proximity) was also a common theme, such as:

- “1) Convenient shopping. 2) It's potential”
- “Lots of shopping and services in close proximity, don't have to travel far to run all my errands”
- “Lots of opportunity and potential. Walking or biking distance from several neighborhoods. Movie theater, REI, Goodwill.”

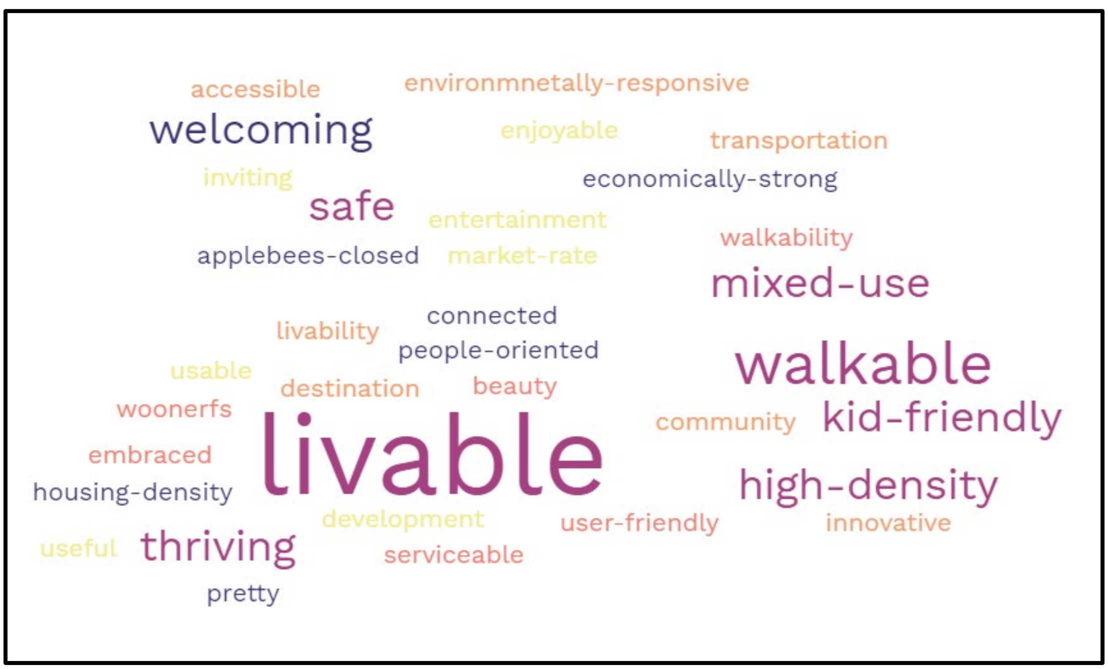
Transit access and homes. Additional comments included “good transit access” and transit being a wanted amenity, along with a comment appreciating that the area “has the most affordable housing in the city.”

Challenges. Lastly, multiple comments noted not loving anything about the area in its current state.

- “I don't love anything about it. I use the businesses within it and they are easily accessible from my home”
- “Hard to love this area certain times of the day and year. Traffic is a challenge. All areas have potential to be improved including this heavily developed area and this project has the possibility to do that.”
- “Also...nothing. I don't love anything about it. It's ugly. It's user unfriendly.”

3 words that describe the Triangle area’s best future in 2045

Common words describing the group’s vision for the Triangle include: **livable, walkable, high density, mixed use, kid friendly, welcoming, thriving, and people oriented**.



Stakeholder Work Group Meeting 2

January 2023; Location: online

Stakeholder Work Group Meeting 2 focused on sharing the draft alternatives to the workgroup to get their feedback. The project team learned:

- There was general agreement amongst the group not to give up on outdoor public space.
- There was concern about if new streets would add cars. Group reiterates interest in de-emphasizing vehicular travel.
- Interest for finer grain bike and pedestrian network.
- Prioritize: 1) preserving trees. 2) enhancing green space and tree canopy in the public realm.
- Existing "tree tracts" (private land with stands of trees that fulfill minimum tree requirements) are not publicly accessible due to topographical barriers and a lack of trails. Add access where possible and require access in future developments.
- The group asked for information about trade-offs between "green" building/climate mitigation/adaptation strategies and housing supply and affordability. The project team provided some information about how meeting green building standards and/or using mass timber construction generally costs more upfront, which influences feasibility, but saves on operational costs over the long term.
- Open discussion on the name for Alternative 3. Top contenders included Westside Metropolis, Urban Sustainability, Westside Center, and Westside Village.

Stakeholder Work Group Meeting 3

September 2023; Location: online

Stakeholder Work Group Meeting 3 was focused on sharing the draft subarea plan to the workgroup to get their feedback. The project team learned:

- There is interest in healthy trees that have adequate soil volumes and avoid breaking paving.
- There is interest in preserving existing conifers but focusing on deciduous trees when adding trees.
- Support for transportation project ideas, including several for better multimodal connections and placemaking.
- The group had a discussion about the purpose of required streets, clarifications that streets benefit people walking, rolling (i.e., using a wheelchair, stroller, or other small wheeled mobility device), and biking by including multimodal facilities, improving connectivity, and directing and slowing vehicular traffic.

- Intercity Transit shared interest and considerations for roundabouts, Harrison Ave corridor study, and transit hub locations.

Stakeholder Work Group Meeting 4

November 2023; Location: online

Stakeholder Work Group Meeting 4 was focused on sharing the community engagement results and hearing the groups' preferred alternative direction. The project team learned that group members were interested in:

- Base maximum heights of 7 – 8 stories in HDC zones.
- Shrinking the affordable housing maximum height (up to 12 stories) bonus overlay area.
- No parking minimums or maximums for all uses in the subarea.
- A central main public gathering space around Kenyon St and 4th Ave.
- Public-private partnerships for 3 smaller unidentified gathering space/streetscape projects in the subarea.

Property Owner Interviews

August 2022 – May 2023; Location: online

The project team interviewed several major property owners in the subarea such as the Capital Mall ownership group (6), WIG Properties (1), and Merlone Geier Partners (1). The project team learned there is:

- Support for flexibility in future regulation changes and plans for the area to allow for redevelopment consistent with the vision for the area.
- Interest in understanding layering of various code requirements—stormwater, trees, parking, affordable housing.
- Appreciates that Alternative 3 goes furthest on redevelopment flexibility.
- Likes the idea of a neighborhood center and large community gathering space (could be public or private) directly north of the mall.
- Interested in City upfront investment in regional stormwater facility with development payback over time.
- Would like a flexible tree code.
- Likes transit hub, but needs to be well managed.
- Several potential opportunity sites on mall property for redevelopment in short, mid, and long terms. Could compliment and further support the existing businesses on site.

Business Listen-in(s)

June and October 2023; Location: Olympia City Hall

The purpose of the business listen-in was to give business owners a venue to learn and develop a shared understanding of the subarea plan project. The listen-in also provided an opportunity for business owners operating in the subarea to share their concerns and opportunities. The project team learned that business owners:

- Supported continuing to make use of the subarea as a regional destination.
- Saw an opportunity to evolve Harrison Ave into more people-oriented street with more intense redevelopment.
- Wanted to study and plan traffic operations.
- Encourage a few 50-60 unit residential projects and affordable housing projects.
- Restaurant businesses expressed families as key customers. So, they wanted to see family-sized units get mixed in with the new development.
- Support affordable commercial space.

Community Meetings

Community Meeting 1

October 2022; Location: online

City staff and consultants gave a presentation on the Capital Mall Triangle ("the Triangle") Subarea Plan project background, purpose, scope, and schedule, and on early findings about the subarea's existing conditions. While presenting, the consultants interspersed Poll Everywhere questions to gauge community members' interests, confirm and clarify the findings, and give participants an opportunity to see thoughts and ideas from their fellow neighbors.

Approximately 34-39 people participated in the polling exercises. The consultant team asked open-ended questions early in the presentation to gather themes and understand the range of views. Near the end of the meeting, the team compiled those themes into multiple-choice question responses to confirm the team's understanding.

Key Takeaways

The main themes expressed through the polling exercises include the following desires:

1. **Safe and comfortable mobility**—walkable and bikeable for all ages and abilities, safe enough to do so, and for those modes to be more prominent than driving currently is.
2. **Livable, compact, complete environment**—a livable, mixed-use, compact environment with plenty of housing, especially affordable to middle and lower incomes; more local businesses; public places to hang out; parks; and community amenities, such as a community center and daycare.
3. **Environmental commitment**—a climate friendly, environmentally friendly, and sustainable area.

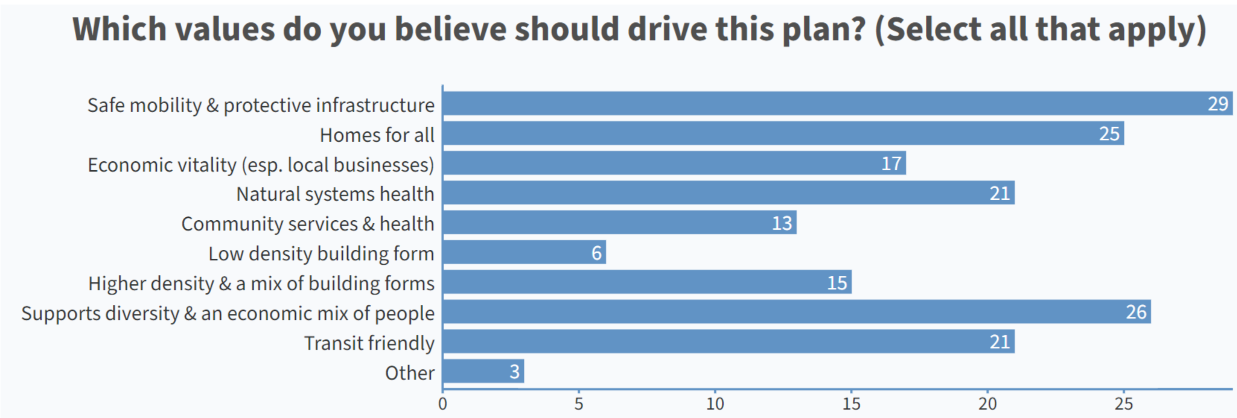
These themes arose during early open-ended questions and were confirmed in the concluding polls. One of the final confirmation polls was "In 20 years, what would be a successful outcome of this plan? (Select up to three)," where the top responses included:

- "An area that feels safe to walk, roll, and bike for all ages and abilities" (68%)
- "A livable mixed-use environment" (63%)
- "A green, sustainable, and environmental friendly area" (53%)
- "An affordable and dense area of Olympia" (37%)

These same themes were prominent in another concluding poll, "What are the most pressing challenges facing the Triangle? (Select up to 3)," where participants answered:

- “Inefficient use of space (e.g., large surface parking lots)” (61%),
- “Lacks safe and comfortable ways to walk, roll, and bicycle” (58%),
- “Potential for residential renters to be priced out of the area” (50%)
- “Lacks homes mixed in with businesses” (32%)

In summary, participants generally agree on walkability, bikeability, compact mixed-use environment, and climate friendly themes.



Poll results on what values should drive the plan (response options developed from themes that arose in earlier open-ended comments). 36 people responded to this poll.

Community Meeting 2

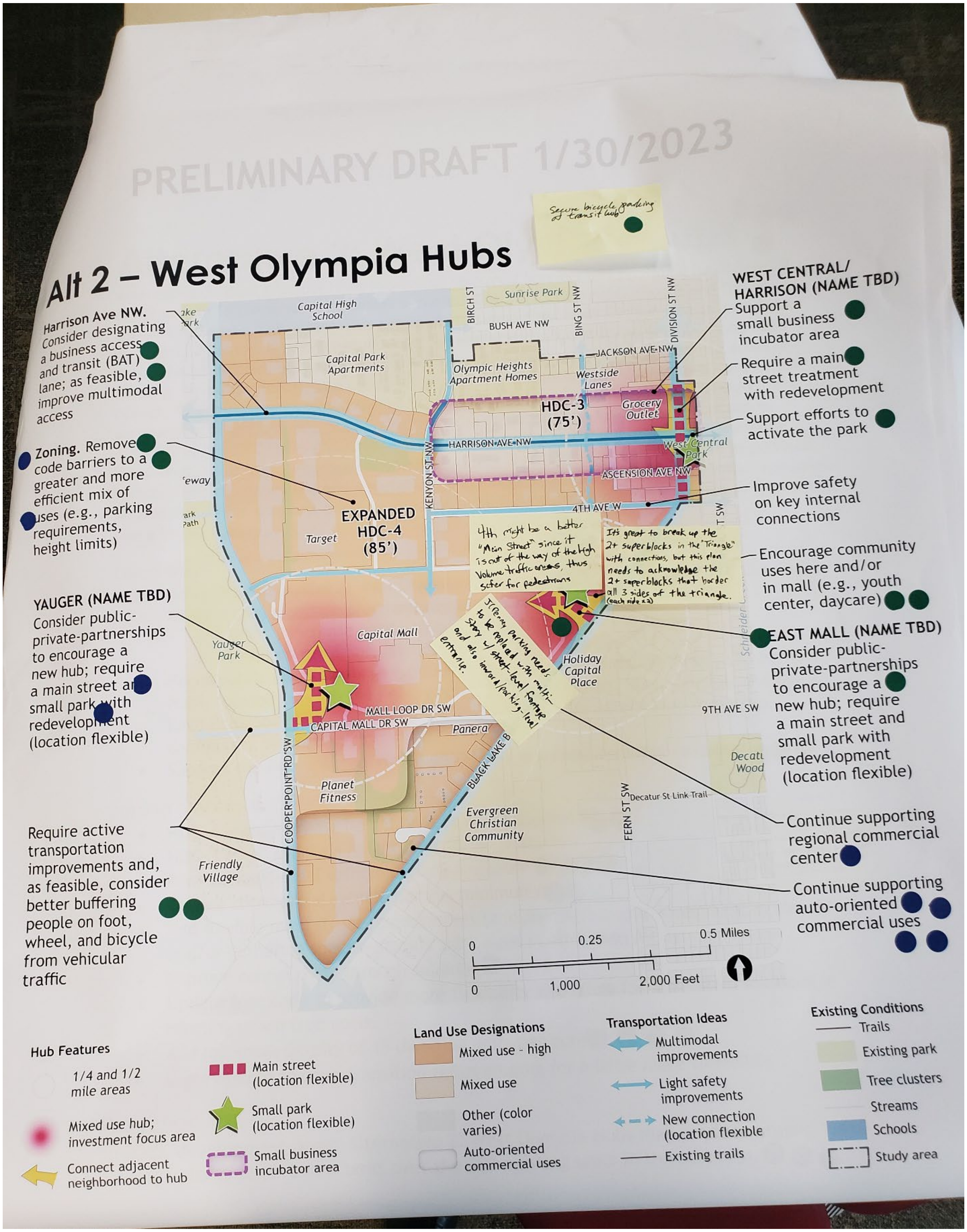
February 2023; Location: Capital Mall

Community Meeting 2 was an open house style event, where the purpose of the meeting was to share the draft alternatives with the public. Using poster boards, stickers, and sticky notes participants shared their interests and concerns.

Key Takeaways

- General support for parks and outdoor open space.
- A lot of support for green building standards.
- Significant support for allowing 14 story buildings in Alternative 3.


ROGER WATERS
THIS IS NOT A DRILL


PRELIMINARY DRAFT 1/30/2023
Secure bicycle parking at transit hub
Alt 2 – West Olympia Hubs
Harrison Ave NW. Consider designating a business access and transit (BAT) lane; as feasible, improve multimodal access
Zoning. Remove code barriers to a greater and more efficient mix of uses (e.g., parking requirements, height limits)
YAUGER (NAME TBD)
Consider public-private-partnerships to encourage a new hub; require a main street and small park with redevelopment (location flexible)
Require active transportation improvements and, as feasible, consider better buffering people on foot, wheel, and bicycle from vehicular traffic
WEST CENTRAL/ HARRISON (NAME TBD)
Support a small business incubator area
Require a main street treatment with redevelopment
Support efforts to activate the park
Improve safety on key internal connections
Encourage community uses here and/or in mall (e.g., youth center, daycare)
EAST MALL (NAME TBD)
Consider public-private-partnerships to encourage a new hub; require a main street and small park with redevelopment (location flexible)
Continue supporting regional commercial center
Continue supporting auto-oriented commercial uses
4th might be a better "Main Street" since it is out of the way of the high volume traffic areas, thus safer for pedestrians
It's great to break up the 2+ superblocks in the "Triangle" with connections, but this plan needs to acknowledge the 2+ superblocks that border all 3 sides of the triangle. (each side x2)
JCPenney parking needs to be replaced with multi-story w/ street-level frontage and also inward/parking-level entrance.
Capital High School
Sunrise Park
BIRCH ST
BUSH AVE NW
BING ST NW
DIVISION ST NW
JACKSON AVE NW
Capital Park Apartments
Olympic Heights Apartment Homes
Westside Lanes
Grocery Outlet
HDC-3 (75')
HARRISON AVE NW
West Central Park
ASCENSION AVE NW
4TH AVE W
KENYON ST NW
EXPANDED HDC-4 (85')
Target
Capital Mall
Yauger Park
Holiday Capital Place
MALL LOOP DR SW
CAPITAL MALL DR SW
Panera
9TH AVE SW
BLACK LAKE B
Planet Fitness
COOPER POINT RD SW
Evergreen Christian Community
Friendly Village
FERN ST SW
Decatur St Link Trail
0 0.25 0.5 Miles
0 1,000 2,000 Feet
Hub Features
1/4 and 1/2 mile areas
Mixed use hub; investment focus area
Connect adjacent neighborhood to hub
Main street (location flexible)
Small park (location flexible)
Small business incubator area
Land Use Designations
Mixed use - high
Mixed use
Other (color varies)
Auto-oriented commercial uses
Transportation Ideas
Multimodal improvements
Light safety improvements
New connection (location flexible
Existing trails
Existing Conditions
Trails
Existing park
Tree clusters
Streams
Schools
Study area

Community Meeting 3

October 2023; Location: Olympia City Hall and online

Community meeting three offered a hybrid event, with a presentation available to all viewers, small group activities for people participating at the venue, and a virtual break out room for those participating remotely to share their thoughts and concerns. The purpose of the meeting was to collaboratively craft the preferred alternative with community members.

Key Takeaways

Building form

- Achieve densities in the Triangle that accommodate the projected population
- Be bold with building allowances, especially height, to allow for innovation and encourage amenities like open space and greenery
- Step down in allowed height and scale from a core area in the Triangle to the lower intensity zones nearby

Housing characteristics

- Achieve green, affordable housing
- Design incentives and requirements to achieve a mixed-income neighborhood (e.g., consider not offering a fee-in-lieu option with MFTE so that affordable units are mixed into development projects)

Businesses and mixed use

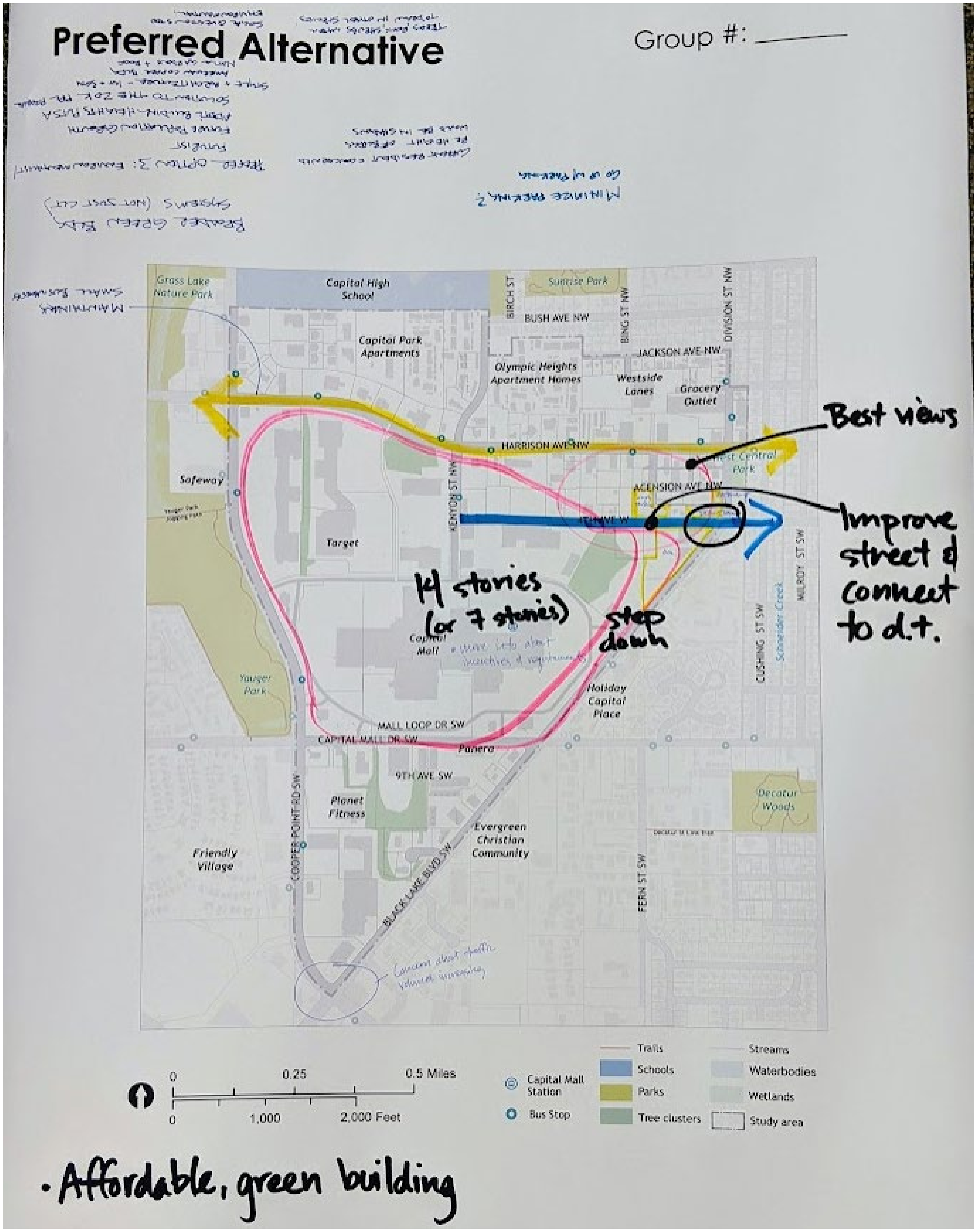
- Support businesses near 4th
- Encourage groceries

Physical improvements

- Connect to downtown
- Improve 4th Ave street design

Preferred Alternative Elements

The in-person small group developed this map to illustrate proposals they felt should move forward into the preferred alternative.


Preferred Alternative
Group #:
MINIMIZE PARKING?
Grass Lake Nature Park
Capital High School
Sunrise Park
BIRCH ST
BUSH AVE NW
BING ST NW
DIVISION ST NW
JACKSON AVE NW
Capital Park Apartments
Olympic Heights Apartment Homes
Westside Lanes
Grocery Outlet
Best views
HARRISON AVE NW
West Central Park
Safeway
ACENSION AVE NW
KENYON ST NW
Improve street & connect to d.t.
Target
14 stories (or 7 stories)
step down
Capital Mall
Holiday Capital Place
Yauger Park
CUSHING ST SW
Schneider Creek
MILROY ST SW
MALL LOOP DR SW
CAPITAL MALL DR SW
Panera
9TH AVE SW
Planet Fitness
Decatur Woods
Evergreen Christian Community
Friendly Village
COOPER POINT RD SW
BLACK LAKE BLVD SW
FERN ST SW
0
0.25
0.5 Miles
0
1,000
2,000 Feet
Capital Mall Station
Bus Stop
Trails
Schools
Parks
Tree clusters
Streams
Waterbodies
Wetlands
Study area
• Affordable, green building

Community Meeting 4

October 2023; Location: Capital Mall

Community Meeting 4, like Community Meeting 3, was focused on collaboratively crafting the preferred alternative.

Key Takeaways

- Interest in base maximum heights not going over 8 stories for most of the area.
- Interest in high rise buildings close to the mall and center of the subarea.
- More affordable housing and mixed in with market rate.
- Increase connectivity and safe multimodal opportunities.

Additional Insights from Community Members

September 2022; Location: Online

City staff continuously made themselves available by email to answer questions and take note of opportunities and concerns expressed by community members.

One West Olympia resident, who lives near the subarea, shared their experience struggling to navigate the Capital Mall Subarea in a powered wheelchair. The local resident's writing and videos helped the project team consider the pedestrian experience for those in wheelchairs and how that may influence action items in the subarea plan. See links below for more information:

- https://maggieslighte.com/2022/08/15/my-favorite-store/
- https://www.tiktok.com/t/ZTRaG2c8h/
- https://www.tiktok.com/t/ZTRaGfKfT/