

LAND USE—BUSINESS AND ECONOMIC IMPACTS

AFFECTED ENVIRONMENT

INTRODUCTION

A key issue identified during the South Downtown EIS scoping process involved the potential vulnerability of small businesses operating within the culturally-distinct neighborhoods of Chinatown/I.D. and Little Saigon. Businesses throughout the Livable South Downtown study area (including in Pioneer Square and the Stadium Area) are important to the future vitality of South Downtown, and should be nurtured through private and public-sector efforts. However, small businesses in Chinatown/I.D. represent a unique economic and cultural resource that is potentially more susceptible to impacts related to Livable South Downtown zoning proposals and future development. Chinatown/I.D. business districts also face a number of challenges, such as language barriers, that are not present in other business areas of the city, as described below.

Project staff contracted with Strategic Economics and Trang D. Tu Consulting to examine potential business impacts associated with future zoning changes and impacts associated with development of the proposed Dearborn Street project (e.g., the proposed development on the Goodwill property). A copy of the consultant report can be found in Appendix C.

The consultants' business/economic study included three distinct business areas: the traditional Chinatown/I.D. core neighborhood area, Japantown businesses, and Little Saigon businesses located east of Interstate 5. Data were collected from public records, inventories and interviews in native languages. The study included the following evaluations:

- inventory of existing businesses
- impacts associated with alternative zoning proposals
- impacts relating to the prospective retail/mixed-use center on Dearborn Street
- case studies to learn from the experiences of comparable business districts in other cities, and
- identification of tools for strengthen the business districts

This section summarizes study findings and discusses mitigation strategies described by the consultants.

SUMMARIZED EVALUATION OF EXISTING CONDITIONS

Chinatown/International District, West of Interstate 5

The Chinatown/I.D. business district west of Interstate 5 is a diverse mix of over 300 business and 40 non-profit organizations in a ten-block area. The area features concentrations of Chinese and other Asian restaurants, alternative medicine shops, and key anchors such as Uwajimaya that create specialty niches with a regional draw.

- Approximately 79 restaurants, bakeries and cafés compose about 21% of the surveyed businesses.
- Approximately 15 or more Chinese medicine practitioners, acupuncturists, herbalist and herbal supplies stores comprise a second significant business cluster.

Decline of consumer-oriented businesses. Over the past ten years, inflation-adjusted revenues of consumer-oriented shopping district businesses have declined from \$66 million to \$41 million in 2006 dollars. Restaurant sales shrank by nearly a third of total revenues, while miscellaneous retail outlets lost

over \$6 million in revenues.¹ The average tenure of existing restaurants and retailers is 12 years and 11 years respectively, which are lengthy life spans in these business sectors. While this testifies to the owners' tenacity, it also indicates that new Asian-American owned restaurants and retailers are not choosing to locate in Chinatown. While the 79 existing restaurants and 58 retailers are a regional attraction and major asset to the district, the ten-year declining revenue trend and the growth of other outlying Asian-American business districts poses a risk to the ongoing health of Chinatown's traditional businesses.

Growth in service sector businesses. Total inflation-adjusted business revenues in Chinatown grew from \$202 million in 1997 to \$358 million in 2006, with an average 8% annual growth rate. Service sector business revenues almost tripled between 1997 and 2006, growing from \$88 million to \$242 million. This growth was driven by business, legal and professional services' revenues, mainly reflecting office users near Union Station. The growing daytime office worker population provides the district's restaurants with lunch-time customers and could provide daily- or weekly-needs retailers with new local patrons, but also complicates the district's identity as a regional specialty shopping district. The health services sector also grew modestly but steadily. Eleven percent of surveyed commercial spaces were vacant.

Relatively low lease rates. Commercial lease rates vary widely, reflecting the diversity of age and condition of spaces in the Chinatown vicinity west of Interstate 5. Approximately one-quarter of surveyed businesses pay less than \$1.00 per square foot per month, while one-third pay \$1.00 - \$1.50, one-quarter pay \$1.50 - \$2.00 and the remainder over \$2.00. On average, retailers and consumer service providers currently pay lesser rent levels than it would take to occupy space in new storefronts created by new mixed-use development. Existing restaurants on average pay the minimum amenity rent (\$1.50/SF/month). However, additional losses in restaurant revenues, if they occur over time, could undermine this.

Diverse customer base. Chinatown/I.D. businesses have diverse market orientations. Approximately two-thirds have a citywide, regional or extra-regional customer base. This includes restaurants that serve Downtown workers at lunch-time. The remaining one-third of businesses serve residents of the district and adjacent neighborhoods. The customer base also shifts from being more local-serving during the week to more regional-serving on the weekend. The majority of businesses serve customers of all ethnicities, with approximately 20% serving a pan-Asian customer base and another 20% serving specifically Chinese, Chinese-American, or Japanese-American clientele.

Examples of existing successful businesses. Businesses such as Uwajimaya and the Panama Hotel and Teahouse that have both specialty and mass appeal are well positioned to handle business trends over time, while maintaining neighborhood identity and regional appeal. Niche businesses that offer special goods or services unavailable elsewhere, such as the alternative health service practitioners and suppliers, and that excel at cultivating and serving their customer base should also continue to do well.

Little Saigon (East of Interstate 5)

Little Saigon is a specialty ethnic shopping district with approximately 175 businesses and 25 non-profit organizations, many clustered near S. Jackson Street and 12th Avenue S. The mainstays of the vicinity are its retail, restaurant, personal services and small office uses. Other businesses include industrial and wholesale businesses on S. King Street and S. Weller Street.

Business revenues increase. Total inflation-adjusted business revenues in Little Saigon increased from \$76.5 million in 1997 to \$96 million in 2006. The Little Saigon vicinity has a growing retail sector, with revenues growing modestly but steadily from \$22 million in 1997 to \$33 million in 2006. Retail growth was led by the expansion of groceries and specialty groceries in the area.

¹ Uwajimaya's revenues were likely not included in these sales data. While this negatively skews the retail trend, it also clarifies the trends in other area retailers' business.

By 2006 there were approximately 12 food stores in Little Saigon. The restaurant sub-sector, comprised of 35 restaurants, 24 of which are Vietnamese, has also grown steadily, doubling in revenues over the past ten years. Other sizable retail and personal service clusters, including jewelry (12 outlets) and hair and nail salons (19 outlets), grew steadily in total revenues from 1997 to the early 2000s, but then began to decline due to larger economic shifts, competition from other outlying districts, and possibly Little Saigon businesses undercutting each other due to increased competition.

Typical lease rates. Retail lease rates are at approximately \$1.50 to \$2.00 per square foot per month. This range of lease rates is both higher and more tightly defined than Chinatown, relating to greater similarity among spaces in type and age, largely within one and two-story strip commercial buildings. The business inventory identified that 19% of commercial spaces were vacant, but these were found mostly in the mixed industrial and residential blocks off of S. Jackson Street and do not necessarily reflect demand for retail and office space in the heart of the Little Saigon vicinity.

Diverse customer base. The customer base varies both ethnically and geographically by the type of business, a business' degree of mainstream exposure, and the proprietor's intentions regarding target market. Restaurants are split between those that have targeted a mass market audience versus older establishments that have continued to serve a largely Vietnamese-American clientele. Some business owners have observed that their customer base has become increasingly varied over time and that the regional Vietnamese-American clientele is now focused on weekends, similar to Chinatown's regional weekend draw.

Business decisions. Most businesses interviewed chose their Little Saigon location due to the low rents, proximity to other Vietnamese-American enterprises and a desire to serve a Vietnamese-American clientele. The majority of owners wish to expand their businesses and remain in Little Saigon, and several would prefer to own and develop property. Capacity for expansion varies depending on family and financial resources, level of business experience, strategic planning skills and training, and attitude toward risk.

In interviews with business proprietors, a majority of proprietors expressed concerns about several current issues they perceive as adversely affecting their customer base, including:

- Narrow profit margins, leading to an inability to raise prices due to neighborhood competition;
- Parking limitations and traffic volumes (regarding peak hours, stadium game days, lunchtime, ineffective management of private lots, public construction periods);
- Public safety and security (panhandling, employees' safety at night, break-ins, drug dealing);
- A need for physical improvements in the neighborhood (street and sidewalk repairs and improvements, sanitation, pedestrian amenities, more street lighting).

ENVIRONMENTAL IMPACTS

The consultants' study in Appendix C to this Draft EIS provides an assessment of business and economic-related impacts resulting from the Dearborn Street Project and from potential Livable South Downtown rezones. The study also addresses related mitigation strategies. The overall approach is meant to more broadly address community development concerns and needs, rather than being strictly confined to an EIS impact analysis methodology. This yields results that should be helpful to all parties seeking long-term enhancement of the business districts in the Little Saigon and Chinatown/I.D. neighborhoods.

The consultants divided potential impacts into three categories:

- High Probability Impacts
- ~~Low Probability~~ “~~Speculative~~” Less Probable Impacts
- Issues of Note raised by DPD staff and/or community stakeholders.

The terminology suggests differing levels of certainty about impact conclusions and their relative level of significance. While an emphasis is placed on identifying adverse impacts in this discussion, the consultants also identified potentially positive impacts. Positive outcomes would be influenced by future decisions by businesses and public entities.

High Probability Impacts

Four high probability impacts are expected to affect local business. While the consultants determined that these future scenarios are probable, they may not immediately affect business operations. The consultant study organizes the potential business impacts into four categories:

- *Direct* – immediately intervening in the normal conduct of business;
- *Indirect* – impelling some further change that affects businesses;
- *Exacerbating* – contributing to a change that is already taking place.

Further, the consultant study acknowledges differing levels of magnitude for the potential changes. The consultants describe the impacts by levels of severity – “*low*”, “*medium*” or “*high*” – to indicate intensity of impact on affected businesses.

- 1) “High Probability” impacts on light industrial businesses in Little Saigon from the Dearborn Street project and proposed rezones: Inconvenience to and eventual displacement of production, distribution and repair businesses along north side of S. Weller Street and on S. King Street between 12th Avenue S. and Rainier Avenue S.

Rezones to either NC3 85’ or DMR 125’, and the 550 dwelling units associated with the Dearborn Street project, would open the area to residential development and result in the likely displacement of existing light industrial businesses. This represents the most direct and severe impact likely to result from the Livable South Downtown and Dearborn Street proposals.

Proposed zoning would likely result in higher land values and encourage redevelopment of existing industrial parcels to residential or mixed use. Development of the proposed Dearborn Street project would hasten this change on S. Weller Street by introducing housing units and small-scale retailers that would begin to change the overall character of the street from industrial to a residential and retail shopping neighborhood. The new pedestrian and vehicular activity generated by the Dearborn Street project would likely impede truck traffic in and out of the industrial businesses, which is a critical aspect of distribution, and residents living in units facing S. Weller Street would likely express a desire to minimize or remove adverse industrial business externalities such as noise and diesel fumes.

Over time, the repair businesses on S. King Street would likely relocate out of the area, although this transition would be more gradual, given that the area is already mixed and these businesses are already accustomed to coexisting with residential and retail uses. The change in the land value and its development potential, however, is likely to result in the movement of these businesses over time.

The severity of the impact to existing businesses is designated as “high” due to the high cost of business relocation. For tenant businesses, relocation would depend on the availability of appropriate industrial space elsewhere and, for distribution businesses, the proximity to customers. For example, two of the

active businesses on S. Weller Street appear to be Asian food suppliers that may supply local restaurants and benefit from this property’s proximity in the neighborhood.

EIS Alternatives Comparison: Alternatives 1, 2, ~~and 3,~~ and the Preferred Alternative represent a similar type and severity of impacts. Under the No Action Alternative, if the Dearborn Street project site was rezoned to a non-industrial zone, the impacts also would be similar. Under the existing IC zone, trends away from the existing business patterns could still occur over time.

**Table 3-1
Overview Summary of Impact #1**

<p>Direct Impact</p> <p>Pedestrian and vehicular traffic interference with conduct of production and distribution businesses; new residents would object to industrial business activity; major change in land value would encourage land sale for mixed use/residential development</p>	<p>Number of businesses: 7 to 8 Severity: High</p> <p>Displacement of industrial uses over time. Relocation would be expensive and inconvenient. For businesses that own property, the financial benefits of a significant increase in land value would mitigate the disturbance of moving; for tenants, the level of negative impact depends on availability of industrial land or space elsewhere.</p>	<p>Timeframe: 6 to 12 years</p> <p>Residential occupation of the Dearborn project is likely to take at least 2 to 3 years; development of other nearby rezoned properties is likely to wait for signs that the Dearborn Project is financially successful.</p>
---	--	---

- 2) **“High Probability” impacts on businesses in Little Saigon from potential rezones:** Increased height limit from 65 feet to 85 feet or 125 feet would modestly increase the potential value of land. This could speed new development, resulting in displacement of existing businesses.

Due to existing zoned development capacity, businesses in other portions of Little Saigon (those not addressed by Impact #1 discussed above) already face potential displacement from future mixed-use development. The prospective increase in zoned development capacity would play only a modest role in spurring new development in the area. This is based on a comparison of the considerable amount of unused existing development potential under current zoning and the limited degree to which proposed zoning alternatives would improve development feasibility.

The emergent residential market in Chinatown, prospective Yesler Terrace redevelopment, streetcar expansion, and the proposed residential uses in the Dearborn Street project would begin to change a perception of Little Saigon as unable to support housing. As adjacent mixed-use and residential projects proceed and generate market momentum, Little Saigon’s development potential and proximity to Downtown should increase its attractiveness to real estate equity investors and, over time, the area should see increased development interest. It is the confluence of these factors above and beyond the alternative zoning changes that would likely create a transformation of the area over time.

The current lease rates in Little Saigon are at a sufficient rent level to support the development cost of new ground-floor retail space in mixed-use buildings, particularly if the retail is regarded as an amenity to residential units in upper stories. New development may or may not seek to retain existing small businesses in new space. Regardless, displaced businesses would have to relocate during demolition and construction, a considerable business interruption that often leads small businesses to permanently relocate elsewhere. Because the majority of shopping district businesses do not own their properties, many businesses would likely relocate as the area redevelops unless retention strategies are pursued. While this overall redevelopment dynamic may have significant consequences for existing businesses, proposed rezones are likely to play only a small role in spurring this transition. Because the existing

zoned development capacity and general market momentum are more important factors, the severity of the impact of the proposed alternative height changes is identified as “low.”

EIS Alternatives Comparison: The role of the proposed zoning changes in attracting development is likely to be modest, “contributing” to development momentum rather than “spurring” it. Under Alternative 1 and 3 height increases to 85 feet, there could be increases in development feasibility of about 1% to 7% in returns on cost, resulting in returns of 15% and 38% for apartments and condominium projects, respectively. Under Alternatives 2 and the Preferred Alternative, a concrete-and-steel development to 125 feet would result in a lesser return on cost (29-30%) than what is possible with current zoning. The additional height provided in Alternative 2 and the Preferred Alternative therefore might not act as a sufficient incentive for the additional investment that would be required for taller development. The zoning changes for Alternatives 1, 2, and 3 and the Preferred Alternative thus would, at most, modestly increase the profitability of potential development. Given that market momentum is the more critical factor for spurring development, this is designated as an “exacerbating” impact.

**Table 3-2
Overview Summary of Impact #2**

<p>Exacerbating Impact</p> <p>Existing businesses in Little Saigon would likely be displaced by multi-story mixed-use development over time. Residential and office uses are currently allowed in existing C1 and NC3 zones. All areas of Little Saigon proposed for rezone already have significant additional development potential under current zoning and will develop in the future based more on market momentum than allowance of modest additional development envelope.</p>	<p>Number of businesses impacted: 65 to 130, depending on alternative</p> <p>Severity: Low</p> <p>The role of the proposed rezone, in and of itself, in spurring new development would be modest.</p>	<p>Time frame: 6 to 12 years; 13+ years</p>
--	---	--

3) “High Probability” impact of ethnic niche retailers and restaurants in Little Saigon exposed to mass market customer base.

The Dearborn Street project would bring an expanded volume and diversity of central city mass market customers into the area. The proposed project includes an approximately 650,000 square foot daily/weekly needs shopping center, which would bring a new mass-market central city shopper demographic into the vicinity. Little Saigon businesses that currently cater to a largely Vietnamese-American and Asian-American sub-market would be exposed to both vehicular and pedestrian traffic generated by the project, and would have an increased potential for a mass market customer base. This offers businesses an opportunity for expansion but could also dilute the district’s existing niche orientation and displace specialty businesses that do not adapt.

As an indirect effect, the Dearborn Street project would bring many new shoppers into the Little Saigon vicinity, with potential “spillover” effects, positive or adverse, influenced by the following factors.

A. *Consumer behavior of existing customers.* Little Saigon currently has limited parking capacity particularly during weekends that probably affects total customer volumes. Perceived or actual increases in traffic congestion and parking constraints could further affect customer choices, including regional shoppers. Given competition from outlying business districts, these sensitivities to parking availability mean Little Saigon is vulnerable to customer loss with added parking pressures.

B. Consumer behavior of potential new customers. If potential new customers travel from the Dearborn Street project to Little Saigon, this could create a positive impact on area businesses. However, this would depend on whether customer preferences and needs are aligned with Little Saigon offerings, as well as walkable, pleasant streetscapes and pedestrian connections. The garage availability and the range of likely consumer purchases at the Dearborn Street shopping center reduce the likelihood of parking on-street in Little Saigon.² More likely, Dearborn center shoppers would need to walk to Little Saigon while leaving cars parked at the Dearborn shopping center, or park a second time in Little Saigon. Both of these patterns are considered to be a challenge by the retail industry.

C. Capacity and interest of individual businesses. Whether Little Saigon businesses would benefit from increased mass market customers depends on both the capacity and interest of individual businesses. The consultants’ business survey of Little Saigon businesses provides some insight. Three of 14 interviewees currently serve a highly diverse customer base, and the majority (10) expressed a strong desire to expand. However, based on the interviews, nearly all businesses lacked sufficient “capacity” (defined by a business possessing the financial resources, human resources, and technical abilities) to align their business model to serve a mass market clientele. Additionally, for some businesses, it may not be possible to both serve existing ethnic markets and a broader audience. See Appendix C for further discussion of this topic.

Based on the foregoing analysis, the impact is considered to be “indirect” and the overall impact of increased mass market customers on Little Saigon businesses is likely to be “low to moderate.” If a reduction in the availability of the limited parking capacity in Little Saigon occurred, it would be a probable significant driver of decline in patronage by existing customers. However, it is unlikely that Dearborn Street project shoppers would park in Little Saigon, so the potential overall impact on current customer traffic is identified as a “low negative effect.” At the same time, the overall new customers generated by the Dearborn Street project are likely to provide “low to moderate positive effects” on Little Saigon businesses—limited by current barriers to pedestrian travel between the project and the core of the Little Saigon business district, and a mis-alignment between current Little Saigon businesses’ offerings and probable preferences of the new shopping center’s customers. Finally, Little Saigon businesses currently have low capacity overall to effectively cater to a broader market.

EIS Alternatives Comparison: This impact would occur at similar levels for Alternatives 1, 2, ~~and 3,~~ and the Preferred Alternative. For the No Action Alternative, a shopping center is not assumed to be built. Therefore, the variety of impacts identified in this discussion would not likely occur.

**Table 3-3
Overview Summary of Impact #3**

<p>Indirect Impact</p> <p>The Dearborn Street project would create a greater mass market opportunity for local businesses. Businesses may change to cater to an expanded local market or remain focused on a regional niche. The impact could be positive or negative depending on the individual business.</p>	<p>Number of Businesses: Uncertain Severity: Low to moderate severity with a potential for adverse or positive impact</p> <p>The number of businesses affected and severity of impact would depend on behavior of existing and potential customers, and capacity and interest of individual businesses. Businesses would have to actively pursue and target mass market in order to yield positive impacts.</p>	<p>Time frame: 1 to 5 years</p>
--	--	--

² The retail component of the Dearborn Street project is a daily/weekly needs shopping center anchored by a mass merchandiser, hardware chain, and supermarket. Shopping trips to the center would most typically involve purchase of items transported in a shopping cart, or even dolly, and customers would shop elsewhere rather than park multiple blocks away and carry multiple heavy or awkward items back up-hill to their vehicles on a regular basis.

- 4) “High Probability” impact of increased property values in Japantown area as a result of potential rezones: An increase in the potential value for new residential development with additional allowable height in Japantown (S. Jackson St. to Yesler Way, and near 4th Ave. S. and 5th Ave. S.).

Existing businesses in older buildings not within the National Register Historic District, in the three-block area between S. Jackson Street and Yesler Way, and between 4th and 5th Avenues S. would likely be displaced by redevelopment, spurred by the proposed increase in allowable heights from 120 feet to 180 or 240 feet (varies by alternative, with the highest under Alternative 1 and the Preferred Alternative). These include a few small-scale lounges, food stores, and restaurants. Alternative zoning changes would improve development feasibility sufficiently to spur new development.

Increased height limits would improve returns on cost for a prototypical condominium development, from 30% up to 35% or 43% for 180-foot and 240-foot development, respectively. Given existing market momentum in the vicinity, additional development could occur. The single-story concrete buildings at 4th Avenue S. and S. Main Street are likely to redevelop under proposed zoning alternatives. These businesses would likely be permanently displaced given the inconvenience of relocation. The degree of impact on the businesses depends on the availability of other viable space nearby.

EIS Alternatives Comparison: Alternative 1 and the Preferred Alternative include increases to a maximum of 240 feet in height; Alternatives 2 and 3 include increases to a maximum of 180 feet in height. Impacts would be similar, with a higher height limit potentially providing a greater incentive for redevelopment.

**Table 3-4
Overview Summary of Impact #4**

<p>Direct Impact</p> <p>A height change to 240 feet increases development's return on cost by approximately 13%; a change to 180 feet increases return by 5.4%. This would be enough of an increase to spur new development given current favorable market conditions.</p>	<p>Number of Businesses: 4 to 8 Severity: Medium</p> <p>Businesses in existing buildings that are redeveloped would likely be displaced permanently. Impact on business depends on availability of space elsewhere in Chinatown.</p>	<p>Timeframe: 6 to 12 years</p> <p>Current issues with condominium liability may delay residential development activity.</p>
---	--	--

Low Probability “Speculative” Less Probable Impacts

Additional potential impacts cannot be predicted with certainty, or the outcome is difficult to predict. These are identified, with a greater level of uncertainty, as “speculative” impacts with a lower probability of occurring than other identified impacts.

- 1) Greater amount of non-ethnic retail Chinatown/I.D./Little Saigon as a result of rezones and general market expansion: Proposed land use changes and an increase in allowed height attract new development, leading to new residents and workers that create demand for non-ethnic local-serving retailers. Non-ethnic retailers either dilute or revitalize existing businesses.

Depending on the subarea, the alternative zoning changes would have either a modest or a more significant role in attracting residential development to the study area. Over time, new residential projects in both parts of the Chinatown/I.D. neighborhood are likely to result in sufficient local population to

support non-specialty neighborhood-serving retailers. Demand for space from neighborhood-serving retailers could result in either increased lease rates or development of new retail space. The presence of new neighborhood-serving retailers could invigorate the districts, expanding the customer base and creating additional opportunity for existing retailers, or it could dilute their uniqueness and ability to draw customers shopping for specialty goods from across the region. The speculative potential for this impact is somewhat different for Chinatown/Japantown and Little Saigon due to the differences in business conditions.

Chinatown/Japantown: Ten-year downward revenue trends in food stores, restaurants and miscellaneous retail (except for Uwajimaya) pre-date recent residential development. This suggests that existing ethnic niche stores may be struggling. The most important likely cause is other Asian specialty districts outside of central Seattle that have newer space, cheaper rent and easier access. Given the changing role of the Chinatown/I.D. shopping district in the region, an increased neighborhood resident population and associated customer base may be an opportunity that would help existing businesses. Serving local resident needs would probably require adjustments in Chinatown/Japantown businesses' strategies.

Little Saigon: In contrast to Chinatown/Japantown, Little Saigon's retail sector has expanded since 1997, in particular, food stores and restaurants. While the area also faces competition from outlying Asian business districts, the district as a whole seems to be succeeding as a regional destination. A local, diverse customer base, and its potential for supporting non-specialty stores, may therefore have more potential for negative business effects in Little Saigon than in Chinatown/Japantown.

- 2) More regional retailers on Rainier Avenue S. as a result of the Dearborn Street Project: Success of the proposed Dearborn Street project could attract additional major retailers to undeveloped properties on Rainier Avenue S. Additional mass market retailers adjacent to Little Saigon could increase retail rent and/or the rate of property development in the area.

Currently industrially zoned parcels between the Dearborn Street Project and Little Saigon could potentially attract medium- or large-format mass-market retail uses. If this occurred, it could place additional rent and development pressure on properties near Rainier Avenue S. and S. Jackson Street in the immediate vicinity. Access and visibility factors for major retailers may mean that such retailers would be attracted to sites on Rainier Avenue S., given its daily traffic and accessibility to I-90, or on S. Dearborn Street, given its accessibility to I-5 (although viable sites on this street may be limited). Slopes on Rainier Avenue S. properties might detract from their development prospects, however.

- 3) Modest increase in property values in the S. Jackson Street business area as a result of rezones: Proposed rezoning could increase property values modestly, making it slightly more difficult for existing business owners to purchase properties as desired.

Proposed changes in height limits, to 85 feet along S. Jackson Street and/or to 125 feet south of S. Jackson Street (in Alternative 2 and the Preferred Alternative), and along the S. Jackson Street corridor under the Preferred Alternative, would have a modestly positive effect on the feasibility of development in that area. This slight increase in profitability may also translate into higher property owner expectations regarding land value. Currently, interviews suggest the asking price for properties may be too high for most business owners to purchase.

Issues of Note

Input from community stakeholders and DPD staff suggested review of two "issues of note." The consultants evaluated these potential impacts and determined that, in and of themselves, they are not likely to adversely affect existing businesses.

1) Impact of up-zones in the Chinatown core vicinity

The area south of S. Weller Street in the core of Chinatown west of I-5 is currently zoned IDM 75'/85', with alternative proposals for increases in height up to 125 feet, or up to 150 feet under the Preferred Alternative. A number of properties are underutilized in this vicinity under current zoning, and some mixed use developments to approximately 85 feet in height have occurred in the recent past.

According to the financial analysis performed by Property Counselors and BHC Consultants, a project developed under existing zoning would provide a higher percent return on costs than would a building built to 125 feet. This is due to more expensive building materials and construction methods, and projected sales prices. While a 125-foot development project would be financially feasible, according to the projections provided in this analysis, the return on costs would not likely justify the increased investment required to build the taller building. This would mean the zoning alternatives to 125 feet would be relatively unlikely to result in a future development condition that is maximized to 125 feet. Accordingly, there is only a low potential for significant secondary adverse impacts on existing local businesses per the consultants' analysis. With a 150-foot height limit under the Preferred Alternative, future development would likely become feasible more quickly than under a 125-foot scenario. This might hasten the pace of future infill development outside the Chinatown National Register historic core, such as in the area south of S. Weller Street, although the extent of quickened development is not predictable and would depend upon broader citywide and Downtown economic trends. In the worst case, there would be only a slight potential for a secondary and indirect effect of that development on nearby rent levels in storefronts in the Chinatown historic core. Many other factors would play a more important role in determining whether rent increases in the Chinatown historic core could occur, such as ownership capacity, general market trends, willingness-to-pay and interest of tenants, and ability to make needed investments in storefront space. Due to a scarcity of evidence, no finding of an adverse impact is made.

2) Impact of the Dearborn Street project on Chinatown businesses west of I-5, in light of Chinatown business revenue trends

Potential impacts of the Dearborn Street project on Chinatown businesses were cited as a concern by stakeholders, given a ten-year downward retail revenue trend. However, the product offerings and the market orientation of existing Chinatown businesses are markedly different than those of the Dearborn Street project. The Chinatown shopping district is dominated by Asian restaurants, with significant clusters in grocery, specialty gifts and alternative medicine. Additionally, two-thirds of all business owners surveyed described their market orientation as citywide, regional or supra-regional. In contrast, the retail component of the Dearborn Street project is intended to be a central city-serving mass market daily and weekly needs shopping center anchored by a general merchandiser, hardware and building material supplier, and major mid-market supermarket. This means there is little competitive overlap between the Chinatown district and the proposed shopping center. It is therefore unlikely that the center would negatively affect existing retailers' business in Chinatown.

3) Competitive overlap between Little Saigon and the Dearborn Street Project

The consultant team assessed the likely overlaps and distinctions between the types of goods and services in the proposed Dearborn Street project and existing businesses in Little Saigon. Overall, the range of retailers at the proposed Dearborn Street project would be complementary to Little Saigon, with few that would directly compete with offerings in the Little Saigon business district. The Dearborn Street project's shopping center would draw upon a broader market than Little Saigon due to its retail mix of large anchor stores with national reputations and diverse mix of goods and services. In a few product

areas there would be some overlap: jewelry, general merchandise, grocery, electronics and clothing. However, the product lines and brands offered would be quite different. Store format and customer service provided by Little Saigon businesses target an Asian American and Pacific Islander clientele, particularly Vietnamese-Americans. The majority of businesses at the Dearborn Street project would serve a different target market. See Appendix C for additional details of the competitive overlap.

MITIGATION STRATEGIES

The analysis describes a variety of adverse impacts with differing levels of significance, as well as some potentially positive implications of growth and change over time. Some of the potential adverse impacts are more likely to be attributable to broad changes in development trends over time, with only indirect or speculative tenuous relationships to the alternative zoning proposals. This programmatic EIS notes the relative lack of firmly-concluded significant adverse impacts that would require implementation of mitigation strategies. At the same time, the relative sensitivity to change of the business communities in this neighborhood is noted, as well as their value in establishing a foundation for community life.

The consultants identified mitigation strategies that can be pursued by both public and private entities. The following discussion summarizes a mix of such strategies tailored to the needs and opportunities within the Chinatown/I.D. and Little Saigon vicinities. Strategies are organized according to their effect on the entire neighborhood, areas west of Interstate 5, and areas east of Interstate 5. A more complete discussion of the strategies can be found in the consultant report in Appendix C to this DEIS.

POSSIBLE MITIGATION STRATEGIES

Strategies for the Entire Neighborhood

1) Asian-Pacific Islander Small Business Technical Assistance Initiative

Existing ethnic businesses in Chinatown/I.D. and Little Saigon could benefit from assistance to adapt to the challenge of competition from outlying Asian-Pacific Islander business districts. Assistance could help businesses to either take advantage of prospective new customer base in the area, or sharpen existing regional niches. Business technical assistance takes many forms, such as: business planning, procuring financing, tax and labor laws advice, book-keeping skills, merchandising, and marketing and window display design.

2) Regulatory Mechanisms

Three categories of regulatory mechanisms could support community-oriented objectives:

A. Zoning and land use regulatory protections.

Development standards could contribute to business district character, walkability and pedestrian appeal in the following ways:

- Tailor the physical dimensions relating to street frontages, ground-floor retail requirements, minimum ground-floor ceiling heights, maximum size of individual retail uses, and location and size of vehicle accesses, in targeted areas such as near 12th and Jackson.
- Create or refine signage districts
- Restrictions on businesses with multiple outlets or formula business plans

B. Code enforcement

These areas are often subject to code violations related to garbage disposal, dumpster location, cleanliness of sidewalks, inappropriate uses, and sidewalk vending that is not fully City-authorized

and without uniform guidelines. These may weaken attractiveness to customers and neighborhood vitality.

- A combined approach with creative, targeted outreach for stakeholder education and buy-in to code intent, and increased code enforcement
- Address inappropriate uses on vacant and underutilized properties (e.g. storing old cars)
- Develop guidelines to provide uniformity and organization to vending activity in street rights-of-way.

C. Public safety

- Increased policing to improve public safety and security
- Unification of Little Saigon and Chinatown/I.D. areas under one police precinct

3) Community Development Financing Tools

Community development financing tools could be applied to Chinatown/I.D. and Little Saigon such as local improvement assessment districts (LIDs), impact fees, tax increment financing, community renewal designations, Preservation and Development Authorities (PDAs), and Business Improvement Areas (BIAs). See Appendix C (Phase III) for additional discussion of these tools.

4) Philanthropic Resources

Explore philanthropic resources for their potential support. These might, for example, provide seed funds for organization-building purposes.

Strategies for Chinatown/I.D.

1) Retail Tenant Strategy

New retail tenants could be recruited for future mixed-use development to help maintain the cultural integrity and independent business character of Chinatown/I.D.

2) Community Identity and Promotions

Efforts to promote the district could be honed and expanded to better target and reach broader audiences. Support could be provided to the CIDBIA to carry out a program of community branding.

3) Historic TDRs

Proceeds from TDR programs could support historic buildings within the International Special Review District (see the Housing section in this chapter for further discussion).

Strategies for Little Saigon

1) Inter-agency Initiative

The Little Saigon business district would benefit from collaboration among various agencies to conduct economic planning in Little Saigon. Further discussion on this topic can be found in the appendices to this report.

2) Targeted Outreach and Vision Building

In concert with Little Saigon Strategy 1, a targeted outreach and vision building effort is recommended for Little Saigon, seeking to build organizational capacity and support for economic planning initiatives.

3) Business Ownership Initiative

Exploration of a “commercial-condominium” form of business development could facilitate property ownership opportunities for local businesses.

4) Community Financing Tools

Business Improvement Associations (BIAs) and Public Development Authorities (PDAs) are among the financing tools that could apply to Little Saigon.

5) Business Incentives

The impact analysis notes the potential for existing businesses in Little Saigon to experience adverse impacts from various sources of future change. Adverse impacts could include temporary or permanent increases in rent, and possibly displacement by future development. Programs to support businesses in the face of potential challenges could include waiving business and occupancy taxes during critical periods of adverse impacts on businesses, and renewing the City's façade improvement program.

6) Physical Improvements

Improvements to the physical environment of Little Saigon would significantly contribute to the customer appeal of the business district, and enhance the livability and workability of the area. Among a wide-ranging set of possibilities, two specific strategies are described as:

- Follow through with Sound Transit trolley plans on S. Jackson Street, connecting to Broadway.³
- Explore urban design concepts, perhaps informed by San Francisco's "Living Streets" streetscape improvements, including significant sidewalk widening; adding pocket parks, plaza spaces, decorative paving, lighting, seating, and trees; and exploring urban design options for breaking up large block sizes.

7) Leverage Private Investment

- Several potential private and public developments in and near Little Saigon provide leveraging opportunities for community-oriented development, including the proposed Dearborn Street Project and the redevelopment of Yesler Terrace.

8) Asian-Pacific Islander-Oriented Senior Housing

The development of senior housing could provide a social, cultural, and economic foundation for the neighborhood. Within ethnic communities, elders often have the strongest affinities for proximity to ethnically-based stores, services, and community social and cultural activities. These affinities arise from attachments to cultural traditions, language barriers and mobility limitations. Community elders also provide connections to authentic culture and traditions.

SIGNIFICANT UNAVOIDABLE ADVERSE IMPACTS

Inconvenience to and eventual displacement of production, distribution and repair businesses along the north side of S. Weller Street and on S. King Street between 12th Avenue S. and Rainier Avenue S. is the most probable and severe impact to existing businesses in the Little Saigon neighborhood.

³ Sound Transit. "First Hill Transit Connector Alternatives Summary Report." Seattle: April 17, 2007.