

## AGENDA

DES MOINES CITY COUNCIL  
ECONOMIC DEVELOPMENT  
City Council Chambers  
21630 11th Avenue S, Suite C.  
Des Moines, Washington

Thursday, January 23, 2025 - 5:00 PM

**Economic Development Committee:** Chair Jeremy Nutting; Vice Chair Harry Steinmetz; Traci Buxton

### CALL TO ORDER

### AGENDA

- Item 1. APPROVAL OF OCTOBER 24, 2024 MINUTES  
[October 24, 2024 Draft Meeting Minutes](#)
- Item 2. ECONOMIC DEVELOPMENT COMMITTEE 2025 WORK PLAN
- Staff will discuss the 2025 Economic Development Committee Work Plan and items that will come to City Council for discussion.  
[Economic Development Committee 2025 Work Plan](#)
- Item 3. COMPREHENSIVE PLAN SCHEDULE DISCUSSION
- Staff will discuss schedule for bringing the Comprehensive Plan to the Council and the anticipated Public Hearing.  
[Comprehensive Plan Schedule](#)
- Item 4. DISCUSSION ON POTENTIAL DEVELOPMENT AT 26915 PACIFIC HIGHWAY S AND 26852 16TH AVE  
[Modera Woodmont Beach 1-14-25](#)

### ADJOURNMENT

**DRAFT MINUTES**

**Economic Development Committee Meeting  
Thursday, October 24, 2024  
5:00 p.m. – 5:50 p.m.  
Council Chamber**

**Council Members**

Jeremy Nutting, Chair  
Dep Mayor Harry Steinmetz, Vice Chair  
Mayor Traci Buxton

**City Staff**

Rebecca Deming – Community  
Development Director  
Mike Slevin – Public Works Director  
Matt Hutchins – Assistant Attorney  
Laura Hopp – Admin Coordinator I  
Jodi Grager – Admin Coordinator I

Guests: Councilmembers Gene Achziger, Matt Mahoney, Yoshiko Grace Matsui and  
Matt Mahoney

Meeting was called to order at 5:00 p.m.

**1. Approval of September 26, 2024 Minutes**  
Minutes approved as submitted.

**2. SB5290 Local Project Review Requirements**

Community Development Director Rebecca Deming presented a memo and the Second Substitute Senate Bill 5290 which passed legislature during the 2023 regular session. The bill creates potential financial penalties for the City related to compliance with S.B. 3290 permit review timelines. The discussion included adopting certain measures to promote more efficient review and protect the city from the financial penalties codified in S.B. 3290.

The committee discussion included:

- Use of permitting software – PermitTrax’s new stop watch feature to track the time a permit is actively under staff review rather than including time that the permit may be returned to the customer for response to reviewer’s comments, corrections and resubmittal
- Pre-application Meeting requirements
- Potential increase in permit denials due to timespan issues which may include possible resubmitting fee adjustments
- This applies to Land Use Applications only

Chair Nutting suggested a proposal be presented to the Full Council for their review.

Adjourned at 5:17 p.m.

Respectfully submitted by, Jodi Grager, Public Works Administrative Coordinator

**Draft**  
**Economic Development Committee**  
**2025 Work Plan**

**January**

Comprehensive Plan Schedule  
Economic Development Committee 2025 Work Plan

**February**

Sound Code Presentation  
FIFA Beautification (Buxton)  
Economic Development Strategic Plan & City Strategic Plan discussion  
*\*The discussion from the Committee at this meeting, in addition to the Feb 6 Study Session regarding committees, will inform potential future items for this committee. A work plan will be updated following these two discussions.*

**March**

Short Term Rental Code Amendment

**April**

Accessory Dwelling Units

**May**

Middle Housing Regulations

**June**

**July**

Development Code Updates/Clean-Up

**August**

**September**

Development Code Updates/Clean-Up

**October**

**November**

**December**

## Comprehensive Plan – Council Calendar

### History

- 6/22/2023: Economic Development Committee Briefing
- 7/13/2023: City Council Briefing
- 1/25/2024: Economic Development Committee Update (Timeline)
- 3/28/2024: Economic Development Committee Presentation (Introduction and Land Use Elements)
- 4/11/2024: Environment Committee Presentation (Conservation and Environment Element)
- 4/25/2024: Economic Development Committee Presentation (Economic Development, North Central Neighborhood, Marina District, and Pacific Ridge Elements)
- 5/9/2024: Environment Committee (Conservation and Environment Element Follow-up)
- 5/9/2024: Transportation Committee (Comp Plan Briefing and Transportation Goals)
- 6/22/2024: Economic Development Committee (Comp Plan Housing Bills Update)
- 6/27/2024: Economic Development Committee (Capital Facilities, Utilities & Public Services, and Parks, Recreation & Open Space Elements)
- 7/25/2024: Economic Development Committee (Healthy Des Moines Element)
- 9/26/2024: Economic Development Committee (Housing Element)

### Public Outreach

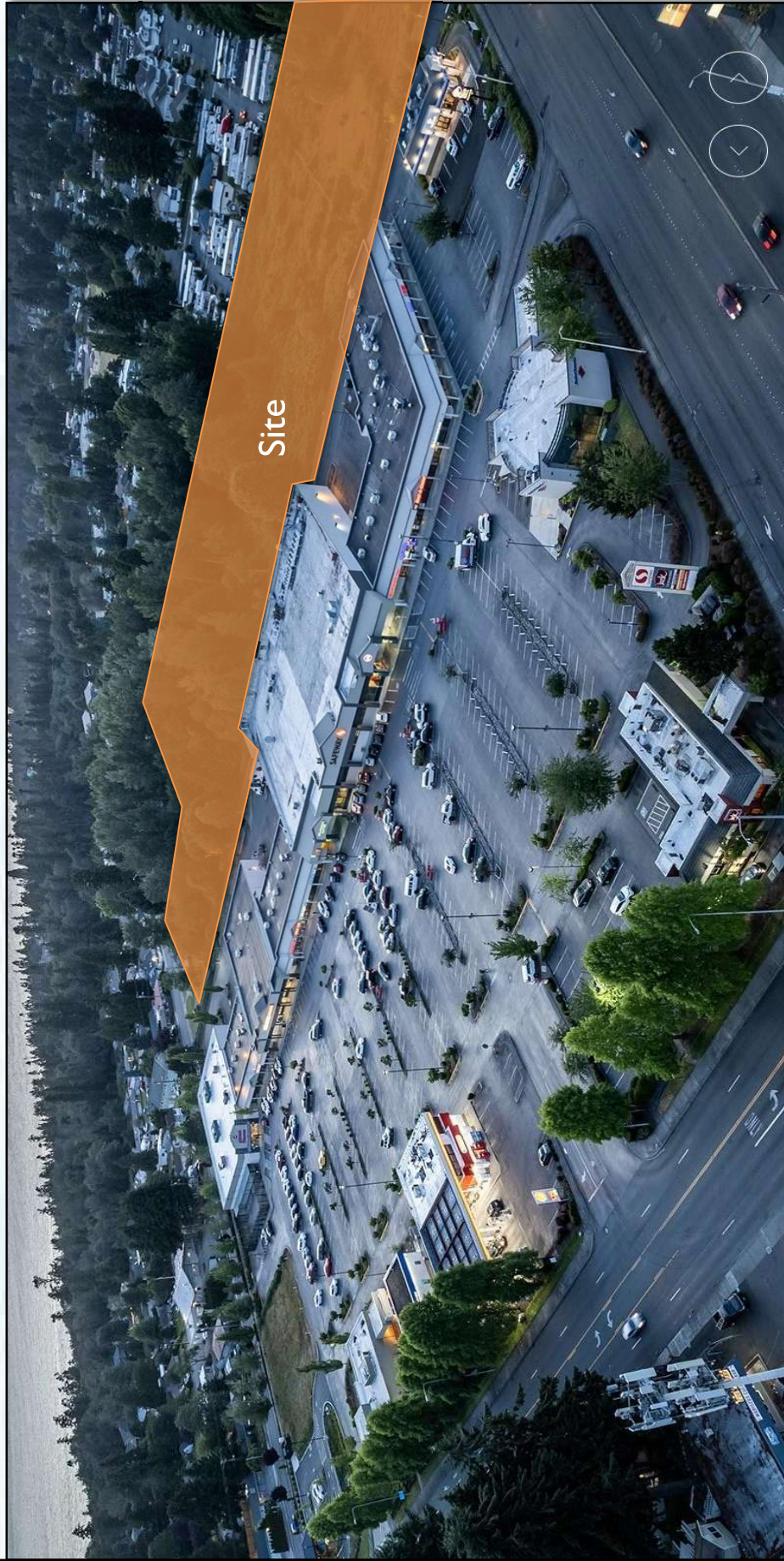
Dedicated Website: <https://imaginedesmoines2044.com/>  
Public Survey open from 7.27.23 – 12.4.23 with 482 Responses  
Booth at Farmers Market & National Night Out  
City Currents Articles

### Proposed Calendar (Council as a Whole)

- 4/3/2025: City Council Study Session (Conservation and Environment, Capital Facilities, Utilities & Public Services, and Parks, Recreation & Open Space, and Healthy Des Moines Element)
- 5/1/2025: City Council Study Session (Land Use, Housing, Economic Development, North Central Neighborhood, Marina District, and Pacific Ridge Elements)
- 7/1/2025: City Council Study Session (Transportation Element and any requested to be returned from previous Study Sessions)
- 7/24/2025: City Council Public Hearing

**MODERA WOODMONT BEACH DEVELOPMENT PROPOSAL**

**26915 PACIFIC HIGHWAY S  
DES MOINES, WA 98189**



**MILL CREEK**  
RESIDENTIAL  
millcreekplaces.com

**Meredith Holzemer**  
MANAGING DIRECTOR  
DEVELOPMENT  
425.739.7678  
[MHolzemer@MCRTrust.com](mailto:MHolzemer@MCRTrust.com)

## PROPERTY AND ZONING OVERVIEW

26915 PACIFIC HIGHWAY S  
DES MOINES, WA 98189

Site Area: 7.89 Gross Acres

Primary Zoning: Woodmont-Commercial (W-C)

- Height Limit: 70 feet for structures south of S. 268<sup>th</sup> Street
- Minimum Height: 55 feet for “residential or mixed use projects”
- FAR Limit: 4.0 for buildings 35-60 feet in height

Note [58] to Commercial Use Chart:

- Mixed Use only permitted south of S. 268<sup>th</sup> St.
- Retail trade or personal and business services at street level:
  - 60% of the GFA located at street level
  - 75 percent of the street level building frontage adjacent to public right(s)-of-way
  - Minimum depth: 55 feet
- The City Manager can approve up to a 20 percent reduction of the bulk requirements when a development proposal incorporates on-site parking at street level
- A detached residential structure is prohibited, except as:
  - When a mixed use development as a whole meets the general intent of this section, the requirements may be modified as part of a planned unit development (PUD) & development agreement, approved by City Council.



millcreekplaces.com

Six 5-story buildings, each with elevator, interior corridors and controlled access

Commercial:

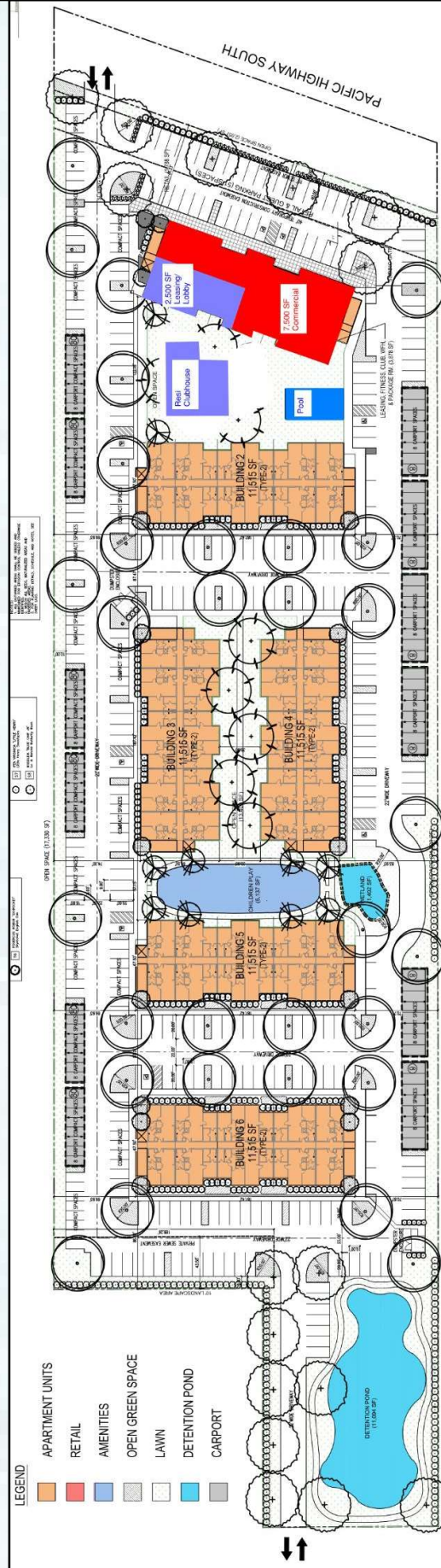
- 7,500 SF, oriented toward Pac Highway
- Adjacent street level parking
- Right in/right out only

Common Recreation/Open Space:

- Exceeds 200sf per dwelling unit

Apartments:

Home Type	# of Homes	Avg SF	% of Total Mix
1Br 1Ba	114	744	40%
2Br 2Ba	114	1,043	40%
3Br 2Ba	57	1,343	20%
<b>Totals</b>	<b>2990</b>	<b>984</b>	<b>100%</b>

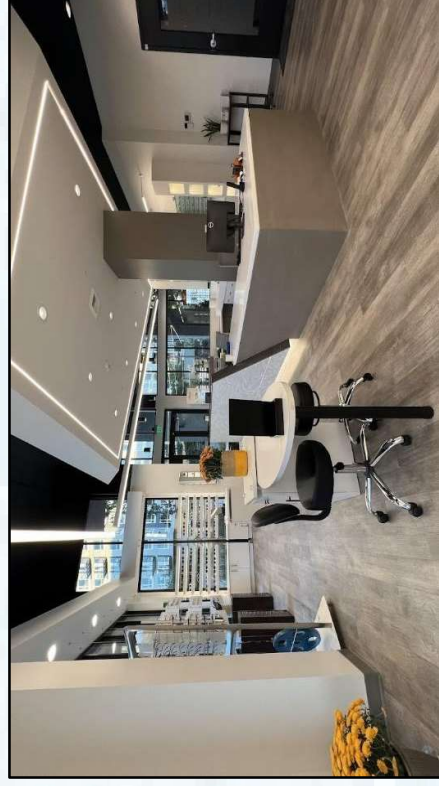
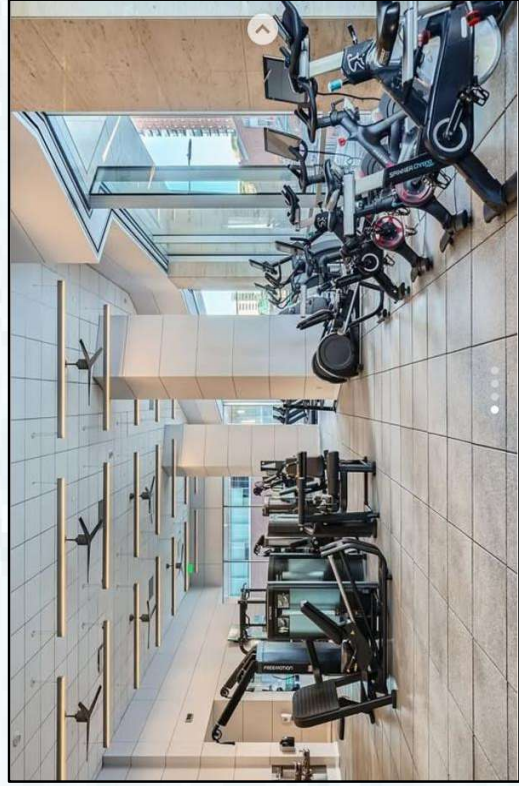
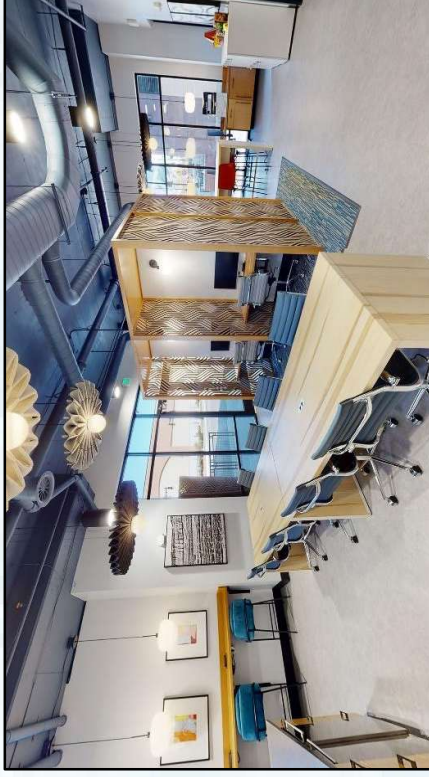


## COMMERCIAL CONCEPT

26915 PACIFIC HIGHWAY S  
DES MOINES, WA 98189

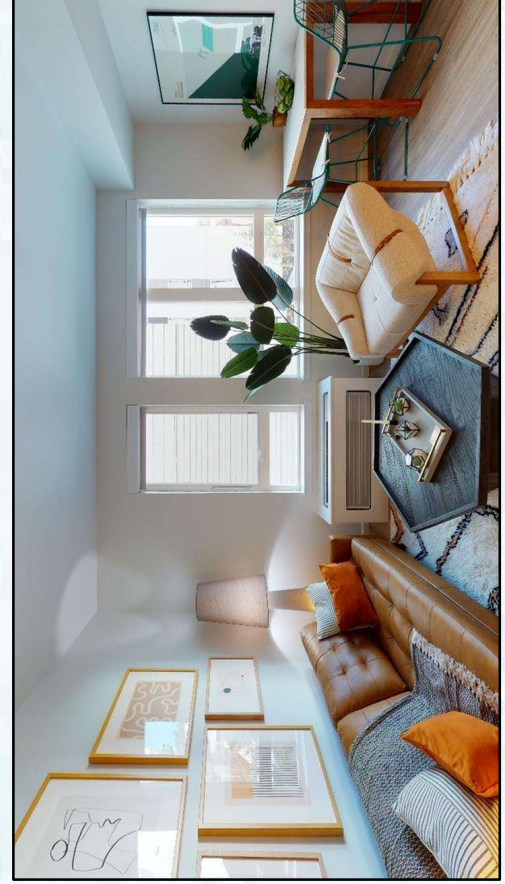
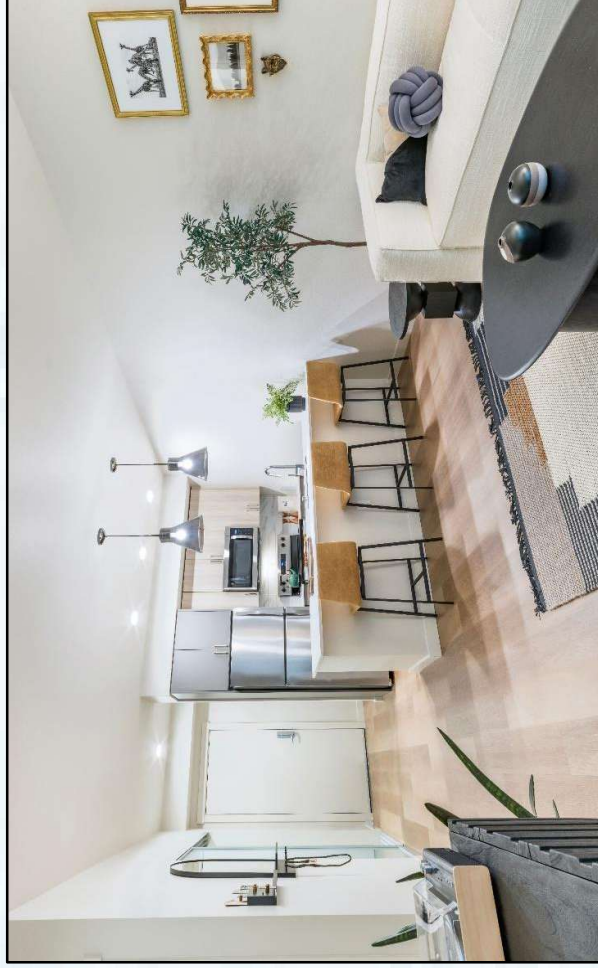
### Potential Tenants:

- Dentist/medical office
- Financial services
- Personal services: barber, nail salon, wellness
- Fitness: standard workout or yoga/Pilates, CrossFit, spin, physical therapy, personal trainer
- Retail Sales: florist, eyewear, bike sales and repair, outdoor gear
- Food service: coffee, juice bar, bakery (pending traffic count data and road capacity)
- Day care (pending traffic and queuing capacity)



Apartment Finishes:

- Wood-look flooring throughout
- Stainless steel appliances
- Quartz countertops
- Tile backsplashes
- 100% LED lighting
- Lighted bathroom mirrors
- Heat pump heating/cooling
- Roller shades

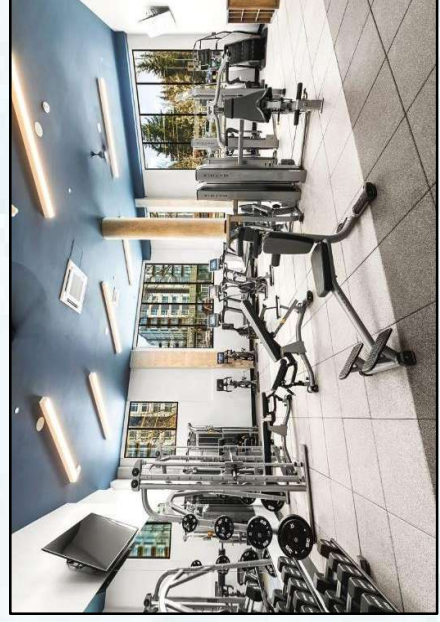
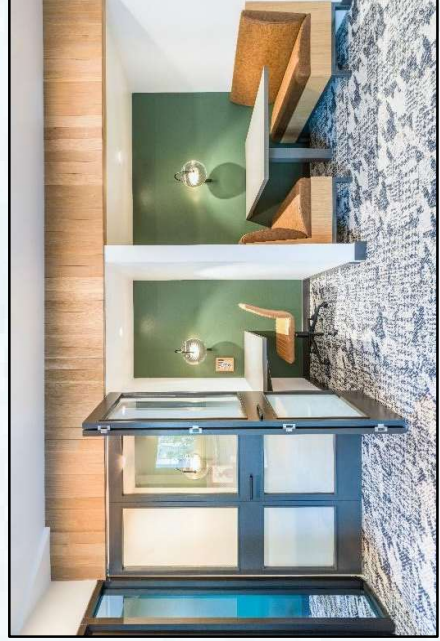
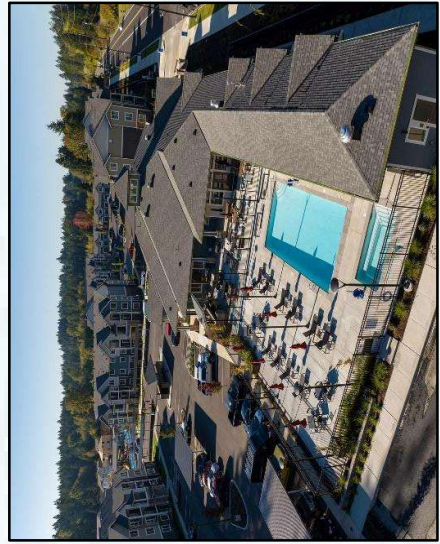


## RESIDENTIAL CONCEPT

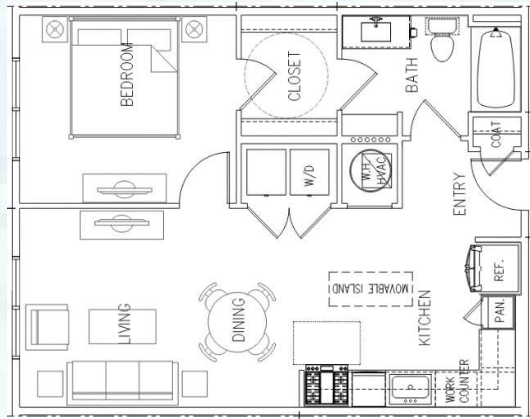
26915 PACIFIC HIGHWAY S  
DES MOINES, WA 98189

### Apartment Amenities:

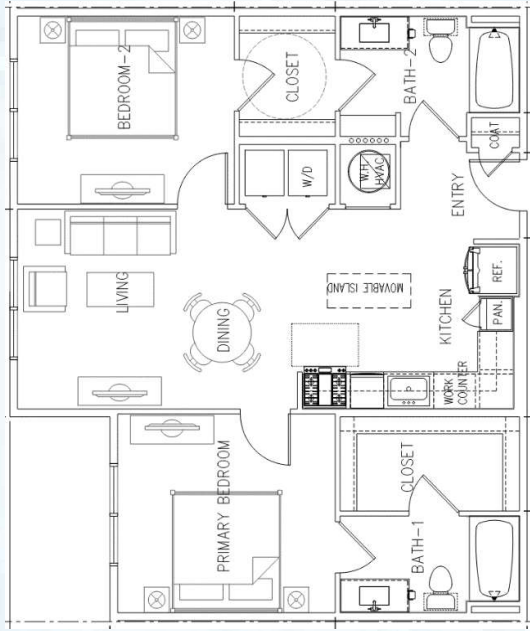
- Club room
- Fitness center
- Work-from-home/Co-working
- Outdoor pool
- BBQs, outdoor dining
- Children's play area
- Bulk wifi (discounted)
- Secured access (gates)
- Carports & EV charging



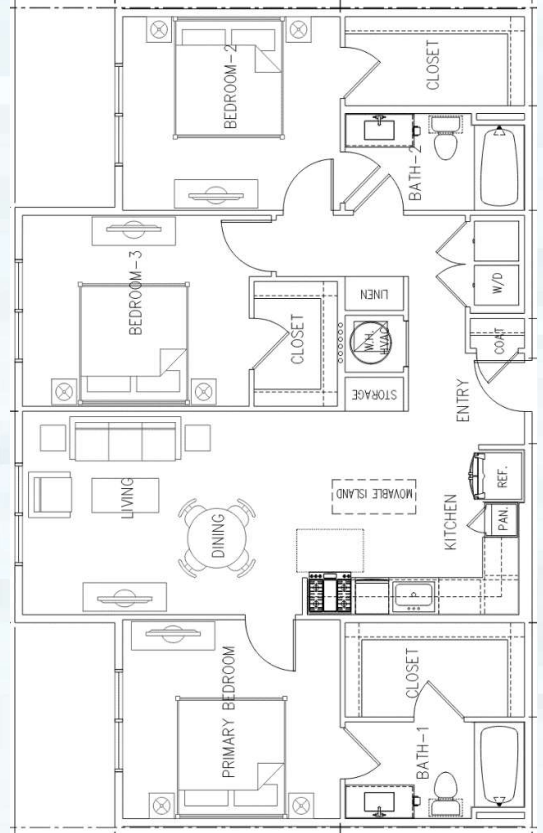
1BR:  
744 SF



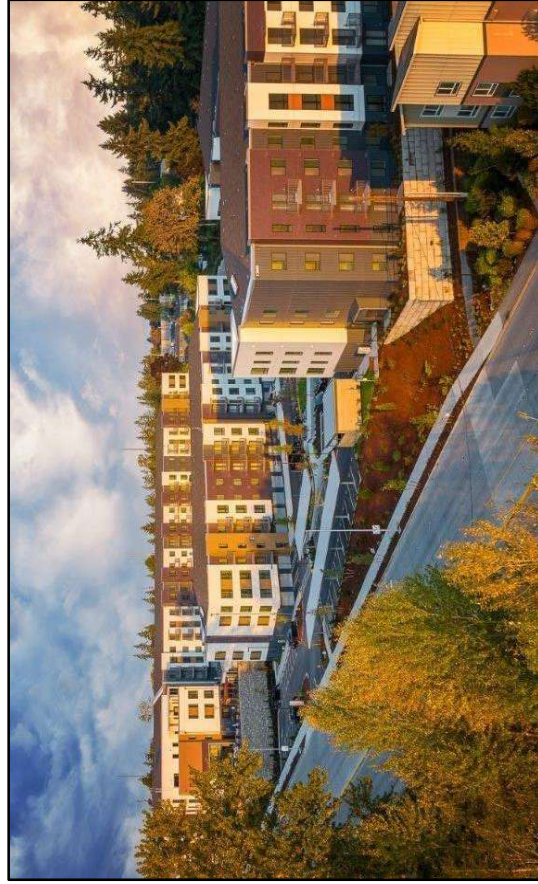
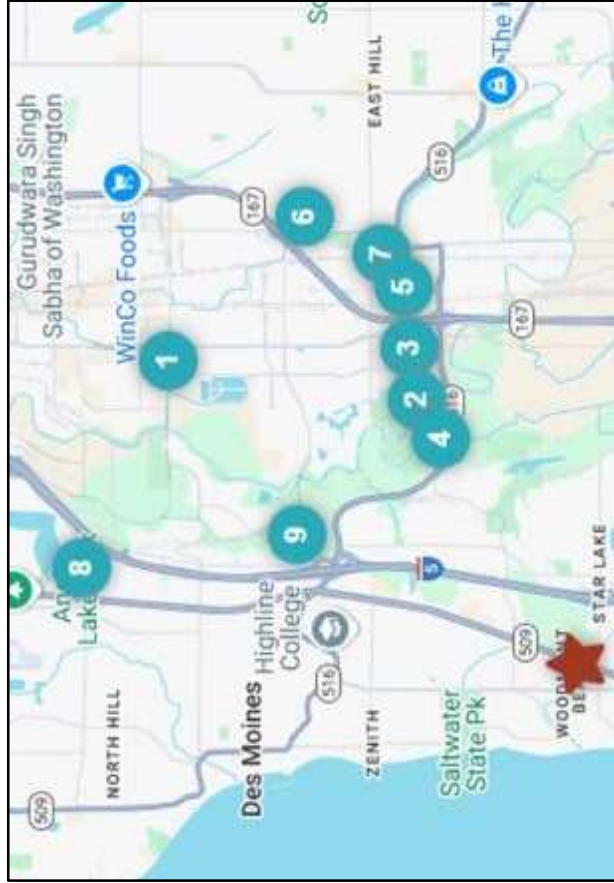
2BR:  
1,044 SF



3BR:  
1,346 SF



Recent independent market survey conducted by Robert Charles Lessor Co (results on next slides).



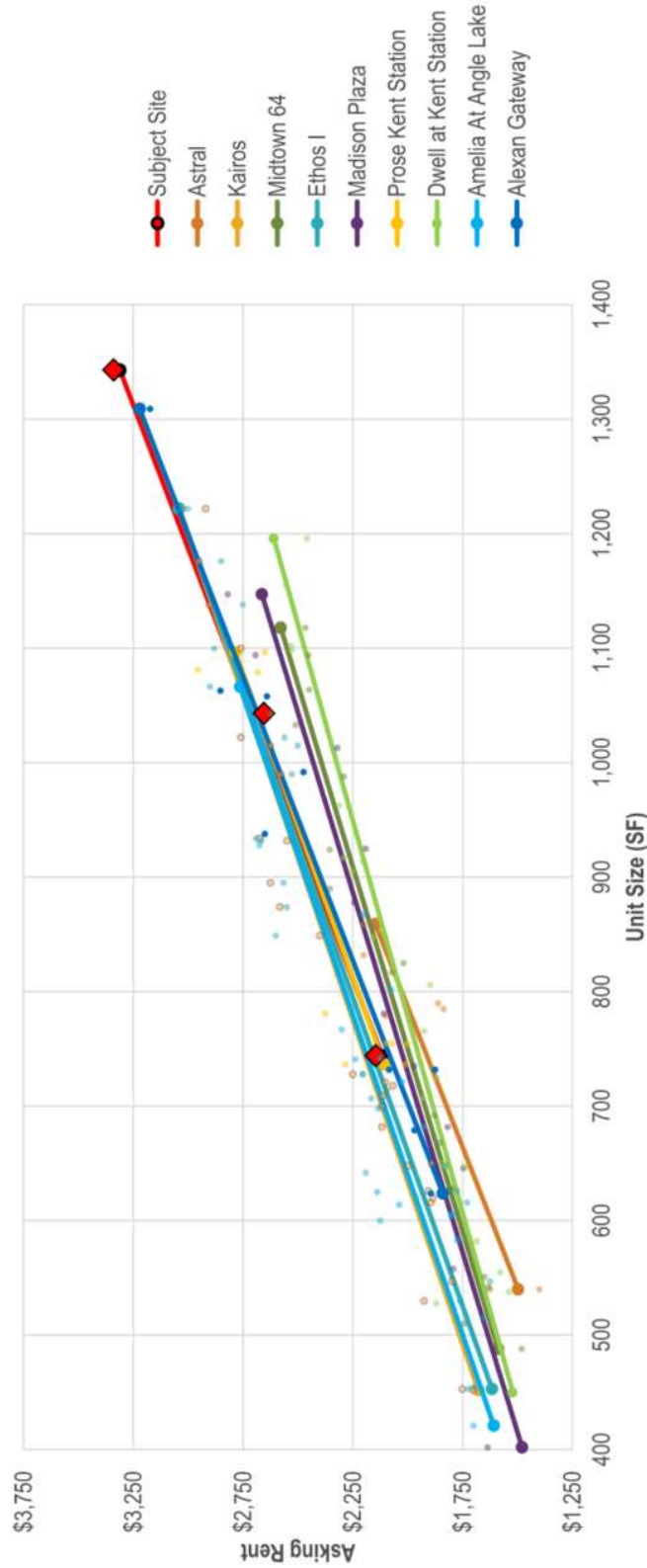
Alexan Gateway (Comp #9 on map)

**The Subject Site's anticipated high-quality unit finishes and amenities position it in line with the top of the competitive set**

The price-to-size chart below compares unit sizes and prices at the Subject Site with those in the competitive set. The chart reveals the typical slope of pricing by various unit types in the market and where the rents of other communities are positioned within the competitive set.

▲ RCLCO expects the Subject Site to achieve rents in line with the top performing competitive communities in the local market. Vintage, finish level, and proximity to transit ensure that the Subject Site can perform well within the local market.

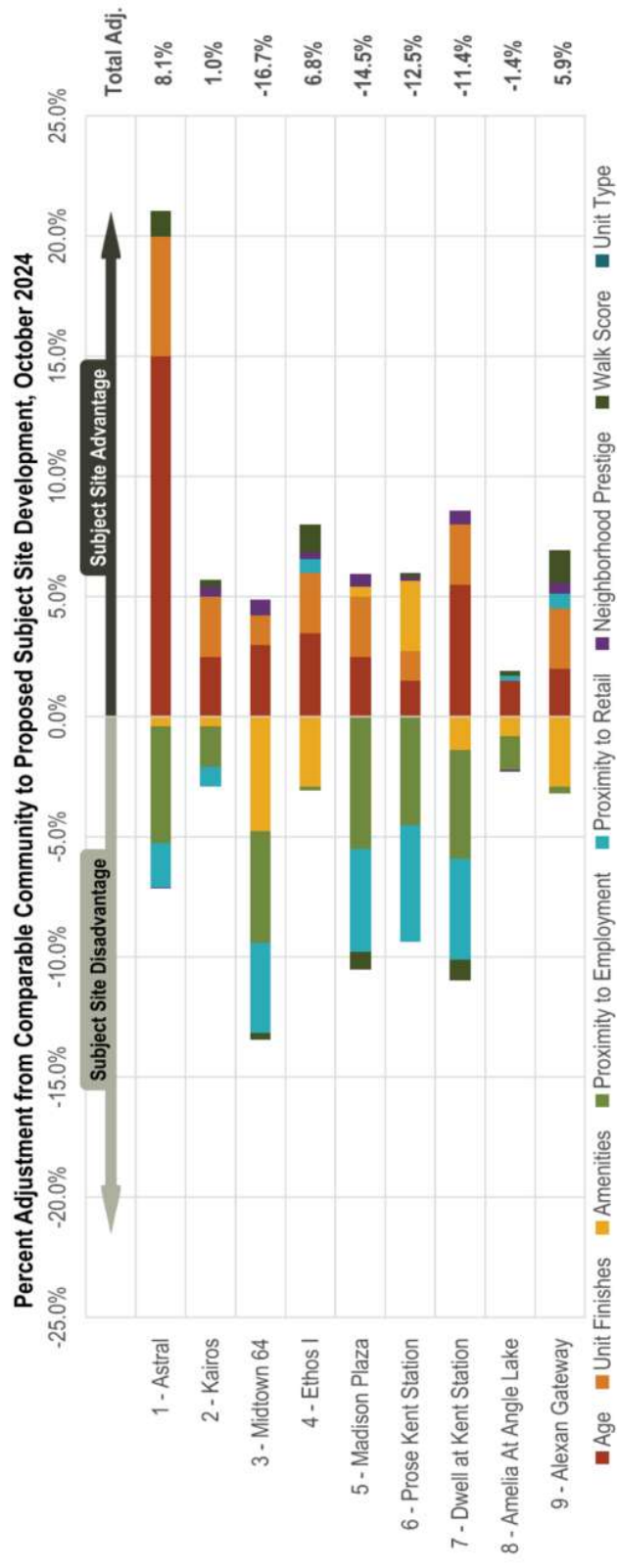
**Average Price-To-Size Comparison by Unit Type of Select Communities, October 2024;**  
Competitive Set



### The site is positioned above most of the competitive set for monthly chunk rents

RCLCO solves for achievable pricing at the Subject Site by analyzing the rents of competitive properties, adjusting for the following site-specific factors:

- ▲ **Age:** The Subject Site is likely to attain a slight premium for its new construction, as the average year built among the competitive properties is 2018.
- ▲ **Unit Finishes:** RCLCO assumes the Subject Site plans to deliver unit finishes surpassing the majority of the competitive set, in line with *Amelia At Angle Lake*.
- ▲ **Community Amenities:** The adjustments assume the Subject Site plans to offer a robust amenity package aligned with the majority of local communities. A slight discount was added to account for the strong amenity offerings at *Midtown 64*, *Alexan Gateway*, and *Ethos*.
- ▲ **Location:** RCLCO applied a location premium to capture the nuances among differences in nearby employment, retail, and the general quality of the surrounding area. The development at the Subject Site is at a slight disadvantage to the comparable properties, however the Subject Site will have a location advantage when the Star Lake Station opens in 2026.

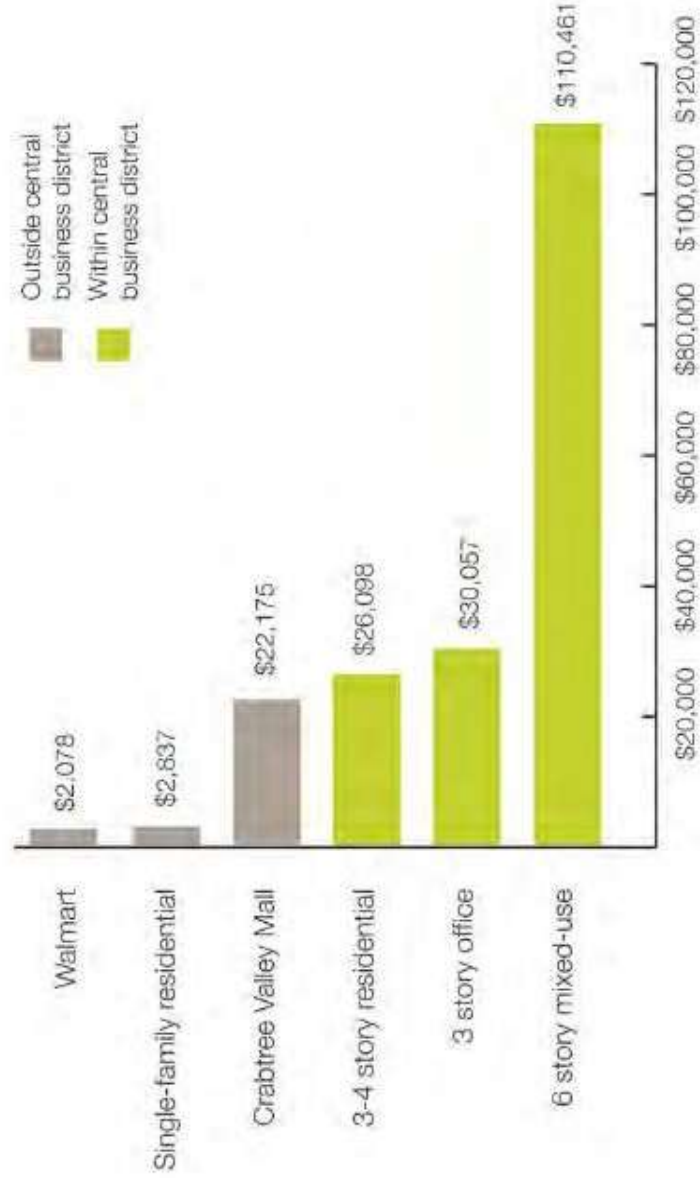


Source: Leasing Agent Interviews; Property Websites; RCLCO



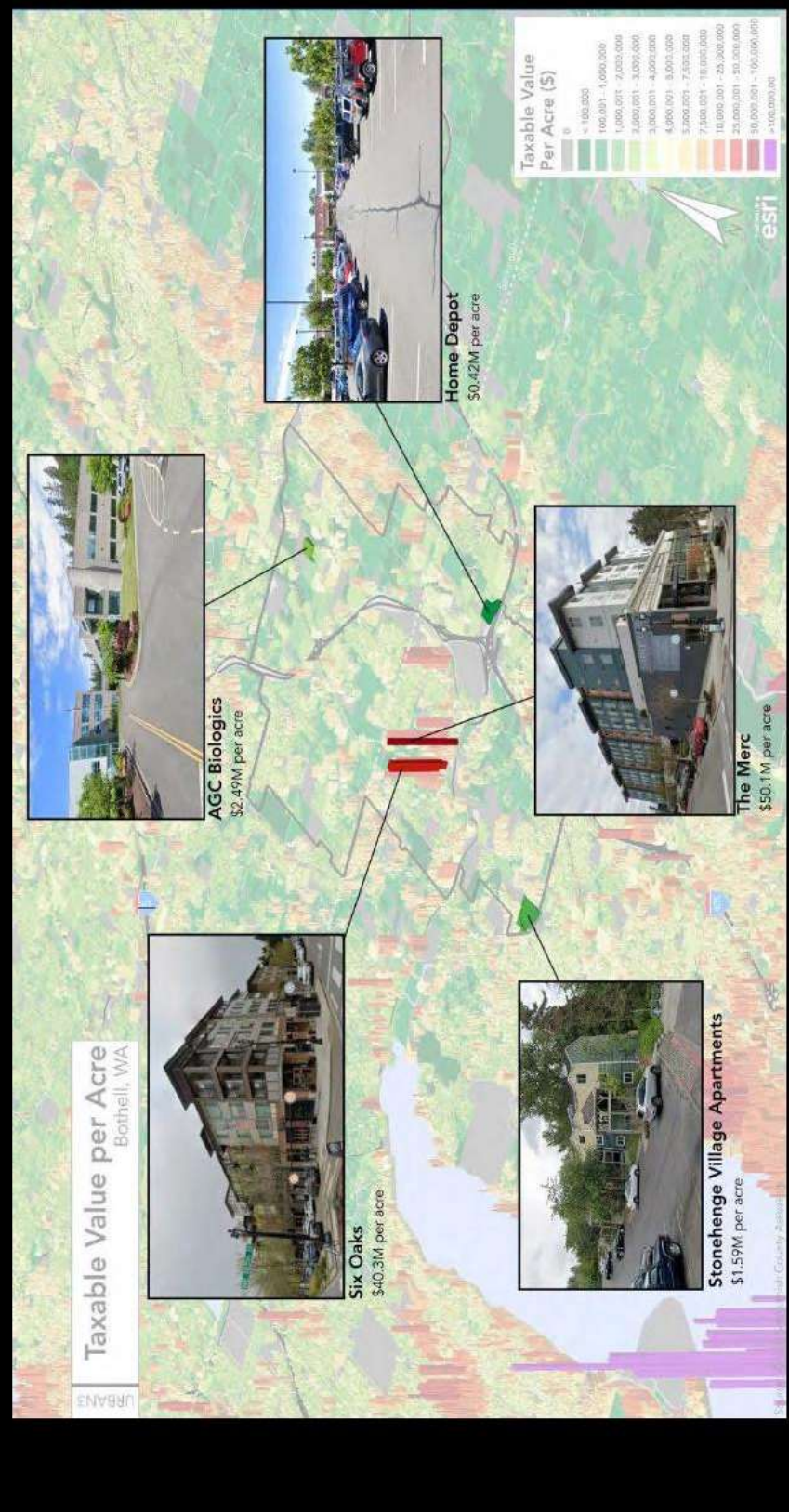
## Smart Growth America Building Better Budgets, 2013

Municipal property tax yield (per acre) in Raleigh, NC, 2011<sup>29</sup>



# WA State Transportation Commission, Bothell Downtown Revitalization, 2022

## Downtown Bothell Urban3 Analysis: Comparative Values



## National Multifamily Housing Council, *Multifamily Benefits, 2019*

Multifamily housing reduces fiscal burdens by efficiently using public infrastructure and services.

**Municipalities save significantly on costs incurred by critical physical infrastructure**, such as new roads, water lines, and sewer lines. Savings are experienced in upfront capital costs, operations and maintenance costs, and eventual replacement costs.

**Denser development also leads to savings on the costs of ongoing delivery of public services**, such as police, ambulance, and fire services.

Compared to conventional suburban development, denser development saves

**38%**

on the **delivery of upfront infrastructure**, and

**10%**

on the **cost of delivering public services.**<sup>17</sup>

## **Modera Woodmont Beach Estimated Tax/Fee Benefits**

### **Sales Taxes (approximately 37% to City of Des Moines):**

1. Construction (over two years): \$5,500,000 - \$6,000,000 in total sales taxes paid.
2. Ongoing: Sales tax revenue on commercial goods and services.
3. Ongoing: 400 new residents = 400 new purchasers of taxable goods & services.

### **Permit Fees (100% to City of Des Moines):**

1. Estimated \$750,000-\$800,000 in one-time building, land use, and other permit fees.

### **Impact Fees (100% to City of Des Moines):**

1. Estimated \$1,500,000-\$2,000,000 in City impact fees.

### **Property Taxes (City receives approximately 8.1% of property taxes):**

1. Current property taxes on this property for 2024: \$68,912.
2. Future property taxes after redevelopment: \$1,000,000 (1,300% increase).

### **REET:**

1. Initial land purchase, assuming the land sells for the current assessed value = \$167,136 in REET.
2. When completed, leased-up building sells, generally 1-5 years following completion = ~\$4,000,000 in REET.

### **B&O Taxes:**

1. During construction: any local suppliers or subcontractors will also pay City B&O taxes on the value of their services/materials.
2. Post-Completion: retail tenants & apartment leasing office will pay B&O taxes.

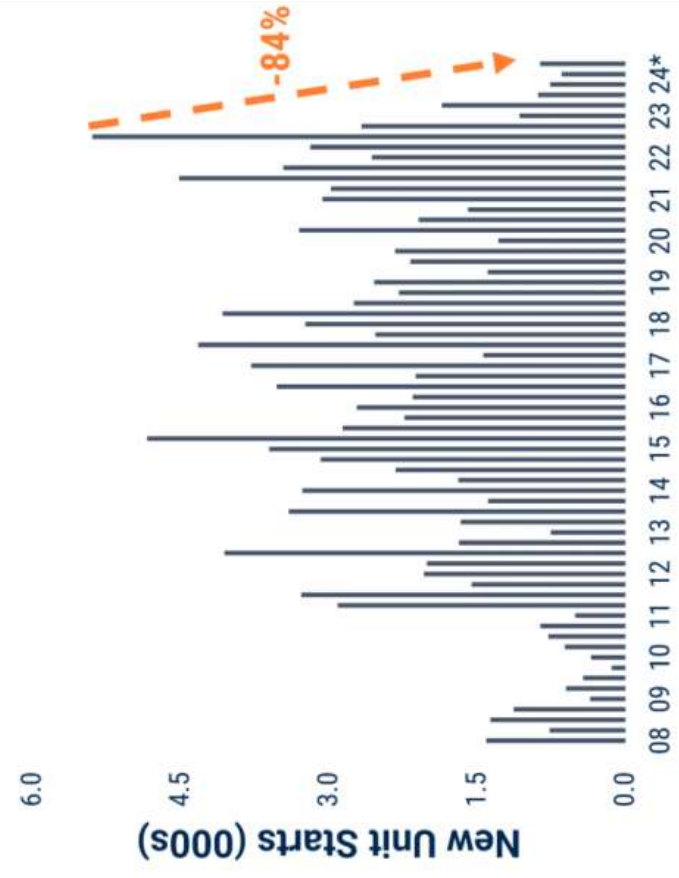


SEATTLE MSA – BROKER RESEARCH

# Seattle-Tacoma Apartment Construction Pipeline Moderates

Units Under Construction

Unit Starts



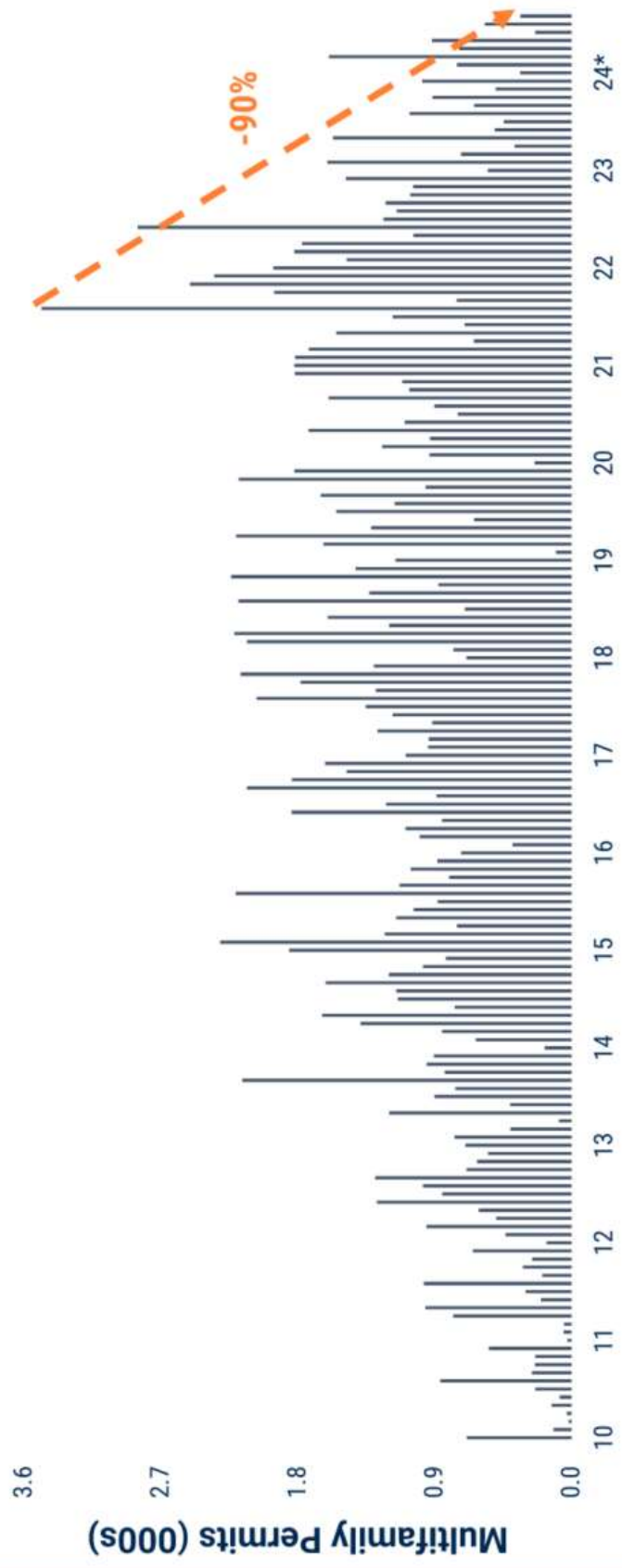
\* Through 2Q  
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Marcus & Millichap



SEATTLE MSA – BROKER RESEARCH

# Seattle-Tacoma Multifamily Permitting Activity Plummet



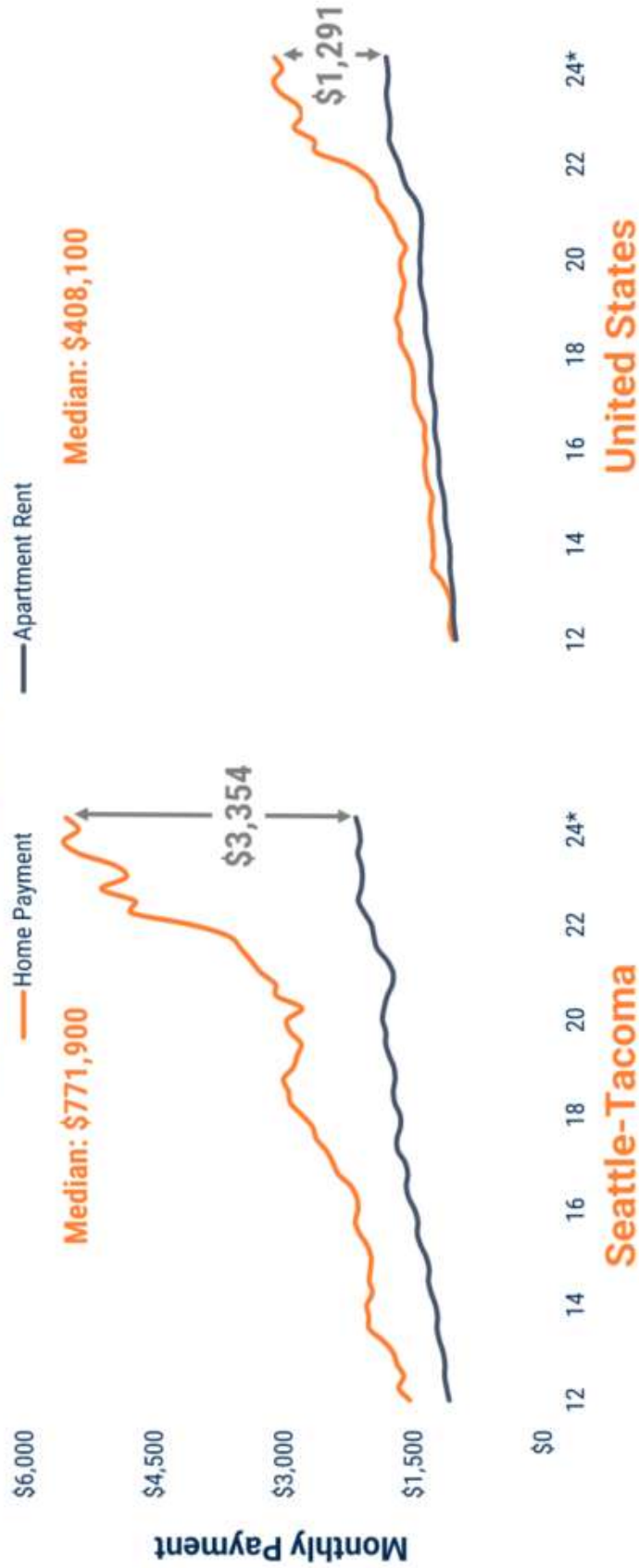
\* Through August  
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Marcus & Millichap



SEATTLE MSA – BROKER RESEARCH

## Seattle-Tacoma Affordability Gap Reinforces Rental Market Rent vs. Home Payment Spreads



\* Through 20  
Mortgage payments based on median home price for a 30-year fixed rate mortgage, 90% LTV, taxes, insurance, and PMI  
Sources: Marcus & Millichap Research Services, RealPage, Inc., CoStar Group, Inc., Freddie Mac, National Association of Realtors

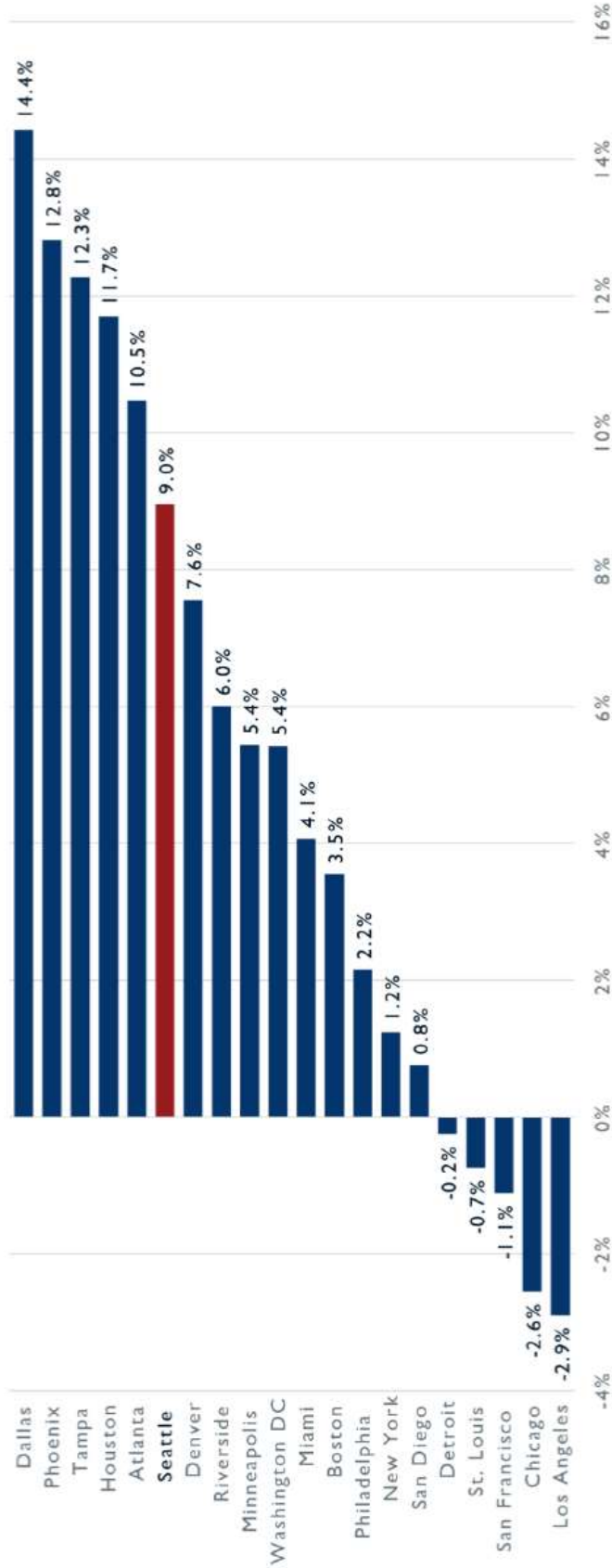
Marcus & Millichap



## SEATTLE REMAINS A TOP MARKET AND LEADS THE WEST COAST IN POPULATION GROWTH, MAINTAINING THE MID-2010S GROWTH

With relative affordability and ample employment opportunities continuing to benefit the Puget Sound region, Seattle has outpaced other West Coast markets and is projected to outperform the 2010's average with a large majority of the population gain driven by in-migration.

### 2015 TO 2023 POPULATION GROWTH



# ABOUT MILL CREEK



**ATA GLANCE**

Mill Creek Residential specializes in the investment, development, construction, acquisition, and operation of high-quality rental communities in the best U.S. markets

FOUNDED IN  
**2011**

ASSOCIATES:

**1,295**

CAPITAL DEPLOYED:  
**\$18.6  
BILLION**

APARTMENT HOMES  
CONSTRUCTED/DEVELOPED:

**58,697<sup>(2)</sup>**

**44** GLOBAL AND U.S. INVESTORS

**2<sup>RD</sup>** LARGEST DEVELOPER<sup>1</sup>

**34<sup>TH</sup>** LARGEST OWNER<sup>1</sup>

**94** LENDING RELATIONSHIPS

**2<sup>RD</sup>** LARGEST BUILDER<sup>1</sup>

(1) U.S. Multifamily Rental Housing. According to National Multifamily Housing Council 2024 Rankings  
(2) Cumulative total homes developed and acquired



EQUITY PARTNERS AND LENDERS (1)

**44** + **99** =

EQUITY PARTNERS  
\$8.0 BILLION  
JOINT VENTURE  
EQUITY/FUND

LENDERS  
\$11.3 BILLION  
TOTAL DEBT

**\$19.3** & **60,081**

BILLION CAPITAL  
DEPLOYED

CUMULATIVE  
HOMES  
SINCE 2011<sup>(1)</sup>

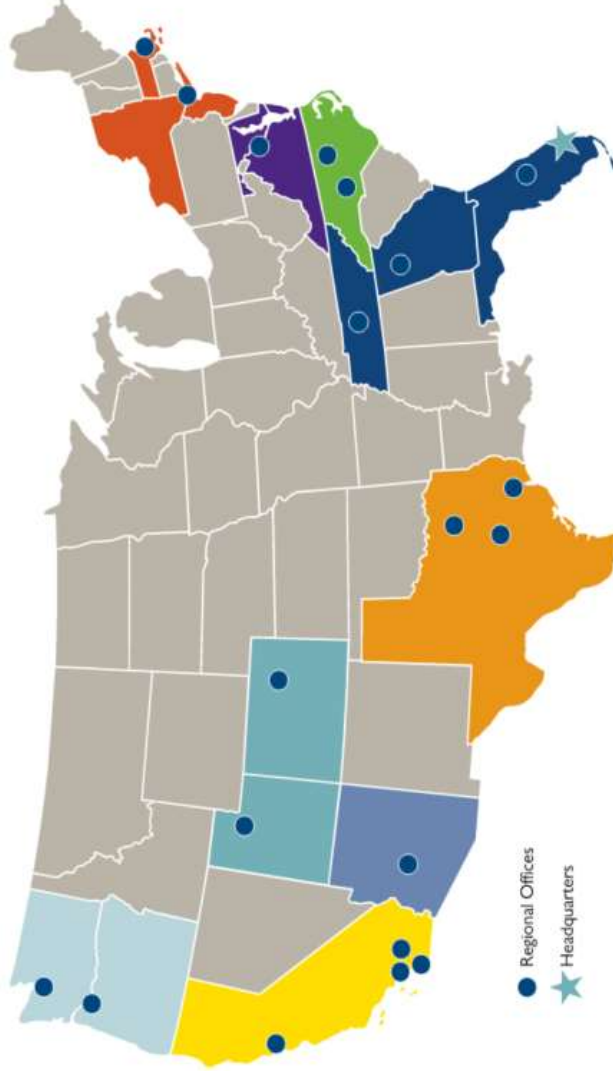
**EQUITY PARTNERS**

**LENDERS**

<sup>(1)</sup>Cumulative multifamily & single family rental homes and committed capital include homes and amounts invested in joint ventures for(i) sold communities,(ii) communities completed and under construction, and (iii) acquisition communities

**TOTAL CAPITALIZATION AND HOMES BY TARGET MARKET (NET OF SALES)**

<b>PACIFIC NORTHWEST</b>	<b>NORTHEAST</b>
\$1,454MM (12%)	\$1,302MM (11%)
4,105 homes (13%)	3,270 homes (10%)
<b>N. CALIFORNIA</b>	<b>SOUTHEAST</b>
\$527MM (4%)	\$2,433MM (20%)
764 homes (2%)	6,087 homes (19%)
<b>S. CALIFORNIA</b>	<b>SOUTH FLORIDA</b>
\$705MM (6%)	\$1,074MM (9%)
1,442 homes (5%)	2,952 homes (9%)
<b>ARIZONA</b>	<b>CAROLINAS</b>
\$854MM (7%)	\$405MM (3%)
1,915 homes (6%)	1,086 homes (3%)
<b>MOUNTAIN STATES</b>	<b>MID-ATLANTIC</b>
\$795MM (7%)	\$977MM (8%)
1,736 homes (5%)	2,279 homes (7%)
<b>TEXAS</b>	
\$1,517MM (13%)	
5,943 homes (19%)	



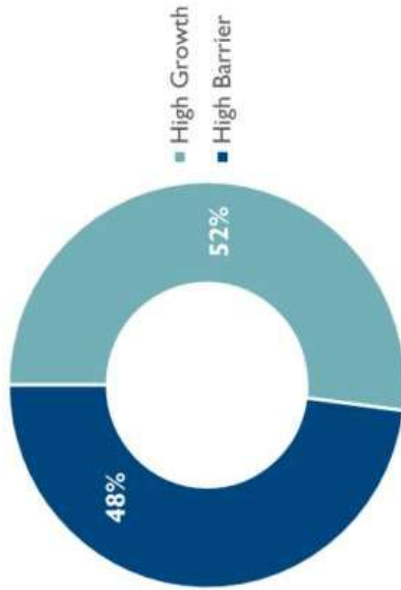
SUMMARY AS OF SEPTEMBER 30, 2024 <sup>(1)</sup>	
Total Capitalization	\$12,043 MM
Total number of homes	31,579



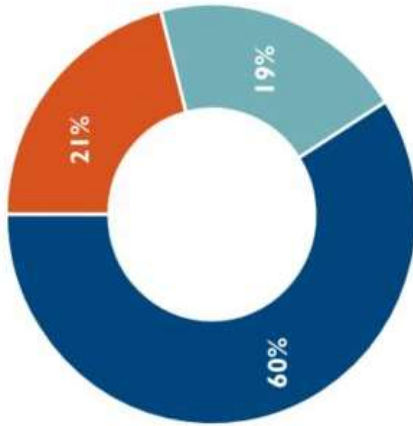
<sup>(1)</sup>Total Capitalization Under Construction, Completed Communities, and Acquisitions (Apartments and SFR) - Net of Sales

**PORTFOLIO**

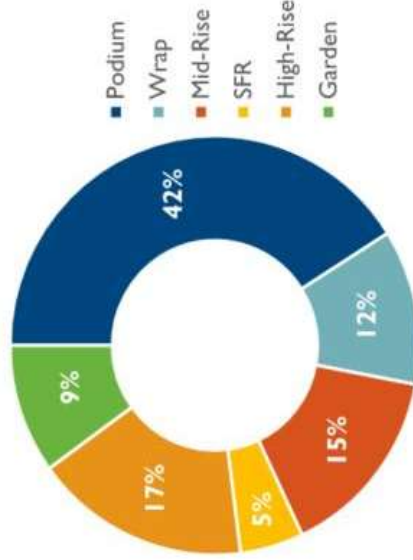
**COMMUNITIES BY MARKET TYPE**



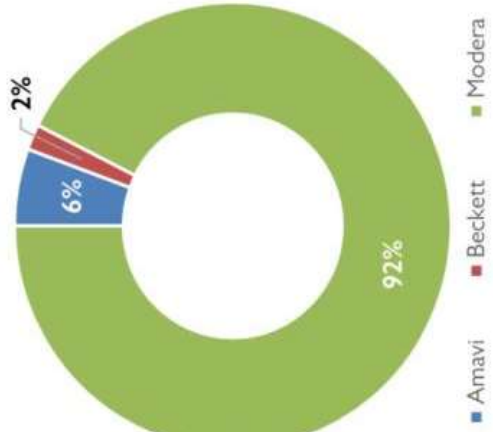
**COMMUNITIES BY LOCATION**



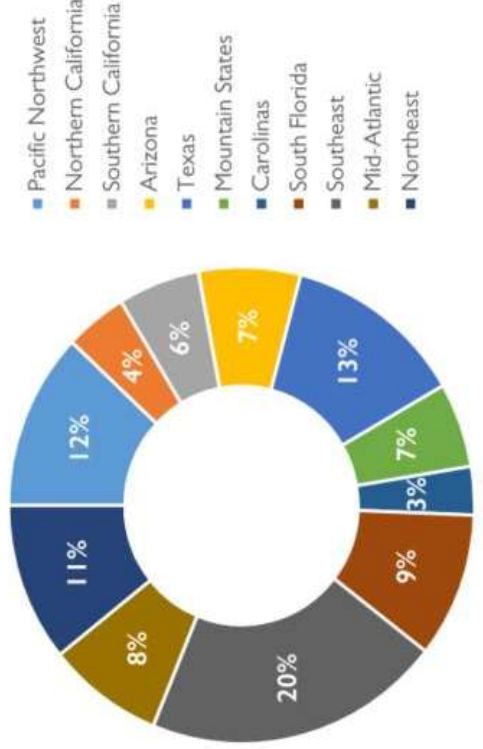
**COMMUNITIES BY PRODUCT TYPE**



**COMMUNITIES BY BRAND**



**COMMUNITIES BY REGION**



Project	Homes	Built	Neighborhood
Skye Belltown	372	2013 (acquired)	Belltown
Modera Capitol Hill	135	2016 (complete)	Capitol Hill
Modera South Lake Union	294	2016 (complete)	South Lake Union
Modera Ballard	132	2017 (complete)	Ballard
Modera Jackson	160	2018 (complete)	International District
Modera Redmond	300	2019 (complete)	Redmond
Alister Parx	443	2019 (acquired)	Everett
Modera First Hill	288	2020 (complete)	First Hill
Modera Broadway	228	2021 (complete)	Capitol Hill
Modera River Trail	233	2022 (complete)	Redmond
Modera Overlake	288	2023 (complete)	Overlake
Modera Lacey	362	2024 (in lease-up)	Lacey
Modera Northgate	409	2024 (in lease-up)	Northgate
Modera Shoreline	399	2025 (in construction)	Shoreline
Modera Bridle Trails	369	2026 (in construction)	Kirkland
Modera Bel-Red	424	2027 (in predevelopment)	Overlake
<b>Total</b>	<b>4,836</b>		