



Community Development Department

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STAFF MEMO

To: Economic Development Commission
From: Andrew Levins, Land Use Planning Consultant
Date: May 20, 2024
Subject: SMC 17.37 Retail District Overlay Code Amendments

BACKGROUND:

In December of 2023 the Chair of the Economic Development Commission, (EDC) sent a letter to the Community Development Council Committee regarding recommended draft amendments to the Snoqualmie Municipal Code Chapter 17.37, Downtown Historic District Retail Overlay Zone and 17.37.040 Waiver of special use regulations. The recommendations included:

1. 100 Percent of the storefronts on Railroad Avenue S.E. occupied by retail uses, increased from the current 75% requirement; and
2. 180-day allowance on good faith efforts to lease the premises for a retail use, increased from the current 120-day requirement.

Currently, 75% of the ground floor tenant spaces along Railroad Avenue are required to be occupied by a qualifying retail use. If total retail storefront occupancy drops below 75% on Railroad Ave, a ground floor tenant space must be vacant for 120 days before the landlord can apply to the City for a “retail waiver,” allowing a non-retail commercial use to occupy the space.

Because the EDC did not have the opportunity to make a formal recommendation. On February 5, 2023, the Council CD Committee remanded the draft amendments back to the commission for further discussion. The Community Development Committee provided general feedback to the EDC stating that 100 percent of the storefronts on Railroad Avenue S.E. is too high of a percentage requirement for retail occupation and that the EDC should consider a percentage range within 70 to 100 percentage for retail occupation. Furthermore, the CD Committee stated 180 days is too low for the time allowance to demonstrate a good faith effort to find a retail tenant. Additionally, the definition of what constitutes a retail use should be evaluated and clarified, if necessary.

The City conducted public outreach with both the Downtown Business Association and the Ridge Merchants Association on May 2, 2024 and May 8, 2024, respectively. On May 15, 2024, the EDC met and

considered the findings from outreach with merchant associations. The EDC discussed appropriate threshold requirements for ground-floor retail uses, appropriate measures and timelines to demonstrate good faith efforts to lease qualifying tenant spaces to retail uses, and how the definition of retail uses could be clarified.

ANALYSIS:

Both the existing retail occupancy requirement of 75% and the time allowance of 120 days apply to the ground floor of buildings facing Railroad Avenue only in the Downtown Retail Overlay Zone. Because of the way the Snoqualmie Ridge 1 Development Standards incorporate and apply to the Municipal Code, only the time allowance applies to retail tenant spaces facing specific intersections including Center Boulevard SE and SE Ridge Street, SE Mayrand Lane, and SE Kinsey Street. All uses at these intersections are required to be a retail use, as defined by SMC Section 17.37.020 (See Attachment 2a EDC Recommended Historic Downtown Code Amendment -signed by EDC Chair Hudson and 2b Retail Definition Crosswalk). Please note: any future amendments to the Municipal code regarding the 120-Day limit or the percentage of retail will not be applicable to the businesses on the Ridge until the a Mixed-Use Final Plan Amendment is completed.

Table 1 further illustrates how these requirements currently apply to Snoqualmie’s two primary walkable retail districts:

Table 1: Existing Retail Use Requirements		
	Snoqualmie Ridge I Neighborhood Center, corner tenant spaces facing select intersections	Downtown Retail Overlay Zone along Railroad Avenue
Ground Floor Minimum Retail Use Threshold along Railroad Avenue	N/A	75%
Minimum time allowance to demonstrate good-faith effort to find retail tenant	120 days	120 days

Public outreach was conducted on May 2 and May 8, 2024, with both the Downtown Business Association and the Ridge Merchants Association, respectively. Each group strongly favored increasing the retail occupancy percentage requirement in the Downtown Retail Overlay Zone along Railroad Avenue to between 90-100%. The Downtown Merchants proposed that this requirement also be expanded to Falls Avenue. Both the Downtown and Ridge Merchants expressed favor toward a 180-day minimum vacancy period, and suggested that some additional requirements, such as demonstrating online rental listings and site-postings, should be required as a part of demonstrating a good-faith effort to find a retail-use tenant consistent with the requirement. One Ridge Merchant Association landlord expressed that 180-days is an appropriate amount of time, but that the requirement should not exceed 180 days. No additional input was provided from either group with regards to the definition of retail. The EDC concurred with the sentiment that online advertising of the retail lease opportunity should be required.

The EDC considered this stakeholder feedback at its May 15, 2024, meeting. Members of the EDC agreed with the recommendations of the two merchants' associations. The Commission encouraged additional outreach as appropriate, that specifically includes the owners and landlords that would be affected by this change. Concurring with the suggestions of the Downtown Merchants Association, the EDC also recommends that the ground floor retail use requirement be expanded to also include buildings facing Falls Avenue. The precise extent of the boundary along Falls Avenue requires further study.

Table 2: Proposed Retail Use Requirements		
	Snoqualmie Ridge I Neighborhood Center, corner tenant spaces facing select intersections	Downtown Retail Overlay Zone along Railroad Avenue <u>and Falls Avenue</u>
Ground Floor Minimum Retail Use Threshold along Railroad Avenue <u>and Falls Avenue</u>	N/A	<u>90%</u>
Minimum time allowance to demonstrate good-faith effort to find retail tenant	<u>180</u> days	<u>180</u> days

SMC 17.37.020 currently defines "retail use" as a business primarily characterized by the sale of goods or merchandise to the local public and tourists for personal, household or business consumption, and rendering of services incidental to the sale of such goods. Staff has noted that definition could be clarified to include "a business primarily characterized by the taxable sale of goods or merchandise to the local public and tourists". The EDC recommended that Staff continue to study this text amendment in pursuit of clarifying the definition of retail use, as applied by this Chapter.

RECOMMENDATION:

The EDC made a motion on May 15, 2024 and unanimously voted to recommend amendments to the Planning Commission for the Downtown Historic Retail District Overlay. The recommendations, (see Attachment 2a, EDC Recommended Historic Downtown Code Amendment-signed by EDC Chair Hudson and 2b Retail Definition Crosswalk) include the following:

- Expand Historic District Overlay be expanded to Falls Avenue SE,
- Increase the minimum retail use requirement to 90%,
- Increase the minimum time allowance to 180 days,
- Require that a vacant tenant space be advertised online in addition to the other methods listed in SMC 17.37.040(B)(1).
- Further define a retail uses as taxable sales of goods or merchandise.

Additionally, Staff recommends modifying the approval process for retail waivers to address concerns related to the MUFP and SRI retail uses on Center Boulevard SE. Currently, retail waivers are reviewed and approved by the Community Development Director, whose decision may be appealed to the Planning Commission. Staff recommends modifying this language to require all future retail waivers be approved by the Council Community Development Committee, whose decision would be appealable to the City Council. The purpose of this change is to place responsibility of this decision with an elected official.

NEXT STEPS:

- Discuss the recommendations of the EDC and Staff referenced above.
- Make a motion to initiate a Resolution of Intention by the Planning Commission for an amendment to the municipal code.
- Staff to prepare amendments for further Planning Commission review, including draft strikeout and under code amendments, SEPA, public hearing and noticing.