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The Future of Downtown Newcastle

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Alarm bells went off at City Hall and in the community when rapid growth and development hit the downtown core and out-of-area traffic flooded the roadways. In the next two-three years the population of Newcastle is expected to increase by 30% or 3000 people, most of it in or near the downtown. Mayor Crispo reports that between 20,000 and 30,000 drivers a day use local arterials in Newcastle to avoid Interstate 405 or the interchange between I-90 and I-405. We are on the cusp of gridlock if local density and out of area traffic keeps growing.

High-density six-story apartment buildings are starting to block out the sun with the 80-unit Newcastle apartments by City Hall and the permitted 90-unit apartment behind the library on 129th. Together with the gorilla 800-unit Avalon Apartment development, a planned 186-unit apartment building on Golf Club Road next to the YMCA, the 80-unit Aegis building on Lake Boren, the 900 student Newcastle Middle School, and 41 new townhouses on the dead end 129th Avenue S.E., we will see traffic congestion much more often on Coal Creek Parkway, Golf Club Road, Newcastle Way, and the downtown shopping centers. Most threatening for the future: Under current city zoning, the Safeway and QFC shopping centers can be developed as six-story high-density apartments with minimal retail.

The City Council, alarmed by public outcry to its inept downtown planning, declared a six-month moratorium, which it soon plans to extend for another six months--for further development in the Community Business Center (CBC).

What led to the moratorium? It was a perfect storm of events caused by rapid development and exacerbated by the failure of the City to understand its own zoning code and the negative fiscal impacts of high-density apartment development.

Here's the competency problem with the City understanding its own zoning. Until the permit issued, many people thought the six-story building next to City Hall, zoned office, was going to be an office building or a low-density apartment building of 40 units rather than 80 as permitted. But, the way the zoning ordinance was drafted allowed double the density. As interpreted by the City, the lower level retail requirement in the CBC zoning is also a joke: The City permitted a commercial tofu factory to occupy the lower level of City Hall and qualify as "retail" by having a token takeout service.

Here's the fiscal problem. The City primarily relies on property tax and sales tax to fund its operations and the real estate excise tax (REET) from the sale of property to fund its capital expenditures. Apartment buildings provide a short-term increase in sales taxes from construction and development fees--but no dependable (REET) revenue--because the properties seldom turn over. After the buildings are constructed, the increase in property tax fails to cover the increased costs in fire and police protection and road improvements and maintenance. Because they don't capture the retail spending of Newcastle apartment dwellers--most of which goes to Bellevue--bedroom cities like Newcastle can't erase the continuing annual deficit.

Since the year 2000, through three different studies and numerous moratoriums, the City paid over \$1.5 million to consultants to design a retail urban village and civic center in the area of the existing shopping centers. But the property owners never bought the vision and didn't salute the plan. They are quite happy with things just as they are. Newcastle after all is a basic services retail center, not a higher end urban shopping center.

With the current population expansion, Newcastle meets the state requirements for urban density under the Growth Management Act until at least 2035, and there is no legal requirement to increase the City's density. What can we do now under the moratorium to reduce density and traffic congestion?

First, we shouldn't spend more money on consultants and public hearings on a CBC Plan that even the City doesn't follow. Some cases in point: the original CBC Plan called for a transit center on the north side of the QFC shopping center in the roadway between and 132nd Place SE and Tapatio's Mexican Grill and Hansen Brother's Moving Company; a Civic Center--including City Hall-- located on the QFC block; and a "a low-key residential development clustered around open space and woods" for the north end of Lake Boren. In all three cases, the City ignored the CBC Plan: In 2016, the City bought a City Hall on the other side of Coal Creek Parkway; In 2007, the City turned down an offer of \$7.2 million from Sound Transit to acquire the "alley" by Tapatio's and build a transit center, opting instead for \$4.8 improvements (\$600,000 paid by the City) to improve the intersection of CCPW and Newcastle Way and to relocate two bus stops - one still badly misplaced; and the north end of Lake Boren is not wooded with open spaces as called for in the CBC Plan, it now has an 80-unit five-story building that takes up most of the site.

What is a better plan for the future? We should modify the CBC zoning to permit only retail in the two areas covered by the current shopping centers. We should downzone the rest of the CBC to permit no more than three stories and 24 residential units per acre. We should also acquire the critical "alley," currently scheduled for closure by Hansen Brothers to ensure connectivity of streets, safety, and access. This purchase can be paid for with REET funds from the sale of the golf course, a reduction of \$100,000 in planned spending on the CBC, and grants from the county and state.

Let your voices be heard when in coming months the City Planning Commission holds hearings on the CBC. Tell them to tell the City Council to just say no to more apartment density in the downtown.

Update on 2017 City taxes: In December, the City Manager presented a budget proposing a new 4% utility tax to cover its projected 2017 operational deficit. The utility tax was rejected by a 4-2 vote with the mayor absent, but with the Mayor's return it is still in play and may be reenacted at the December 20 council meeting. If this happens,

Newcastle will have higher total city taxes than Bellevue with far lower services and poorer infrastructure maintenance.

There's a better alternative to cover the 2017 deficit. One, reduce the operational budget by \$500,000 to eliminate the deficit and any need for a tax increase. Two, if the City Council is only able to eliminate one half of the deficit, it should reinstate the 5% admissions tax on the Newcastle golf course that was imposed 17 years ago and removed three years later to give the course time to get established. Now that Scott Oki's 11 area golf courses have been sold to Hong Kong investors, the admissions tax--paid mostly by high-income or corporate non-residents of Newcastle--if re-imposed, would eliminate the budget deficit. Several other of the 11 golf courses pay an admissions tax in other cities. This really isn't something new to Newcastle.

We propose a real budget cut of the entire deficit of \$500,000, or second best, a cut of \$250,000 and reinstatement of the admissions tax.