



## MEMORANDUM

TO: Becky Coutinho, City of Vancouver

FROM: Jamin Kimmell and Pauline Ruegg, Cascadia Partners

DATE: January 31st, 2023

PROJECT: Evergreen Grand Commercial Corridors Code Update

SUBJECT: **Code Concepts (Task 4.1)**

This memorandum summarizes the key recommendations for Code Concepts to implement the Evergreen and Grand Commercial Corridor Strategy (“Corridor Strategy”). The purpose of the Code Concepts is to confirm and refine the regulatory recommendations from the Corridor Strategy. The project team seeks direction from the Planning Commission on these Code Concepts prior to drafting new code language for the corridor.

The memo is organized into the following sections:

- Project Overview
- Summary of Evergreen/Grand Corridor Strategy
- Code Concepts
  - Building Height
  - Bulk and Massing
  - Required Ground Floor Commercial Space
  - Off-Street Parking

Within each Code Concept topic, the memo presents the existing City of Vancouver Title 20 regulations, the recommendation from the Corridor Strategy, and a refined recommendation based on additional analysis by Cascadia Partners. Each concept includes analysis of the potential impact of recommended code changes on the goals of the Corridor Strategy.

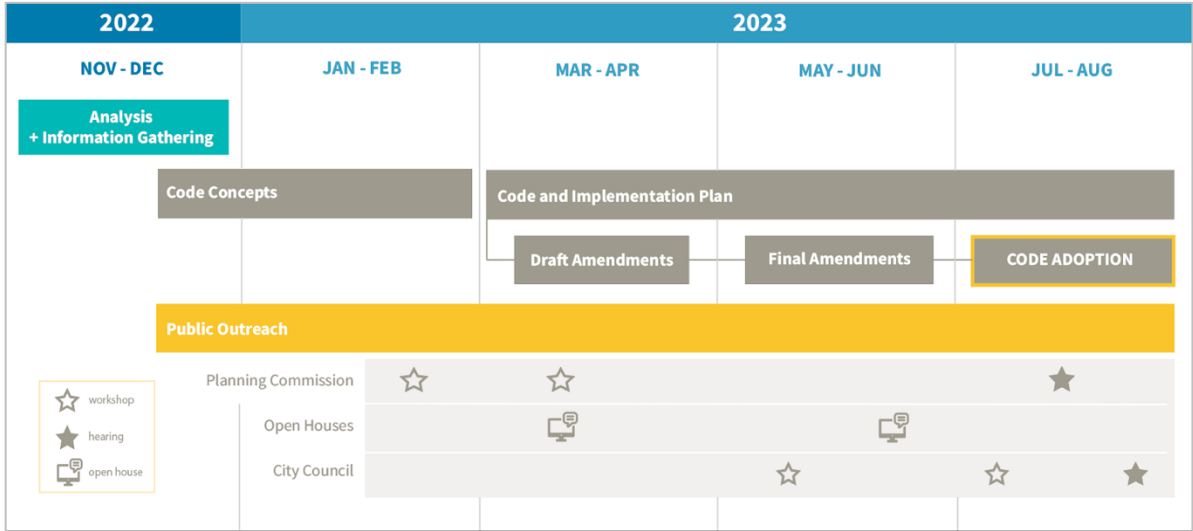
### 1. Project Overview

Following the adoption of the Corridor Strategy by City Council in February 2022, the City began to take the steps needed to translate key objectives into specific development code updates. The

Evergreen Grand Code Update project is a 10-month focused effort to review in detail the vision and recommendations for the Evergreen Grand Commercial Corridor and develop code language and additional implementation actions. The project consists of four primary tasks:

1. **Analysis + Information Gathering:** The consultant team will review the Corridor Strategy and conduct an in-depth analysis of existing standards. The team will identify all code provisions that may need to be modified to implement the vision. The team will also conduct a site inventory of existing conditions and identify relevant development examples to better understand the market potential for desired land uses and building forms.
2. **Stakeholder Engagement:** City staff conducted extensive outreach over two years to develop the Corridor Strategy. It is critical that the code updates reflect this valuable work and consider the preferences identified through prior engagement. There will be two online open houses (March and June) to share the proposed code changes and implementation actions to confirm that Code Concepts meet the previously identified goals of the Corridor Strategy. The public will also have opportunities at two Planning Commission Work Sessions (February 14 and April 11) and two City Council Work Sessions (May 15 and June 19) to review and comment on proposed approaches.
3. **Code Concepts + Implementation Strategies:** The team will identify the best means to translate the values and future vision for the Corridor into specific regulatory changes. Code Concepts will include new development and design standards supported with financial analysis of the impact of proposed changes on the feasibility of development and affordability of housing or commercial spaces. This analysis will help the team calibrate code standards to best support market-feasible development types so that the City achieves its goals for redevelopment.
4. **Adoption:** Following detailed review and refinement of draft code language, there will be one Planning Commission and one City Council hearing. The desired outcome is an adopted code update by the end of August 2023.

Figure 1.1: Project Schedule



## 2. Commercial Corridor Strategy Summary

The Corridor Strategy was part of a larger citywide effort begun in 2019 to improve major commercial corridors and adjacent areas for residents and business owners. The Strategy focused on the two intersecting corridors of Evergreen Boulevard and Grand Boulevard east of Downtown Vancouver. The Corridor Strategy evaluated:

- Types of uses allowed
- Regulatory standards
- Existing conditions including buildings and pedestrian environment

### Vision

The long-term community vision was for three complementary land use areas with anchor development sites. Mixed-use infill development will build on the neighborhood’s unique setting with views out to the Columbia River and reflect the history and character of existing buildings in the older commercial corridor. New buildings will be scaled in height, with activity and density centered at the intersection of Grand and Evergreen and near the future bus rapid transit station at Mill Plain and Grand. Lower intensity buildings will infill along Evergreen without negatively impacting the quality of life to surrounding residential neighborhoods.

Key elements of the vision include:

- Opportunities for small-scale development that can accommodate a wide range of neighborhood-serving uses should be maintained to support existing businesses while attracting supportive new development.

- Ground floor commercial development and buildings that come up to the front edge of lots will activate the Corridor. The street should be framed with buildings and punctuated by public and private spaces that increase livability.
- As uses intensify, parking must be adequate and balance the needs for existing and new users.

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## Proposed Corridor Strategy Regulatory Changes

To achieve the Corridor Vision, the Strategy identified several proposed regulatory changes:

- **Limit building heights:** Modulate the existing maximum height of 50 feet (4 stories) with lower height maximums of three stories along portions of Evergreen and four stories along portions of Evergreen and Grand, with a small pocket of five stories at the intersection of Mill Plain and Grand adjacent to the BRT hub.
- **Require ground floor commercial:** To increase street activity levels and enliven the pedestrian environment, ground floor commercial uses should be required at the intersection of Evergreen and Grand to create a neighborhood hub. More flexibility should be permitted throughout the rest of the Corridor to allow for ground floor residential uses as resident entrances along the corridor will also activate the street.
- **Reduce minimum parking requirements for residential and commercial uses:** To reduce the burden of parking requirements on commercial uses, the minimum number of spaces should be reduced; no minimum parking should be required for ground floor commercial uses that are part of a mixed use building. To improve development feasibility, residential uses should require one space per dwelling unit and commercial uses should require one space per 1,000 feet.
- **Create active edges:** To create a continuous street wall and welcoming pedestrian experience, a maximum front set-back should be established of 5 feet. Front door access should be required and ground floor transparency (window) standards increased.

### 3. Code Concepts

Below is a summary of the proposed Code Concepts that will be presented in greater detail at the Planning Commission Work Session #1 on February 14, 2023. Code Concepts were identified based on an analysis of the proposed Corridor Strategy regulatory changes compared to existing City zoning.

CP conducted a financial analysis of the feasibility of development of housing and commercial spaces to test the impact of specific code changes. The results of this analysis are included as an appendix to this memo (Appendix A: Pro Forma Summary Analysis). The findings of how best to calibrate code standards to support corridor goals while also supporting market-feasible development types is reflected in recommendations provided for the Planning Commission in a gray call-out box.

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## 1. Building Height

The intent of the Corridor Strategy’s reduction in height limits was to address neighborhood concerns about infill of taller buildings. This is a valid concern and the code should include regulations that encourage development that is sensitive to the existing context of the Corridor.

However, reducing maximum height can have a negative impact on development feasibility. The pro-forma testing (Appendix A) demonstrated that a 3-story mixed use building can achieve an Internal Rate of Return (IRR) of 5.3%, while a 4-story mixed use building can achieve an IRR of 7.4%. The target return for buildings of this type is typically 10% IRR. Thus, allowing the 4-story building will make it significantly more likely that this building type is developed on the corridor.

The underlying reason that increasing height improves feasibility is that it increases the number of leasable units. Given the existing parking requirement of 0.75 spaces per unit, a 3 story height limit is binding on the achievable density on the smaller 5,000-10,000 square foot sites on the corridor.

The Strategy Document also recommended increasing height limits to 5 stories on two properties at the intersection of Mill Plain and Grand (Figure 3.1). As the pro-forma modeling indicates, this change would positively impact development feasibility, albeit not as significantly as the increase from 3 to 4 stories.

Increasing building heights on Grand is sensible because the street is wider and the lots are generally deeper. This means that taller buildings are less likely to create a “canyon” effect viewed from the street and have less negative impacts on neighboring properties to the rear. These conditions are generally true on the east side of Grand throughout the corridor. However, the Corridor Strategy only recommended increasing maximum heights to 5 stories at the intersection of Grand and Mill Plain.

In all locations on the corridor, we recommend supplementing maximum height limits with additional standards that encourage context-sensitive buildings. These “bulk and massing” recommendations are outlined in the next section.

### RECOMMENDATION

- Maintain existing 50-foot height limits (4 stories) on Evergreen and the west side of Grand Avenue (Figure 3.2).
- Increase the maximum height limit on the eastern side of Grand Avenue from 50 to 60 feet to allow for 5 story buildings (Figure 3.2).
- In lieu of reducing height limits as recommended by the Corridor Strategy, use a range of bulk and massing controls to encourage context-sensitive building forms.

Figure 3.1: Maximum Height Recommendation of the Corridor Strategy

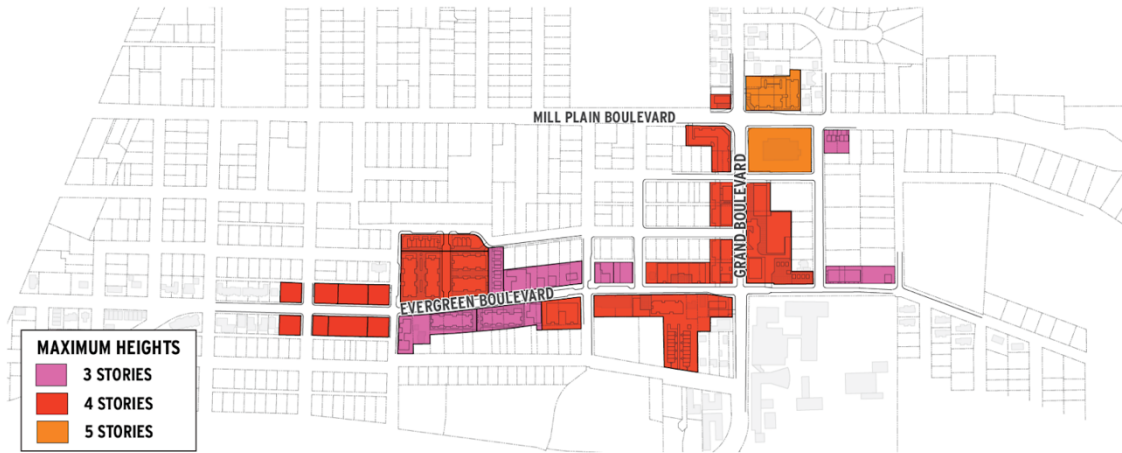
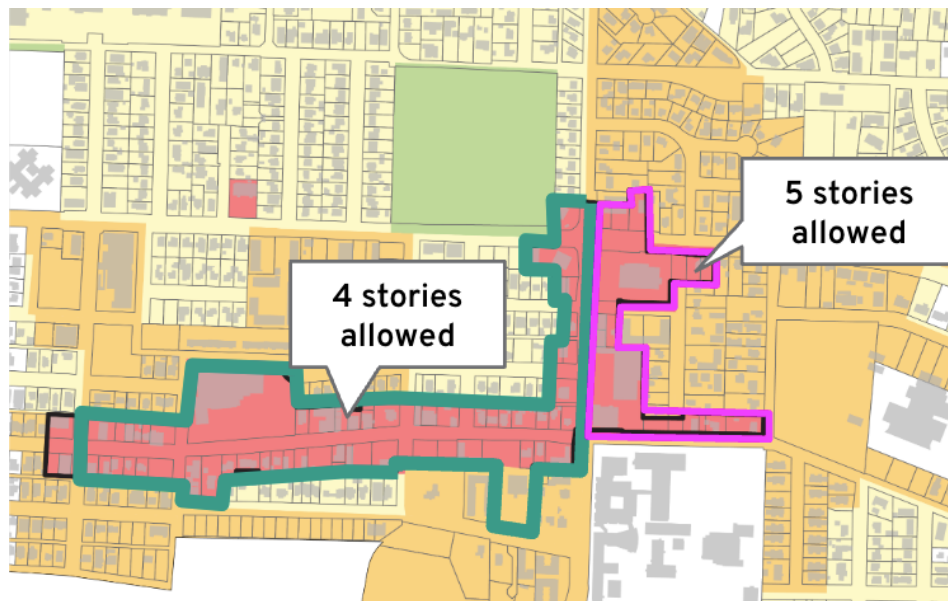


Figure 3.2: Refined Recommendation for Maximum Height



## 2. Bulk and Massing

The Corridor Strategy did not include any recommendations for modulating building massing. The proposed approach was to limit overall height. CP recognizes that it is important to ensure new development is context-sensitive, balancing the existing character of smaller commercial development and adjacent residential uses with the desire to increase development along the Corridor. Currently the City requires all lots in the CC zone that share a back lot line with residential zones to:

- **Setback** buildings 10 feet from the rear lot line.
- **Buffer/Screen** the building and parking areas using screening including 4-foot tall shrubs or 6-foot fences

- **Step-back** the building  $\frac{1}{2}$  foot for each foot the building exceeds 20 feet in height up to a maximum of 40 feet

This is the extent of available tools to address concerns of compatibility. CP proposes to enhance these controls with several development standards that are more targeted at shaping the bulk and massing of new buildings. The available tools include:

- **Step-down at rear of building:** The current rear step-down requirement requires multiple smaller step-downs, translating into a sloped building form. This standard requires complex building forms that are costly. CP recommends an amended standard that steps the rear of the building back once from the rear lot line. The step-down would be substantial, however, and still meet the intent of creating additional separation between a higher-intensity development and adjacent lower-density residential uses.
- **Maximum building length:** There is no current standard addressing the overall length of buildings as measured along the street frontage. However longer buildings that are uninterrupted visually are less interesting and negatively impact the experience of pedestrians. Additionally, longer buildings would be out of scale with the current pattern of narrower 50- to 100-foot-wide lots. CP recommends limiting buildings to 200 feet in overall length and requiring significant breaks in the building facade (or separate buildings) every 100-150 feet to shape and modulate the building form. There is also a concern that tall buildings on either side of the Corridor could create a canyon effect. A sense of scale is not just impacted by building height, however. The ratio of building height to overall street width is more important than simply building heights. Given the current 50-foot right-of-way width of Evergreen, the narrower of the two streets in the Corridor, 50-foot buildings will not create a canyoning effect.

#### RECOMMENDATION

- Amend the existing step-down provision for the rear of buildings to shift from a sloped step down to a more effective single, larger step down.
- Do not require front step backs.
- Adopt a new maximum building length standard.
- Allow for parking areas to be developed within the 10-foot rear setback/buffer to increase buildable area and improve development feasibility on shallow lots.

### 3. Required Ground Floor Commercial Space

Current Title 20 standards require a minimum amount of ground floor uses to be commercial uses in the Community Commercial (CC) zone. The intent of this standard is to

encourage neighborhood-serving businesses near residents and to site uses that energize the street both visually and physically. A commercial use will have users coming and going throughout the day and into the evening and storefronts provide a window into the activities inside the building and provide intrigue for people walking or biking by. The current requirements include:

- Minimum of 50% of lineal street front must be devoted to commercial or office uses, with the intent being to require some portion of activating uses in a mixed-use building to frame the street wall.
- If there are multiple buildings on the site, a minimum of 20% of gross floor area must be devoted to non-residential uses.

The Corridor Strategy recognized that these requirements could be an impediment to residential development in the corridor that would otherwise be desired. The vision for the Corridor distinguished the area into three subareas. The area along Evergreen would be focused more on residential uses, while Grand Avenue would remain the “commercial heart” of the corridor

CP evaluated the impact of requiring ground floor commercial uses on development feasibility through pro-forma modeling (Appendix A). All-residential buildings performed better than mixed use buildings with commercial on the ground floor. Retail spaces are not as productive because rents are lower on a per square foot basis than residential units. However, the negative impact on feasibility is limited because only 50% of the ground floor is required to be commercial space.

A market analysis was conducted as part of the Corridor Strategy planning process. That analysis found that there is limited demand for new retail space in the study area. It estimated demand for approximately 10,000-12,000 square feet of new retail space. That amount of space can easily be accommodated in 2-3 mixed use developments. Once these spaces are filled, there will be very limited demand for new retail, which could drive down local retail rents and further erode development feasibility if commercial uses are required.

The market study also found that Grand Avenue is much more suitable for retail than Evergreen given the limited traffic and visibility on the street. The Corridor Strategy recommendation to have a “more limited requirement” for commercial uses on Evergreen is sensible given these market realities. The Strategy did not specifically identify whether there would be any commercial uses required on Evergreen or if the current requirements would be reduced.

As summarized above, the existing requirements vary depending on if there is a single mixed use building proposed or a mixed-use development with multiple buildings is proposed. The standard for “mixed use developments” would effectively require a larger amount of commercial space than the standard for mixed use buildings. The standard is linked to the total gross floor area on the site (20%) while the standard for mixed use buildings is linked to the lineal street frontage (50%).



For example, if a mixed-use development with multiple buildings were proposed, and each building was 4 stories, then this standard would effectively require 80% of the ground floor of each building to be commercial uses (20% of a 4-story building). However, if the project only included one building, then approximately 50% of the ground would be required to be commercial space.

**RECOMMENDATION**

In order to balance the desire for commercial uses in the corridor while preserving market feasibility for higher density housing, the following changes are recommended:

- Eliminate the separate set of requirements for mixed use developments (20% of gross floor area) with multiple buildings for projects in the corridor.
- Maintain the existing requirement for 50% of lineal street frontage to be commercial uses, but only apply to properties along Grand Avenue.
- Do not require ground floor commercial uses for properties on Evergreen. Instead, use regulatory incentives to encourage commercial spaces. The recommended incentive is a reduction in minimum parking requirements for the residential portion of the project. If this recommendation is supported, CP can model incentive options to identify an option that would substantially improve feasibility and thus would be likely to be used.

**4. Parking**

The Corridor Strategy recommended reducing minimum parking requirements for both residential and commercial uses to improve development feasibility. In the time since the adoption of the Corridor Strategy, state law has mandated that any lot located within a ¼ mile of high-frequency transit have reduced requirements of 0.75 spaces per unit for multi-unit projects. This is the current standard in place on the corridor because the entire area is within ¼ mile of frequent transit (along Mill Plain, Grand, and Evergreen).

Existing parking standards do require higher ratios of parking spaces per commercial use, however. See a comparison of current standards vs. proposed Corridor Strategy standards below:

Use	Existing Standard	Corridor Proposed Standard
Goods and Services	1 space / 300 sf	1 space / 1,000 sf.
Eating and Drinking	1 space / 250 sf	No spaces required for

Office	1 space / 400 sf	ground-floor commercial uses in mixed use buildings.
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The pro-forma modeling used the recommended parking rations from the Corridor Strategy. If the higher existing standards were used in the pro-forma modeling, the parking areas would be significantly larger and would likely preclude rational building floor plates or require underground parking on the smaller lots that predominate the corridor. The parking standards would not only impair financial feasibility; they would make high-density mixed-use development physically impractical or impossible.

Further reductions in parking standards below those recommended by the Corridor Strategy, particularly for the residential portions of projects, would likely further improve development feasibility. However, it is unclear if the current parking standards are binding; developers may continue to provide parking at currently required ratios if they are concerned about marketability of units without off-street parking. If the parking requirements were to be reduced further, then it eliminates the potential for using the requirements as an incentive.

Further, there is limited on-street parking on Evergreen and Grand and there are concerns about the impacts of more on-street parking in surrounding neighborhoods voiced by residents during the Corridor Strategy planning process.

#### RECOMMENDATION

- Reduce parking requirements for commercial uses to the proposed Corridor Strategy standards of 1 space per 1,000 square feet, with no parking required for ground-floor commercial uses in mixed use buildings.
- Provide for further reductions in minimum parking requirements for residential uses as an incentive for developments that provide other spaces, features, or amenities that are important to the vision for the corridor. These could include:
  - Ground floor commercial space on Evergreen Boulevard
  - Affordable housing units (deed-restricted)
  - Desired design features that support walkable and transit-oriented development, like a public plaza or open space