

# DOWN TOWN



Don Dally, president of Dally Homes, strolls through downtown Renton, whose transformation from bland suburb to a thriving downtown can be partly credited to Dally's Metropolitan Place mixed-use complex.

LINCOLN POTTER

## Every body wants one

*By Aaron Corvin*

To attract young workers and to create a sense of identity, communities across the state are turning to visionary developers to build them a lively town center

Buses come and go, inhaling and exhaling passengers. Men and women clad in business attire walk purposefully along landscaped Burnett Avenue. Teenagers in baggy jeans gab on cell phones. Inside The Met Coffee & Wine Bar, pop music plays on the radio as people order coffee. Outside, a short walk away, The Delicious Dish, tucked underneath the Burnett Station apartment building, offers "Make and Take Entrees." A city street sweeper trundles along, brushing away at the streets and curbs. Someone plunks coins in a newspaper rack. Nearby, a water fountain gurgles.

Can this really be Renton, the century-old city once largely viewed as a bedroom community to Seattle? For years its downtown, left for dead when JC Penney and Sears bolted for Southcenter Mall in the 1960s, repelled pedestrians with its jumble of fast-food joints and a phalanx of

## Downtown: Everybody Wants One

Thornton Place (left) will help transform the Northgate neighborhood of Seattle, dominated by Northgate Mall (right), into a more livable, walkable community, with condos, apartments, senior living units, a new movie theater, and 50,000 square feet of retail and restaurants.

### Planned Light Rail Station King County Transit Center



Thornton Place



As he gamely crosses Burnett on foot, Dally points to Metropolitan Place, a complex of apartments, ground-floor retail and underground parking that he developed and that became an important project in a concerted effort to pump new life into downtown Renton. Metropolitan Place is an example of density done well: Unsightly parking is buried underground, ground-floor retail offers opportunities to window shop, and apartments, overlooking a courtyard, bring people downtown to live, which in turn attracts more businesses. Some call it building critical mass. The American architect Robert Venturi describes it as the “messy vitality” of the built environment. Taking in the lively urban scenery, Dally says the rebirth of downtown Renton, and the reclamation of Main Street in other communities, will only gather speed. “It’s just now starting to go crazy,” he says.

Of course, the rebirth of downtowns like Renton’s doesn’t equal the end of sprawl. But Washington state, guided by a landmark land-use law, led by developers like Dally, and further spearheaded by cities seeking the kind of identity Renton forged, is bringing new life to an old concept: downtown as a magnet for people, jobs, houses and offices.

It’s not easy to do. Main Street-style development is more complicated and expensive than sprawl, a formulaic, auto-oriented pattern of development that relies on cheap, raw land and that has commandeered much of the American landscape for the past 50 years. In the city center, land, because it already has buildings and streets on it, isn’t cheap. Making room for parking is a headache. You have to build up, which means you have to build parking garages, and tenants have to agree on a way to share the parking during different times of the day. And putting together the right mix of uses – commercial, residential or office – is like trying to solve a Rubik’s Cube. If you don’t have the patience, you might as well not try.

However, the benefits are many. To reclaim downtown is to reclaim a sense of place. And having a sense of place envelops you in a “deep feeling that you’re in the context of something,” says Norm Abbott, director of growth management planning for the Puget Sound Regional Council. “You’re not in a wasteland.”

To reclaim downtown is profitable and good for business, too. Renton, one of the first cities in Washington to refocus on its center,

auto dealers. Like many suburban retail districts, it was a place you visited by car to complete an errand. You didn’t stick around.

Not anymore. Today, people call downtown Renton home. And the bustling street life welcomes residents from the surrounding community to drop by for a morning coffee, open a laptop to do business or catch a bus to almost anywhere in the Puget Sound region.

The area’s transformation was no fortunate accident. It took a conscious effort on the part of city planners, developers and retailers, and it’s a pattern that is being repeated across Washington and the nation: Communities that have no Main Street, no center to speak of, are creating one. Areas like Northgate in Seattle, long dominated by auto-centric, none-too-pedestrian-friendly retail spaces such as Northgate Mall, are finding ways to remodel the dinosaurs of suburbia to create new, human-scale living and shopping arrangements. Cities like Seattle, Tacoma and Everett that already have downtowns are working hard to protect what character already exists and to build on and expand their downtown areas in order to attract jobs, offices and houses.

And bringing back Main Street means making a place work like a healthy human body – a cluster of houses, retail shops and offices builds the heart, parks and plazas provide the lungs, and wide sidewalks and efficient public transportation ensure good circulation. Don Dally, the 66-year-old president of Seattle-based Dally Homes Inc., knows bringing back Main Street isn’t easy. He knows this because he played a central role in breathing new life into downtown Renton. “It all goes together,” he says.

proves it. Since 1993, the city's property tax revenue has increased 88 percent to \$22.6 million; its sales tax revenue has increased 96 percent to \$20.6 million; and its building permit revenue has skyrocketed 212 percent to \$2.5 million.

Alex Pietsch, administrator of the city's Department of Economic Development, Neighborhoods and Strategic Planning, says the city has invested some \$20 million in downtown, which in turn has lured \$60 million in private investment. And the city isn't budging from its long-term strategy to burnish downtown. "The public is coming around to realizing that the traditional suburban shopping mall that we all celebrated and loved in the '70s and '80s is not that unique of a place anymore," he says. "It's not the vibrant, eclectic community focal point that the historic downtowns for many cities in the area and around the country have been."

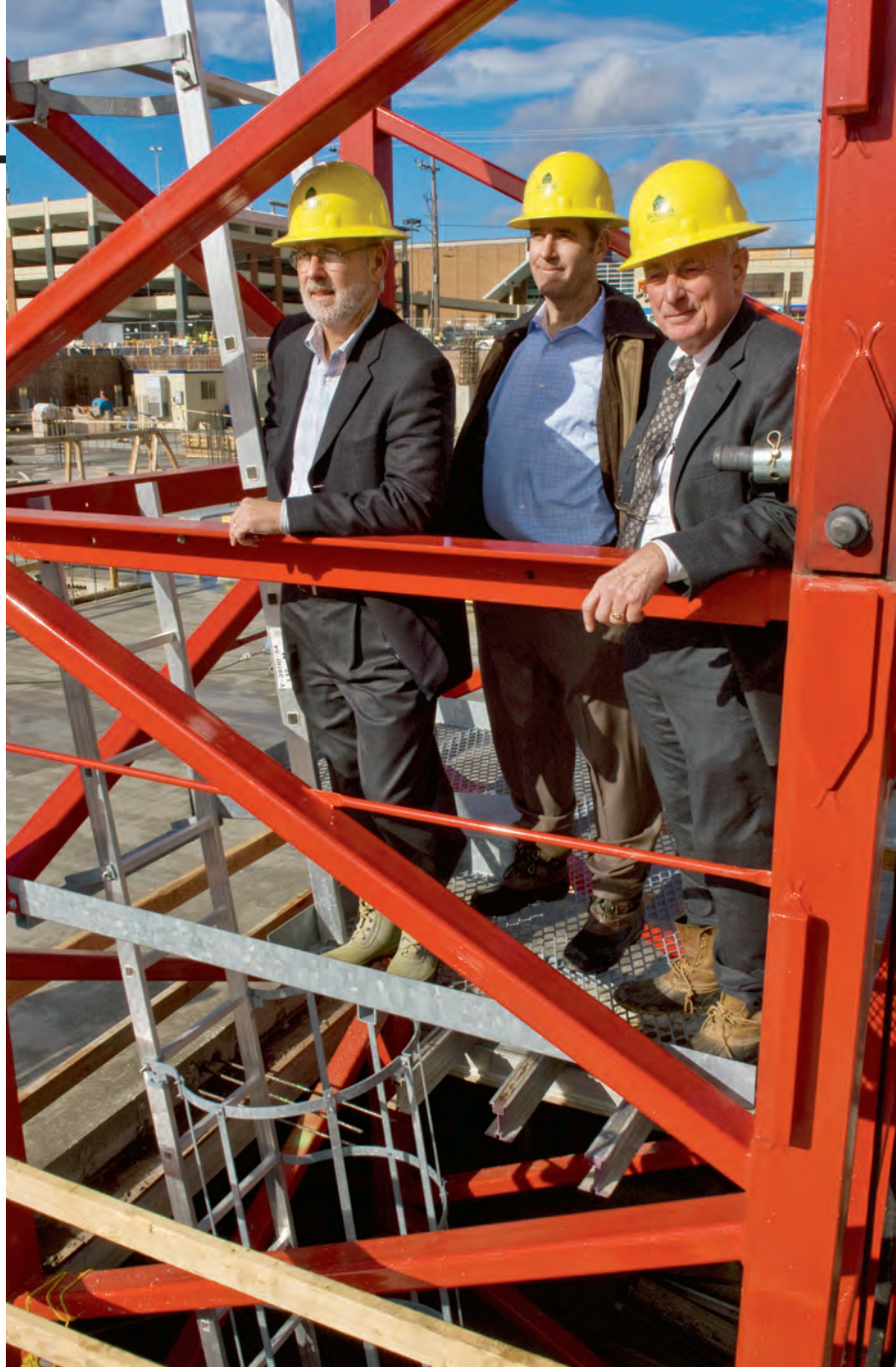
And having a vibrant downtown is the equivalent of flashing a beacon to companies that want to open new offices in places worth caring about, says Angelos Angelou, principal of AngelouEconomics, one of the largest independent development consulting firms in the United States. "You have to create a concept of place, of community," he says. "It all starts with not necessarily looking at economic development only as a vehicle for attracting new employers but for creating essential places that carry economic development for a long time to come."

Other forces are gathering to make city centers more attractive and sprawl less acceptable. Nationally, enclosed shopping malls are falling out of favor: Only one was built in 2006, according to the International Council of Shopping Centers, and none are planned for this year. Gas prices are rising, making it more costly for people to live farther from work. Traffic-snarled roads – a hallmark of sprawl – waste another precious commodity: time. And demographics are changing, with the rise of empty nesters, young couples and singles opening up markets for living in downtown areas or closer to them. "Over the past 15 years, there has been an amazing renaissance in downtowns across America," a Brookings Institution report said in 2005. From 1990 to 2000 the number of households living in 45 U.S. downtowns increased 13 percent.

The Urban Land Institute, a nonprofit research group, says the trend will continue strongly through 2010, with outer suburbs creating town centers, pressure building for places to incorporate a mix of housing, stores, offices and parks, and with "ghost malls" offering large tracts for redevelopment. Experts say cities big and small that ignore the trend risk losing out in the competition to land successful companies and talented workers looking for a place to brag about and not just move into. "Economic development," Angelou says, "has become a globally competitive field."

Talk to city planners and other developers, and they'll tell you Dally is a pioneer in helping bring back downtown. Dally gives credit to forward-thinking Renton city officials. He also praises the regulatory framework within which cities and developers have acted to resurrect downtown: the 1990 Growth Management Act. "It's changed the way we think," Dally says.

The Washington Legislature approved the 17-year-old growth law



(Left to right) Lorig Associates' partner Stephen Holt, Senior Project Manager Steve Bolliger and founding partner Bruce Lorig on the future site of Thornton Place.

on a wave of anti-sprawl angst. Farms were giving way to pavement. Roads were being planned haphazardly. So the state directed cities and suburban areas to draw urban growth boundaries around themselves and to develop inward and upward. It's working: As of 2003, 85 percent of the region's total population and 96 percent of jobs were located within designated urban growth areas. Meanwhile, the average number of miles driven per person in the region has tapered off, increasing just 0.8 percent a year for the five-year period between 2001 and 2006 after growing as much as 6 percent a year for decades, according to the Puget Sound Regional Council, the planning agency for the region. Conversely, transit ridership is growing: King County Metro, for example, posted a record 103 million boardings in 2006, up about 1 million from its previous record in 2000. And Sound Transit, which serves urban King, Pierce and Snohomish counties, is building commuter rail and stations around which new office, retail and residential developments are expected to sprout.

## Downtown: Everybody Wants One

It's difficult to find a city of any size in Washington that isn't answering the call to rediscover Main Street, to revive downtown, to arrange new buildings around transit lines. In Seattle, Vulcan Real Estate is leading one of the largest urban revitalization efforts in the U.S. through redevelopment of 60 acres in Seattle's South Lake Union neighborhood. Its completed projects include the Rosetta/Merck Building, a 133,000-square-foot building made to suit biotech labs and offices for Rosetta Inpharmatics, a wholly owned subsidiary of Merck & Co. Inc., and Alley24, a 362,500-square-foot, mixed-use project encompassing office space, apartments and street-level retail. And leaders of the effort in South Lake Union haven't forgotten a key component to making urban living inviting: parks. The 12-acre Lake Union Park is slated to open in 2010.

In Spokane, partnerships between the city and developers have poured \$2 billion worth of investment into downtown. An estimated 2,331 downtown businesses represent almost 11 percent of total businesses in Spokane County. In Tacoma, a University of Washington branch campus has, since it opened in 1990, stimulated public and private investment in the downtown area, which has led to a convention center, museums, condos, office jobs and apartments. This increase in downtown activity is the "biggest reason why Tacoma gains population during the workday instead of losing it," says Ryan Petty, director of the city's community and economic development department. In fact, Tacoma, aggressive in its move to reinvigorate its historic downtown, was the first city in Washington to initiate a 10-year property-tax exemption to encourage developers to build multifamily

is one of them. At 17 years, it is a young suburban city that has worked hard to shed its image as a bedroom community dominated by SeaTac Mall (renamed The Commons in 2004), acres of parking and uncompleted sidewalks.

This year, the hard work paid off: City leaders voted to move ahead with a \$227 million downtown development, the largest of its kind in south King County. The city is negotiating with Vancouver, B.C.-based United Properties to build a massive mixed-use complex on a four-acre parcel, the former AMC Theatre site. The developer's proposal, which may change, includes one 15-story and three 22-story towers with retail, offices and nearly 900 condos and apartments. A one-acre public park will dot the site.

Federal Way City Manager Neal Beets says the rebuilding of Main Street – of a city's soul – is the physical manifestation of people's desire to be in public and to be part of something. "Life has become so virtual and long-distance and technologically based that [people now] prefer more vibrant colors and more real people and better food and the aroma of food as you walk by the restaurant," he says. "It's more lively and organic."

The search for private investment in downtown requires a complex set of actions and deals by cities and developers. Cities have rearranged their development codes to add predictability to the building process, made millions in public investments in new roads, sidewalks, parks, and sewer and water lines, and struck deals to offset the cost of providing parking. All with one goal in mind: to attract developers who otherwise wouldn't take the risk.

Dally was reluctant at first, wary of city bureaucracy and anti-growth mentalities. He was unwilling to go it alone in a city that seemed to have forgotten that time is money. Besides, Renton's downtown, he recalls, "looked like Beirut."

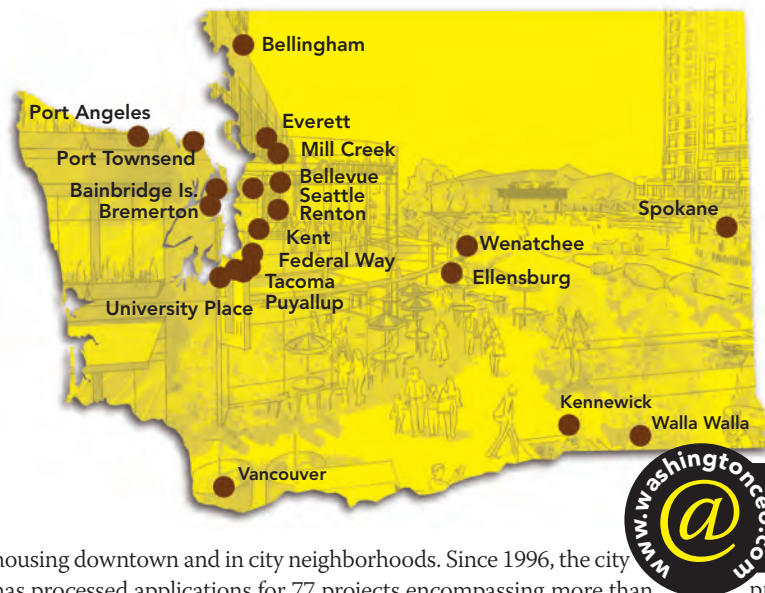
During the mid- to late 1990s, Renton city officials, under the leadership of the late mayor and downtown advocate Jesse Tanner, re-engineered the city's planning and development processes and convinced Dally to bring his development skills downtown. They knew he was good at fitting projects into existing areas and designing them well. They showed him their long-range plan to revitalize the city core. "We used the realities of what the market might bear to guide the land-use regulations," Pietsch says, noting the city also merged its economic development and long-range-planning divisions, which "allowed us to be pretty nimble." Building permits would take weeks, not months. As a result, Dally didn't have to guess what the city wanted to do. And it backed its talk with action: The city methodically relocated the auto dealers, who were

frustrated by a lack of freeway accessibility, closer to the Interstate 405 interchange. "We took the risk out of it by ensuring a fair

purchase price for their land," Pietsch says. Downtown was free to be filled with charm and life. The city poured millions into it. "We designed and built a park, we worked with [King County] to build a transit center," Pietsch says. New water and sewer lines were built and sidewalks were added.

Dally went to work. By 2002, he had built three apartment complexes, the Renaissance, Burnett Station and Metropolitan Place, for 258 units in all. Metropolitan Place rises like a concrete-and-brick layer cake,

### Across Washington state, cities are working to create, strengthen or rebuild a downtown to attract businesses and people.



housing downtown and in city neighborhoods. Since 1996, the city has processed applications for 77 projects encompassing more than 4,000 housing units. In 2005, for example, the value of improvements exempt from taxes was \$1.2 million for completed projects. Other cities are following Tacoma's lead: The Lynnwood City Council recently approved a similar tax abatement program for developers who build multifamily housing in the zone the city chose as its new downtown.

Some new cities are trying to create a sense of place, and attract jobs and housing, by building a downtown from scratch. Federal Way

View a gallery of downtown redevelopment plans online at [washingtonceo.com](http://www.washingtonceo.com)

with shiny metal siding and landscaped courtyards. On the ground floor, The Met Coffee & Wine Bar invites passersby. Underneath the ground-floor retail spaces, a 150-space park-and-ride lot makes it easy to leave your car and hop a bus. To further help King County increase transit ridership, Dally bought bus passes for the 90-unit Metropolitan Place, as well as for 168 other units in the area.

Moving people to work and back is a growing problem, Dally says, as the region's freeways gum up with more and more traffic. Here, in downtown Renton, he says, you can "walk 100 feet and get a bus and go to work."

Dally took a key step Renton needed to refashion its downtown, recognizing that he could make a profit but also help curb problems associated with sprawl, including long commutes. Ron Posthuma, assistant director for the King County Department of Transportation, worked with Dally on his projects. "Dally did a lot of self-financing," he says, and helped show other developers that downtown has a future. "For a long time it was easier to just do cookie-cutter developments," Posthuma says, noting that lenders have traditionally supported single-use – not mixed-use – projects because they're easier: one strip mall, one surface parking lot. "It's changing because there are more [downtown and transit-oriented] projects with a track record."

And other developers continue to build that track record by designing places worth caring about and by working with local governments to get it done. In Bellevue, for example, Wright Runstad & Co. and Shorenstein Properties bought a 36-acre site in the Bel-Red Road corridor with plans to develop a transit-friendly, mixed-use urban village on the property. The plans match what the city of Bellevue has been working on for years: funneling new growth into its downtown area, where thousands of jobs have been created, nearly 2,500 condo and apartment units have been built and where 5,000 people now call home. "Back in 1980, the city adopted a plan that contemplated Bellevue as the employment center of the eastside," says Matt Terry, director of the city's planning and community development department. "Our growth management strategy at the time was to focus virtually all of our employment and future residential growth in the downtown."

Greg Johnson, president of Wright Runstad & Co., says the urban village planned for Bel-Red will be the largest project his company has done in its 35-year history, some of which it has spent raising Bellevue's skyline, not to mention its profile, to potential employers. "A whole urban neighborhood is going to take root there in Bel-Red," Johnson says, and it will be within "walking distance to downtown Bellevue" and a "short ride in a car or bus" for workers headed to Microsoft Corp. in Redmond.



Federal Way hopes to complete negotiations on its "Symphony" downtown development by the end of this year.



In Seattle's Northgate neighborhood, a transformation already is under way: Lorig Associates has teamed up with other developers, city agencies and architects to build Thornton Place, a six-acre project aimed at helping transform an auto-centric shopping area dominated by Northgate Mall into a pedestrian-friendly urban village. The project features 109 condos, 278 apartments, 143 senior living units built by ERA Care Communities, a 14-screen Regal Cinemas, and 50,000 square feet of retail and restaurants. A light rail station is planned, too.

Seattle-based Lorig also is building a 900-stall underground parking garage. To offset the cost to Lorig of building that structure, and to achieve its own transit-friendly goals, King County paid Lorig \$7 million up front to lease 350 park-and-ride stalls for 40 years. And Thornton Place is intended to be a model of sustainable development. As part of that goal, Thornton Creek will be reconstructed to improve stormwater runoff. Steve Bolliger, senior project manager for Lorig, says projects like Thornton Place "are complicated and long, like a big jigsaw puzzle." But they create more value because they create a distinctive place where people mingle and share spaces, including the parking

garage. Bolliger says cities call Lorig often, asking what they should do to redevelop their downtowns. Bolliger tells them they need a catalyst project, such as a new City Hall, to show developers they're serious about it. Standing near the Thornton Place site, a construction crane looming in the distance, Bolliger considers the timing and logistics of everything. He says the Regal Cinemas, a key anchor for the site, will "work well with the park-and-riders on the weekends and evenings."

Back in downtown Renton, Dally takes another stroll across Burnett Avenue, touring the place he helped bring to life. As he looks back on it, he can't imagine why he ever hesitated to take on the project. But he knows why he took it on: He cares about the region. He grew up in Bellevue. He earned a business degree from the University of Washington. He is a risk taker: In the Navy, he flew an F-4 Phantom off the Kitty Hawk in the Vietnam War. And he loves detail and precision, the way things come together to create a whole. The military taught him precision, even down to placing his toothbrush "in a certain direction, in a certain place." The project also appealed to his love of a good challenge. Why do something easy? Why not try something difficult? "It makes business more fun," he says. Ask Dally what he enjoyed the most about helping rejuvenate a downtown, and he looks at you and smiles. A man of few words, he doesn't need more than two to answer your question. "Creating something," he says.

*Aaron Corvin is a senior writer at Washington CEO Magazine.*