



AGENDA
DES MOINES CITY COUNCIL
STUDY SESSION

City Council Chambers
21630 11th Avenue S, Suite C
Des Moines, Washington
Thursday, November 5, 2026 - 5:00 PM

CITY COUNCIL COMMITTEE OF THE WHOLE

5:00 p.m. - 5:50 p.m.

CALL TO ORDER

ROLL CALL

COMMITTEE OF THE WHOLE ITEMS

- Item 1. **One-Time Revenue Ordinance Discussion** - 30 Minutes
Staff Presentation: Assistant City Attorney Matthew Hutchins
Motion: "I move to direct staff to prepare and bring back an ordinance implementing the Council's direction."

CITY COUNCIL STUDY SESSION

6:00 p.m. - 10:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

COMMENTS FROM THE PUBLIC

Comments from the public must be limited to the items of business on the Study Session Agenda. Please sign in prior to the meeting and limit your comments to three (3) minutes.

DISCUSSION ITEMS

- Item 1. **Downtown Planning Scenarios & Zoning Workshop** - 120 Minutes
Staff Presentation: Community Development Director Rebecca Deming

EXECUTIVE SESSION

NEXT MEETING DATE

November 12, 2026 City Council Regular Meeting

ADJOURNMENT

Members of the public who wish to provide comment during the meeting via Zoom must register in advance. To register, please email cityclerk@desmoineswa.gov by 12:00 p.m. (noon) on the Wednesday before the meeting.

City Council meeting can be viewed live on the City's website, Comcast Channel 21/321, on the City's [YouTube](#) channel or via [Zoom](#).

All PowerPoint presentations included in this agenda packet are considered drafts until reviewed and/or approved by the City Council.

**City Council
AGENDA ITEM**

**BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA**

SUBJECT: One-Time Revenue Ordinance Discussion

ATTACHMENTS:

1. One Time Tax PowerPoint

FOR AGENDA OF:

November 5, 2026

DEPT OF ORIGIN:

Legal

DATE SUBMITTED:

October 22, 2026

CLEARANCES:

Finance

Purpose and Recommendation

This item presents the Council with options for amending the City's one-time revenue restrictions (DMMC Chapter 3.100).

Motion: "I move to direct staff to prepare and bring back an ordinance implementing the Council's direction."

Background

In 2012, the City of Des Moines enacted Ordinance No. 1561 which restricted the use of tax revenue from large development projects in City budgets. Previous budgets had been built on assumed revenue from expected projects. This had at least two destabilizing effects on City finances — 1.) Revenue Shortfalls: projects would fail to go forward due to economic turmoil, leaving a large revenue deficit, and 2.) Unsustainable Ongoing Commitments: recurring general fund expenses were funded with revenues that may not come again in future years, meaning that new revenues would need to be found to keep programs running.

The new ordinance, codified at DMMC chapter 3.100, was intended to require future Councils to build more sustainable budgets based on the principle that recurring expenses should be funded by predictable, ongoing revenues. After a four-year phase in, the ordinance directed Councils to use no tax money generated by development projects valued at \$15,000,000 or more (defined as "one-time revenue") to pay for General Fund expenses. The funds would instead be transferred to the Capital

Improvements Fund to be used for capital expenditures. This had a secondary benefit of providing much needed funds for capital improvements, which were lacking at the time.

On going financial pressures led the Council to suspend the phase-in for the first two years, but by 2017 the Council was able to abide by the one-time revenue restriction. As a result, the Council was able to pass stable, sustainable budgets up until the economic disruption caused by COVID. The Council suspended the restriction due to the economic effects of COVID and the massive inflation caused by COVID and its aftereffects. Because the Council has suspended the restriction several times, staff is bringing forward two questions for discussion: whether the restriction should remain in place, and if so, what changes would make it more effective.

Discussion

At the September 12, 2026 budget workshop, staff presented options for increasing General Fund revenue, including a discussion of the one-time revenue restriction. Staff noted that the \$15 million threshold set in 2012 has not been adjusted for inflation. As a result, it may no longer reflect the valuation that makes a project unusually large and unlikely to recur, and it may restrict revenue that could appropriately support General Fund purposes. The Council expressed interest in raising the threshold to account for inflation.

Following that discussion, the City Manager directed staff to identify other amendments that would make the restriction workable during difficult financial times, so that the Council would not need to consider suspending it. This item presents two additional options for amending the ordinance, along with options for adjusting the threshold.

Alternatives

The Council could:

1. Provide staff with direction on drafting an ordinance to amend the one-time revenue ordinance
2. Take no action

Financial Impact

Amending the one-time revenue ordinance would not, on its own, change total City revenue or spending. It may, however, change how that revenue is allocated between the General Fund and the Capital Improvements Fund.

Revisiting the “Use of One Time Revenues” Ordinance



Background

The City faced a number of financial issues following 2000-era tax reforms and 2008 financial crisis

Using anticipated one-time revenue from large development projects that sometimes failed to materialize became routine

This practice made budget issues worse

Council passes Ordinance No. 1561 in 2012

Intended to stop the Council from relying on one-time tax revenue from large development projects to balance the budget.

Included a four-year phase-in

Implementation

Council amended the ordinance in 2014 and 2015 to delay implementation and allow all one-time revenues to be used to balance the general fund budget

The restriction on one-time revenues was complied with in 2017 through 2019, and the 2020 adopted budget was set to follow as well.

The restriction has been suspended every year since due to a combination of:

- COVID-related loss of revenue
- COVID-related inflation
- Revenue constraints such as the 1% cap on property tax levy increases

What does it do?

Defines “One-time revenue” as “all corresponding sales tax and business and occupation tax revenues received by the city from development projects with a total value exceeding \$15,000,000.”

Restricts these funds from being used to fund the general fund and requires the funds to be transferred to the municipal capital improvements fund to be used for capital improvements

How it works in practice

Regular city sales tax rate is 0.85%

- Additional sales tax for specific purposes exempt (public safety, children and family service)

B&O tax rate 0.2%

$\$15,000,000 * (0.85\% + .2\%) = \$157,500$ (assuming all costs taxable)

As written:

- if funds come from a project valued <\$15MM, all of the revenue goes into the general fund
- if funds come from a project valued >=\$15MM, all of the revenue goes into the capital improvements fund

Can it be improved?

Staff presented revenue options at September 12, 2026 budget workshop

Council showed interest in potentially raising the dollar threshold to account for inflation

CM Caffrey asked staff to determine if there were other ways to improve the one-time revenue rule

- Avoid having to suspend the rule in the future

Developed two additional options

1 - Is the number right?

The threshold was set at \$15,000,000 in 2012

Chosen as a good dividing line between ordinary construction activity and major projects

CPI-U for Seattle area has increased approximately 57% since 2012

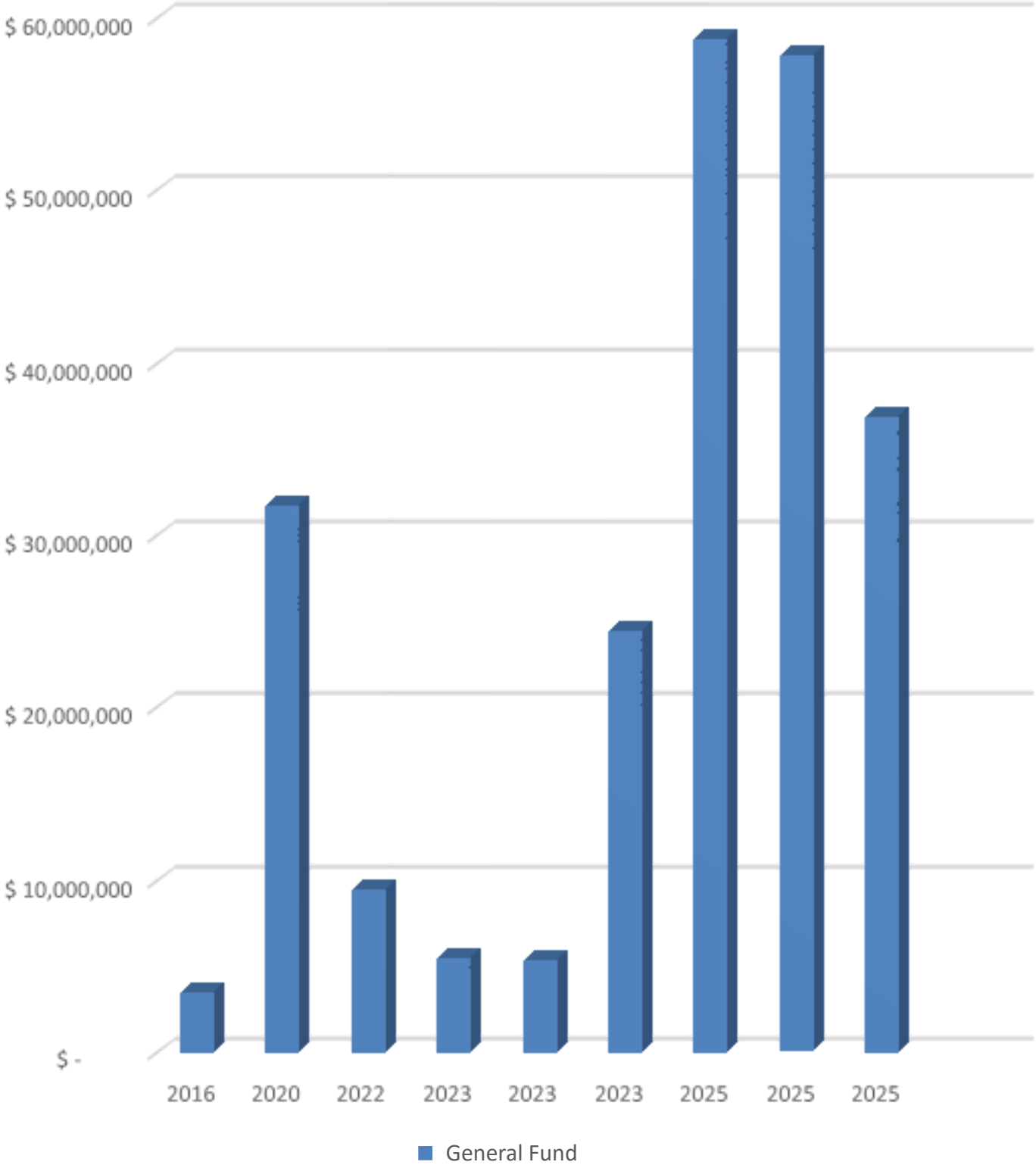
Construction cost indexes increased 67-86%

Adjusted for CPI, \$15,000,000 is approximately \$23,500,000 in 2026

2 - Is the ordinance too blunt?

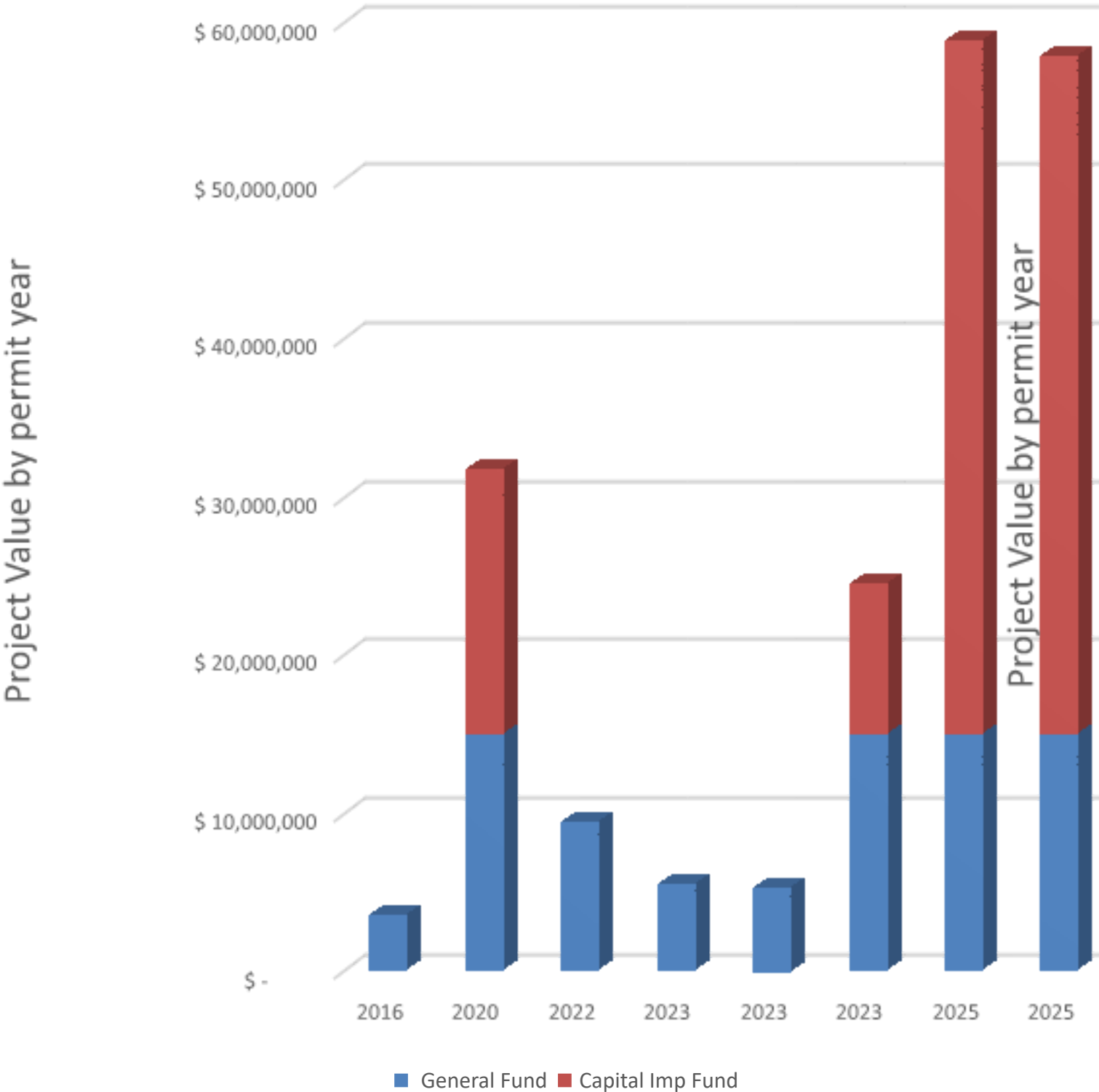
No Restriction on OTR

Project value by permit year

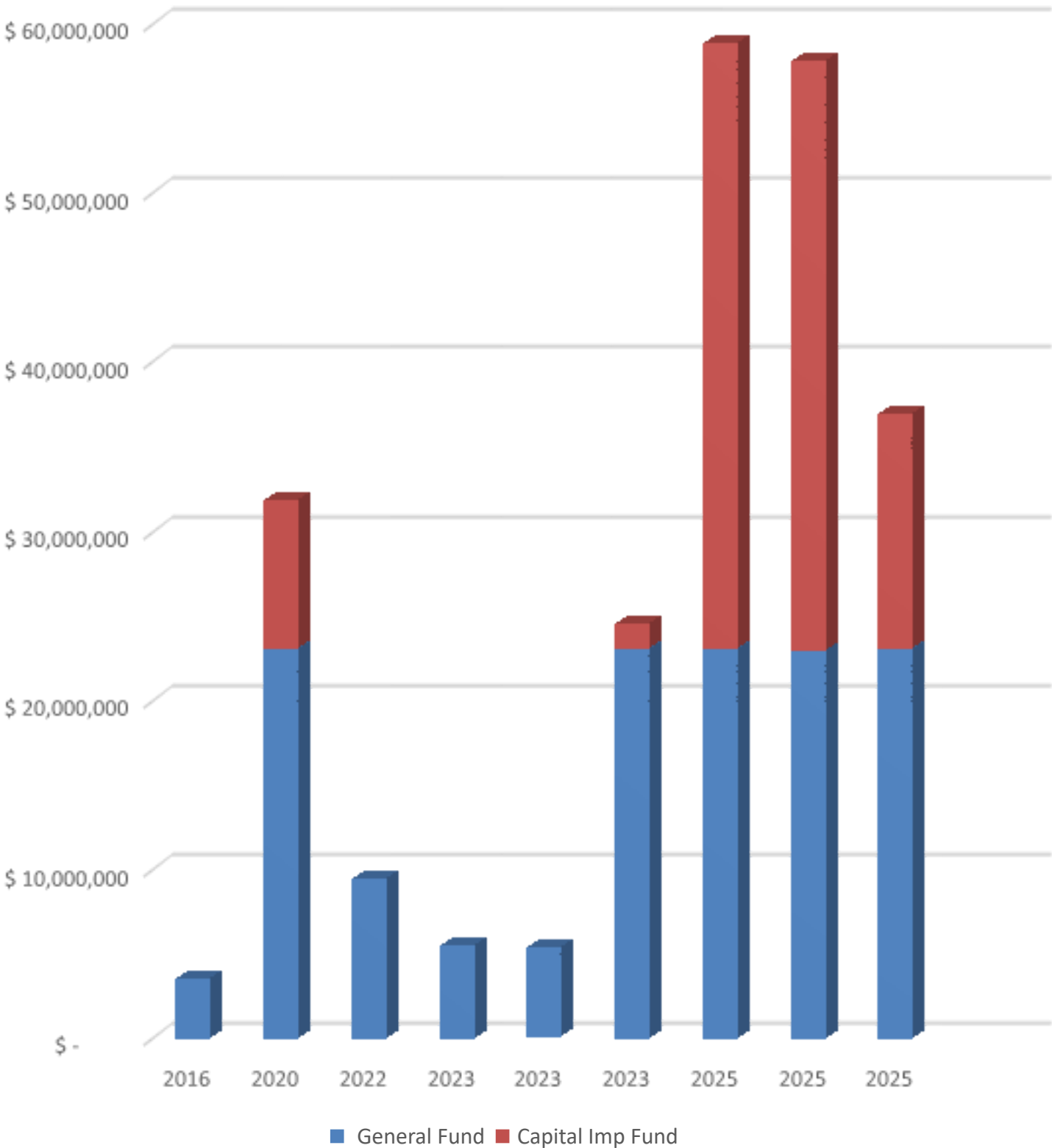


A more nuanced option

\$15MM Cap on General Fund Revenue



\$23MM Cap on General Fund Revenue



3 - Is it too restrictive?

Does the current ordinance fix the problem it was meant to address?

- One-time revenues fund one-time expenses
- Fund recurring expenses with ongoing sources of money

The City incurs one-time expenses beyond capital construction

- e.g. large computer software system changes

Restricting one-time funds to capital improvements means they cannot be used for legitimate one-time general fund expenses

- May have to be funded at the expense of ongoing needs

Uses for one-time revenues can be expanded to include bona fide one-time general fund expenses

Questions for Council

- Should we keep the restriction on one-time revenue?
- Should we make changes to the OTR ordinance?
- Is \$15MM the correct project value threshold?
 - If so, what should be the new number?
- Should we continue segregating the full amount, or segregate revenues above the threshold?
- Should non-capital one-time spending be eligible for the funds?
 - Should reserves/rainy day fund be eligible?
- Are there other changes we should make?

Questions?



Suggested Motion: "I move to direct staff to prepare and bring back an ordinance implementing the Council's direction."



**City Council
AGENDA ITEM**

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Downtown Planning Scenarios & Zoning Workshop

ATTACHMENTS:

1. 09.03.2026 Meeting Summary
2. 10.06.2026 Meeting Summary
3. Des Moines Downtown Assessment
PowerPoint

FOR AGENDA OF:

November 5, 2026

DEPT OF ORIGIN:

Community Development

DATE SUBMITTED:

October 23, 2026

CLEARANCES:

Purpose and Recommendation

The purpose of this item is to hold a joint Planning Commission and City Council Workshop to discuss Des Moines downtown.

Strategic Plan Priority

Economic Vitality

Background

At the June 25, 2026, City Council meeting, staff introduced several implementation strategies for the City's adopted Strategic Plan in support of the Economic Vitality goal. Economic development and growth scenarios were among the topics presented, including the engagement of ECONorthwest (ECO) to conduct a comprehensive evaluation of downtown development opportunities and future growth scenarios. Unlike a traditional market study, this work is intended to help the City better understand what different futures for downtown could look like and the tradeoffs associated with each approach. The project will develop and evaluate multiple growth scenarios, analyzing factors such as housing and employment capacity, development feasibility, market demand, infrastructure considerations, economic activity, fiscal impacts, and the types of amenities and services that may be supported under different development patterns.

The work is intended to help answer important questions regarding the type, scale, and intensity of development that may be necessary to support a vibrant and economically sustainable downtown. The resulting analysis will provide the City Council and Planning Commission with objective, data-driven information to inform future discussions regarding land use policy, zoning, density, development standards, and long-term community investment strategies. The intent is not to predetermine outcomes, but to

ensure that future decisions are informed by a clear understanding of opportunities, constraints, costs, and benefits.

Discussion

ECONorthwest (ECO) has been engaged by the City to support the development and evaluation of regulatory alternatives for downtown Des Moines to help achieve the City's goals for a vibrant, walkable, mixed-use downtown and to help improve the City's long-term financial position. As part of this effort, ECO participated in a joint session of City Council and Planning Commission on September 3rd to share a "Downtown Diagnostic". The presentation assessed trends in downtown property development and the City's financial situation, regulatory barriers, and downtown's strengths, weaknesses, challenges and threats. On October 6th ECO joined the planning commission to share findings related to development feasibility and facilitate a discussion related to height limits, ground-floor commercial requirements, and other zoning changes in downtown.

ECO will participate in the November 5th joint session of City Council and Planning Commission to evaluate options for zoning updates. This will be followed by a final session with City Council to discuss and confirm a recommended strategy for regulatory updates to downtown zoning in 2027.

Des Moines Downtown Assessment

Meeting #1: Downtown Diagnostic

City Council and Planning Joint Session Summary

September 3rd, 2026

Group 1 Discussion Key Points

- ◆ It's time for Des Moines to "grow up", we're not just a small town anymore.
- ◆ Desire for "cute" retail like bakeries, bookshops, bike shops, cafes, etc.
- ◆ We want a "full bodied" downtown, with energy, and a cohesive aesthetic.
- ◆ Build the customer base for desired businesses by increasing local population density
- ◆ Mid-rise buildings 65-85 feet tall seem like the right scale.
- ◆ Poor urban design, with parking lots in front of buildings and no sidewalks, reflects the aging post-war building stock.
- ◆ Allow increased heights, especially at the north end of downtown where there are fewer views to block.
- ◆ The share of the Des Moines population with waterfront views is small compared to the number that benefit from a lively downtown.
- ◆ City has limited tools available to facilitate development; need to be realistic and strategic.
- ◆ Question for the team: how many nearby residents does it take to support a bakery?
- ◆ In the future the City should look at extending higher zoning further up the hill, it's silly to draw a hard line at 8th Ave.

Group 2 Discussion Key Points

- ◆ Consider eliminating RM-900 and RM-900A, they're outdated and restrictive.
- ◆ Examples to look to:
 - Edmonds, Poulsbo, and Gig Harbor are nice examples of marina-connected downtowns
 - Burien provides a nearby attainable example of a lively, walkable downtown.
 - Kirkland provides an example of a high-end transformation.
- ◆ Need more "third places" like cafes or bookshops that promote community.
- ◆ Need to address the "wall of condos" that blocks downtown off from the waterfront.

- ◆ Use official channels to pursue mitigation funds from the Port of Seattle tied to increasing air traffic volumes and attendant noise impacts.
- ◆ Target high-end office and residential customers for sites near the water.
- ◆ City may need to take an active role in land assembly to create larger development-ready parcels.
- ◆ Community opposition to increased building heights or development downtown in the interest of protecting views is probable.
- ◆ Zoning changes alone will not trigger development if underlying economics don't make sense, but zoning can make it more likely to work.
- ◆ Walkability is still a challenge between Marine View Drive and the waterfront.

Other Questions and Comments Raised During the Presentation

- ◆ Why have these parcels remained vacant?
- ◆ What is the tallest building height we could allow?
- ◆ How big are viable commercial districts in Edmonds, Leavenworth, or Seabrook?
- ◆ Is the airport a benefit or a challenge?
- ◆ Be careful about calling out "absentee landlords" when we don't know if that's accurate.
- ◆ CoStar categories are very broad. Service retail or service-oriented offices have different needs than a larger corporate space.
- ◆ How much property does the City own downtown?
- ◆ What types of property tax exemptions are in effect in Des Moines? Why are they so prevalent?



Des Moines Downtown Assessment

Meeting #2: Building Blocks

Planning Commission Meeting Summary

October 6th, 2026

Example Development Shared for Downtown

- ◆ Multnomah Village: “French Quarter” food cart pod at former gas station. Small scale, lively spot with diverse food options.
- ◆ Lake Oswego downtown: Millenium Plaza Park and walkable, low-traffic main street connects downtown to the lake.
- ◆ Covington: new development featuring high-quality stone cladding, providing visual interest and a connection to traditional methods of building.
- ◆ Quintessential waterfront towns: Carlsbad and Point Loma, CA; Edmonds, Gig Harbor, Langley, Port Angeles, WA; Cannon Beach, OR. Waterfront-oriented commercial districts featuring a variety of building heights and styles, people-oriented building design, fine-grained development patterns.
- ◆ Edmonds WA Molly Moon building: corner-anchoring retail with attractive design and outdoor seating that activates the street.
- ◆ Boise, ID 8th St: pedestrian-only downtown dining street, very lively, safe, walkable.
- ◆ Yaletown, BC: former warehouse district converted into lively, walkable dining street connecting to the waterfront.
- ◆ Ballard Ave shopping street with abundant trees, lots of tiny shops, and lively storefronts, with lots of housing nearby.

Discussion Points

- ◆ Allowing taller heights throughout downtown may not be appropriate.
- ◆ Taller buildings make the most sense at the north and south and of Marine View Drive.
- ◆ It’s risky to count on any particular property redeveloping – we don’t know what’s the property owner’s goals, commitments, or barriers are.
- ◆ Townhouses make sense in many parts of downtown. Street oriented residences would activate streets more than many of the existing retail spaces, which have automobile-oriented design and are separated from the sidewalk by parking lots.
- ◆ It makes sense to cluster walkable retail in priority areas that are most likely to be successful.

- ◆ The highest priority locations for ground-floor commercial are approximately 223rd to 227th on Marine View Drive and down 223rd connecting to the new Marina Steps.
- ◆ Retail follows' rooftops" i.e. housing, and higher-end retail likely follows higher-end housing.
- ◆ The block north of S 219th St between 7th and Marine View Drive seems like the best suited site for a future grocery store downtown, if the economic fundamentals were there and the property owner were so inclined.





Des Moines Downtown Assessment

NOVEMBER 5, 2026



Our Team



Morgan Shook
Partner & Senior
Policy Advisor



Ian Crozier, AICP
Senior Project
Manager

Tonight's Agenda

6:00 pm	Intro and Recap
6:10 pm	Findings and Options
6:30 pm	Turning the Dial: how far to go?
7:00 pm	Discussion
7:30 pm	Close

October 6th Planning Commission Discussion Points

- Allowing taller heights throughout downtown may not be appropriate. Taller buildings make the most sense at the north and south end of Marine View Drive.
- It's risky to count on any particular property redeveloping – we don't know what's the property owner's goals, commitments, or barriers are.
- Townhouses make sense in many parts of downtown. Street oriented residences would activate streets more than many of the existing retail spaces, which have automobile-oriented design and are separated from the sidewalk by parking lots.
- It makes sense to cluster walkable retail in priority areas that are most likely to be successful.
- The highest priority locations for ground-floor commercial are approximately 223rd to 227th on Marine View Drive and down 223rd connecting to the new Marina Steps.
- Retail follows "rooftops" (i.e. housing), and higher-end retail likely follows higher-end housing.
- The block north of S 219th St between 7th and Marine View Drive seems like the best suited site for a future grocery store downtown, if the economic fundamentals were there and the property owner were so inclined.

Recap

Planning commissioners were asked to share examples of development appropriate for downtown.



Boise 8th St



Multnomah Food Carts



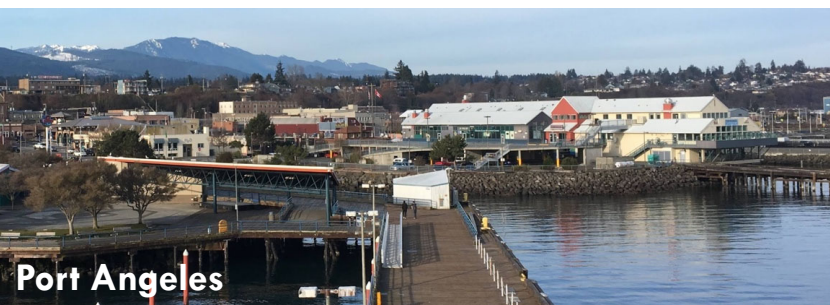
Ballard Ave Shops



Yaletown
Restaurants



Lake Oswego Downtown



Port Angeles



Covington



Edmonds Ice Cream Shop

CRECC

Councilors of Real Estate presentation recommends incremental value creation through smaller steps and becoming better positioned to attract development.

CREATE AN OWNER INCENTIVE LADDER

Lead with assistance, reward action, and escalate only when vacancy harms the district

MATCH TOOL TO BARRIER



1	CONCIERGE	One point of contact • site meeting • permit roadmap • code triage • concept test	LOW COST
2	QUICK-WIN GRANTS	Façade / sign / lighting match • window displays • cleanup • predevelopment studies	VISIBLE RETURN
3	LEASE-UP SUPPORT	Pop-up master lease • tenant-improvement match • rent step-up • shared marketing	TEST DEMAND
4	DEVELOPMENT SUPPORT	Expedited review • MFTE where applicable • TIF-funded public infrastructure • parking flexibility	CLOSE GAP
5	ACCOUNTABILITY	Property maintenance standards • vacant-building registration / fee • nuisance enforcement	LEGAL REVIEW



Turning the Dial

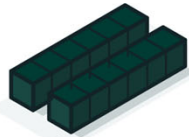


Today's objective

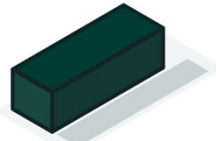
Lay the groundwork for "targeted" regulatory changes in downtown Des Moines.

Eight Prototypes Spanning the Downtown Vision

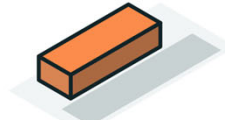
Building types were chosen to cover the range of what downtown could reasonably accommodate, from ownership housing to eight-story mixed use and purpose-built medical office. They are not limited to what current zoning allows.



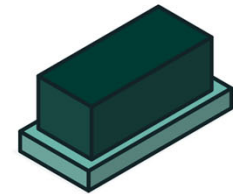
Townhomes
12 units · 2 stories · 20 ft



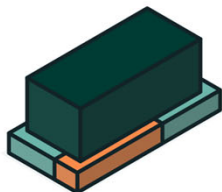
Stacked Flats
38 units · 3 stories · 30 ft



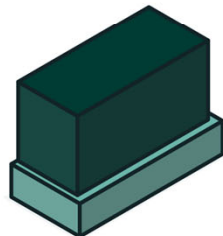
Strip Retail
5,000 sq ft retail · 1 story · 18 ft



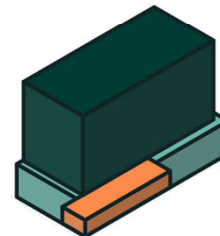
Multifamily Podium, 5-Story
48 units · 5 stories · 55 ft



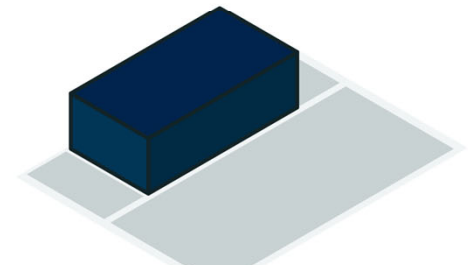
Mixed-Use Podium, 5-Story
60 units + retail · 5 stories · 55 ft



Multifamily Podium, 8-Story
107 units · 8 stories · 85 ft



Mixed-Use Podium, 8-Story
113 units + retail · 8 stories · 85 ft



Medical Office
60,000 sq ft · 3 stories · 42 ft

Residential

Structured parking

Retail

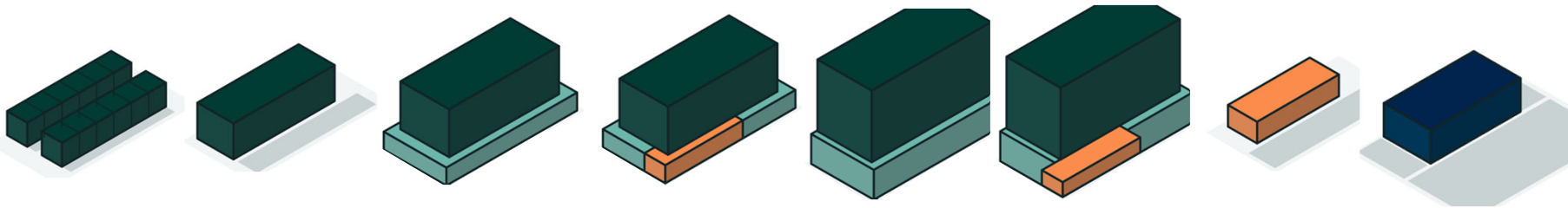
Medical office

Surface parking

Diagrammatic, all at one plan scale with heights exaggerated uniformly. Most prototypes sit on a 20,000 sq ft site; medical office needs two acres to park itself.

Feasible building types

Zone	TOWN- HOUSE	STACKED FLATS 3-STORY	MULTI- FAMILY 5-STORY	MIXED- USE 5-STORY	MULTI- FAMILY 8-STORY	MIXED- USE 8-STORY	STRIP RETAIL	MED OFFICE
Feasibility	Feasible	Feasible	With help	With help	With help	With help	More Challenging	More Challenging



- Low rise apartments and townhouses
- Mid-rise (5-8 stories) could pencil with help
- Unclear if going taller helps feasibility
- Commercial rents can't support new retail construction on their own

Code Barriers

	TOWN- HOUSE	STACKED FLATS 3-STORY	MULTI- FAMLY 5-STORY	MIXED- USE 5-STORY	MULTI- FAMLY 8-STORY	MIXED- USE 8-STORY	STRIP RETAIL	MED OFFICE
FEASIBILITY	Feasible	Feasible	With help	With help	With help	With help	Challenging	Challenging

CODE BARRIERS

ZONE	D-C	GF	GF	H* · GF	H*	H · GF	H	✓	✓
	RM-900	✓	D	H · D	H · D	H · D · FAR	H · D · FAR	U	U
	RM-900A	U	D	H · D · FAR	U · H · D · FAR	H · D · FAR	U · H · D · FAR	U	U

Key:

Allowed	Partial code barrier	Code barrier
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U Allowed uses

D Density limit

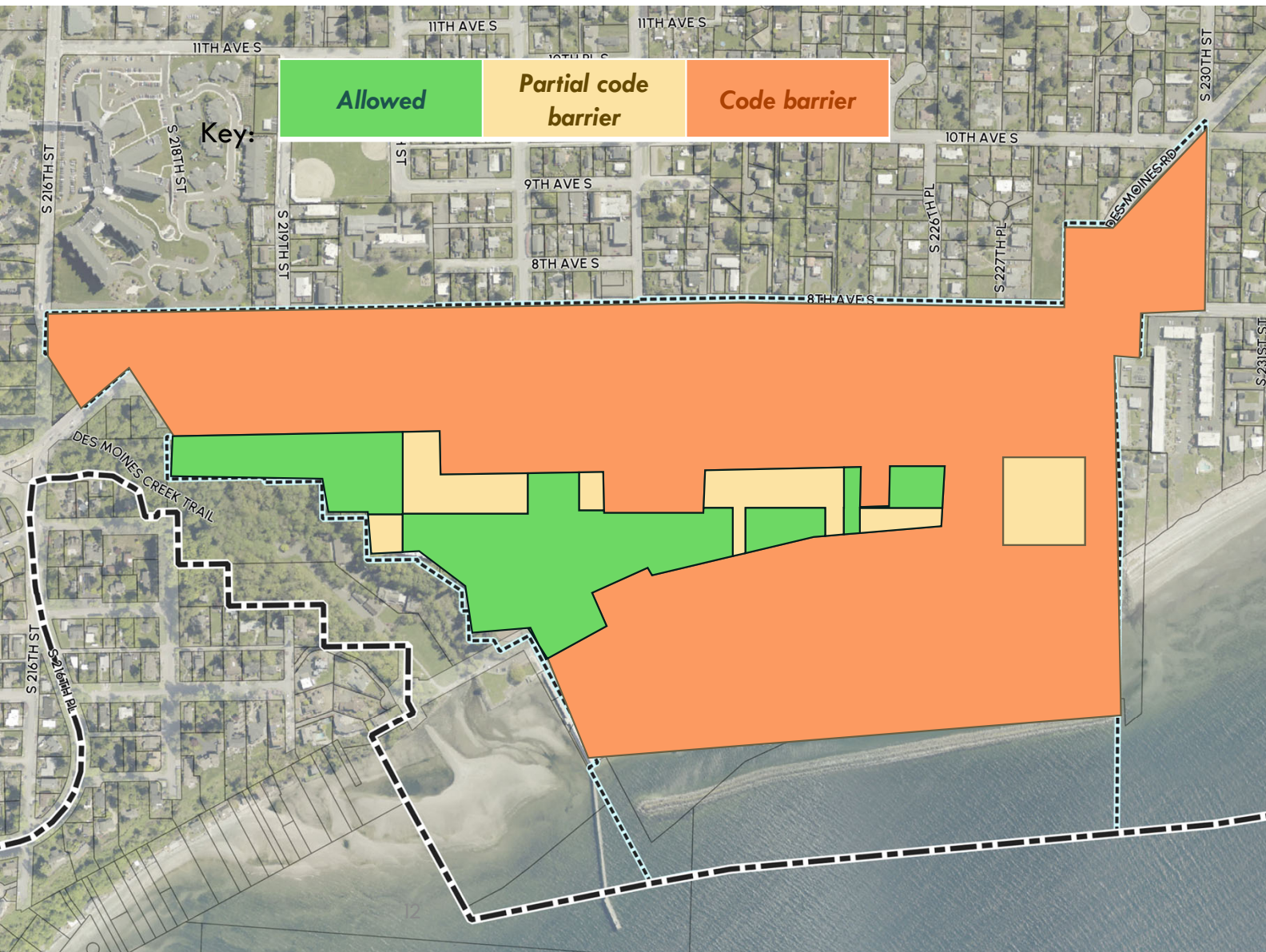
H Height limit

FAR Floor area ratio limit

GF Ground floor commercial requirement



*Height limit allows less than five stories except on the Dollar Tree block



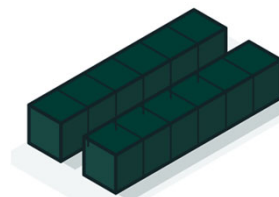
Key:

Allowed

Partial code
barrier

Code barrier

Prototype Code Barriers



Townhomes

12 units · 2 stories · 20 ft



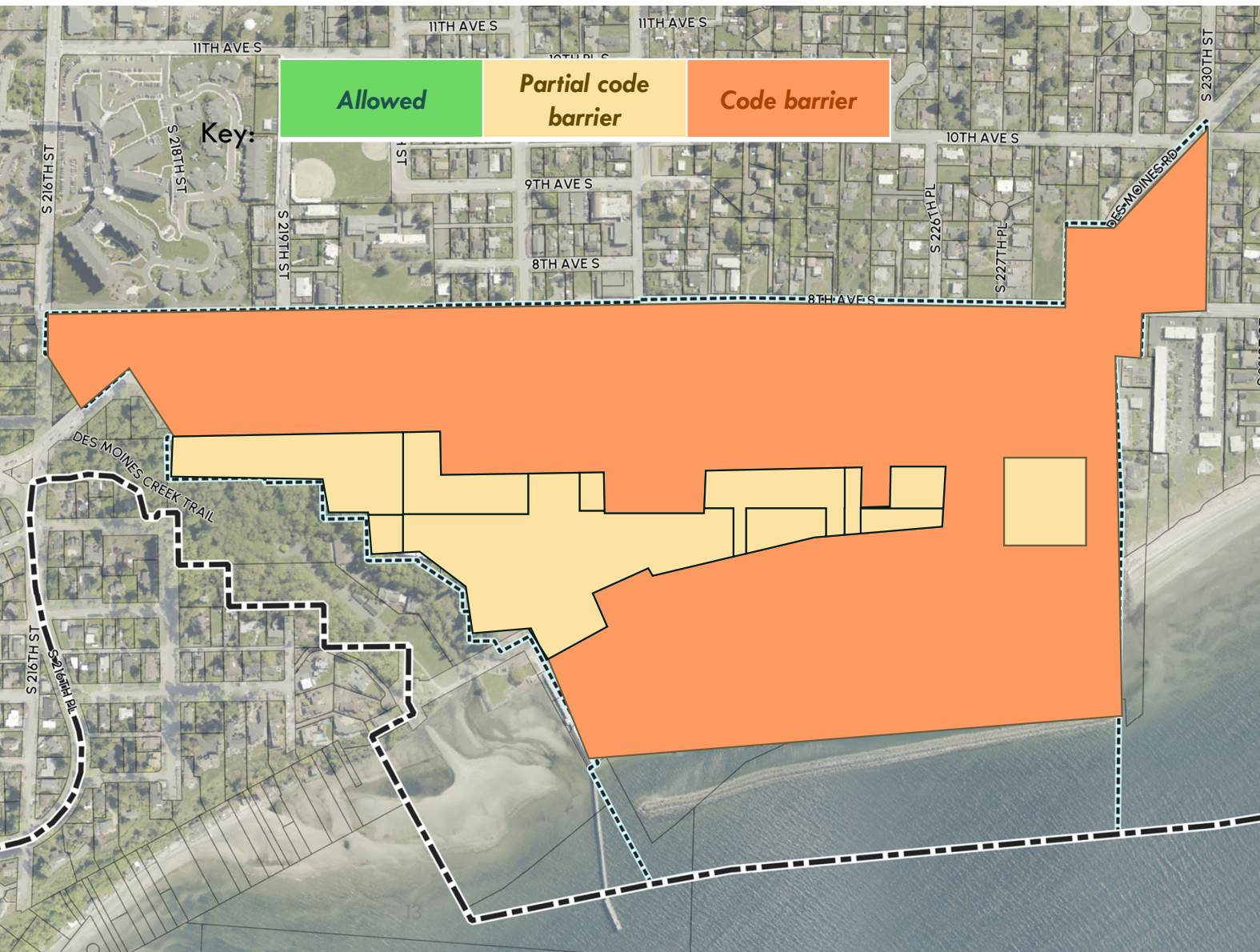
Downtown study area



Des Moines city limits



0 500 1,000 ft



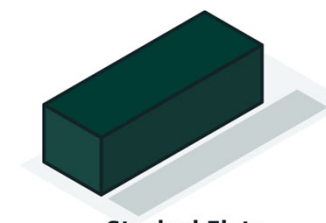
Key:

Allowed

Partial code
barrier

Code barrier

Prototype Code Barriers

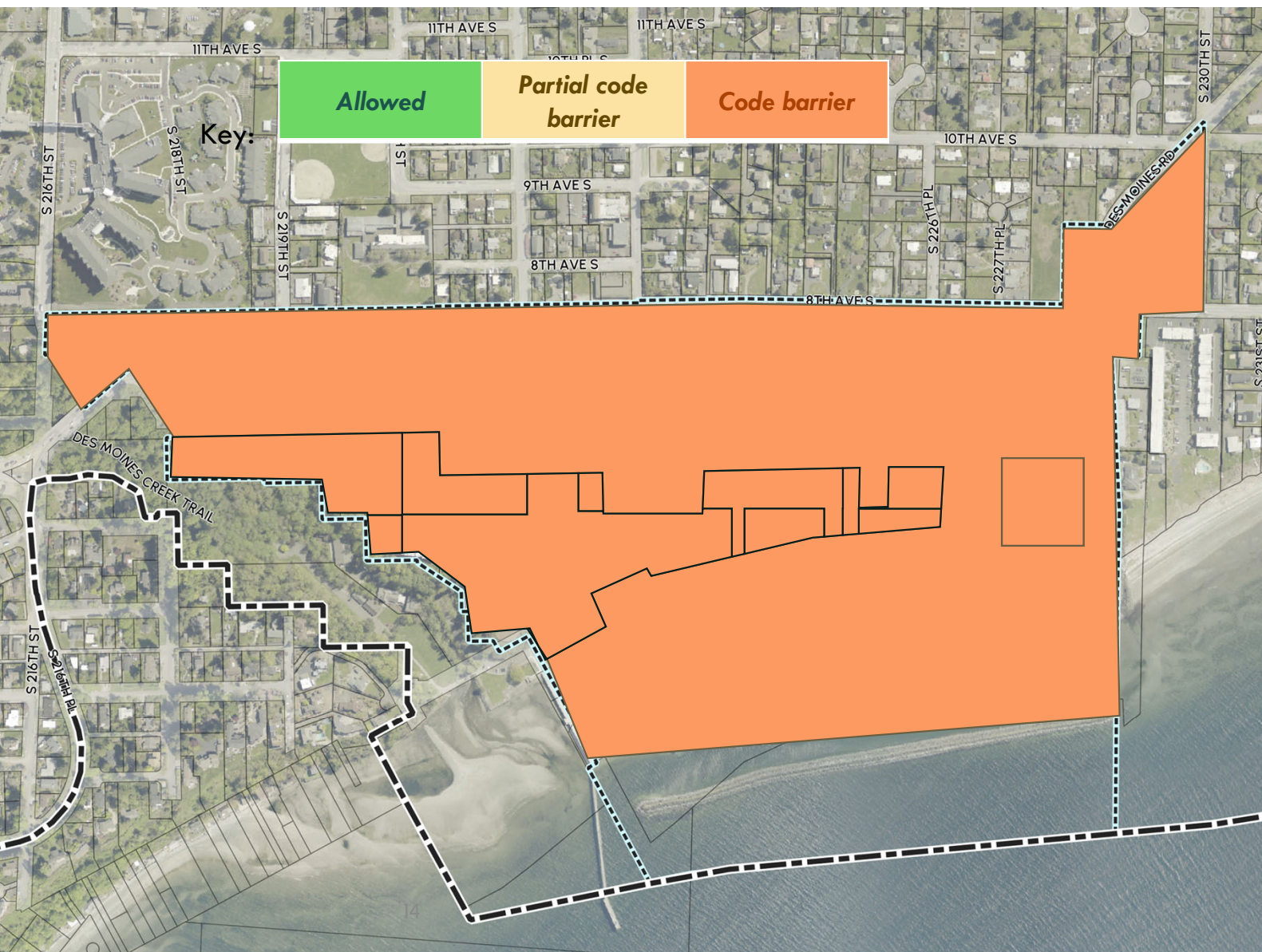


Stacked Flats
38 units · 3 stories · 30 ft

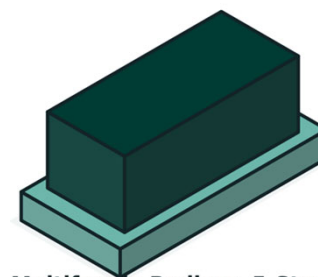
Density limits
reduce capacity in
RM-900 and 900A

 Downtown study area
 Des Moines city limits

 0 500 1,000 ft



Prototype Code Barriers



Multifamily Podium, 5-Story
48 units · 5 stories · 55 ft

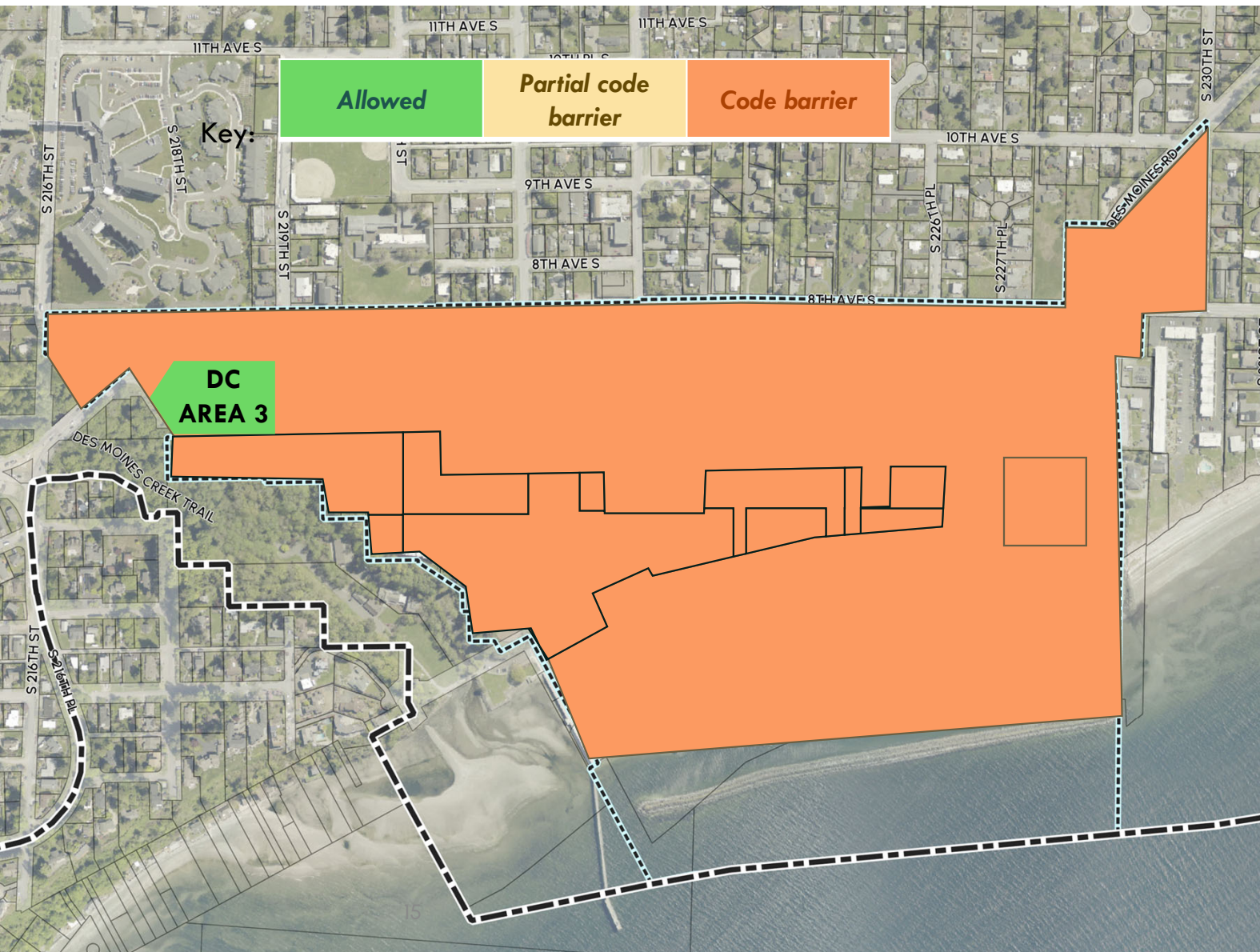


Downtown study area

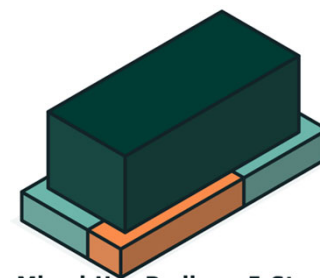
Des Moines city limits



0 500 1,000 ft

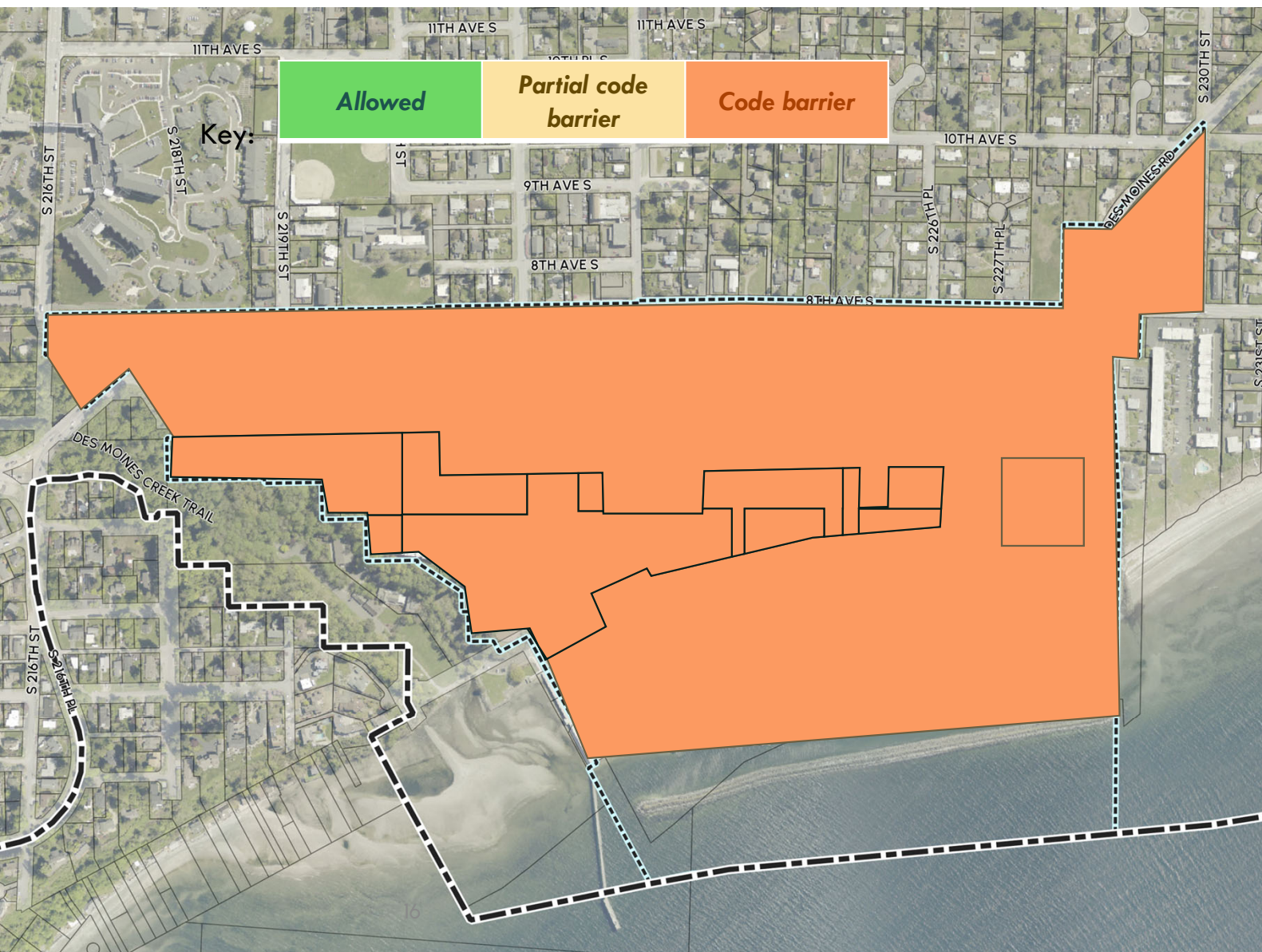


Prototype Code Barriers

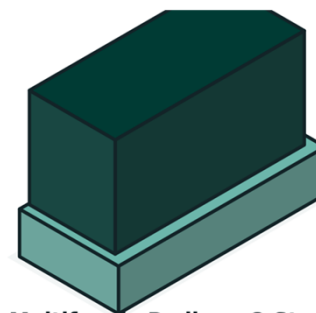


Mixed-Use Podium, 5-Story
60 units + retail · 5 stories · 55 ft

Allowed only in D-C zone Area 3 where 55 ft max height is in effect.



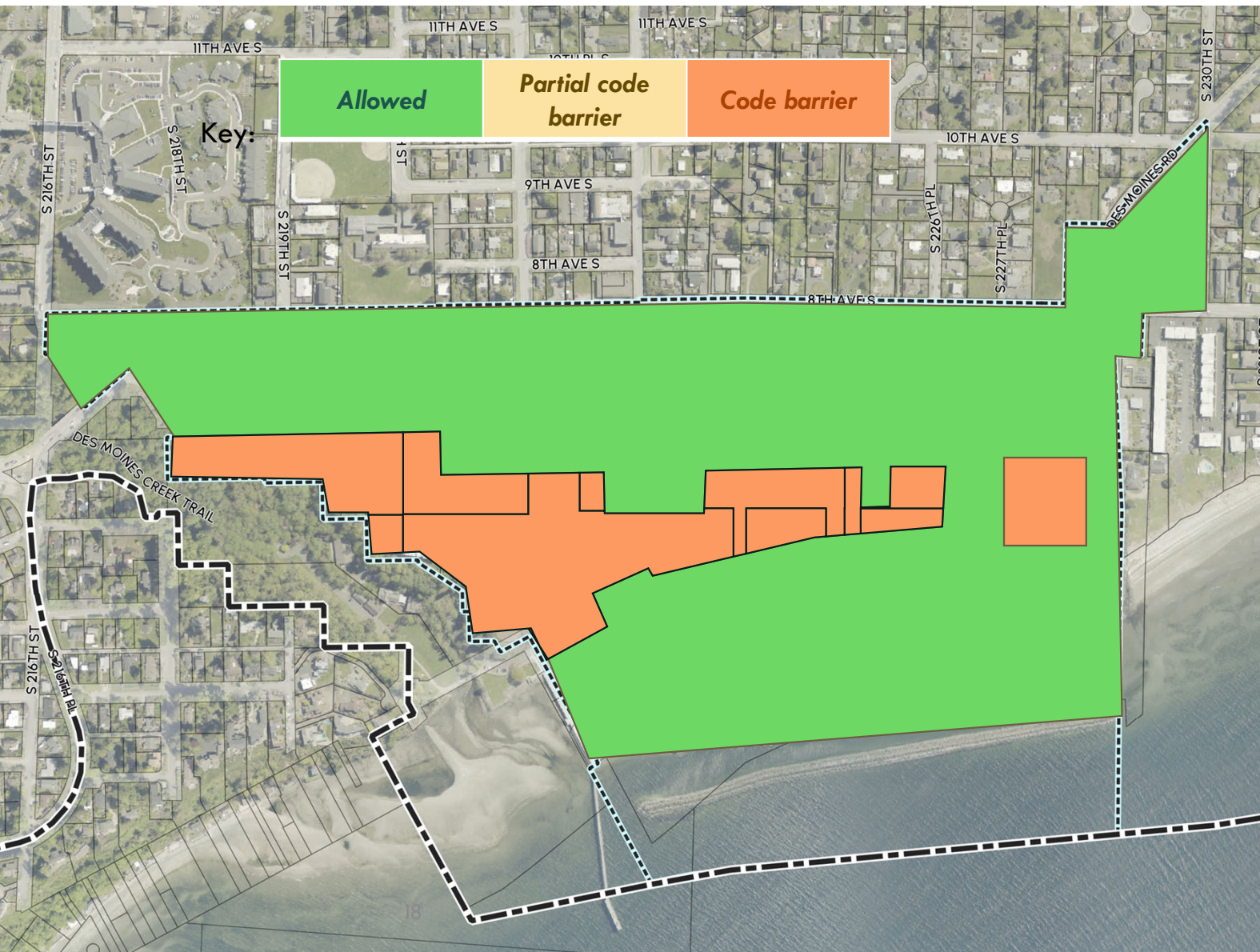
Prototype Code Barriers



Multifamily Podium, 8-Story
107 units · 8 stories · 85 ft

Prohibited
everywhere.

 Downtown study area
 Des Moines city limits



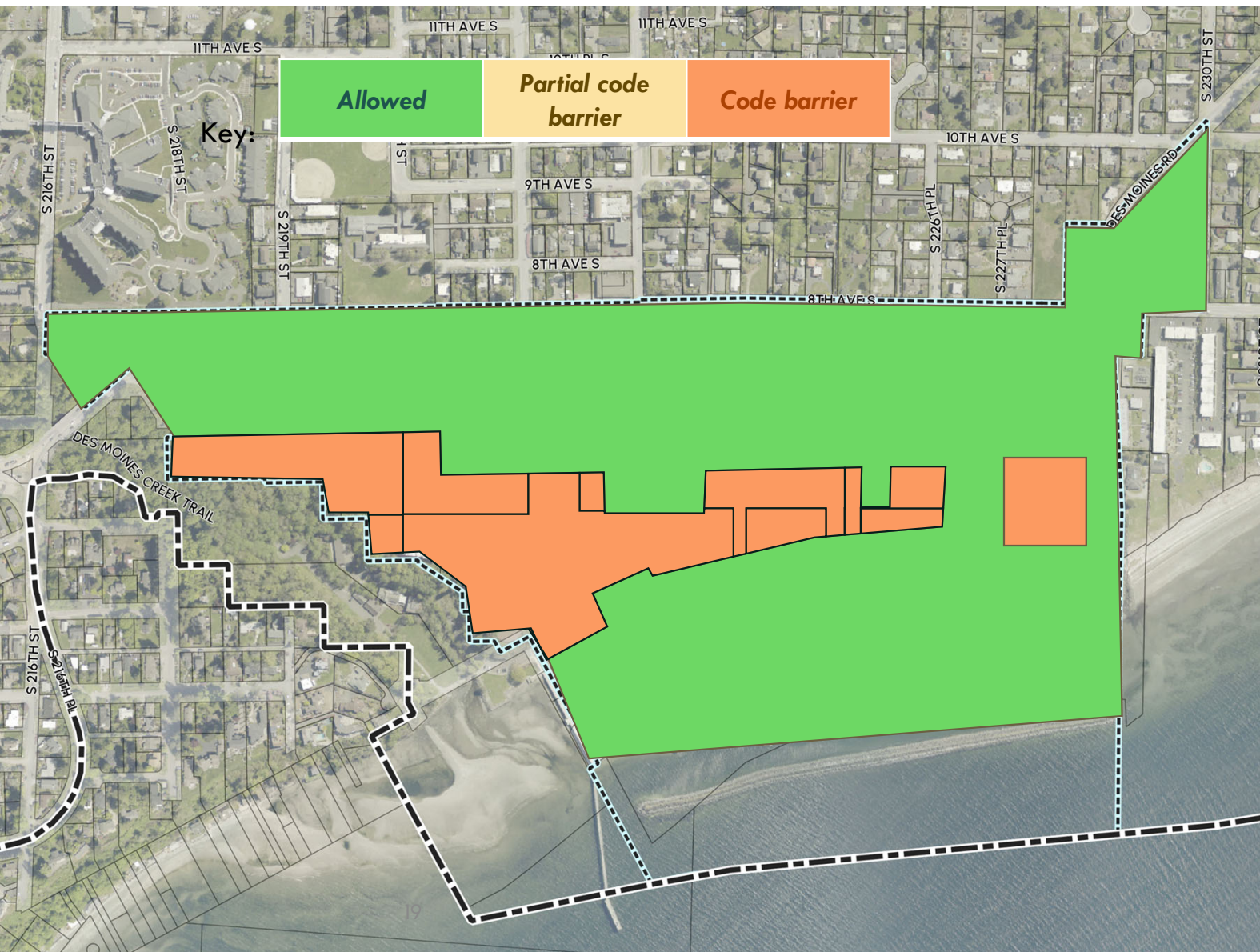
Prototype Code Barriers



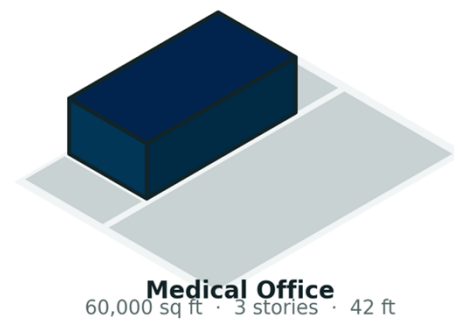
Allowed in D-C zone.

 Downtown study area
 Des Moines city limits

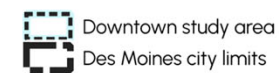




Prototype Code Barriers



Allowed in D-C zone.



Fiscal Impacts



Todd Chase, AICP, LEED Principal
Tim Wood, Project Manager
Luke Nelson, Senior

Findings – Mixed-Use Development at Seascap Site

- Parcel would transition from vacant to a mixed-use development
 - » 49 apartment or condo units + 7,660 SF of commercial space
- Cost to serve new mixed-use: \$841,000 over ten years
- Revenue from new mixed-use: \$858,000 over ten years
- 10-year General Fund impact: +\$17,000**

Summary: Revenues and Expenses	Annual Avg (1-10)	Aggregate (1-10)
Avg. Annual Revenue	\$ 85,800	\$ 858,003
Avg. Annual Additional Costs	84,079	840,788
Total Fiscal Impact	\$ 1,722	\$ 17,216

One Time Revenues	2026
Construction Sales Tax	\$179,269
Traffic Impact Fees	\$279,927
Total One Time Revenues	\$459,196

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	1,722	\$ 17,216

2026
\$179,269
\$279,927
\$459,196

Findings – Highway Commercial Development at Seascap Site

- Parcel would transition from vacant to a highway commercial development
 - » 3,300 SF of new commercial space
- Cost to serve new commercial use: \$96,000 over ten years
- Revenue from new commercial use: \$226,000 over ten years
- 10-year General Fund impact: +\$129,000**

Summary: Revenues and Expenses	Annual Avg (1-10)	Aggregate (1-10)
Avg. Annual Revenue	\$ 22,583	\$ 225,828
Avg. Annual Additional Costs	9,645	96,446
Total Fiscal Impact	\$ 12,938	\$ 129,382

One Time Revenues	2026
Construction Sales Tax	\$42,180
Traffic Impact Fees	\$110,355
Total One Time Revenues	\$152,536

Fiscal Impacts

Source: FCS General Fund Financial Forecast, September 2026

Development Type	Site	One-Time Revenue (sales tax + traffic impact fee)	Annual Fiscal Impact (revenue - cost to serve)	10-year net revenue	Revenue positive years
Mixed-use podium 49 units + 7,660 sf com.	Downtown	\$459,196	\$1,722	\$476,416	-
Stacked flats multifamily 17 units	Downtown	\$155,988	(\$5,816)	\$97,828	27
Highway commercial 3,300 sf	Downtown	\$152,536	\$12,938	\$281,916	-
Single-family detached 4 units	Downtown	\$48,820	(\$1,693)	\$31,890	29
Mixed use podium 445 units +	Hwy 99	\$4,172,227	\$6,425	\$4,236,477	-
Highway commercial 22,000 sf	Hwy 99	\$1,281,493	\$108,383	\$2,365,323	-
Single-family detached 33 units	Hwy 99	\$441,962	(\$24,617)	\$195,792	18

Fiscal Impacts

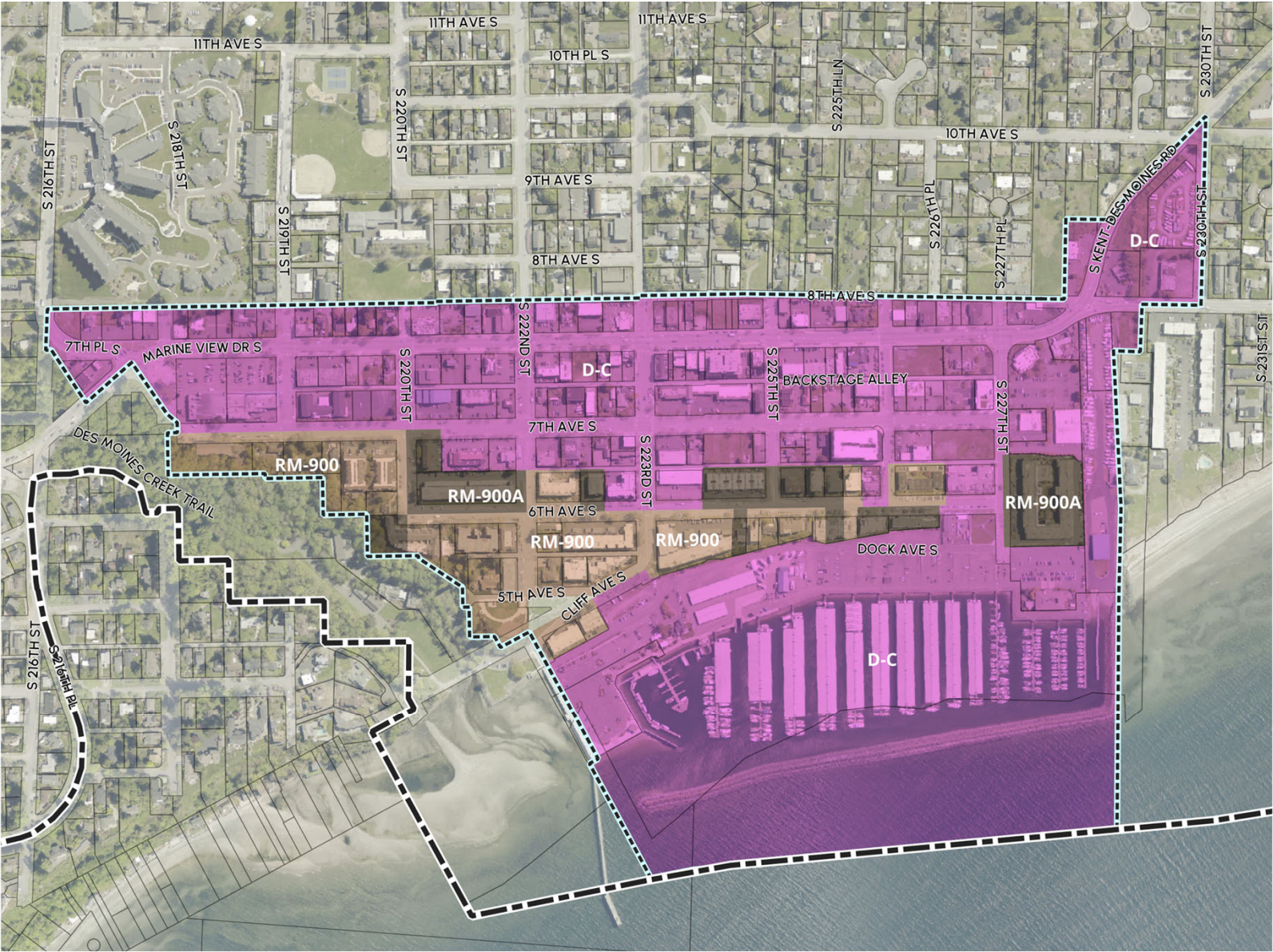
- One-time revenues from residential development downtown (plus property taxes) cover the cost of nearly three decades of services.
- Sales tax is collected by businesses but is paid by customers.
- Residents within walking distance of shops are more likely to generate taxable sales inside Des Moines than residents in auto-oriented areas near the city limits.



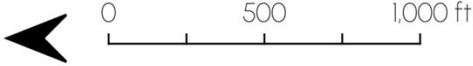
Turning the Dial

What changes would have the most impact, and how far should we go?

Current Zoning



- Zoning**
- D-C
 - RM-900
 - RM-900A
 - Downtown study area
 - Des Moines city limits





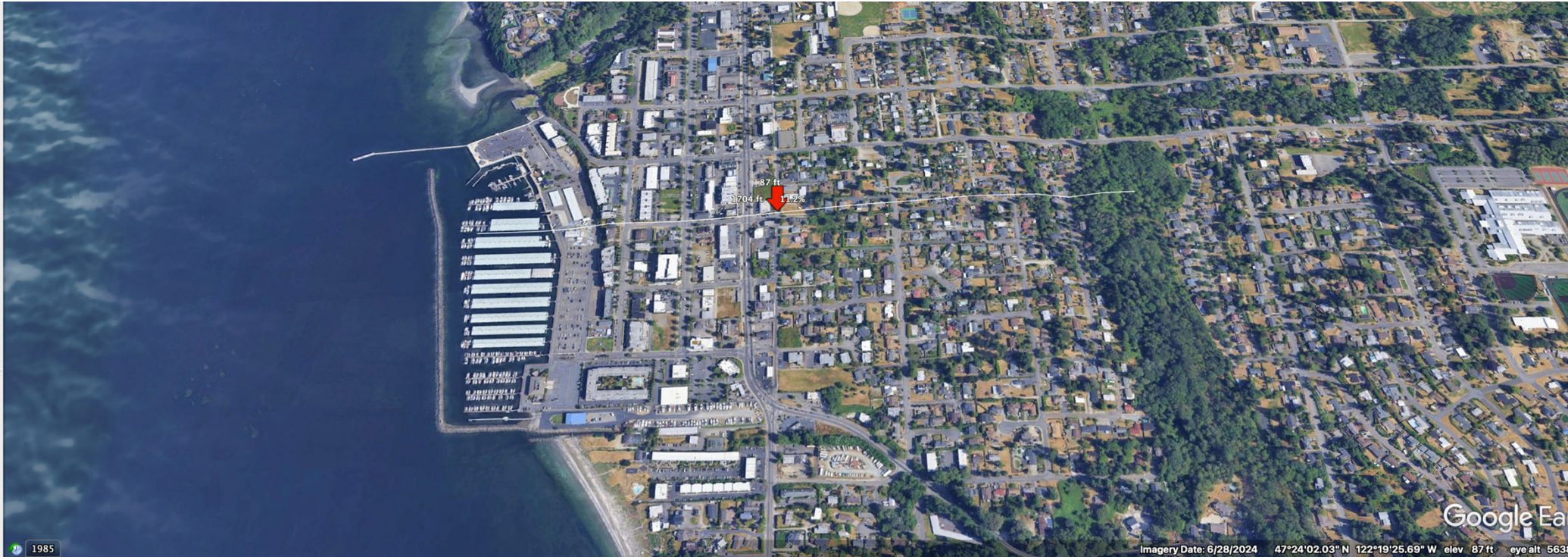


10th Ave S & S 226th Pl

35 ft

35 ft

65 ft

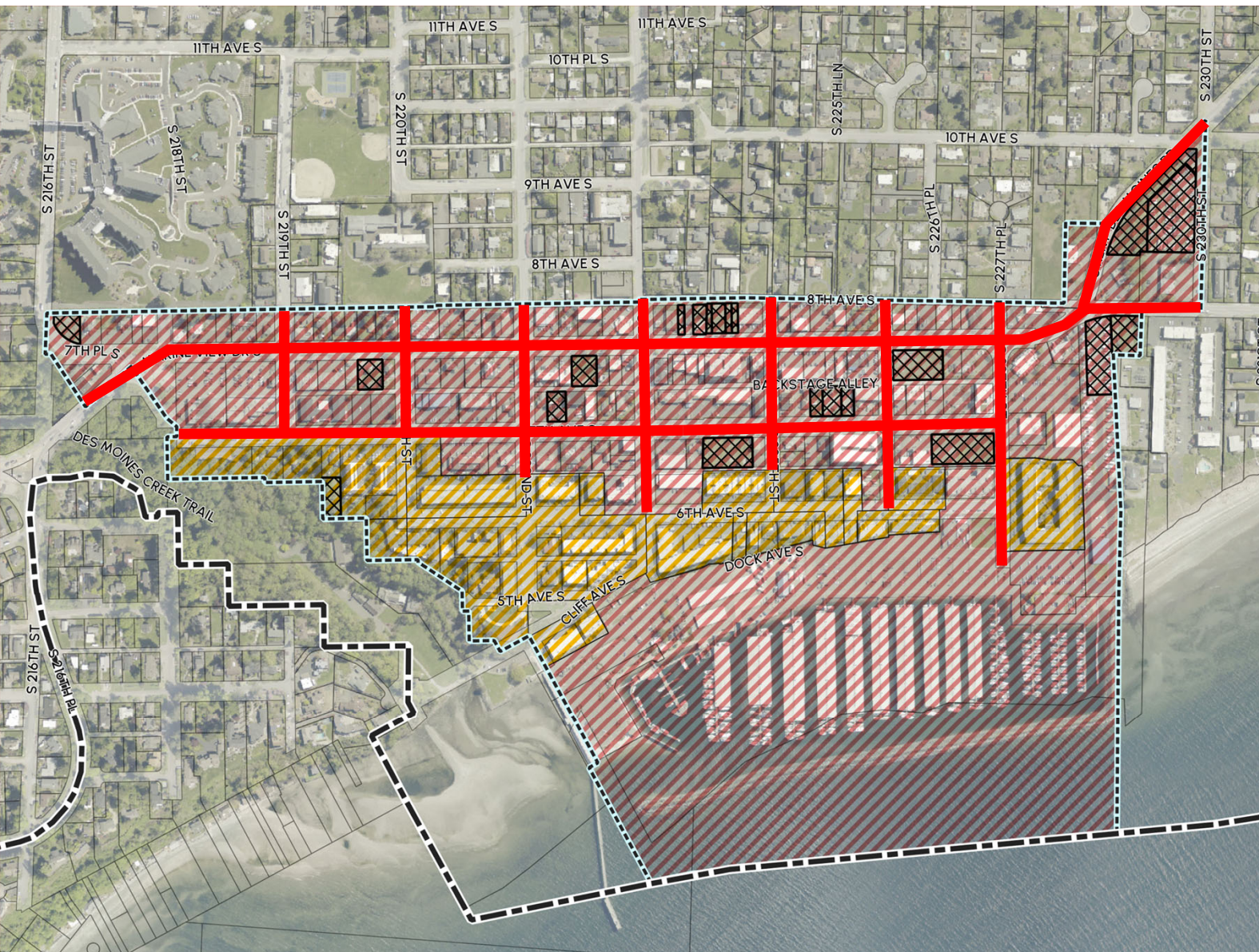




Views

North bank of Des Moines Creek blocks water views on the north end of downtown.

Homes above south end of downtown have views in multiple directions.



Ground floor
commercial
requirements

Ground floor
commercial street

-  Vacant parcels
- Ground floor commercial**
-  Ground floor commercial required
-  Most commercial uses prohibited
-  RM-900A
-  Downtown study area
-  Des Moines city limits



	SMALL MOVES	MEDIUM MOVES	BIG MOVES
HEIGHT LIMITS	Allow 65' at north and south end of Marine View Drive	Allow 45' throughout downtown and 75' at north and south end	Allow 75' throughout downtown
GROUND FLOOR COMMERCIAL	Remove requirement on parts of 7 th Ave	Require on 223 rd and Marine View Drive only	Remove requirement throughout D-C zone
RM-900 and RM-900A	Allow more density and FAR to increase capacity	New more flexible multifamily zone	Combine downtown RM-900 & 900A areas into D-C zone



Consider how pieces fit together:

- Ground floor commercial is more viable with taller allowed heights.
- Commercial is currently prohibited on 223rd between 6th Ave and the waterfront.
- Redevelopment of vacant lots more likely where code is more flexible.

Supportive moves

Zoning changes don't foreclose other options to advance development.

- **City acting as developer** can lead land assembly and pre-positioning.
- **Public Private Partnerships (PPPs)** can be a win-win the public has clearly defined intentions that don't preclude private development.
- **MFTE** is helpful to attract first-mover projects that demonstrate viability for more cautious developers.
- **TIF (tax increment finance)** districts are a new tool for Washington cities to finance improvements.

- How big should the City go? How much change is needed to meet our goals?
- Where are increases in height most and least appropriate?
- On what streets does new development absolutely need to include commercial? Where can we be more flexible?
- Are the areas zoned RM-900 and 900A different enough they need separate zoning? How should they differ from the rest of downtown?
- What non-zoning tools should be used to strengthen demand?



ECONorthwest

IMPACT THROUGH INSIGHT

www.econw.com

PORTLAND, OR

Power + Light Building
920 SW 6th Ave, Suite 1400
Portland, OR 97204
503-222-6060

SEATTLE, WA

Park Place
1200 Sixth Avenue, Suite 615
Seattle, WA 98101
206-823-3060

LOS ANGELES, CA

9415 Culver Blvd
#248
Culver City, CA 90232
213-218-6740

BEND, OR

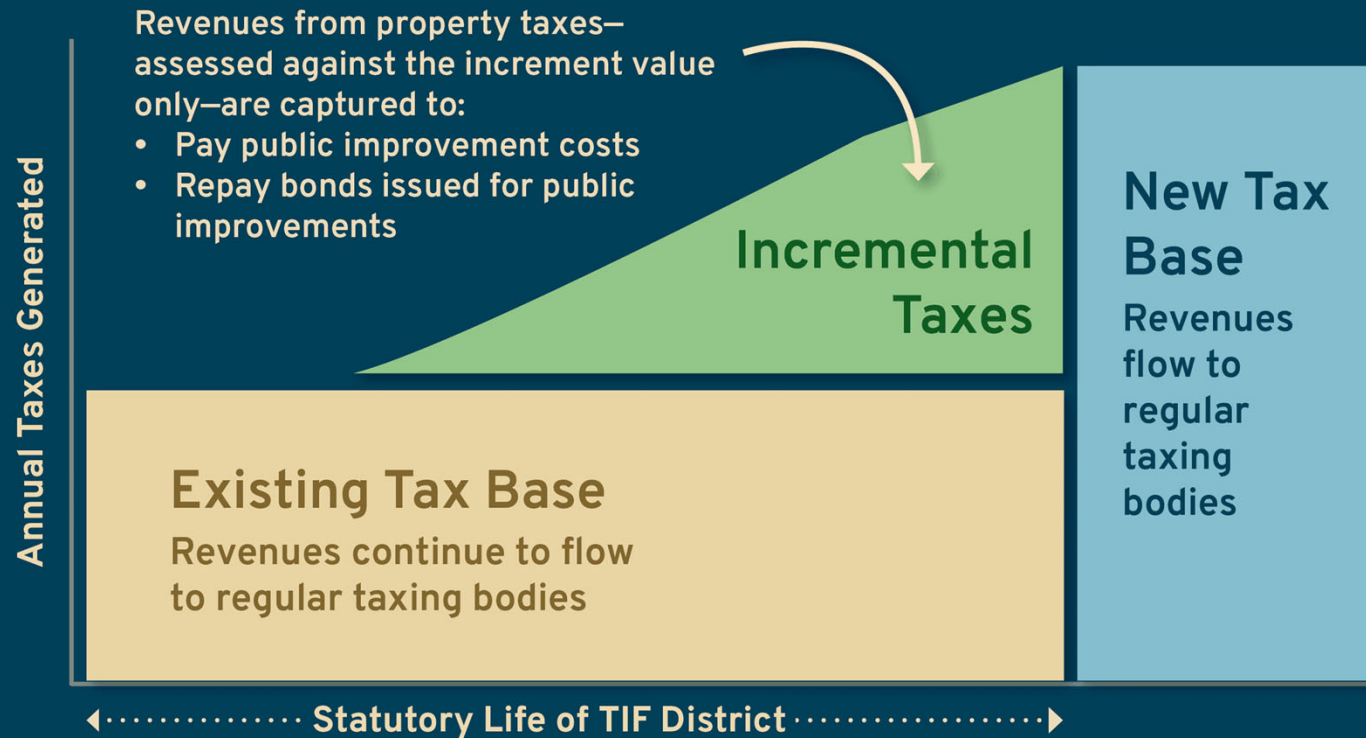
2863 NW Crossing Drive,
Suite 100
Bend, OR 97703
458-202-9016

DENVER, CO

1200 17th Street
Floor 10
Denver, CO 80202

Additional Slides

BASIC TIF MODEL



October 6th Planning Commission Key Outcomes

- Small scale, fine-grained, commercial examples from Commissioners
- Apartments, townhouses, appropriate in many places where currently prohibited
- Measured approach to building height changes
- Focus ground-floor commercial requirements on priority streets
- Pro forma results: retail and med/office development are challenging
- Comparison with Edmonds: our downtown supported by a limited population

September 2nd Joint Session Key Outcomes

- Support for increasing the intensity and mix of land uses downtown
- High-quality retail is important – but needs customers to support it
- Edmonds, Poulsbo, Kirkland, Burien examples of places with lively downtowns and/or waterfronts
- New construction is essential to city finances – both property tax and construction sales tax



Appendix: Building Blocks



Share an example building you think would be appropriate for new development downtown.



Today's objective

Coalesce around preferred development types and feasibility issues to carry forward.

Development Examples

Townhouses

- Less expensive construction cost
- Density 20-45 units per acre
- Parking in individual garages or driveways
- Ownership-oriented



Development Examples

Three-story apartments

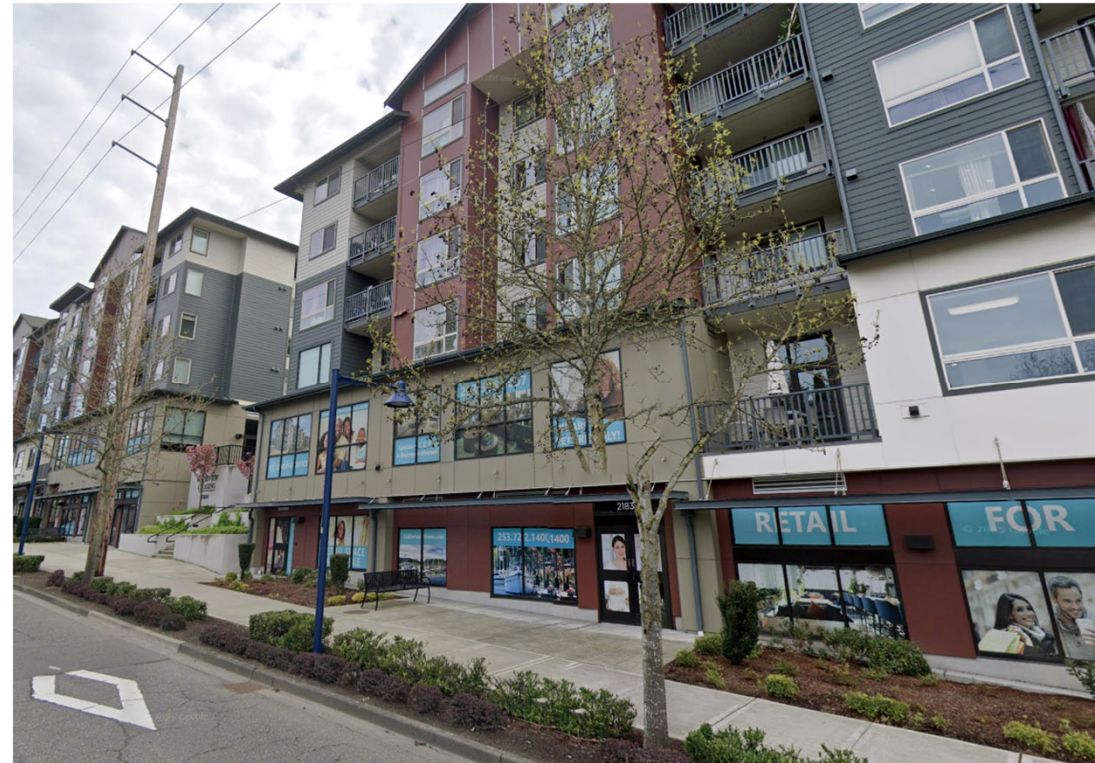
- "woody walk-up" or "stacked flats"
- Less expensive construction cost
- Density 20-45 units per acre
- Surface parking
- Rental-oriented



Development Examples

Mid-rise podium

- "five over one"
- Supports commercial mixed-use or all residential
- Two models tested: five and eight stories
- Moderately expensive construction cost
- Density 60-200 units per acre
- Usually garage parking
- Rental-oriented



Development Examples

Strip retail

- 5-10% lot coverage
- Surface parking



What This Analysis Does, and What It Does Not Do

WHAT IT DOES

Establishes where the downtown market sits today

Provides economic context for decisions about targeted zoning reform.

Tests a range of building types on a common site

Each prototype is measured against current rents, sale prices, construction costs and return requirements.

Asks one question of every prototype

Does the value the finished building creates cover what it costs to build?

WHAT IT DOES NOT DO

It is not a forecast

The economy is dynamic. Rents, construction costs, interest rates and capital availability all move, and they move together.

It does not predict individual decisions

Owners and developers hold property at different bases, on different timelines, with idiosyncratic objectives that economics alone will not explain.

It is not a code analysis

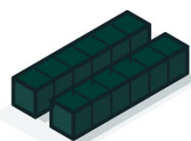
Prototypes reflect a vision for what downtown could become, not what current zoning permits.

Results provide a directional read on feasibility, not a prediction of what will be built.

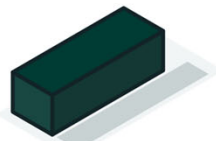
Eight Prototypes

Vision

Building types were chosen to cover the range of what downtown could reasonably accommodate, from ownership housing to eight-story mixed use and purpose-built medical office. They are not limited to what current zoning allows.



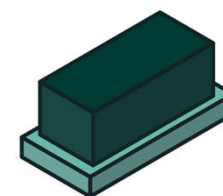
Townhomes
12 units · 2 stories · 20 ft



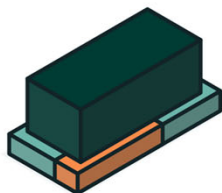
Stacked Flats
38 units · 3 stories · 30 ft



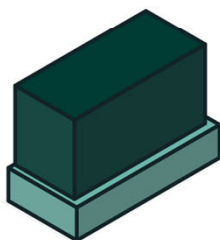
Strip Retail
5,000 sq ft retail · 1 story · 18 ft



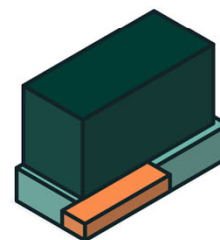
Multifamily Podium, 5-Story
48 units · 5 stories · 55 ft



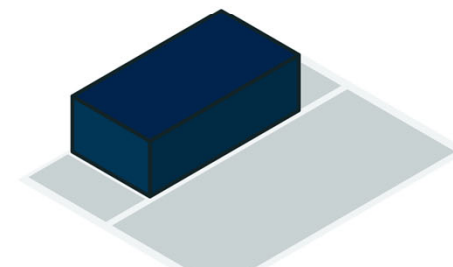
Mixed-Use Podium, 5-Story
60 units + retail · 5 stories · 55 ft



Multifamily Podium, 8-Story
107 units · 8 stories · 85 ft



Mixed-Use Podium, 8-Story
113 units + retail · 8 stories · 85 ft



Medical Office
60,000 sq ft · 3 stories · 42 ft



Residential



Structured parking



Retail



Medical office

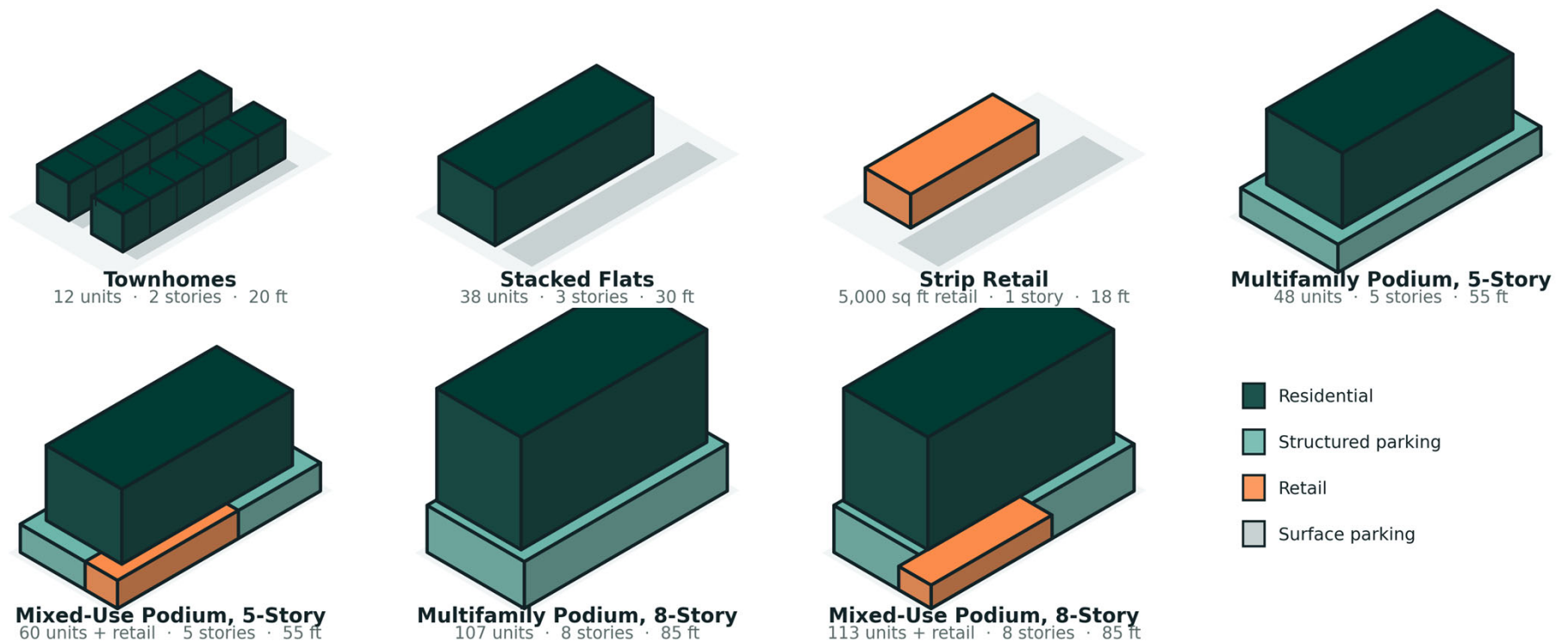


Surface parking

Diagrammatic, all at one plan scale with heights exaggerated uniformly. Most prototypes sit on a 20,000 sq ft site; medical office needs two acres to park itself.

Seven Prototypes Spanning the Downtown Vision

Building types were chosen to cover the range of what downtown could reasonably accommodate, from ownership housing to eight-story mixed use. They are not limited to what current zoning allows.



Diagrammatic: same plan scale on a 20,000 sq ft site, heights exaggerated uniformly. Townhomes shown as twelve 1,600 sq ft lots.

Key: How Each Prototype Performs Today

Every prototype is assessed on how close it comes to covering its own cost of construction. Categories, not dollar figures, are the useful output at this stage.

Prototype	Scale	Density or size	Assessment	What would move it
Townhomes	2 stories	~27 units/acre	• Competitive today	Already pencils. Predictable standards and review are the main lever.
Stacked Flats	3 stories	~83 units/acre	• Competitive today	Already pencils. The densest form the current market supports.
Multifamily Podium	5 stories	~105 units/acre	• Within reach of tools	MFTE, fee relief or parking flexibility. Closest of the podium types.
Mixed-Use Podium	5 stories	~131 units/acre	• Within reach of tools	Same tools. Ground-floor retail adds cost in a thin retail market.
Multifamily Podium	8 stories	~233 units/acre	• Within reach of tools	Same tools. Cost per sq ft holds flat with height, so scale barely helps.
Mixed-Use Podium	8 stories	~246 units/acre	• Within reach of tools	Same tools, plus any view or location premium height could command.
Medical Office	3 stories	60,000 sq ft	• Rents lag construction cost	Rents that carry purpose-built cost, or a credit health-system tenant.
Strip Retail	1 story	5,000 sq ft retail	• Rents lag construction cost	Retail rents that carry new shell cost, or delivery inside a mixed-use project.

Targeted incentives fit the middle group best, where the shortfall is smallest relative to what the building costs to produce.

Residential density is net units per acre on the prototype's own lot, excluding rights-of-way, at 900 gross sq ft per unit; commercial prototypes show building size. Rents are held constant across podium heights, so no view premium is assumed. Assessment reflects value relative to total development cost, not a dollar land value.

Implications for Targeted Zoning Reform

1

Low-rise housing is the near-term market

Townhomes and small-scale stacked flats already pencil. Code that accommodates them cleanly, with predictable standards and review, is where reform converts to built product soonest.

2

Mid-rise is close, not absent

Podium prototypes fall short by a margin that targeted tools are sized to close. Pairing capacity with MFTE, fee relief or parking flexibility is likelier to produce mid-rise than capacity alone.

3

Scale is neutral for now, but inflection points are steep

Theory expects an inflection where rents outrun costs and returns to scale make height pay. This market does not reach it: cost per square foot holds flat from five to eight stories and rents do not rise with height. Whether taller buildings downtown could command view or location premiums is the open question, and the one that would move the answer.

4

Commercial follows rooftops

Neither standalone retail nor purpose-built medical office produces rents that carry new construction cost here. That is a rent constraint, not a flaw in either format: both normally arrive alongside households, or with a credit tenant behind them. Keeping ground-floor requirements flexible avoids burdening the housing downtown can support today.

Prototype testing by EConorthwest using current market rents, sale prices and construction costs. Results are directional and should be revisited as conditions change.

Code Barriers

Key:

Allowed

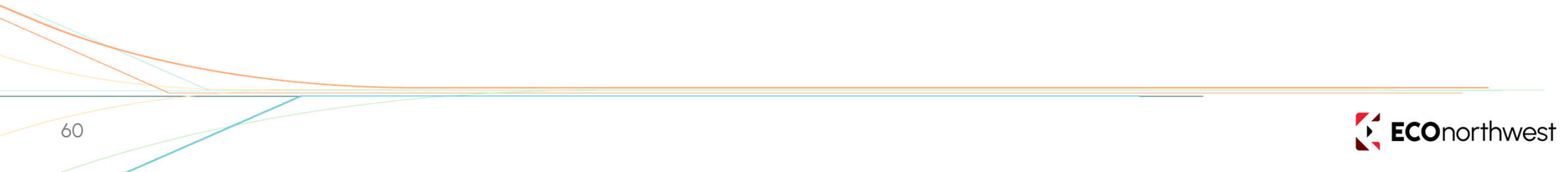
*Partial code
barrier*

Code barrier

Zone	TOWN- HOUSE	STACKED FLATS 3-STORY	MULTI- FAMLY 5-STORY	MIXED- USE 5-STORY	MULTI- FAMLY 8-STORY	MIXED- USE 8-STORY	STRIP RETAIL	MED/OFFI CE
<i>Feasibility</i>	<i>Feasible</i>	<i>Feasible</i>	<i>With help</i>	<i>With help</i>	<i>With help</i>	<i>With help</i>	<i>Challenging</i>	<i>Challenging</i>
D-C	Ground floor commercial req	Ground floor commercial req	Ground floor commercial req Height limit*	Height limit*	Height limit	Height limit	Allowed	
RM-900	Allowed	Density limit	Height limit Density	Height limit Density	Height limit FAR Density	Height limit FAR Density	Use	
RM- 900A	Use	Density limit	Height limit FAR Density	Height limit Use FAR Density	Height limit FAR Density	Height limit Use FAR Density	Use	

*Height limit allows less than five stories except on the Dollar Tree block

Case Study: Edmonds & Des Moines



Case Study: Des Moines & Edmonds



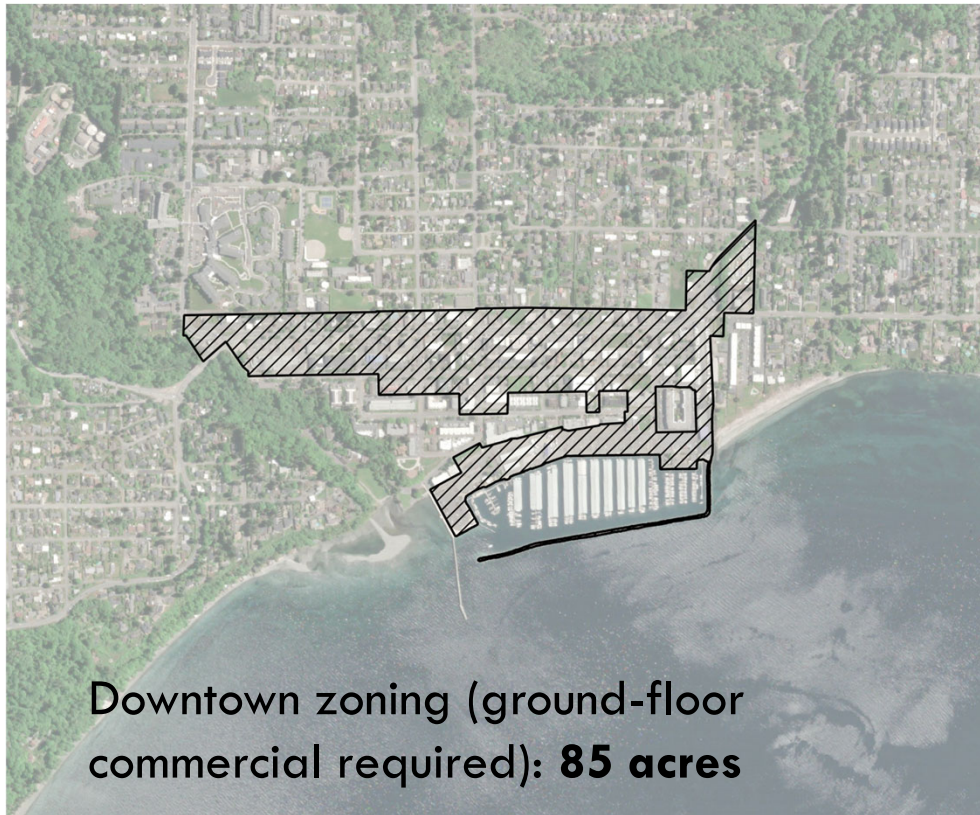
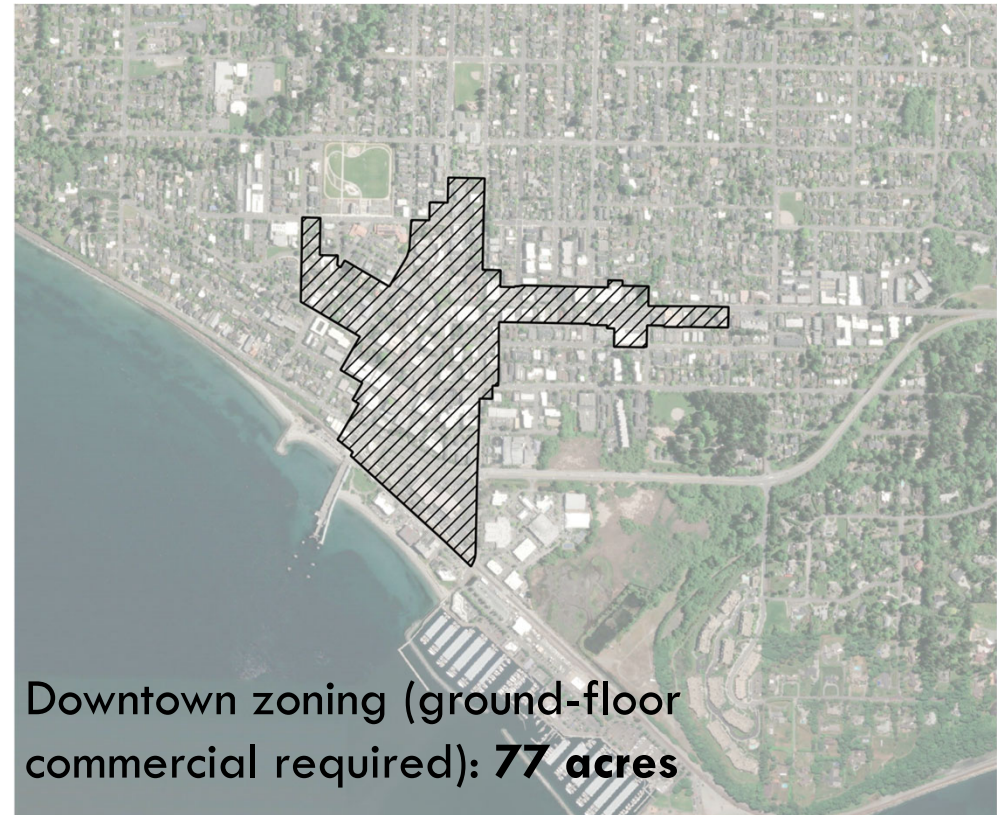
Scale 1:12,000

61

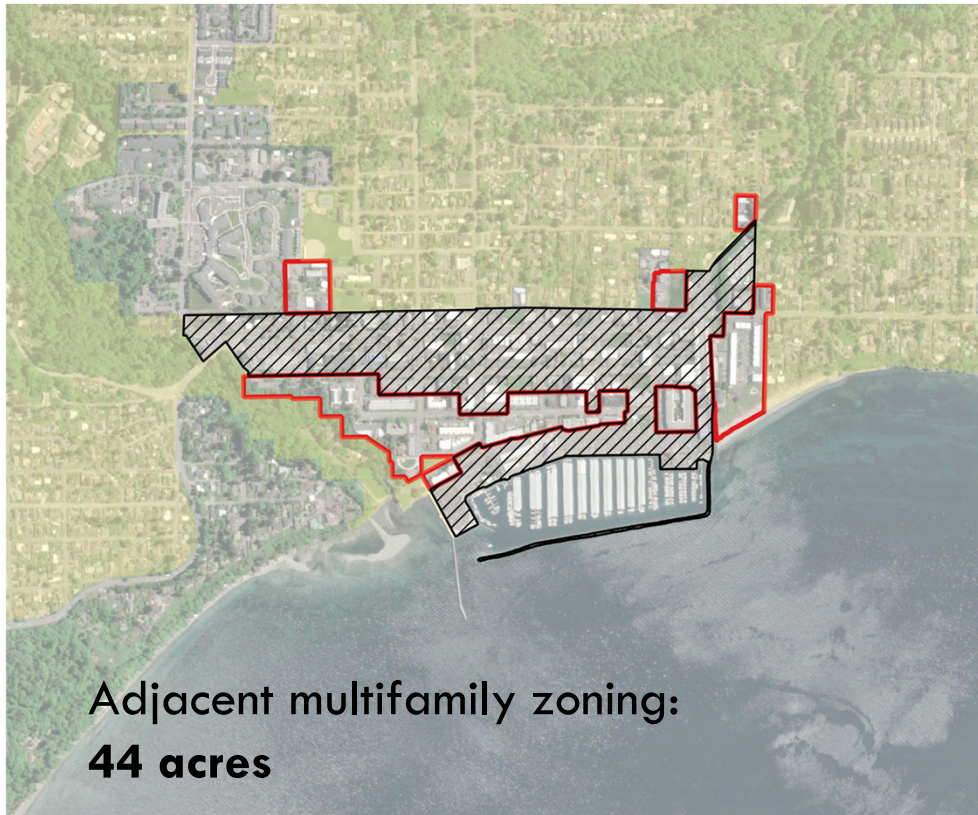
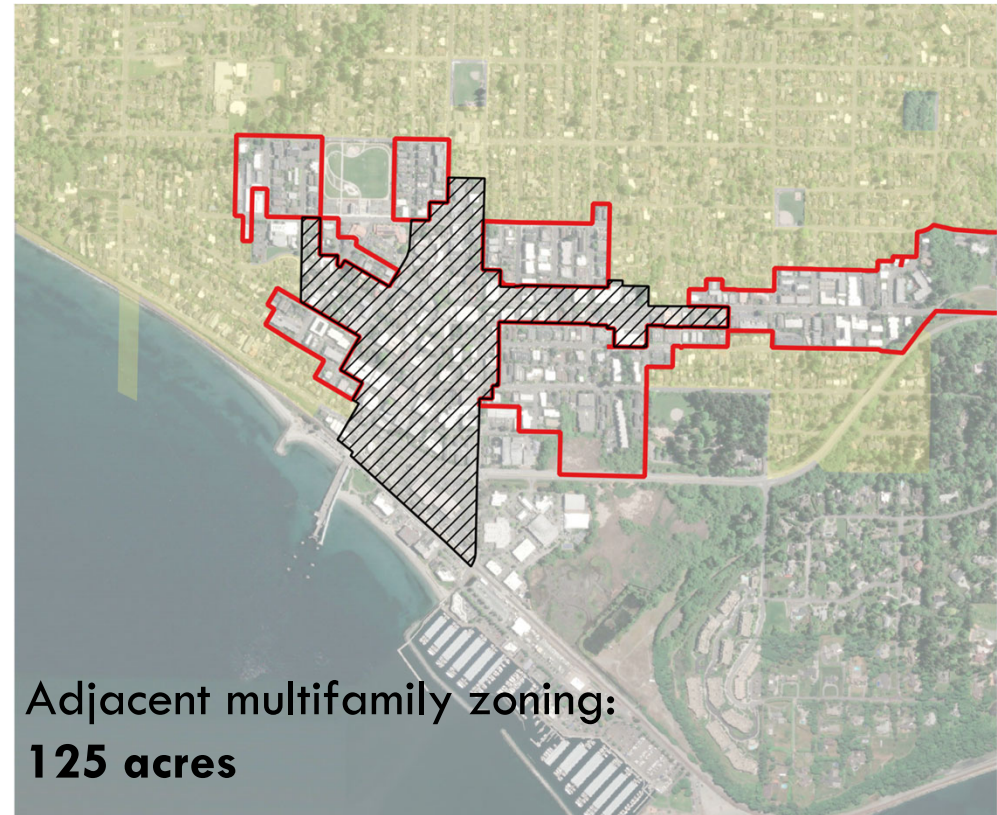


Scale 1:12,000

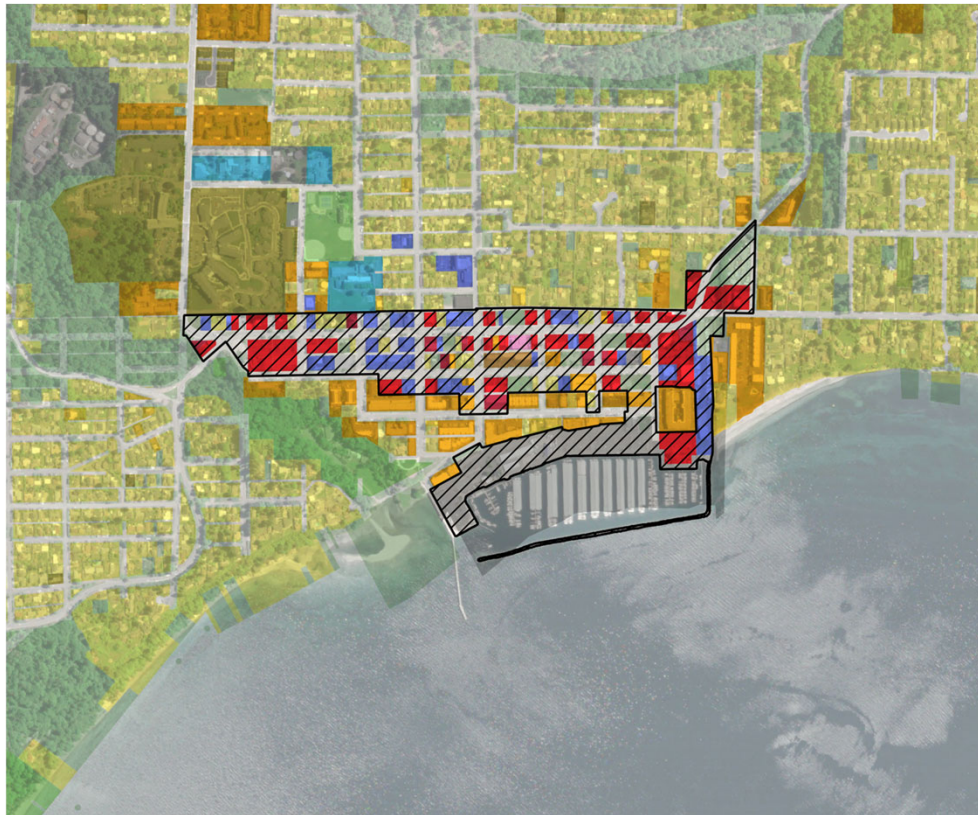
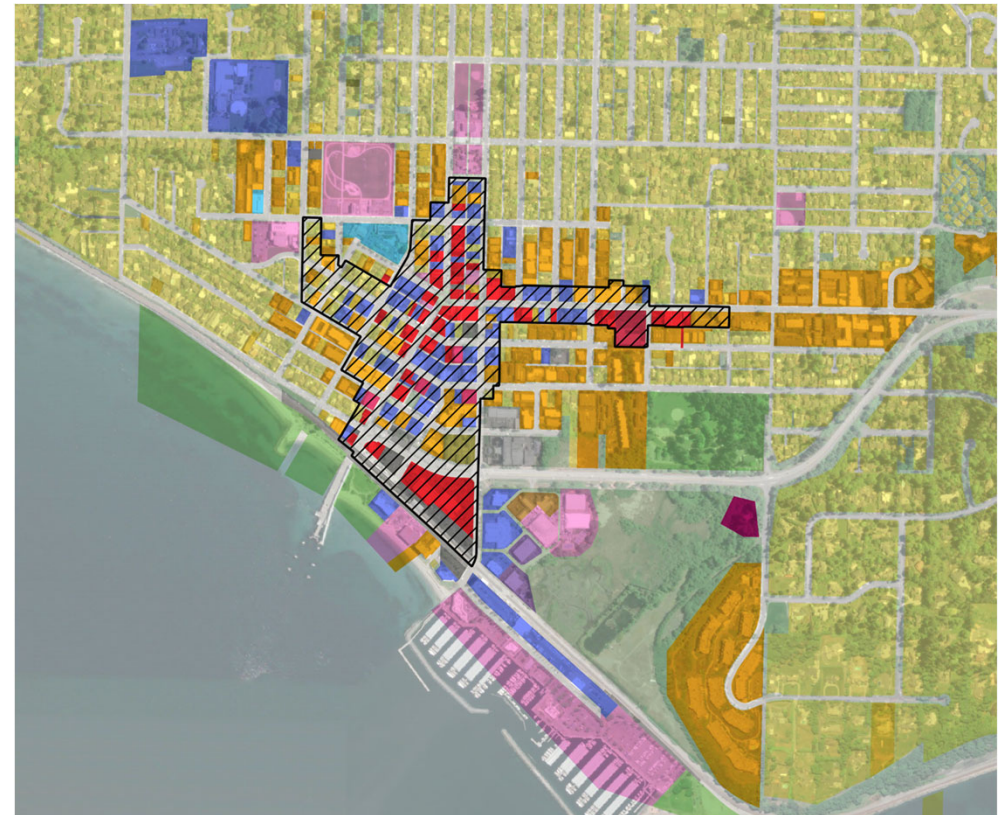
Downtown Zoning



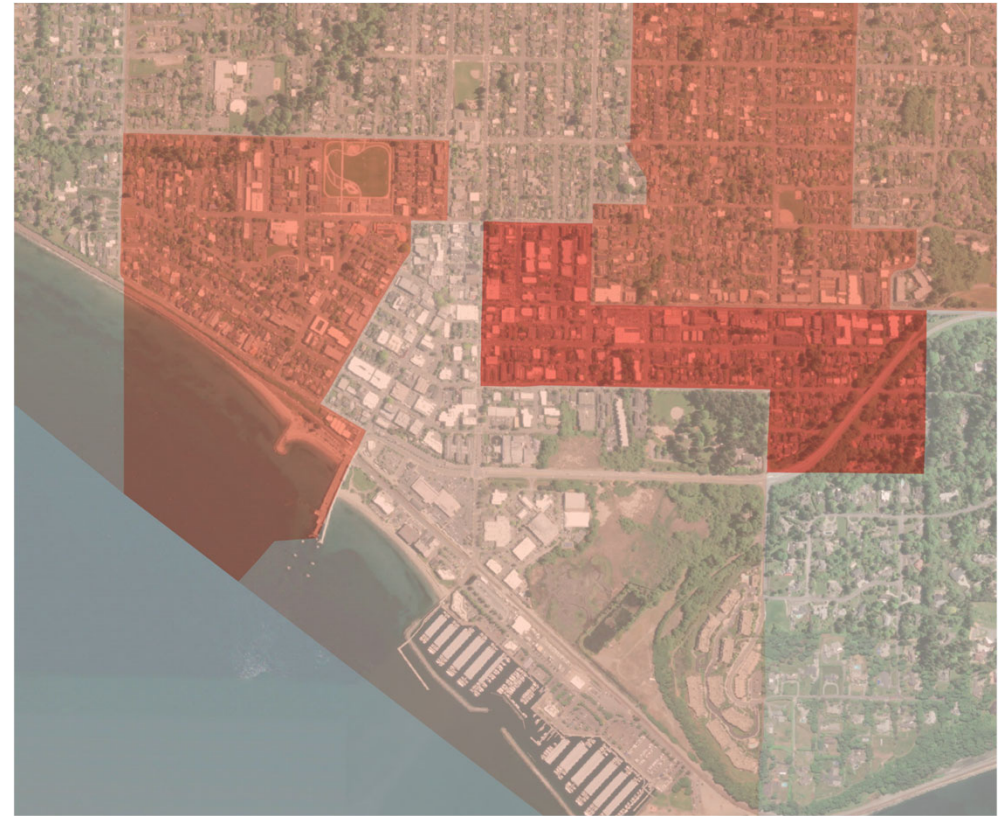
Downtown Zoning



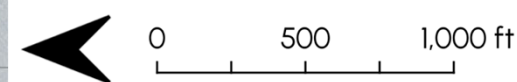
Current Land Use

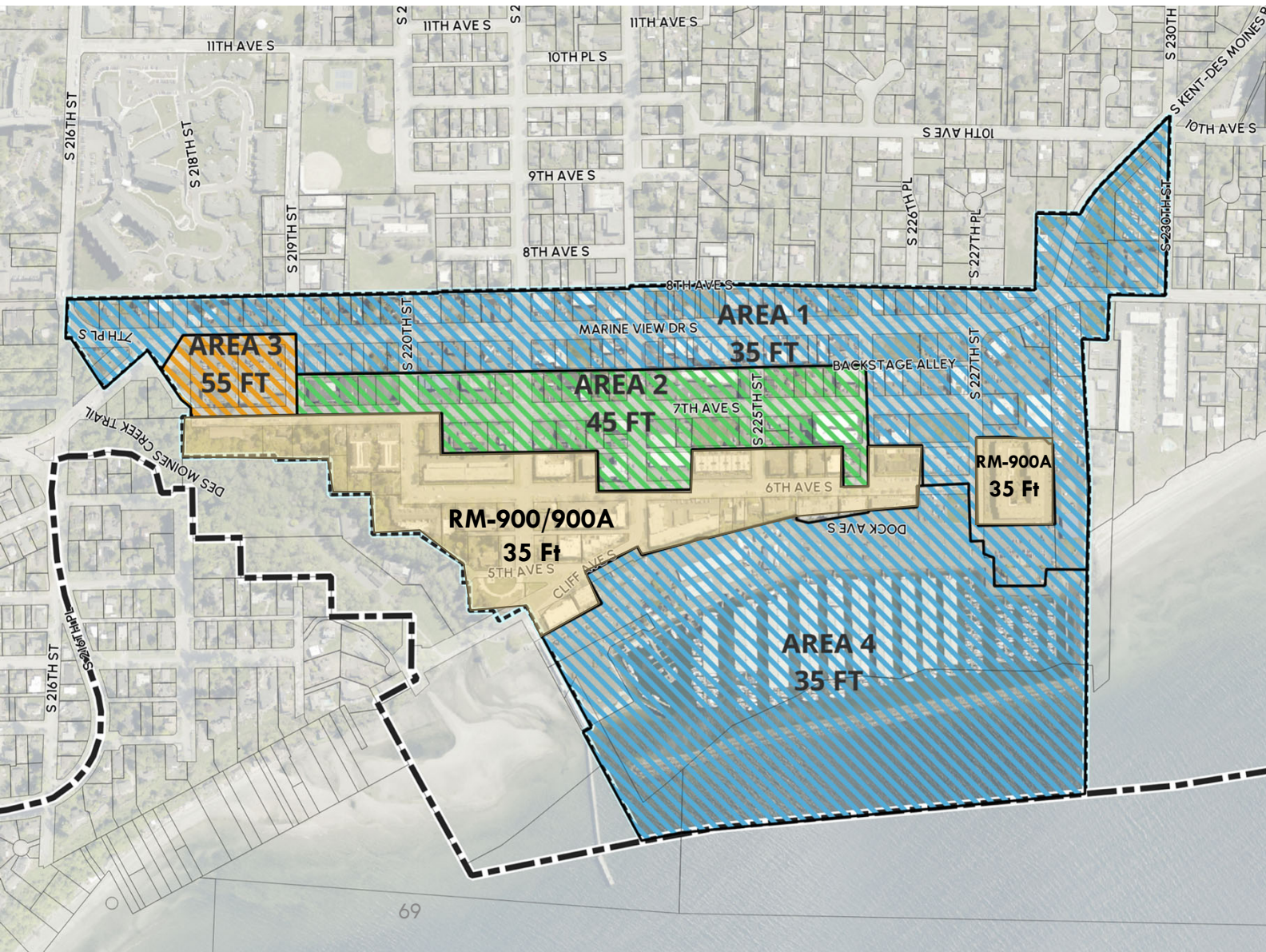


Population Density



Building Heights





D-C Base Height

- 35
- 45
- 55

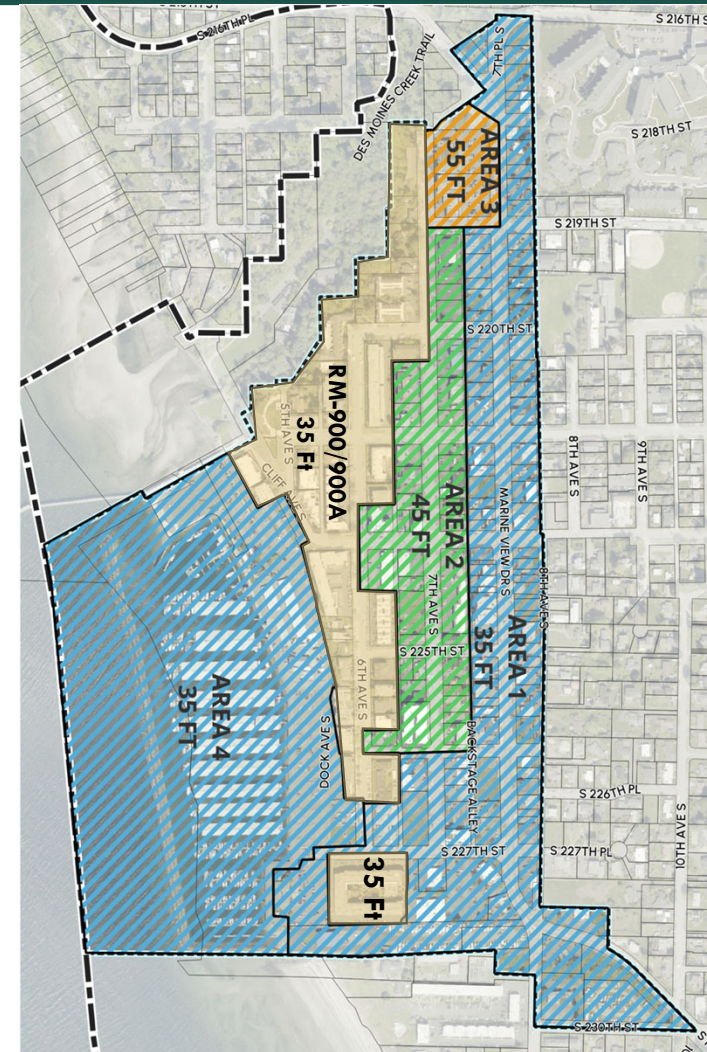


Des Moines city limits
Downtown study area



0 500 1,000 ft

- What is an appropriate height for new buildings downtown?
- Are appropriate heights different in different areas?

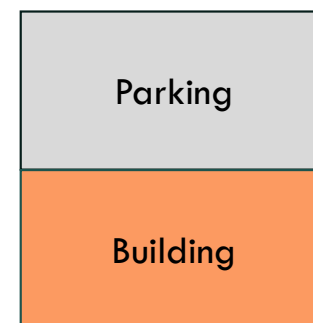


Parking

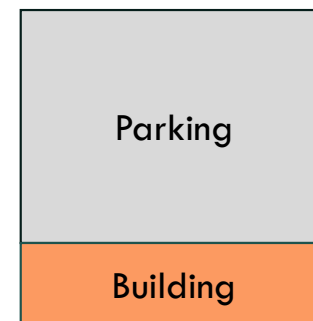
Parking

Use	Minimum Parking requirement
Retail (D-C zone)	1 per 350-400 sf floor area Depending on retail type
Restaurants	1 per 125 sf floor area (under 2,000 sf exempt in D-C zone)
Multifamily	2 per unit (Units under 1,200 sf exempt)
Moorage	1 space per 2 berths
Office	1 per 250 sf

1 per 350 sf retail

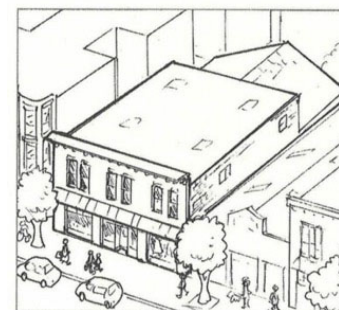


1 per 125 sf restaurant

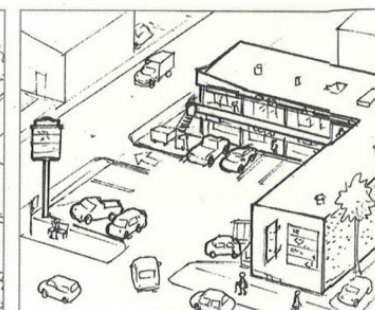


Parking

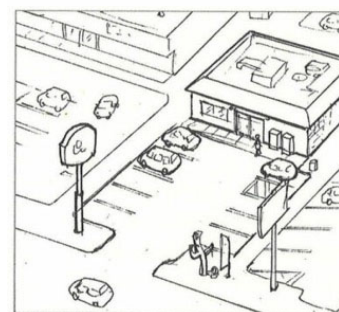
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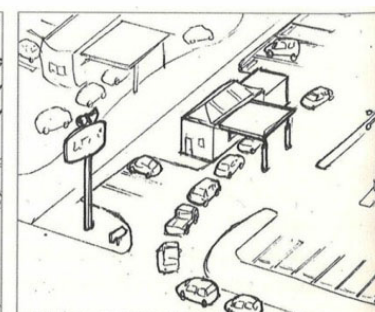
No parking



1 per 500 sf



1 per 250 sf



1 per 100 sf

Image Credit: Alfred Twu, from *Paved Paradise* by Henry Grabar

SB 5184 Passed May, 2025

Beginning July 2028, City can't require more than:

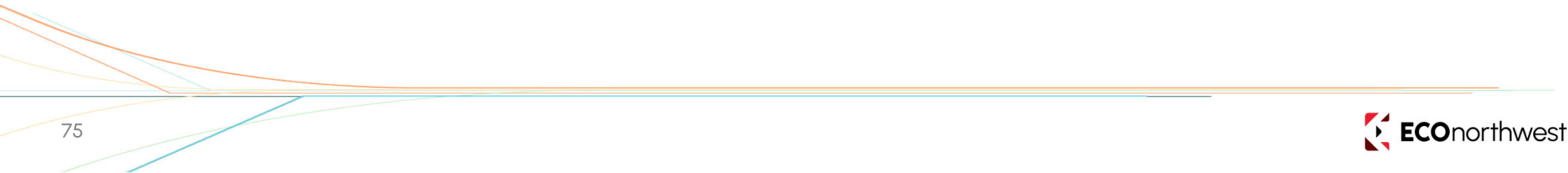
- 1 space per 1,000 sf of commercial space
- 0.5 spaces per multifamily unit

Can't require parking for:

- Existing buildings undergoing a change of use
- Residential units under 1,200 sf or affordable or senior housing
- Commercial units under 3,000 sf or in ground floor of mixed-use building

This will make development significantly easier, but may require more active street-parking management downtown.

Allowed Uses



Ground Floor Use

- D-C zone **requires** ground floor commercial uses on street fronts for all buildings
- RM-900 and 900A **prohibit** most ground-floor commercial uses.
- All the vacant lots downtown are in the D-C zone
- Retail development does not pencil because the local population isn't large enough to support existing retail footprint, let alone add more
- Downtown retail competes for customers on Highway 99, and in Normandy Park and Burien

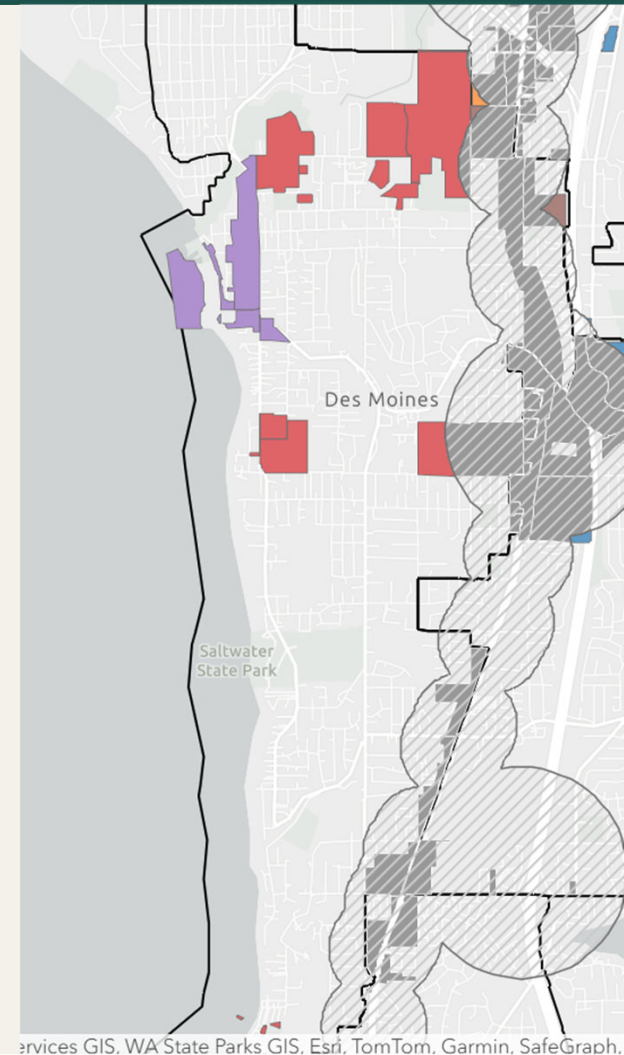
Ground Floor Use

SB 6026 Passed March, 2026

Beginning in 2028, City can't require ground floor commercial:

- within ½ mile of light rail stations or ¼ mile of RapidRide stops.
- in 60 % of the remaining areas zoned commercial or mixed-use

Des Moines will need to decide where (or if) ground-floor retail will continue to be required downtown.



GROUP DISCUSSION

Discussion:

What types of development are realistic and desirable?

Which building types are appropriate for downtown Des Moines?

How much support are we willing to give to help desired types pencil?

What development types are most likely to contribute to housing choice, downtown activity, and fiscal sustainability?



Appendix: Downtown Diagnostic



ZONING REVIEW

Downtown Commercial Zone Standards

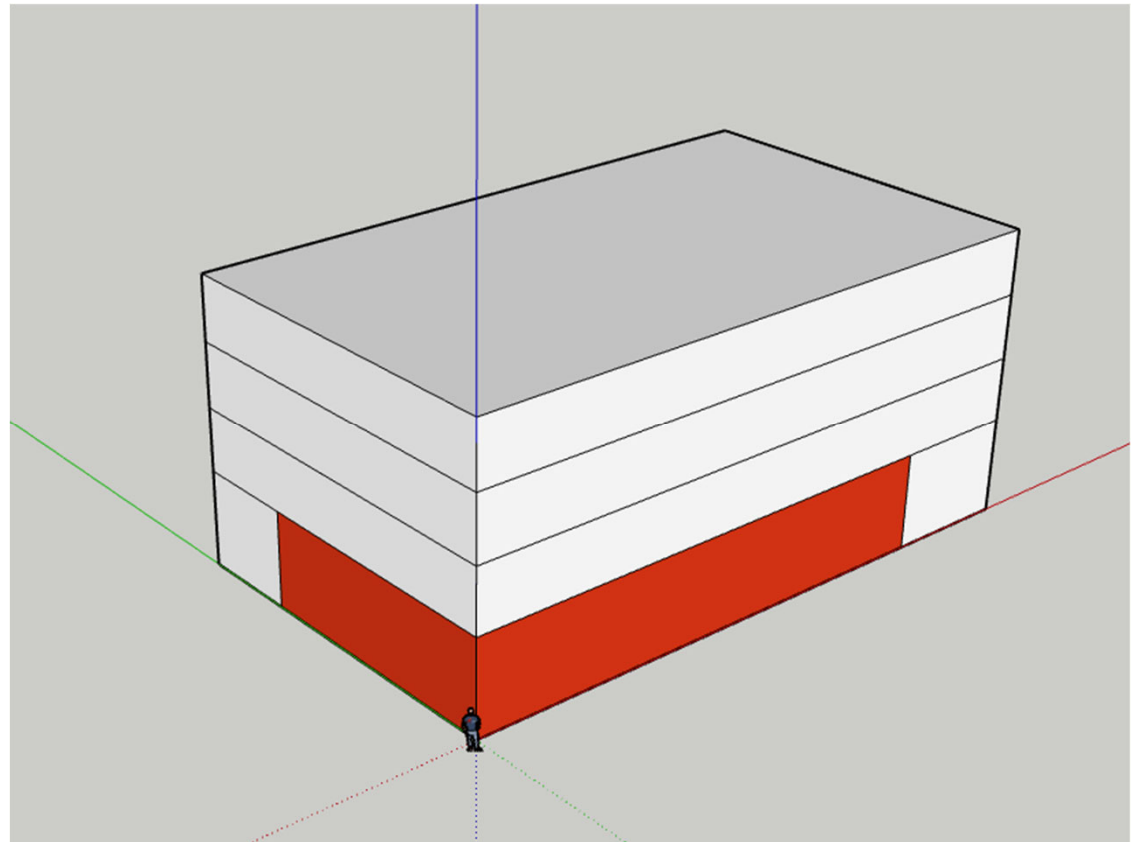
Use restrictions	Broad commercial use permissions. Ground floor commercial requirements: <ul style="list-style-type: none">- 60% of ground level floorplate- 75% of ground floor street frontage- 55' depth- more flexibility on 7th Ave
Height limit	35'-55' depending on location.
Floor-area-ratio (FAR)	2.5-3.5 depending on location. Bonus FAR available for public benefits.
Lot coverage limit	No limit
Density	No limit
Setbacks	10' from residentially zones lots

RM-900 & 900A Zone Standards

	RM-900	RM-900A
Use restrictions	Mostly residential. Retail and restaurants prohibited. Hotels allowed.	Exclusively residential. Townhouses prohibited.
Height limit	35'	35'
Floor-area-ratio (FAR)	2.0	1.0
Lot coverage limit	60%	60%
Max. Density	~48 du/acre (900 sf lot area per unit)	~48 du/acre (900 sf lot area per unit)
Setbacks	Front: 20' Side: 5'	Front: 20' Side: 5' first story / 10' second / 15' third Rear: 20'

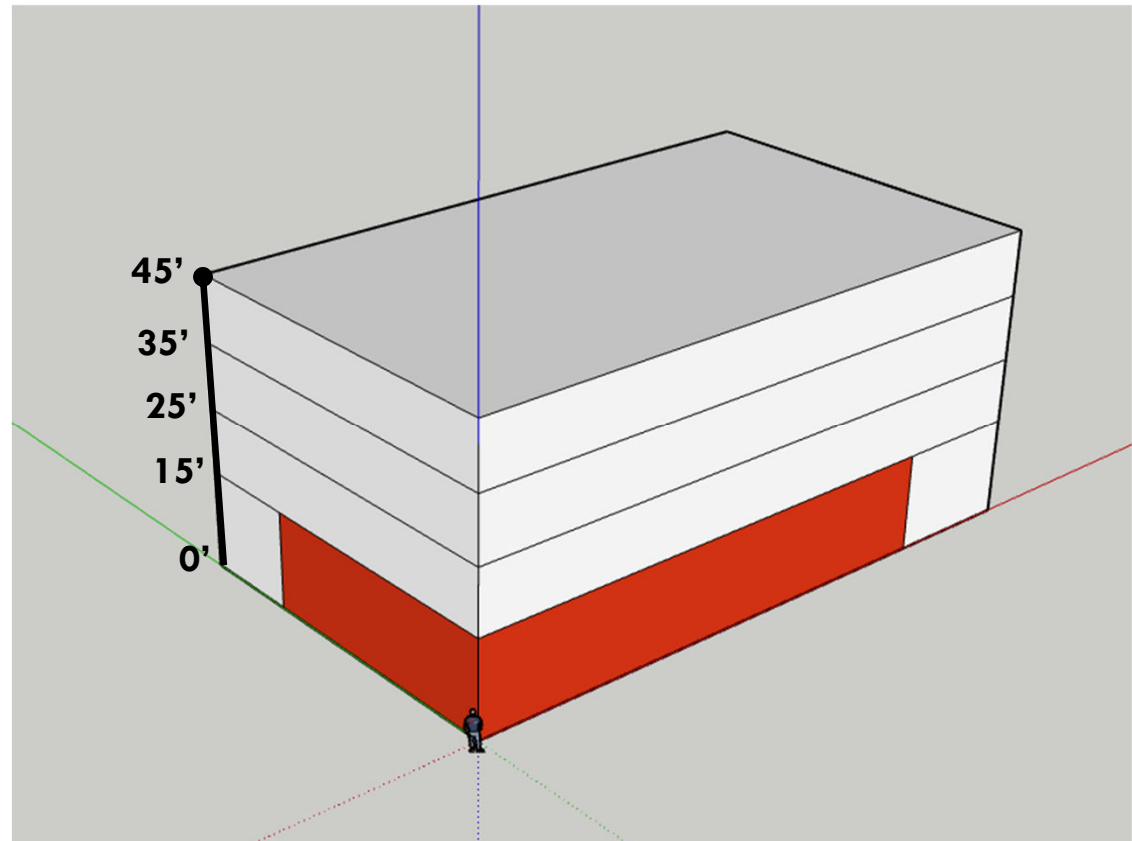
Zoning Concepts

- Ground-floor commercial
- Height limits
- Coverage
- Floor-area-ratio (FAR)
- Setbacks



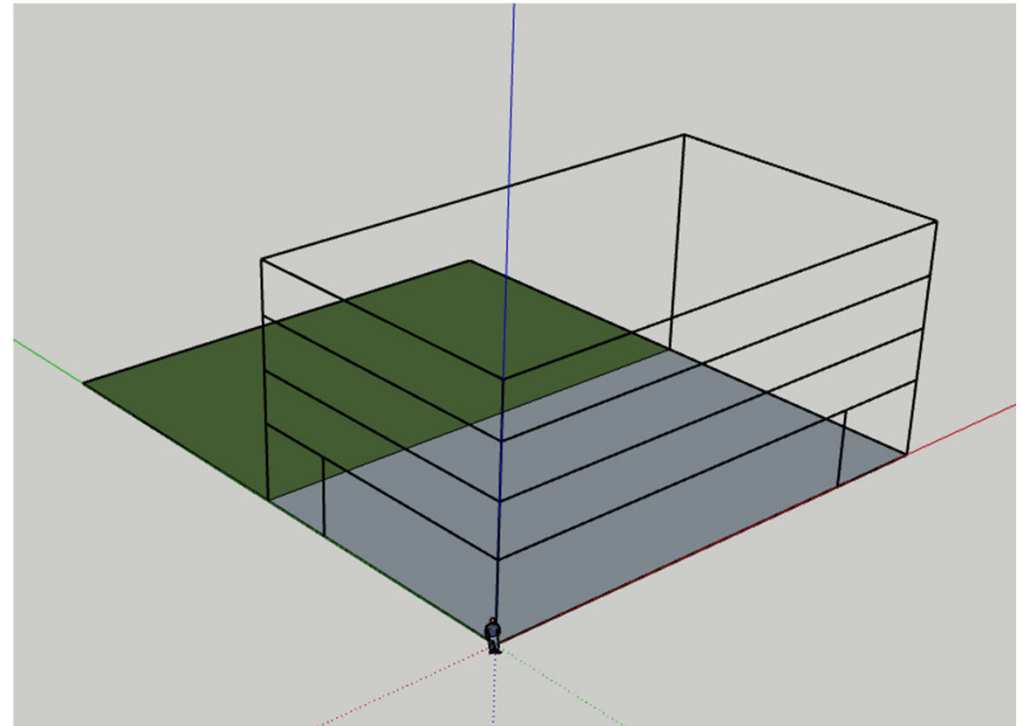
Zoning Concepts

- Ground-floor commercial
- Height limits
- Coverage
- Floor-area-ratio (FAR)
- Setbacks



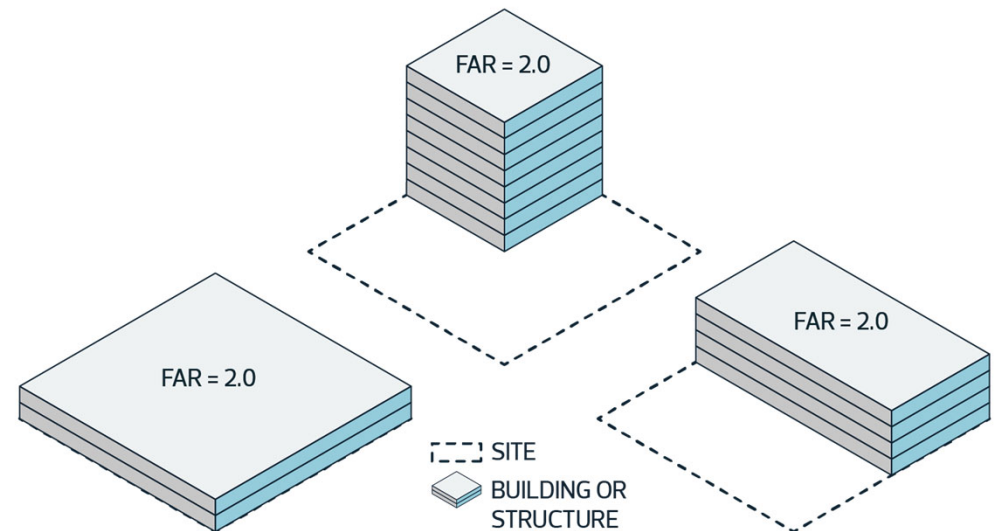
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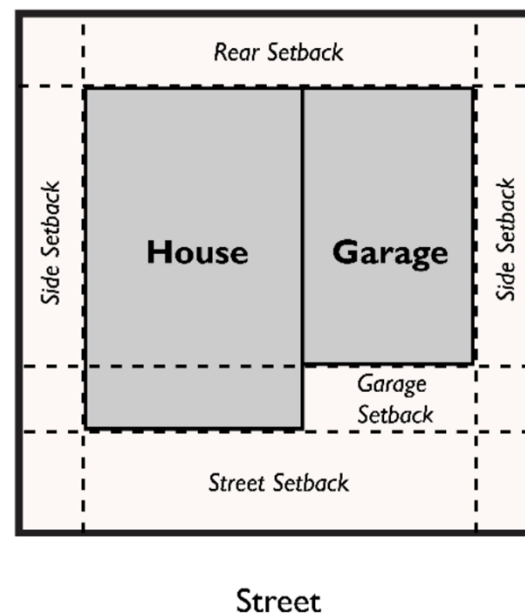
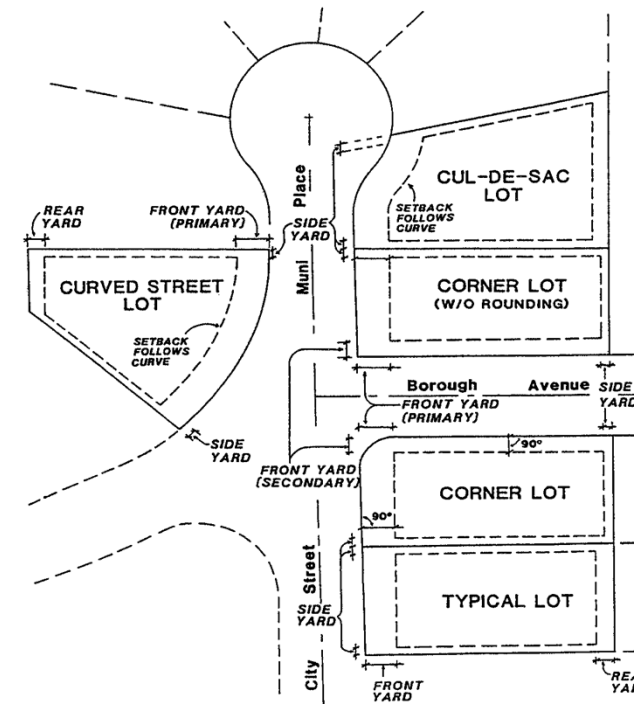
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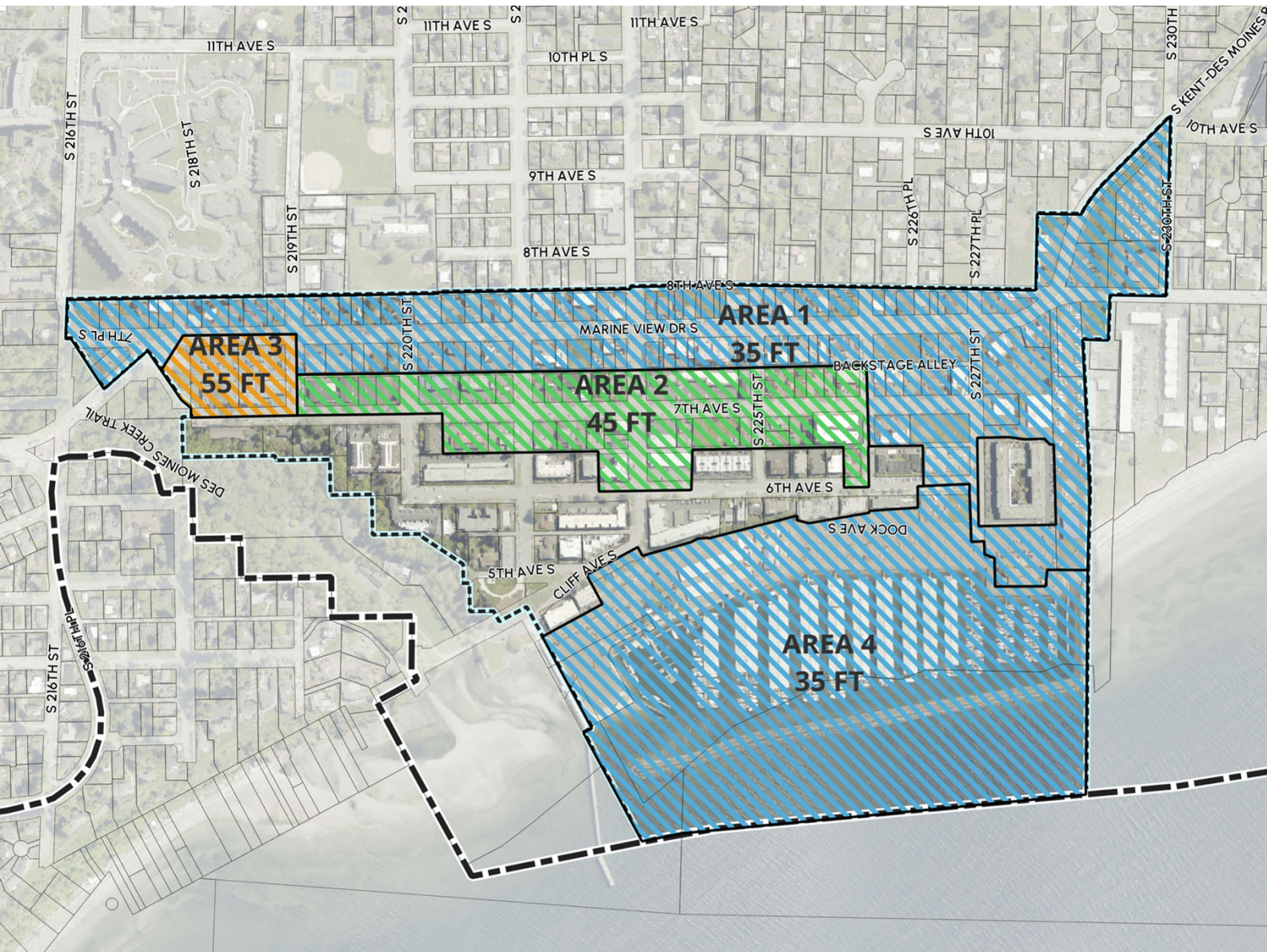
RM-900 & 900A Zone Standards

	RM-900	RM-900A
Use restrictions	Mostly residential. Retail and restaurants prohibited. Hotels allowed.	Exclusively residential. Townhouses prohibited.
Height limit	35'	35'
Floor-area-ratio (FAR)	2.0	1.0
Lot coverage limit	60%	60%
Max. Density	~48 du/acre (900 sf lot area per unit)	~48 du/acre (900 sf lot area per unit)
Setbacks	Front: 20' Side: 5'	Front: 20' Side: 5' first story / 10' second / 15' third Rear: 20'

Downtown Commercial Zone Standards

Use restrictions	Broad commercial use permissions. Ground floor commercial requirements: <ul style="list-style-type: none">- 60% of ground level floorplate- 75% of ground floor street frontage- 55' depth- more flexibility on 7th Ave
Height limit	35'-55' depending on location.
Floor-area-ratio (FAR)	2.5-3.5 depending on location. Bonus FAR available for public benefits.
Lot coverage limit	No limit
Density	No limit
Setbacks	10' from residentially zones lots

DC Height Limits



Zoning Issues

- Narrow use categories: D-C does not allow stand-alone residential, while RM-900 essentially requires it.
- Restrictive and complex height limits
- Complex bonus FAR for public benefits system
- Mixed-use requirements are very high and conflict with SB 6026 (effective July 2027)
- Expensive balcony requirement
- Restrictive FAR and setback standards in RM-900A (6th Ave)
- Code review currently underway

Allowed building type examples by zone:

D-C

Single-story retail,
office building,
mixed-use multifamily
with ground-floor retail



RM-900

Three-story apartment
building, townhouses



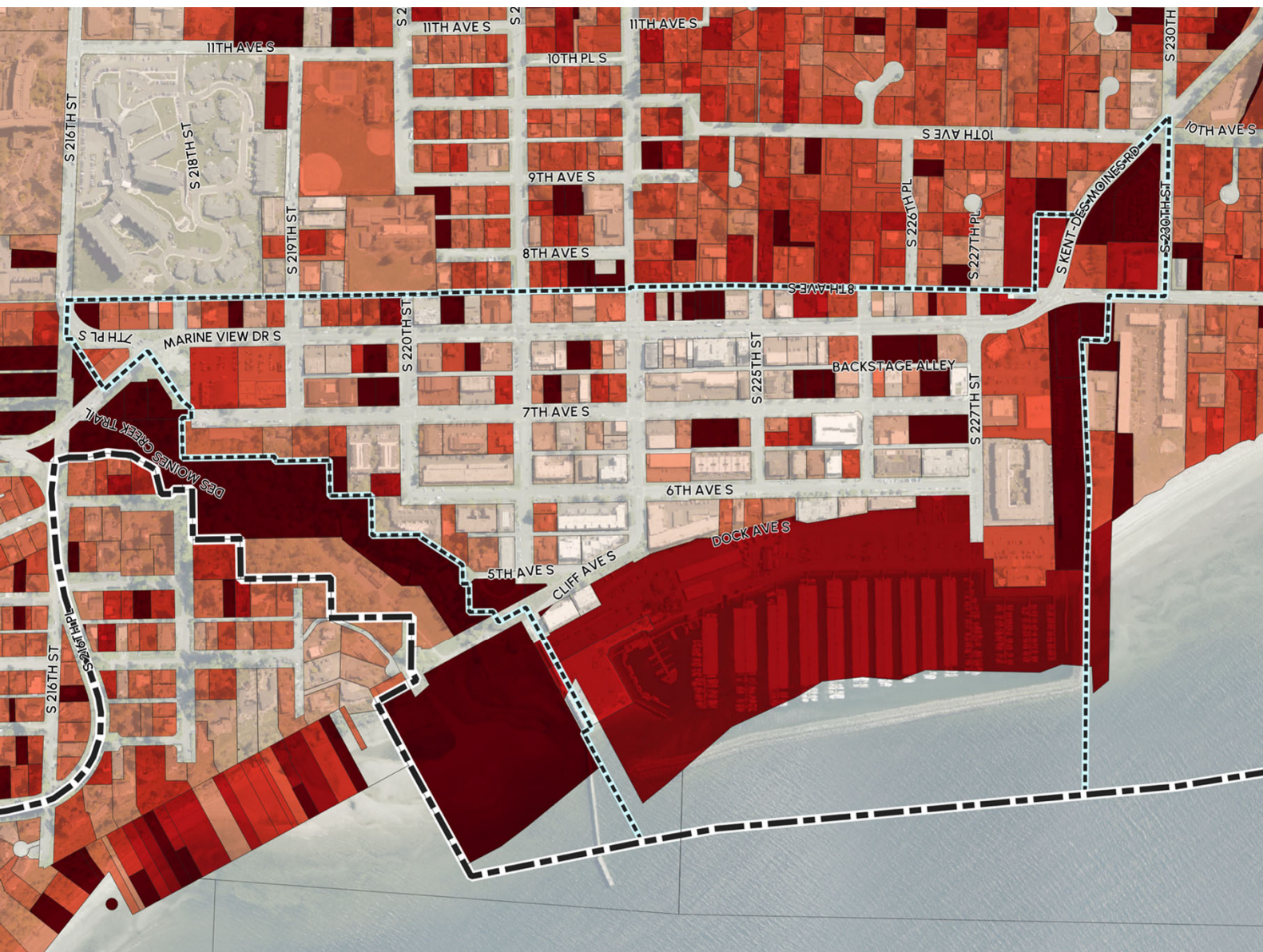
RM-900A

Three-story
apartment building

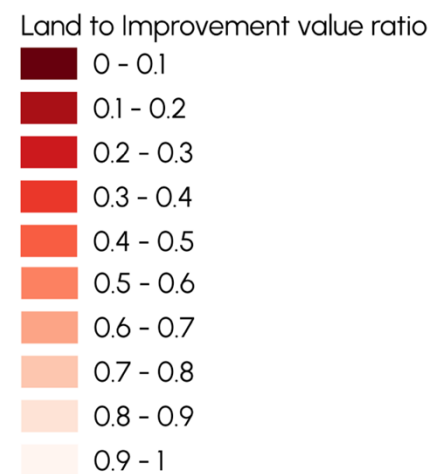
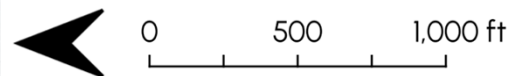


Land Base

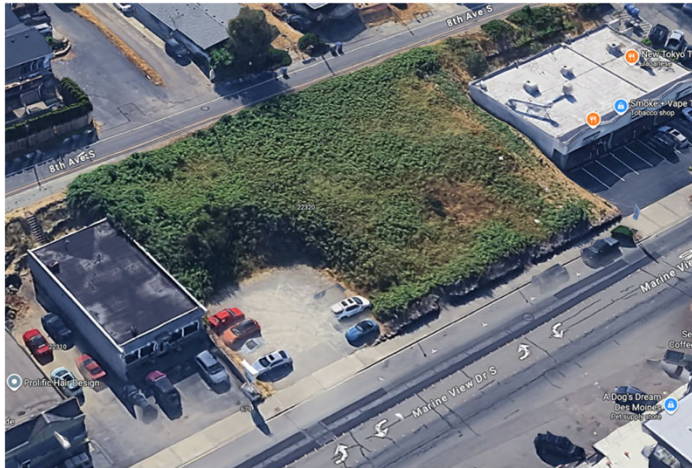
95



Improvements to Land Value Ratio



Vacant Sites

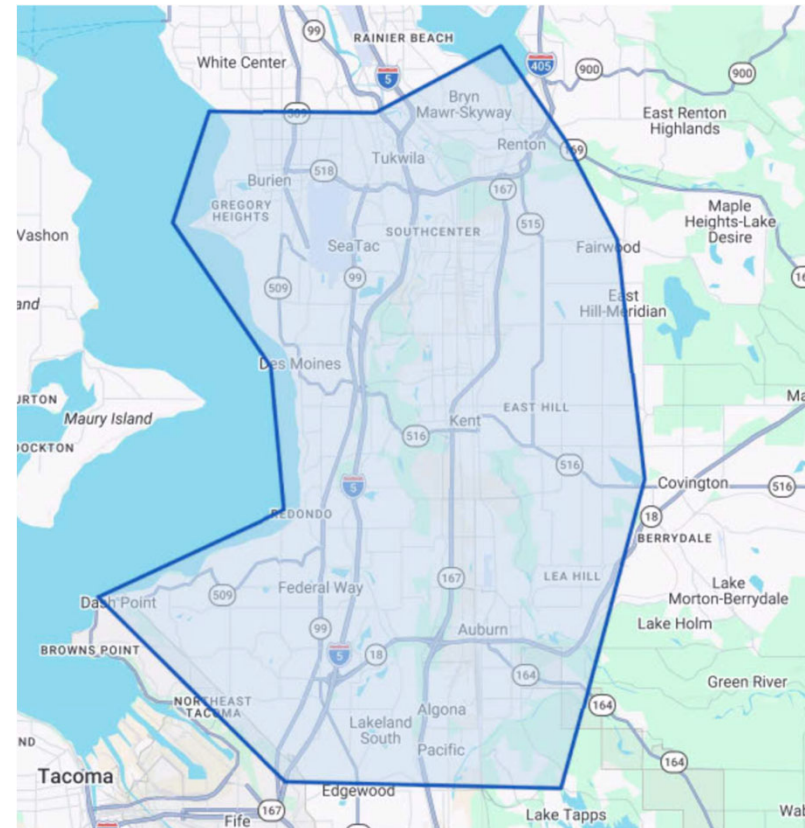


Market Analysis

Market Analysis

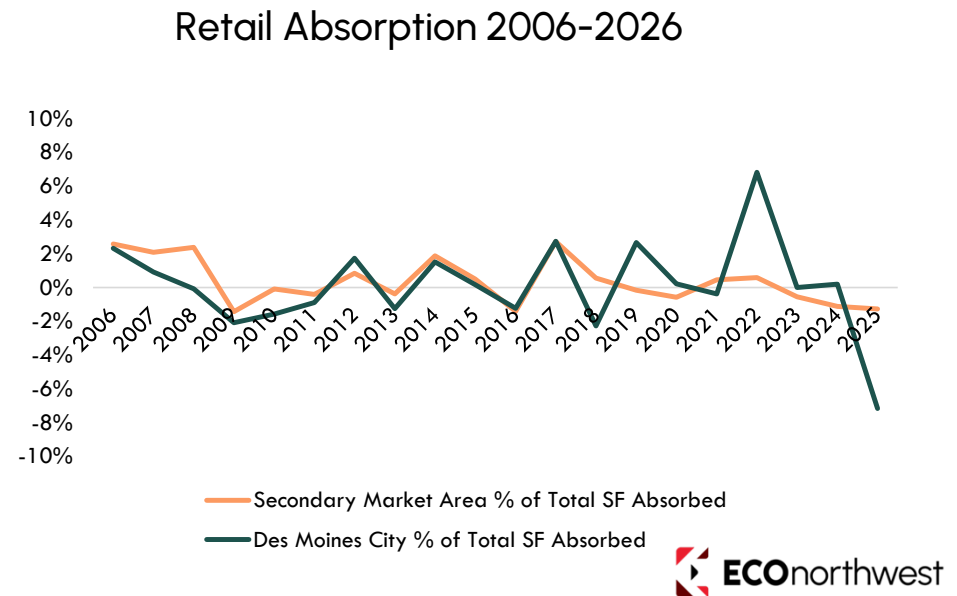
Review of CoStar data for trends in multifamily, retail, office, hotel development.

Des Moines compared to a larger "secondary area" encompassing most of south King County.



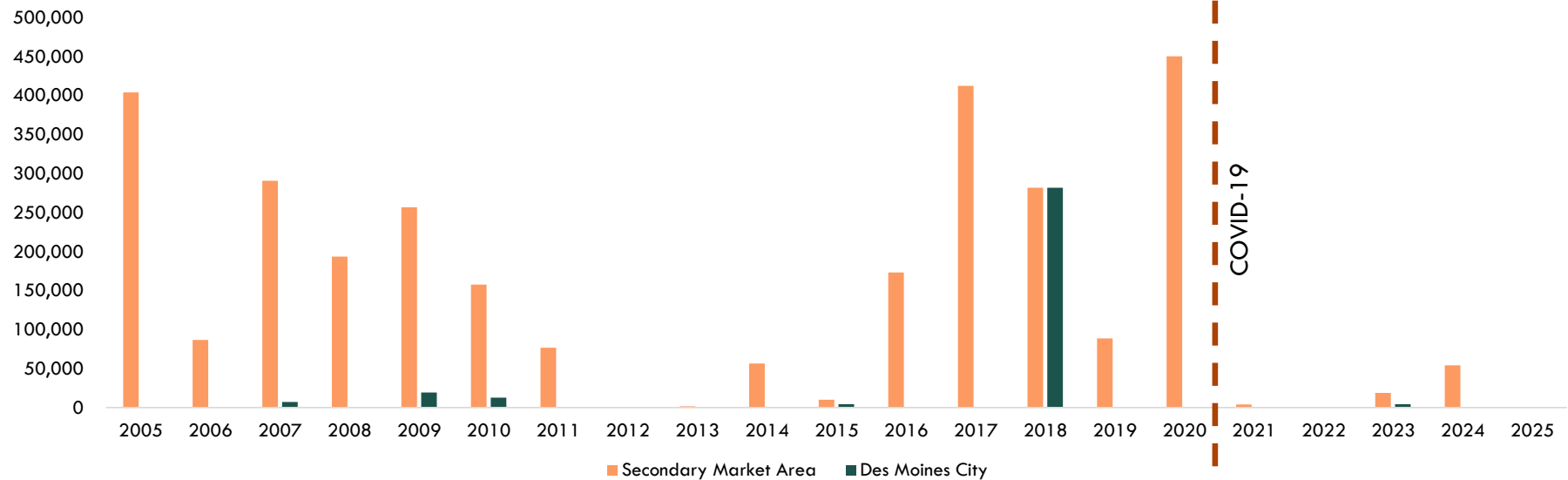
Market Analysis

Retail square footage is generally flat or declining in south King County and Des Moines since 2020.

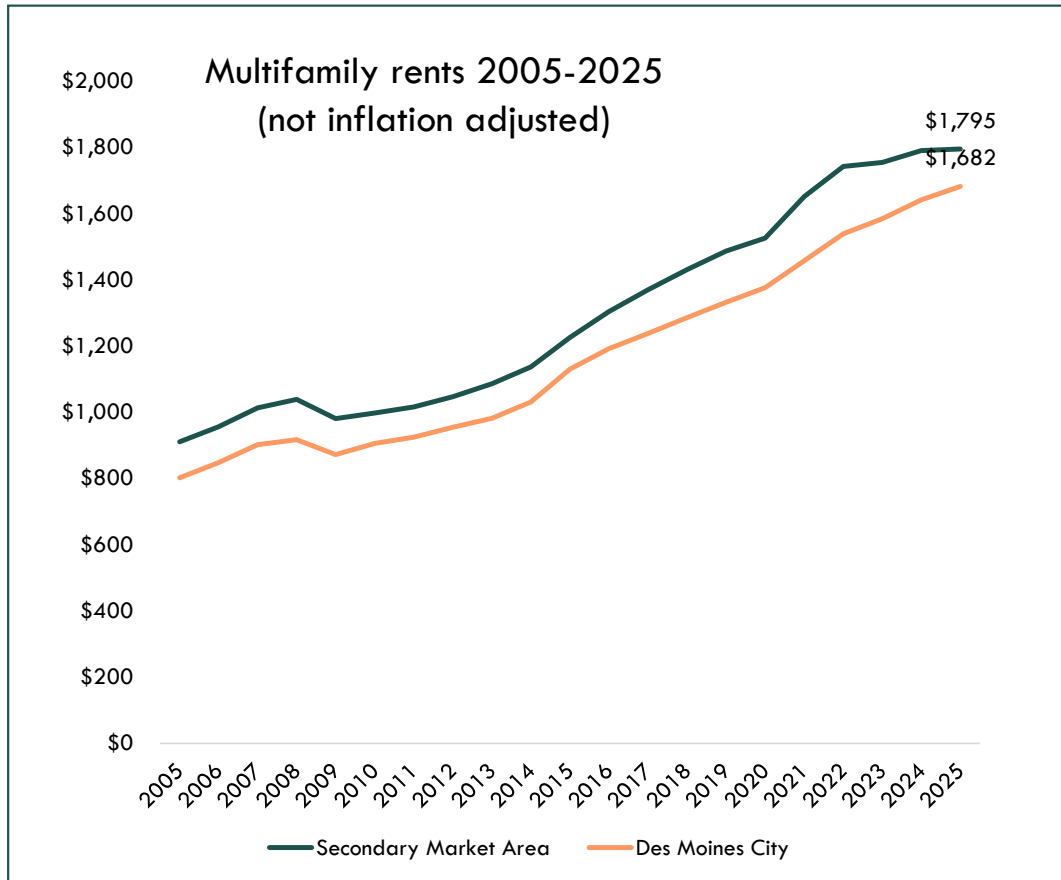


Office development is at a virtual standstill post-pandemic.

Office development 2005-2025



MARKET ANALYSIS



Multifamily rents are about 7% lower in Des Moines than in South King County as a whole.

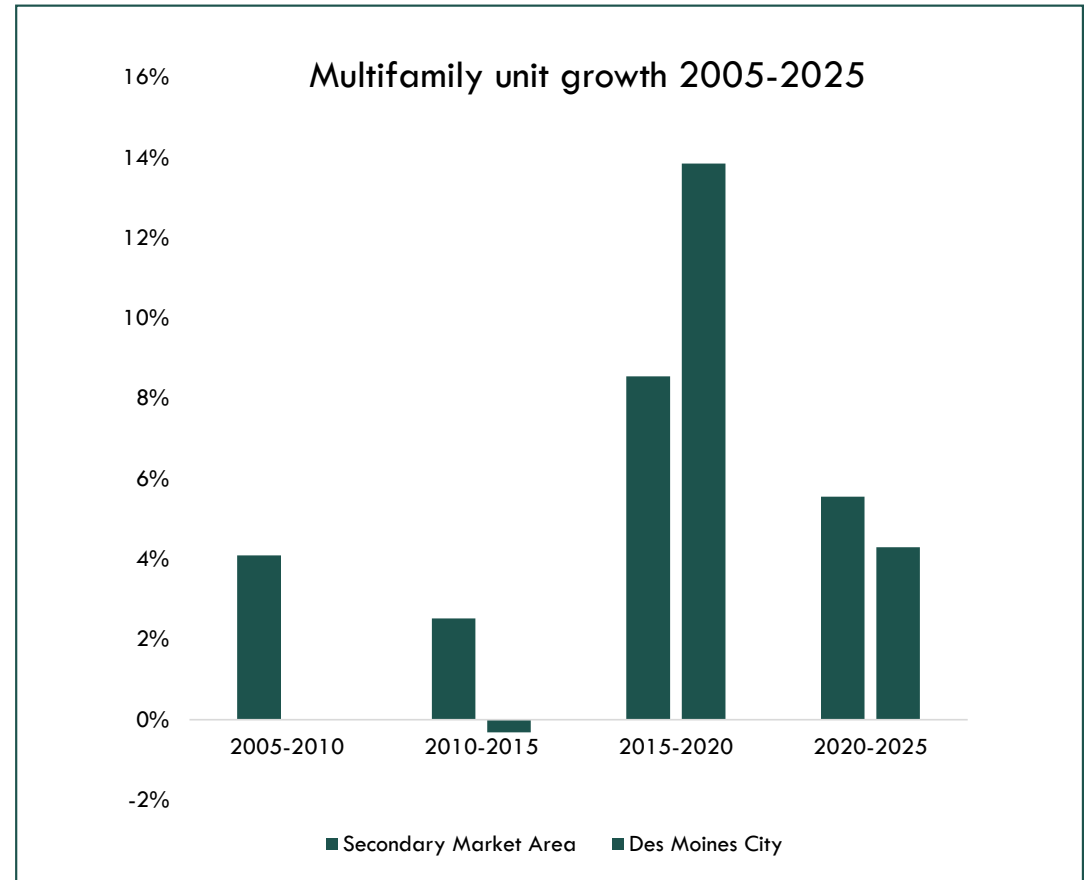
This may be due to generally older housing stock.

Multifamily rents in Des Moines have risen 109% since 2006 (compared to 66% inflation).

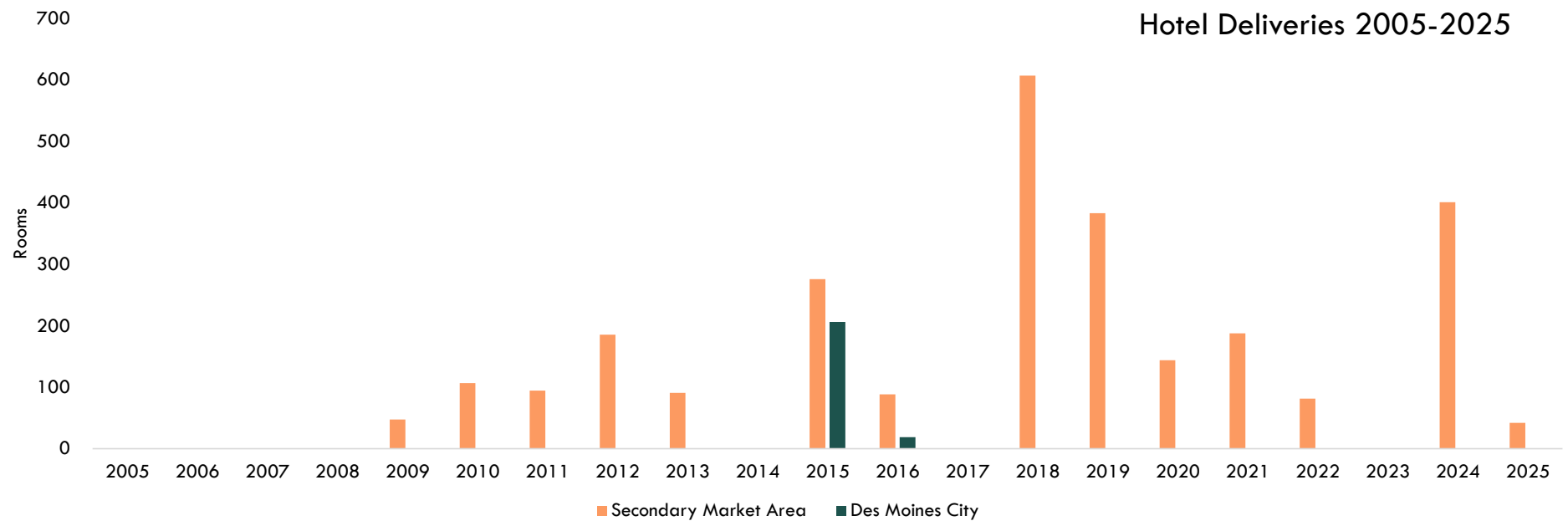
MARKET ANALYSIS

Des Moines has been adding multifamily units at pace with other South King county cities.

Construction has slowed due to difficult financing and high construction costs, but demand remains strong.



Hotel development is basically consistent with pre-pandemic trends.

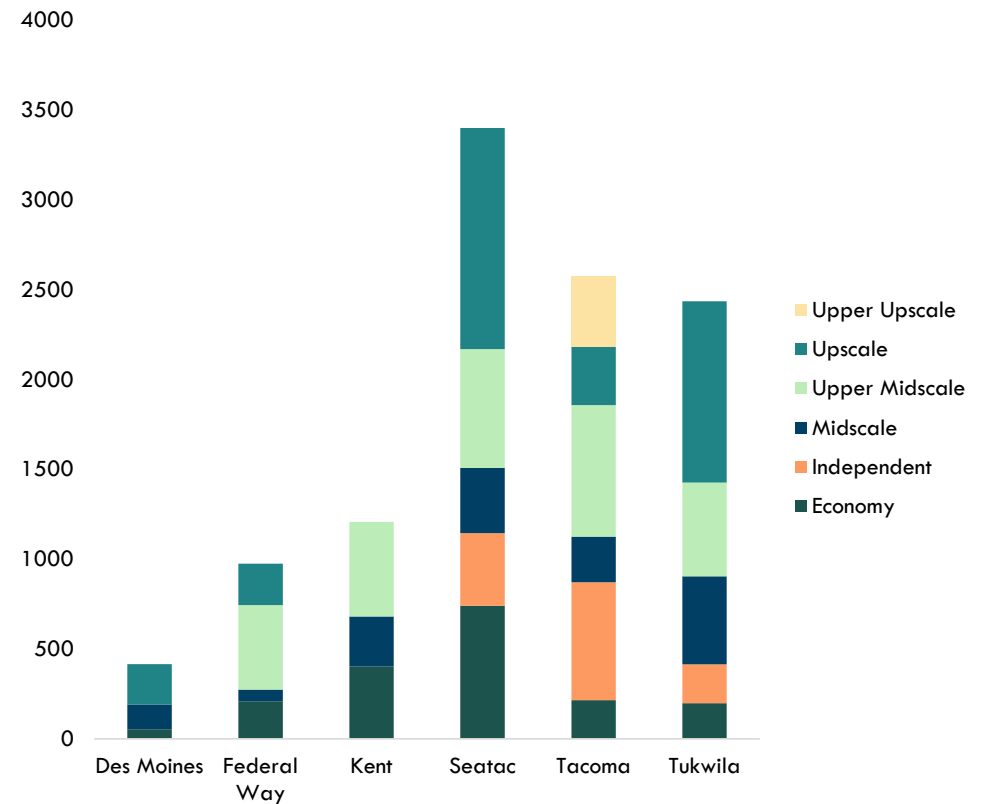


Market Analysis

Des Moines has few hotel rooms compared to some nearby cities.

Lodging Name	Rooms	Year Built	Class
Four Points by Sheraton Seattle Airport South	225	2015	Upscale
Red Lion Inn & Suites Des Moines	51	2000	Midscale
The Marina Inn	42	1984	Midscale
Value Inn Sea Tac	45	1979	Midscale
Legend Motel	32	1959	Economy
West View Motel	22	1953	Economy

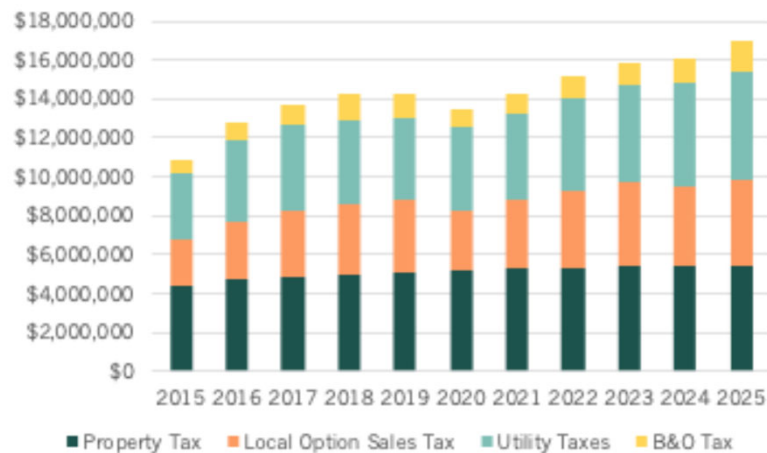
South King County Hotels (2022)



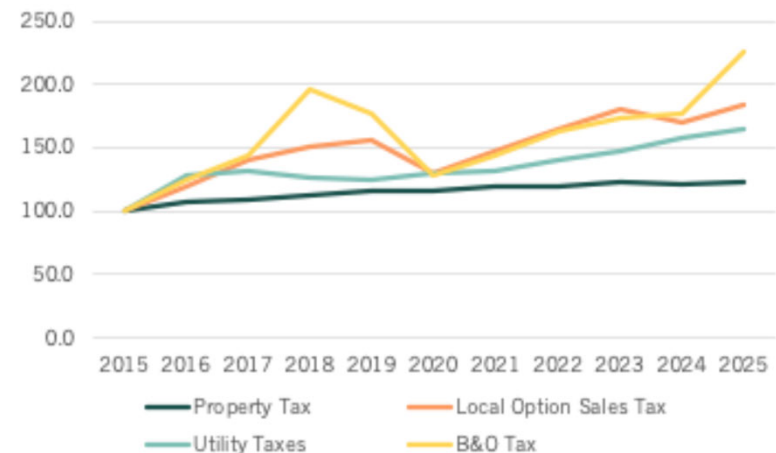
Fiscal Context

Slow property tax growth is pushing the city toward utility, B&O, and sales taxes

Tax revenue by source, 2015–2025



Growth by source, indexed (2015 = 100)



Growth is real — but property tax is not driving it

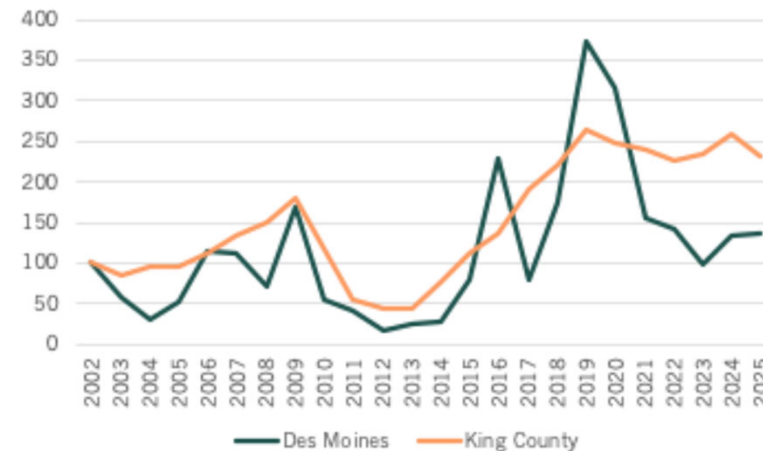
- Total tax revenue grew from roughly \$11M in 2015 to about \$17M in 2025 — up close to 50%.
- Property tax has risen only about 25% over the decade, the slowest of any source and below the pace of inflation and service costs.
- Utility taxes (+60%), local option sales tax (+85%), and B&O tax (+125%) have carried the growth — shifting the mix toward more economy-sensitive, volatile revenues.

Des Moines is losing pace on property value—and further behind on new construction

Assessed value growth, indexed (2002 = 100)



New construction value, indexed (2002 = 100)



A thinner tax base — and a weaker pipeline to grow it

- Assessed value has grown steadily since 2002, but Des Moines has tracked below King County since 2010 and the gap has widened.
- New construction is the bigger challenge: after a 2019 spike, Des Moines has fallen back to roughly 140 on the index while the county sits near 235.
- New construction is the main exception to the 1% levy cap — a weak building pipeline directly limits the city's ability to grow property tax revenue.