

# Temporary and Flexible Commercial Program Background and Implementation Proposal

Kelsey Figone, Anna Passey Trevino, Ben Walker URBDP 507 Spring 2021



# Contents

Purpose	3
Background	4
Case studies	5
Chicago	6
San Francisco	7
Recommendations for the application of temporary retail strategies in Seattle	g
Pop-Up Permitting	10
Flex Commercial Use Designation	13
Business Recruiter position	19
Conclusion	21
Reference list	22
Appendix A: Relevant land use permits in Seattle	25
Appendix B: Temporary retail initiatives in peer cities	26
Appendix C: Application chart	29
Appendix D: Permit cost matrix	30
Appendix E: Sample business recruiter job description	31
Appendix F: Interurban Building site & floor plan	34



# **Purpose**

Restaurants and retail are vital contributors to the livelihood of Pioneer Square and the Pike/Pine commercial corridor, and their presence is key to drawing Seattle residents, tourists and commuters back to these areas. These businesses were hit especially hard by the social distancing and shelter-in-place orders of the past year. Many non-essential businesses have already closed, and many more are struggling to remain in operation as consumers cautiously resume in-person dining and shopping.

At the same time, brick-and-mortar retail was already restructuring prior to the pandemic. Many cities have grappled with increasing vacancy rates in downtown storefronts since the 2008 economic crisis. Shifts in consumer preferences toward online shopping - the sector growing significantly faster than any other retail category - and toward experiences like dining, entertainment and personal services, rather than objects, are primarily responsible (Strategic Economics, 2018).

Temporary retail, or pop-up shops, are well-positioned to address these changing consumer trends while filling vacant storefronts quickly and efficiently. They can provide a low-risk outlet for an online startup or homegrown business to engage physically with consumers. They can supplement their product line or menu with a unique in-person experience. And they give commercial property owners interim rent and "staging" for their space while they search for a long-term tenant - which may turn out to be the pop-up itself (Baras, 2016).

This paper reviews the current barriers for temporary retail in Seattle and recent initiatives in contemporary U.S. cities that may serve as guidance. It applies two best policy practices to vacant storefronts in Pioneer Square's Interurban Building, and details the stakeholders and funding mechanisms involved. The goal is to provide City officials with the information they need to act quickly and capitalize on a crucial summer and fall tourism window, and we recommend pushing these permitting changes through as quickly as possible.



# **Background**

Between Pike Place, the Fremont Sunday Market, seasonal and year-round farmer's markets, festivals and food trucks, Seattle accommodates a large number of temporary retail and food establishments. Yet pop-up shops occupying commercial storefront spaces are less common. Most often they are operations with fewer than five employees selling food or baked goods that pop-up in an existing restaurant. These "ascendant chefs", SeattleMet notes, are "...hustling to get their food out into the world, absent of traditional trappings like leases and daily business hours" (Vermillion, 2020).

This model has proved resilient to gathering restrictions under the Covid-19 pandemic; in fact, it has proliferated over the past year (Variano, 2021). Many of these pop-ups by nature rely on an online marketing presence that informs consumers when, where, and for how long the operation will occur. They leverage this online customer base by adding pre-ordering options to their websites and social media accounts, and run pick-up or even delivery operations from their temporary location.

Temporary retail is well suited to provide the quick injection of ground-floor vibrancy that Pioneer Square and the Pike/Pine Corridor need, but a long and arduous permitting process can render short-term business plans infeasible or, from the commercial realtor perspective, not worth the effort to move forward with a temporary tenant. Our stakeholder interviews and research indicate that this permitting process, its associated costs, and a limited set of permitting options are hampering efforts to activate ground-floor retail in these two areas.

Currently, a business has two permitting options if it wishes to temporarily occupy a vacant storefront: a Temporary Four-Week Use Permit, or a Temporary Six-Month Master Use Permit. These permits allow for a temporary change of the vacant space's established use to whichever use the business intends to operate. Even if the business's intended use is the same as the established use, it still must secure a Temporary Use Permit. 2

With all projects, complexity of the design and completeness of the application are the primary determinants of permitting costs, including time cost. Temporary Use Permits require a pre-application site visit and a plan review from SDCI that begins on the applicant's Land Use Intake date. At the time of writing, the next available intake date is in 7 days. After intake, Temporary Four-Week Use Permits are usually issued within 30 days, and Temporary Six-Month Master Use Permits require approximately 4 months to review (SDCI, *Tip 206*, 2019). At an hourly rate of \$386 for application review, **the current projected fee cost to receive a permit is \$3,940 - \$7,880**.

<sup>&</sup>lt;sup>1</sup>Other options may apply if the business is not the sole occupant of the space. For summary see Appendix A. <sup>2</sup>In cases where no change in use is required, some use permits may be approved as Subject-to-Field Inspection (STFI), which streamlines the process considerably. Under current zoning, however, STFI is not allowed for pop-up businesses. (Davis, 2021)



(SDCI, Tip 201, 2020). While it was confirmed that these costs are estimates (Davis, 2021), and may be lower for less complex proposals with fully-completed applications at the time of intake, applicants must still plan for permitting costs within this range.

Additionally, a commercial realtor noted that for one of his listed properties, a Master Use Permit application had been submitted to change the use from general retail to an eating and drinking establishment. The process was expected to take 6 - 8 months, a timeline he regarded as typical. While thorough land use review is of value, these processing times (particularly for Temporary Use Permits) are outsized for the duration of the permit itself.

In reviewing the building permits issued under the Temporary Use Permit type, it is clear that pop-ups do not find this permit useful in operating their business: the majority of such permits issued are for modular construction offices, temporary Christmas tree sales during the holidays, and stages for various public events.

SDCI may look to an initiative in Austin, Texas, which provides a 45-day renewable temporary retail use permit in downtown mixed-use zones. Provided the permit application is complete, the City review process is limited to 10 business days (The Code of the City of Austin, Texas). A streamlining effort such as this would be a logical extension of recent City of Seattle efforts to provide free and expedited temporary permits for outdoor cafes, merchandise displays and food trucks.

Our team has reviewed several temporary retail initiatives that have arisen as cities across the U.S. grapple with storefront vacancies, pre-pandemic. Approaches vary greatly: some cities have revised municipal codes to reduce regulatory barriers; others have directed investments to targeted areas to spur broader revitalization. Please refer to Appendix B for a review of programs in Oakland, Buffalo and Detroit. The most applicable best practices we have selected come from Chicago and San Francisco, where, respectively, an innovative new set of short-term business licenses and a new land use category opened the doors to pop-ups around the city.



#### Case studies

# Chicago

The City of Chicago passed an ordinance to establish a Pop-Up Initiative on December 1, 2018. The initiative enables the City's Small Business Center (within the department of Business Affairs and Consumer Protection) to grant two new types of business licenses: Pop-Up User Licenses and Pop-Up Host Licenses (Business Affairs and Consumer Protection, 2021).

The key feature of this model is that the licenses are not tied to location. Over the course of the business license, Pop-Up Users are free to pop-up anywhere within city limits. They coordinate with property owners or business owners who have obtained a one-year Pop-Up Host License to arrange a pop-up in their vacant space.

User licenses are not limited to new businesses. Existing restaurants, for instance, may operate a supplemental pop-up at a licensed Host location in order to test a new market. Or, they may acquire a Host license at their main location and host a pop-up (perhaps a non-restaurant or food-related endeavor) outside of their normal operating hours. There are tiers for both User and Host licenses according to the type of business and desired operations.

There are five major limitations:

- 1. The owner's property must be in compliance with zoning code. If the owner wishes to host a food establishment pop-up, the space must pass a health inspection.
- 2. A Pop-Up User may stay at one Host location for 90 days maximum within the year.
- 3. Limited to indoor operations only, but sidewalk cafés are allowed and permitted separately.
- 4. Liquor may not be served by the Pop-Up User, but it may be sold by the Pop-up Host (presuming they have the appropriate licenses) and BYOB is permitted within Chicago's laws.
- 5. Proprietors must already have a business license. They then apply for a 5-day, 30-day, 90-day, 180-day, or 1-year Pop-Up User license separately.

This model is useful because it **directly addresses two hurdles in vacant storefront activation**: **the lengthy permitting process and commercial lease negotiation**.

Seattle streamlined the permitting process considerably for existing businesses who needed to adapt to COVID-19 public health restrictions. Yet these changes are temporary, and they still present time and cost barriers for new entrepreneurs with market-ready concepts and landlords seeking to fill vacant space quickly. In the Chicago model the legwork is done up front: Pop-Up Hosts secure different licenses based on what activity is permitted at their location, and Pop-Up Users can operate wherever their use is permitted under zoning. Right-of-way, signage and trade



permits would already be secured by the Pop-Up Host for their space. Please refer to Appendix D for the tiers of Chicago's pop-up license types and associated costs.

Commercial real estate brokers have noted that while temporary retail is very much in-demand, it is rarely worth the time, effort, and cost that it takes to facilitate commercial lease negotiations. Landlords generally do not wish to repeat a complex process for each temporary tenant. In this model the duration of the tenancy is predetermined and capped at 90 days, leaving rent and tenant improvements as the major items of negotiation. Instead of potentially coordinating a change-of-use and the resulting tenant improvements, property owners may utilize their vacant spaces in the use category that was already established. With funds that would have gone toward a tenant improvement allowance, owners may invest in work that brings their space up to code and health standards, while providing a generic interior finish suitable for hosting multiple tenants.

#### San Francisco

The San Francisco Planning Department has implemented two recent initiatives that merit further examination. The first was a Flexible Retail Use ordinance that passed in late 2018. The ordinance established Flexible Retail as a new land use category that is permitted in areas zoned Neighborhood Commercial within San Francisco.

For a retail space to operate under the Flexible Retail Use, it must be on the ground floor, and it must have one or more business operators providing at least two of the approved Flexible Retail Uses (see web diagram at right for approved uses under this legislation).

For establishments, the key benefit of this Flexible Retail use category is that the owner need not obtain additional Use Permits if he/she wishes to adopt one or more additional uses on site. As long as there is a combination of any two approved uses on site, uses may be interchanged at any time without new use permits being required by the planning department (although conditional use permits and building/fire permits may still be required, depending on the underlying zoning code).



Figure 1. Permitted uses under Flexible Retail designation (Tang et. al., 2018)

The San Francisco Planning Department has granted flexibility with the requirement to maintain two uses on-site. If one tenant operating one of the uses vacates the site, there is a 60-day grace period to locate a new tenant that operates one of the approved Flexible Retail uses. The period may be extended if good-faith efforts to locate tenants are shown. If, after these, the second use is



not filled, the Flexible Retail Use is simply replaced with the underlying use of the one tenant still operating there.

Also included in this legislation is the creation of 60-day Temporary Pop-Up Use Permits. Prior to 2018, San Francisco had a series of temporary use permits that functioned in a similar way to existing temporary use permits in Seattle: a means to have a temporary building on a demolition site, or to secure a carnival or craft fair. San Francisco found that their existing temporary use permits did not allow the uses desperately needed by small, activating businesses, especially because they did not allow on-site alcohol sales and consumption. The 2018 legislation added a new permit, the Temporary Pop-Up Use Permit, to meet this need. This is limited to ground-floor commercial spaces in Neighborhood Commercial Districts and offers a more efficient option for businesses who wish to host a pop-up for a limited time but have no plans to establish a second use or host pop-ups on a regular basis. An example might be a six-week engagement between an art gallery and a local caterer, who could provide pop-up dinners and alcohol (if licensed) in coordination with gallery showings.

In 2020, the Save our Small Businesses Ordinance furthered certain elements of 2018's Flexible Retail Legislation. Most notably it allows 60-day Temporary Pop-Up Use Permits in vacant commercial storefronts in addition to occupied ones. It also grants bars and entertainment venues the ability to provide temporary retail uses for up to six years.

This model is useful because, by making considerable modifications to its municipal code, San Francisco has eliminated regulatory barriers for small businesses seeking to expand and experiment. It is a good example of targeted intervention that was successfully scaled up: the Flexible Retail use was initially permitted in one district, but expanded to include several within a year, and at least one other neighborhood organization has lobbied for Flexible Retail permitting within its district. While COVID-19 has significantly hampered the takeup of this use, post-pandemic revitalization will hopefully see more businesses applying for it.

Additionally, the municipal planning department's burden is reduced with fewer individual permit applications to review. The legislation allows for cycling between retail uses with similar occupancies without repeated permit applications. In Seattle, this would eliminate the necessity for repeated permits to establish uses, which SDCI grants. Furthermore, the legislation is responsive to the current challenges of high rents and online competition that brick-and-mortar small businesses face.



# Recommendations for the application of temporary retail strategies in Seattle

The following interventions form a coherent strategy to address some of the challenges outlined in the Background. We have applied Chicago's Pop-Up Permit model to Suite 104 of the Interurban Building (figure 2), an intervention that could be implemented in the medium-term (6 to 12 months) to address the pressing challenge of vacant storefronts throughout the study areas. Of the two interventions, Pop-Up Permitting could result in speedier change if the City were willing to use some fast-track options to get this policy implemented.

We have also applied San Francisco's flexible retail strategy to Suite 102 of the Interurban Building, which could also be implemented in the medium-term. This strategy also addresses vacancies by significantly reducing hurdles in the permitting process, and by providing small retailers the ability to co-locate, share rent costs and diversify their customer base with more permanent intentions. Figure 3 below visualizes these new options available to potential Seattle stakeholders, depending on their role and interest in hosting/providing a pop-up.



Figure 2. Interurban Building in Pioneer Square. Source: Tarasova.org

Lastly, the business recruiter is a long-term investment whose community-building, recruitment, and marketing work will bear fruit in the years to come as resilient businesses are attracted to these spaces.

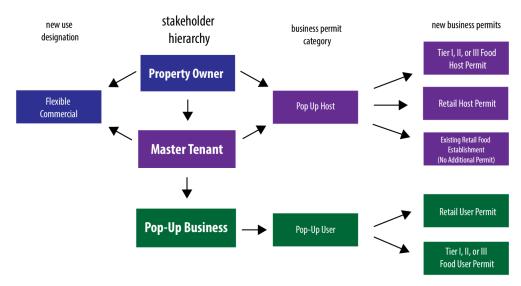


Figure 3. Flowchart of temporary retail strategies.



# 1. Pop-Up Permitting

Suite 104 Of the Interurban Building is a 1,100 sq. ft. space on Occidental Ave (Miller). The suite is currently vacant and was previously occupied by a retail printer with an established use of Office and Retail. It has been vacant since 2018 and the broker did not indicate whether there has been recent interest in the space.

We propose that the City and SDCI create Pop-Up User and Pop-Up Host permits, modeled from Chicago's model. The owner of the Interurban Building, Tatnuck Ventures, would apply for a permit to be a Pop-Up Host, an estimated cost of \$150 per year based on Chicago's pop-up host permit costs, and processed within a week (see Appendix D for a full breakdown of Chicago's permit costs) (Small Business Center, 2019). While Chicago has two tiers of pop-up host food permits (Tier II, which covers prepackaged food sales and requires a hand sink on site, and Tier III, which covers full on-site food preparation and requires all the amenities of an eating and drinking establishment), we propose that Seattle implement three different tiers of pop-up host permits (Amendment of Municipal Code Titles 4 and 10, 2018). Tiers II and III would be modeled from the Chicago examples, but an additional Tier 1 would cover retail pop-ups only (no food sales other than nonperishable, prepackaged items). The Interurban would be advised to apply for this Tier 1 pop-up host permit.<sup>3</sup>

While pop-ups can technically take place in any type of space or building (with appropriate permitting), there is opportunity for the owner to make some "tenant improvements" which will make Suite 104 that much more enticing for online national/international brands with large followings and trendy local businesses. In 2019, the Office of Economic Development (OED) piloted a "Small Business Tenant Improvement Fund," grants for small business in high displacement risk areas for commercial space improvements (Takahashi, 2021). OED might consider restarting these grants as a post-pandemic business revitalization measure, extending the grants not just to small business owners but also to property owners, like Tatnuck Ventures, to incentivize fixing up space for use with pop-ups. Tatnuck could then use that grant to "whitebox" their suite (i.e. create a "finished" but empty-looking space, perhaps with modular fixtures and walls to divide back of house and front of house space) so that it is ready to welcome a pop-up user.

-

<sup>&</sup>lt;sup>3</sup> Restaurants, food processing areas, and food service areas with Type 1 hoods do not require a pop-up host permit in Chicago, nor do we advise that they require such a permit in Seattle. (For this reason, 94% of pop-up uses in Chicago are retail, according to publicly available business licensing data.) The amount of permitting required for an eatery with a Type 1 hood is extensive, and the process of applying for a pop-up host permit compounds an already lengthy and convoluted process. We advise that restaurants are allowed to host pop-up users without requiring a pop-up host license, although they are expected to maintain the requisite records associated with pop-ups.



A "retail incubator" (a business who owns a space for the specific purpose of hosting rotating pop-up shops) located in South Lake Union, Periodic, informed our proposal for a pop-up retail use in this space (Periodic, 2019). Suite 104 is roughly the same size as Periodic (1,037 sq ft.) with a similar layout. The popularity and quality of brands hosted by Periodic also serve as a model for the types of brands targeted by this pop-up strategy: rather than hosting "mom-and-pop" shops trying to get off the ground, Periodic has hosted Seattle bean-to-bar brand Theo Chocolate, Seattle-based glassybaby candle holders, and VanMoof, a Dutch brand of trendy e-bikes. Durations are flexible, depending on the needs and preferences of the pop-up user, and fixtures are modular to ensure easy adaptation for each successive tenant.

To attract such pop-ups, the property owner and broker is advised to advertise the space on sites like Storefront or Peerspace and via retail recruiters like Karen True at the Alliance for Pioneer Square (and, eventually, via the Business Recruiter role detailed below). Interested businesses or brands that reach out with interest might finally anticipate a positive response from the broker, who in the past has had to turn away short-term or pop-up tenants due to lengthy permitting times and expensive attorney fees for leases. If the interested pop-up does not already hold a Pop-Up User permit, the broker can guide them to apply for one and expect it to be processed within a week.

Chicago's model has four categories of Pop-Up User licenses (General Retail and three tiers of Food user licenses) and we advise a similar model be applied to Seattle, with increasing permit fees for increasing pop-up duration (5-days to a full year, from \$25 to \$150) (again, see Appendix D for a fully breakdown of Chicago's tiers and costs). We also advise adopting the timing restrictions (no pop-up user can operate in a location for more than 90 days) and location flexibility (pop-up users can operate in any pop-up host location within the duration of their permit without additional permitting) for Seattle. We anticipate that Suite 104 is likely to attract General Retail Pop-up Users for anywhere from one to three months' duration.

Once connected, the Pop-Up User and Pop-Up Host will negotiate a lease or rent, likely \$3,000/month based on conversation with the current broker. See Table 1 below for a breakdown of rent costs. While commercial liability insurance is not required in the Chicago model, it should be highly recommended in Seattle. Additionally, the Pop-Up Host is required to maintain detailed records of each user that operates at the licensed location and keep such records for at least two years (Small Business Center, 2019). Regardless of the type of user in the space, they must be licensed businesses and comply with existing zoning and code regulations within the space.



Suite	Base rent	NNN op/ex <sup>4</sup>	Gross rent	Total cost to tenant(s)
104 (1,100 sf)	\$28/sf per year	\$5.50/sf	\$33.50/sf per year	\$3,071/mo \$36,850/year

Table 1. Tenant rent responsibility for Suite 104, based on conversations with the broker and the Kidder Matthews listing. (Miller)

Within the Chicago model, alcohol or tobacco sales/service are not allowed by the pop-up user, due to the length and complexity of the license processing and the location-bound nature of acquiring a liquor license (unless it is a catered event and subject to those regulations). However, after conversation with a planner at the City of San Francisco, we feel it is important that Seattle make it possible for Pop-Up Users (and vendors in pop-up spaces) to serve alcohol, provided they have the proper liquor licensing. Chicago's pop-up permits seem underutilized by food service precisely because alcohol sales are not allowed, which is the key profit-making mechanism for most restaurants. 94% of Chicago's pop-up permits are retail-oriented. In Seattle, the model could be made more flexible and therefore more inclusive and supportive of small business realities by allowing on-site alcohol service and sales. Under the retail use recommended in Suite 104, however, this is not a key concern.

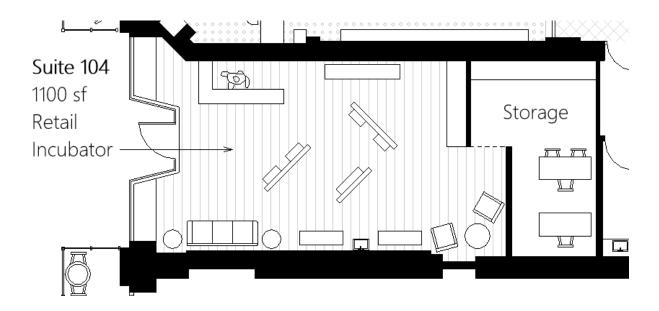


Figure 4. Floor plan of Interurban Building Suite 104. Refer to Appendix F for full plan.

<sup>4</sup> This property is brokered under a triple net lease. Tenants are responsible for operating expenses such as common area maintenance, insurance and property taxes.



A potential rotation of pop-up users in Suite 104, over the course of a year, may include:

August: <u>Listening Lounge by Easy Street Records</u>

September-October: Elliott Bay Book Company

November - December: Holiday-themed gift and clothing boutique

January-February: SoulCycle New Year's Resolution-themed classes

March: TOMS shoes VR experience

April-May: Flower/plant shop for Mother's Day and spring

June-July: Nike store with regular fun runs throughout the summer,

leaving from the store

# 2. Flex Commercial Use Designation

Our medium-term recommendation is designed to be implemented within the next six to 12 months. We propose that the City of Seattle and SDCI amend the municipal land use code to add a new type of use designation, "Flex Commercial". Modeled on San Francisco's Flexible Retail ordinance in the case study above, Flex Commercial would combine the following existing commercial uses: C-2 (Restaurants), C-2 (Drinking Establishments), C-3 (Arts Facilities), and C-10 (General Retail Sales and Service). *Refer to Figure 5*.

If a space were to have Flex Commercial as its established use, two of the above uses must be operated in tandem. Either one or two separate businesses would be permitted to operate the uses. Additionally, a Flex Commercial designation would allow those permitted commercial uses to be interchanged without the need for a new Accessory Use, Temporary Use, or Master Use permit application each time

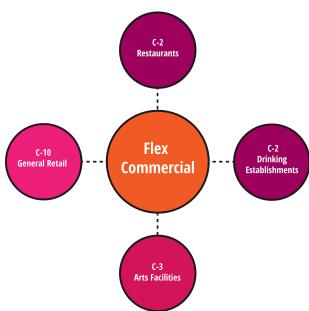


Figure 5. Proposed uses to be permitted under Flex Commercial designation.

<sup>&</sup>lt;sup>5</sup> Sections of the municipal land use code requiring amendment are 23.42 "General Use Provisions" and 23.76.006 "Master Use Permits required". A change of use to Flex Commercial could still occur through the Master Use permitting process. It would be a Type I land use decision, made at discretion of the SDCI Director and requiring the shortest review time among MUP applications.



that a business turns over.<sup>6</sup> Refer to Appendix C for example situations in which businesses might utilize the Flex Commercial designation.

Businesses must be licensed and in compliance with underlying zoning and code regulations. As with our Pop-Up Permitting proposal, we advise SDCI to require landlords of Flex Commercial spaces (or their brokers) to maintain detailed records, including but not limited to: business license, duration of tenancy, use(s), and occupant load. SDCI could require a submittal of records each time a use is interchanged, instead of a full permit application.

In San Francisco the legislation was originally drafted to apply to only one Supervisorial District. Four other districts have since elected to permit flexible commercial uses. Seattle could similarly begin by permitting Flex Commercial in Pioneer Square Mixed zones and the Downtown Retail Core zone, since each of the four uses within Flex Commercial is principally permitted on the ground floor. If Seattle later expands Flex Commercial to other zones, it should require that each of the uses be principally permitted on the ground floor in those zones; otherwise, a loophole would be created for establishing uses via Flex Commercial that would not have been permitted individually. However, we view this as a strategy best suited for ground floor spaces in downtown zones (including Pioneer Square), where vacancies abound, commercial rents remain relatively high, and incentives for tourists, workers and neighborhood residents are desired.

By increasing flexibility, our proposal seeks to address the changing nature of brick-and-mortar retail, which is seeing more consumer demand for experiences along with products. It has also been reckoning with increased competition online, especially since the pandemic began. The aim is to reduce the regulatory challenge of co-locating multiple uses or businesses within a storefront, so that business owners can more easily integrate unique combinations of experiences to attract customers.

This idea has already proven successful in Seattle. Ada's Technical Books, a combination cafe & bookshop, expanded to provide coworking and event space at its Capitol Hill location (figure 6). During the pandemic Ada's bought out three additional neighborhood Fuel Coffee locations and will add merchandise and book inventory to the spaces (Constant, 2020). E. Smith Mercantile was a shop in Pioneer Square with a small back bar. As retail sales declined, the owners doubled the size of the bar to recoup revenue and stimulate demand. (Saez, 2018). A "cat cafe" in Capitol Hill providing food, drink and cats for adoption is popular enough to be reservation-only, while an indoor dog park and bar in South Lake Union opened during the pandemic and recently added a "pup-up shop" with pet products from local entrepreneurs (Colosia, 2021).

<sup>&</sup>lt;sup>6</sup> Under SDCI Director's Rule 10-2020, a change from C-2 Restaurant to C-10 General Retail Sales, or vice versa, is a change of use requiring a Master Use Permit. If under this proposal the space were already permitted as Flex Commercial, then changing or adding one of these uses in a space would not require an additional Master Use Permit.





Figure 6. Ada's Technical Books and Cafe on Capitol Hill. Source: workfrom.co

Another aim of the Flex Commercial designation is to reduce SDCI staff workload for reviewing relatively short permit applications, and to decrease the overall number of applications that require the SDCI Director's discretionary approval. This in turn frees up time for the department to process more complex land use decisions. As it continues to telework and prepares for a likely hybrid telework/in-person plan, this proposal will assist during a challenging time by streamlining some of the low-hanging fruit among all permit types. With a six to 12 month timeframe envisioned, at least some SDCI staff should be back in the office by the time the code amendment is adopted. In-person consultation with applicants may be necessary to explain the conditions and potential benefits of establishing a Flex Commercial use.

Flex Commercial works to streamline the process of land use permitting, but businesses must still ensure their plans are permitted under Seattle's Building Code and Fire Code, as well as the King County Health Department if a restaurant. Since Flex Commercial would potentially co-locate uses under different occupancy codes (e.g. a mercantile occupancy and A-2 assembly occupancy for a restaurant), the more restrictive A-2 code would need to apply. However, each occupancy code under Flex Commercial shares the same requirements for egress and sprinkler provisions if occupant load is less than 100.7 Other life safety requirements such as fire separations would

<sup>7</sup> 2018 Seattle Existing Building Code, Ch. 10, Table 1011.4 (means of egress) and IBC 2018 section 903.2.1.2 (sprinkler). If occupant load is 100 or more, businesses would need to secure an assembly permit from Seattle Fire Dept. anyway, providing the chance for review.



depend on the building itself. Commercial tenant improvements/alterations that reduce egress or fire-resistance would require a new building permit anyway, giving an SDCI building official the opportunity to review code compliance.

Based on recommendations from a San Francisco planner, the best practice would be to introduce Flex Commercial along with a coordinated effort to prioritize the applications within SDCI. Since SDCI issues both land use and building permits, an efficient strategy may be to convene a working group that reviews land use and code compliance for these projects during one appointment. The group could potentially extend to include a member of King County Health and the Pioneer Square Preservation Board for projects requiring their approval. We have modeled such a project below in a vacant space of Pioneer Square's Interurban Building.

# Application of Flex Commercial to Suite 102, Interurban Building

Suite 102 of the Interurban Building is a 3,322 sq. ft. space at the southeast corner of Yesler Way and Occidental Ave. The suite currently sits vacant, last occupied by ABC Imaging, a stationary and print shop. After the tenant vacated, the commercial real estate broker for the property filed for a Master Use Permit to change the established use to an Eating and Drinking Establishment. Plans for a Ballard-based brewery to open a satellite taproom were put in motion, taking advantage of HB 2412 legislation, signed March 2020, that allows breweries up to four additional licensed retail locations (Jones, 2020). Lease negotiations fell through in 2020 due to the COVID-19 pandemic. Though the broker has received numerous inquiries about weekend uses and pop-ups leasing this space temporarily, these arrangements have proven infeasible given the long duration of the permitting process and the repeated attorney's fees for drafting leases.

The broker noted that an eating and drinking establishment, whether a restaurant, bar or taproom, is the most economically feasible use of this corner suite. With no ability to install a Type 1 commercial kitchen hood, restaurant options would be restricted to bakeries, coffee shops or other limited operations that do not produce smoke and grease exhaust.

Using this information from the broker, we have modeled a proposed build-out of Suite 102. It features a taproom as the primary tenant and a space reserved for a rotation of pop-up subtenants. Under a Flex Commercial designation, the taproom may host subtenants in different uses, such as food and baked goods, general retail and merchandising, art displays, or workshops.

This relieves the burden that currently exists if businesses seek to co-locate or provide an accessory use. Under current land use code, the principal use (the taproom) would have to apply for an Accessory Use permit, or a 4-week or 6-month Temporary Use permit to host the pop-up shop (although primary research revealed that restaurants and retail very rarely make use of the Temporary Use permit for such a use). It would have to renew the permit for each successive pop-up, creating additional time and cost burdens and the possibility of a gap between subtenants.



Instead, a one-time Flex Commercial designation eliminates the need for the business to come to SDCI each time a pop-up rotates in.

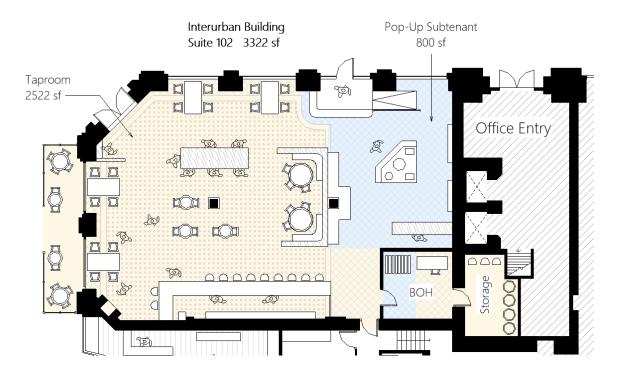


Figure 7. Floor plan of Interurban Building Suite 102. Refer to Appendix F for full plan.

#### **Financing**

The total rent cost for Suite 102 is \$9,274 per month. Table 2 below shows a breakdown of rent costs. Under the co-location arrangement shown in figure 7, the taproom occupies 2,522 sq. ft., roughly ¾ of total floor area. It would be feasible for the taproom to sublet the remaining 800 sq. ft. to a pop-up and ask for \$2,300 in rent per month, with the taproom covering the additional \$6,974. During lease negotiations for the previously-planned taproom, total startup costs were estimated at \$600,000. The landlord had agreed to contribute \$120,000 towards tenant improvements (Miller, 2021). The taproom could draw from this contribution to fund a permit application for a Flex Commercial designation, the cost of which would be determined by SDCI.

At \$2,300 per month, rent for the pop-up still comes in cheaper than it would for other spaces in the building. Despite the high vacancy rate in Pioneer Square, comparatively few available retail spaces exist at this size. More frequently they range from 1600 - 3000 sq. ft.<sup>8</sup> Apart from popping up in public space or perhaps a surface lot, co-location arrangements like this one are the only way for small operations to access and test the Pioneer Square market - and with Flex Commercial they wouldn't need to go through the permitting process to do it.

<sup>&</sup>lt;sup>8</sup> Based on averages from LoopNet, OfficeSpace.com and Kidder Matthews CRE searches.



With the taproom acting as an anchor, the pop-up may leverage more predictable surges in foot traffic, likely coming from upper floor offices after 5pm or from stadium events. The pop-up may also contribute to foot traffic through its online marketing presence, creating a mutually beneficial arrangement. There is always the flexibility for the anchor taproom to expand indoor operations at the conclusion of a pop-up's subtenancy. During winter months, for instance, it may provide additional indoor seating. However the arrangement proceeds, this model provides the business owners with the ability to adapt relatively quickly to changes in consumer habits and preferences over time.

Suite	Base rent	NNN op/ex <sup>9</sup>	Gross rent	Total cost to tenant(s)
102 (3,322 sf)	\$28/sf per year	\$5.50/sf	\$33.50/sf per year	\$9,274/mo \$111,287/year

Table 2. Tenant rent responsibility for Suite 102.

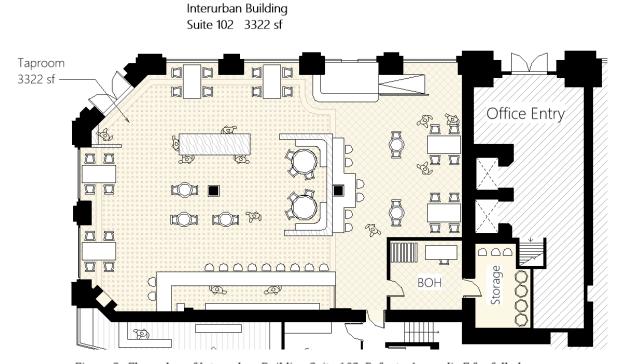


Figure 8. Floor plan of Interurban Building Suite 102. Refer to Appendix F for full plan.

<sup>9</sup> This property is brokered under a triple net lease. Tenants are responsible for operating expenses such as common area maintenance, insurance and property taxes.



# 3. Business Recruiter position

Implementing the above strategies requires new policy, but it will also require a champion to make sure that businesses and brokers are aware of these new options for permitting. Conversations with commercial real estate brokers, Small Business Advocates within the Office of Economic Development, and downtown business improvement districts revealed that there is a gap between Small Business Advocates and commercial real estate brokers. Informal community advocates, such as <a href="Karen True at the Alliance for Pioneer Square">Karen True at the Alliance for Pioneer Square</a>, somewhat fill this gap, although their work is limited to a defined geographic area and lies outside the City's purview. Thus, there is a need for someone to act as a matchmaker and advocate for the types of businesses that will activate vacant commercial spaces and nurture a more vibrant, resilient downtown.

Brokers have a bottom-line interest in making money and getting a stable tenant for the landlord; in other words, they are more likely to bring in a chain over the community's favorite local pop-up bakery, or a bank over a needed daycare center. One broker we spoke with shared that attorney costs for drafting a lease were upwards of \$2,500, and that such costs made it prohibitively expensive for brokers and landlords to even consider tenants for less than a one-year lease. He has had businesses and brands reach out to him directly about pop-up space and, as explained above, he has had to turn them down.

The lengthy permitting process creates further disincentives; it may take up to 30 days to get the shortest-term temporary use permit through the Seattle Department of Construction & Inspections before a tenant can even move into the space. The broker typically covers this period rent-free. Together, this policy and permitting environment means that current landlords are incentivized to keep their vacant spaces empty and gamble for a long-term (five- to ten-year) lessee once the market rebounds, which they project to be summer 2022.

Small Business Advocates, in contrast, are positioned within the Office of Economic Development where they are tasked with connecting business owners to resources and advocating on their behalf within City government. They do offer an online tool, the <a href="Business Decision Engine">Business Decision Engine</a>, that helps businesses identify best locations in terms of zoning controls, demographics, utilities, etc., and have <a href="handbooks available">handbooks available</a> that attempt to demystify the intricacies of a commercial lease. However, with seven current Advocates on staff, responsible for the entire city, they have limited capacity to actively seek vacant or opportunity spaces in the midst of responding to their caseload.

Most of the Advocates are generalists and must know and provide access to a variety of resources, rather than single-mindedly address the issue of vacancies. Furthermore, since the Office of Economic Development is not actually responsible for use or construction permitting, or business licensing, interested businesses still must navigate the other departments for their needs. Neither the broker nor the advocate is therefore able to meet the needs of a business who is interested in testing out a new market, testing out a new product, or seeking to take on more



manageable risk in the face of an economic downturn and an untested product. These businesses have the potential to be activating and run the gamut from experiential offerings (i.e. a temporary pottery studio or a fitness brand like SoulCycle) to lifestyle brands (i.e. plants, high-end clothing, or e-bikes). Yet they lack the support necessary to land a short-term host space, unless they happen upon Karen True at the Alliance for Pioneer Square. The Business Recruiter would provide this support.

Business Recruiter positions (sometimes known as Business Development Specialists, Retail Advocates, or Economic Development Directors) exist all across the country in cities large and small, and already exist in several nearby cities in Washington: Tacoma, Bellingham, and Karen True in Pioneer Square, Seattle. A 2019 research report undertaken for the City of Boulder gives a comprehensive overview of several exemplary retail recruiters (Esaulkov). For example, one retail recruiter was hired within the Economic Development Department of the City of Coral Gables, coordinating with both the BID and the Chamber of Commerce in her work. She introduced a "pop-up incubator" program to bring start-ups into City-controlled retail spaces for short-term leases (Esaulkov, 2019, p. 3-4).

Four other exemplary retail recruiters are situated within the business improvement areas, business improvement districts, or non-profit downtown associations for their respective cities. Instead of hiring a retail recruiter, Iowa City contracted with a retail consultant to operate and fund a retail recruitment program city-wide (Esaulkov, 2019, p. 10). Appendix E shows a sample job description for a retail recruiter for the Golden Triangle Business Improvement District in Washington, DC.

Therefore, there are many models from which the City of Seattle can develop a Business Recruiter position. Regardless of the model and location of this position, the essential responsibilities for such a position should include the development and maintenance of a vacant storefront database, prospecting of local and national brands and businesses, relationship building with property owners and business associations, and marketing pop-up and flexible commercial permit and land use opportunities.



# Conclusion

Permitting and licensing a new business within the City of Seattle is currently a complex process that overlaps with several departments (not including additional departments at the state and county levels): the Seattle Department of Construction and Inspections, the Department of Finance and Administrative Services, and the Office of Economic Development. Furthermore, businesses must interact with commercial real estate brokers and business improvement districts. We propose that Seattle introduce a new Pop-Up permit for both users and hosts, in addition to a Flex Commercial land use category. Ordinances from the executive branch in Chicago and the legislative branch in San Francisco established these respective policies. Successful implementation in Seattle will require stakeholders from the Mayor's office, Council District 7, SDCI and OED, at minimum, to come together via a working group and develop these strategies, and then hire a Business Recruiter to lead them.

These new strategies do not require the elimination of existing permitting and licensing processes. Rather, they add an additional use code ("Flex Commercial") and two new permits ("Pop-Up Host" and "Pop-Up User"). The flexible and short-term nature of these new strategies will require expediting and over-the-counter processing, with some inspections necessary by the King County Public Health department and/or SDCI depending on the tier of the pop-up user. Because these strategies have so much potential to revitalize the study areas of interest, we hope that the City will identify ways to implement these recommendations quickly or risk losing this opportunity to support businesses and, ultimately, the broader Seattle community.



## Reference list

- Amendment of Municipal Code Titles 4 and 10 regarding pop-up retail food establishment licensing and regulations, Cap 4-8 (2018). <a href="https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/popupordinance.pdf">https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/popupordinance.pdf</a>
- Baras, J. (2016). *PopUp Republic: How to Start your own Successful Pop-Up Space, Shop, or Restaurant.* Wiley & Sons.
- Brant, J. (2018, November). Queen City Pop Up Welcomes New Class of Retailers to the Market Arcade. UpstartNY.

  <a href="https://www.upstartny.org/inthenews/Queen-City-Pop-Up-welcomes-new-class-of-retailer-s-to-the-Market-Arcade.aspx">https://www.upstartny.org/inthenews/Queen-City-Pop-Up-welcomes-new-class-of-retailer-s-to-the-Market-Arcade.aspx</a>
- Business Affairs and Consumer Protection. (2021). Chicago's Pop Up Initiative. City of Chicago. <a href="https://www.chicago.gov/city/en/depts/bacp/supp">https://www.chicago.gov/city/en/depts/bacp/supp</a> info/chicagopopupinitiative.html
- Business Affairs and Consumer Protection. (2021). Pop Up Frequently Asked Questions. City of Chicago. <a href="https://www.chicago.gov/city/en/depts/bacp/supp">https://www.chicago.gov/city/en/depts/bacp/supp</a> info/popupusefaq.html
- The Code of the City of Austin, Texas § 25-2-921 Article 6 (2021) (codified through Supp. No. 151). https://library.municode.com/tx/austin/codes/land\_development\_code?nodeId=TIT25LADE CH25-2ZO\_SUBCHAPTER\_CUSDERE\_ART6TEUS
- Colosia, E. (2021, May). This Indoor Dog Park In South Lake Union Is Home To A Chic Bar. Secret Seattle Blog. https://secretseattle.co/marthas-garden-dog-park-bar/
- Constant, P. (2020, August). Expanding despite COVID closures, Ada's Seattle bookstore family grows to include 3 Fuel Coffee locations. *The Seattle Times,* Books.

  <a href="https://www.seattletimes.com/entertainment/books/expanding-despite-covid-closures-a-das-seattle-bookstore-empire-grows-to-include-3-fuel-coffee-locations/">https://www.seattletimes.com/entertainment/books/expanding-despite-covid-closures-a-das-seattle-bookstore-empire-grows-to-include-3-fuel-coffee-locations/</a>
- Davis, B. (2021, May) Email correspondence re: Seattle land use permitting. Seattle Department of Construction and Inspections.
- Dewey, C. (2020, March). Pop-up Retailers are in Buffalo. Why not in Jax? The Florida-Times Union. <a href="https://www.jacksonville.com/story/opinion/columns/2020/03/13/pop-up-retailers-are-in-buffalo-why-not-in-jax/112246022/">https://www.jacksonville.com/story/opinion/columns/2020/03/13/pop-up-retailers-are-in-buffalo-why-not-in-jax/112246022/</a>



- Esaulkov, A. (2019, November). *Municipal Approaches to Retail Recruitment: Research Project Report.*City of Boulder.
  - https://www-static.bouldercolorado.gov/docs/ATTACHMENT E Recruitment-1-202003 231127.pdf
- Forsyth, M. and Lori Allan. (2014). *Pop-Up Program Development: Lessons Learned and Best Practices in Retail Evolution.* Michigan State University Center for Regional Economic Innovation.
- Jones, K. (2020, March). Governor signs new law that benefits breweries and dogs. Washington Beer Blog.

  <a href="http://washingtonbeerblog.com/governor-signs-new-that-benefits-breweries-and-dogs">http://washingtonbeerblog.com/governor-signs-new-that-benefits-breweries-and-dogs</a>
- Miller, J. Interurban Building: For Lease Brochure. Kidder Matthews.

  <a href="https://km-ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://km-ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://km-ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110">https://www.ndp-media-repository.s3.us-west-2.amazonaws.com/kmconnect/LISTING/110</a>
  <a href="https://www.ndp-media-repository.gam">https://www.ndp-media-repository.gam</a>
  <a href="https://www.ndp-medi
- Periodic. (2019). Welcome to Periodic. Periodic. https://www.periodicshop.com/about
- Quirk, V. (2019). Re-thinking Retail: When Pop-Ups Become Permanent. Sidewalk Talk. https://medium.com/sidewalk-talk/re-thinking-retail-when-pop-ups-become-permanent-3ac40c3c9ea1
- Rader, G. (2021, April). Email correspondence re: Seattle land use permitting. Seattle Department of Construction and Inspections.
- Saez, R. (2018, May). E. Smith Mercantile Will Close Up Shop in June. *SeattleMet*, Eat & Drink. https://www.seattlemet.com/eat-and-drink/2018/05/e-smith-mercantile-will-close-up-shop-in-june
- Seattle Department of Construction and Inspections (SDCI). (2020). Tip 201: Master Use Permit (MUP) Overview. In *Seattle Permits Series*. City of Seattle. <a href="http://www.seattle.gov/DPD/Publications/CAM/cam201.pdf">http://www.seattle.gov/DPD/Publications/CAM/cam201.pdf</a>
- Seattle Department of Construction and Inspections (SDCI). (2019). Tip 206: Temporary Use Permits in Seattle. In *Seattle Permits Series*. City of Seattle. https://www.seattle.gov/DPD/Publications/CAM/cam206.pdf
- Small Business Center. (2018). Pop-Up Users in Chicago: What you need to know. City of Chicago. <a href="https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/popupuserfactsheet102518.pdf">https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/popupuserfactsheet102518.pdf</a>



Small Business Center. (2019). Pop-Up Food Establishment Hosts in Chicago: What you need to know. City of Chicago.

https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/sbcfactsheets/Pop-Up\_Host\_Fact\_Sheet\_01-22-19.pdf

Strategic Economics. (2018, January). *Executive Summary: State of the Retail Sector: Challenges and Opportunities for San Francisco's Neighborhood Commercial District.* San Francisco Office of Economic and Workforce Development.

https://oewd.org/sites/default/files/Invest%20In%20Neighborhoods/State%20of%20the %20Retail%20Sector%20-%20Executive%20Summary 0.pdf

Takahashi, K. (2021). Small Business Tenant Improvement Fund Pilot. City of Seattle Office of Economic Development.

https://www.seattle.gov/office-of-economic-development/small-business/small-business-programs/tenant-improvement-fund-pilot

Tang, K. et. al. (2018). *Planning Code - Flexible Retail Use*. Planning Commission Draft Resolution. City and County of San Francisco Planning Department.

Variano, J. (2021, April). Seattle's pop-up bakery scene has exploded during the pandemic. Here are our 20 favorites! *The Seattle Times*, Food and Drink. <a href="https://www.seattletimes.com/life/food-drink/seattles-pop-up-bakery-scene-has-exploded">https://www.seattletimes.com/life/food-drink/seattles-pop-up-bakery-scene-has-exploded</a>

-during-the-pandemic-here-are-our-20-favorites/

Vermillion, A. (2020, July). Seattle Popups Bloom Amidst Uncertainty. SeattleMet, Eat & Drink. https://www.seattlemet.com/eat-and-drink/2020/07/seattle-popups-bloom-amidst-coron avirus-restaurant-uncertainty



# Appendix A: Relevant land use permits in Seattle

#### **Temporary uses**

The purpose of temporary use permits is to temporarily permit a land use that would not otherwise be allowed under current zoning. Available permits include a Temporary Four-Week Use Permit and a Temporary Six-Month Master Use Permit. (SMC 23.42.040) Pop-up shops wishing to occupy vacant storefronts need a temporary use permit. (Davis, 2021)

#### Permanent addition or change of use

Master Use Permits are required whenever the existing use is changed. This keeps SDCI records up to date and helps facilitate any environmental impact assessments for new uses. For instance, under the municipal code's list of commercial uses, eating and drinking establishments, offices, and general retail sales are each within separate subcategories, meaning a change between these uses requires a Master Use Permit. (SDCI, Director's Rule 10-2020)

#### Accessory uses

If an existing business wishes to provide a second, or accessory use, a permit is required to establish the accessory use. An exception is made if the accessory use is incidental to the principal established use at the site. Whether a use is accessory, incidental or an entirely separate use depends on the percentage of total floor area it occupies. For instance, if a restaurant wishes to establish a gift shop to sell merchandise, a permit is required. If, however, the restaurant wishes to only sell t-shirts and souvenirs over its ordering counter, that would be incidental to the principal restaurant use, and no separate permit is required. (Rader, 2021)



# Appendix B: Temporary retail initiatives in peer cities

#### Oakland, CA and Buffalo, NY: temporary rent abatement incentives

The City of Oakland partnered with local temporary retail consultant Popuphood in 2011 to address storefront vacancies in the Old Oakland neighborhood. Like Pioneer Square, Old Oakland is an arts and culture hub with historic architecture and a local business focus.

The City provided a \$30,000 grant to Popuphood for a pilot project that introduced six new pop-up retail shops on one block of Old Oakland. A portion of the grant money was used to upgrade one on the retail spaces, which incentivized the property owner to participate in the program. The rest went to a marketing campaign that included social media, billboards and bus shelter advertisements.

The owners of the six retail spaces agreed to a rent abatement for the first six months. In turn they benefited from national attention and tourism on their block, increased office occupancy, and long-term leases from several of the pop-ups.

The Popuphood model provides insight into getting landlords on board with temporary leases. Popuphood found a few innovative landlords willing to try a new concept, and prioritized them by providing tenant improvement funding and free marketing for their spaces. They were then able to demonstrate the ROI to nearby property owners for providing a cluster of active, vibrant retail spaces.



Figure B-1: Umamimart, which began as a blog, opened a store in 2012 in Old Oakland. Source: Abbey Wilcox.

Buffalo, New York also uses rent-free incentives and targeted placemaking in its pop-up retail program. The City takes applications for pop-up concepts twice a year – once for summer and once for the holiday season – and selects four to five to be installed in a shared retail space within the historic Market Arcade Building downtown. The pop-ups are granted three months' free rent and access to on-site training in brick-and-mortar retail business development. The downtown improvement group Buffalo Place supports the program through marketing efforts.

The program, dubbed Queen City Pop-Ups, has had success in activating the building's indoor retail row adjacent to its food hall. Three pop-up "graduates" from Queen City have now opened



permanent stores within the Arcade, and a few more have transitioned to brick-and-mortar stores elsewhere in Buffalo.

Queen City has had less success in filling vacancies within the broader context of downtown. Pop-up entrepreneurs have noted that high rents and an undersupply of small retail spaces are barriers to the brick-and-mortar transition in Buffalo. Entrepreneurs also benefited from the clustering of shops and the adjacent food hall that the Market Arcade provides.

Why it's useful: Unlike in Chicago and San Francisco, the programs in Oakland and Buffalo were site-specific revitalization efforts. Both took advantage of vacant but finished space in historic buildings, and both leveraged architectural character and cluster economics in marketing campaigns. The environment of Pioneer Square is similar to that of Old Oakland, and it has several buildings with multiple vacancies – the Interurban at Yesler/Occidental, most notably – that would be good candidates for targeted placemaking.

These models represent more immediate solutions to vacancy mitigation. Rotating pop-up initiatives like Queen City already exist in Pacific Place Mall and Pike Place Market, but they may benefit from a marketing strategy like Buffalo's, which leverages the summer and holiday shopping seasons to create temporary, can't-miss event windows. In the 12-18 month window, the City of Seattle could examine the suitability of public assets such as King Street Station and Union Station for a temporary retail and food hall initiative.



Figure B-2: The Market Arcade Building in downtown Buffalo. Source: Buffalo Urban Development Corp.

#### **REVOLVE Detroit: pop-up to permanent transitions**

REVOLVE is a program of the Detroit Economic Growth Corporation, an economic development entity for the City of Detroit. It targets neighborhood business districts around the city, with the goal of filling vacant storefronts with temporary tenants and providing clear pathways for long-term leasing.



REVOLVE is primarily a matchmaker entity between property owners and the artists and entrepreneurs seeking storefront space. Its Pop-up Program Managers communicate the benefits of participation to each party and assist with marketing and permitting efforts. With more complex projects they leverage connections in the design and construction trades to facilitate efficient tenant improvement work.

The program's investment strategy is specifically designed to shepherd successful pop-ups into permanent operations. It maintains two funds that it allocates at different stages of a neighborhood pop-up initiative.

The *pop-up fund* issues small grants (\$500 – \$10,000) usually to one or two pop-ups and several surrounding art installations. The idea is to foster quick, targeted impact that will engage pedestrians and stimulate nearby retail. Grant money is awarded after a request for proposals – which allows the program manager to curate effective uses for the area.

The *retail readiness fund* awards larger grants and loans to pop-ups with proven success that seek a long-term lease in their location. It targets situations where financial gaps may slow the business's momentum as it transitions to permanence. Most often the funding goes toward build-outs, since they represent a common financial gap and a mutually beneficial investment between landlord and tenant. REVOLVE notes that this fund has

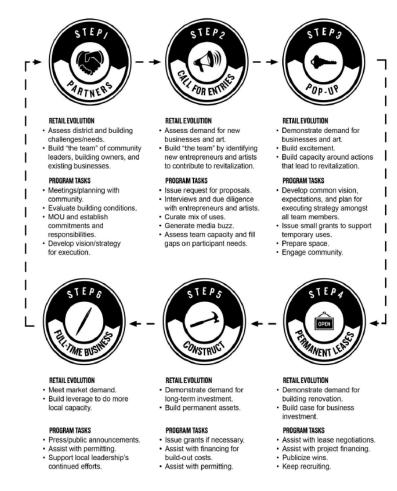
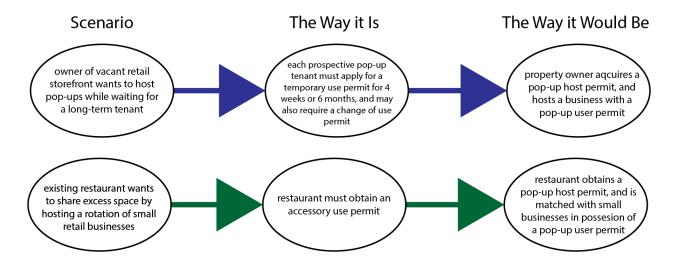


Figure B-3: REVOLVE Detroit workflow (Forsyth et. al, 2014)

been essential in getting buy-in from difficult landlords and community lenders.



# **Appendix C: Application chart**





# **Appendix D: Permit cost matrix**

The City of Chicago's 2018 Pop-Up Initiative created the following business licenses. More info is available at the Chicago Department of Business Affairs and Consumer Protection.<sup>10</sup>

# **Pop-Up Host**

License	Conditions	1-year license cost
Retail uses	No Host license required.	
Food Tier II	May host Food Tier I or II Users.	\$150
Food Tier III	May host Food Tier I, II or III Users	\$330

# Pop-Up User

License	Conditions	5-day	30-day	90-day	180-day	1-year
Retail uses	Sales of merchandise or provision of services permitted.	\$25	\$50	\$75	\$100	\$150
Food Tier I	Nonperishable, prepackaged food sales only. Onsite dining prohibited.	\$25	\$50	\$75	\$100	\$150
Food Tier II	Perishable food sales permitted if prepared offsite. Onsite dining permitted.	\$50	\$100	\$150		
Food Tier III	Onsite food preparation and onsite dining permitted.	\$50	\$100	\$150		

 $^{10}\,\underline{https://www.chicago.gov/city/en/depts/bacp/supp\ info/chicagopopupinitiative.html}$ 



# Appendix E: Sample business recruiter job description

The following is a job description for a "Retail Recruiter" from the Golden Triangle BID in Washington, DC. This role functions similarly to Karen True's position as Economic Development Director at the alliance for Pioneer Square. These two roles serve as good models on which the City of Seattle can base its own future business recruiter role. The Essential Functions section is particularly helpful, although a business recruiter in Seattle would be more narrowly responsible for pop-up recruitment and database management than general retail recruitment.



#### **Job Description - RETAIL RECRUITER**

### Golden Triangle, Washington DC

**Summary**: The Retail Recruiter will be responsible for implementing a retail strategy by seeking out and recruiting store and restaurant operators that fit with a specific merchandise mix plan developed for the Golden Triangle. The Golden Triangle's retail vision is to create a one-of-a-kind collection of destination retailers. The Recruiter must be committed to this vision and be a tenacious self-starter with the ability to plan and act strategically. The Recruiter will build relationships with prospective retailers and landlords (and/or their representatives) and match new retailers with appropriate spaces.

**Background**: Founded in 1997, the Golden Triangle Business Improvement District (BID) encompasses 43 downtown blocks from the White House to Dupont Circle and from 16th Street, NW to 21st Street, NW. BIDs are established by the private sector and supported financially through an assessment placed on property owners within a geographic boundary. The owners within this area contribute to programs aimed at management, maintenance, marketing, development and promotion of the district. The day-to-day management is overseen by a full-time staff headquartered in the center of the BID. The BID is a non-profit 501(c)(6) corporation that elects a Board of Directors to govern its activities and is currently one of seven Washington-based Business Improvement Districts.

The BID represents over 32 million square feet of commercial office space, 4,000 businesses, 600 retailers, 200 restaurants, seven hotels, and four U.S. National Parks. One of the organization's major goals is to transform Connecticut Avenue into a world-class boulevard. A major second goal is to create a retail management program in an effort to expand and enhance the retail offerings in the Golden Triangle. The BID is committed to a



retail vision that entails attracting market-appropriate retailers that will create a premier retail corridor for the region.

**Training, Reporting:** The Retail Recruiter will be trained on retail leasing vocabulary, economic terminology, prospecting and landlord relations; the Recruiter will report to the Executive Director of the Golden Triangle Business Improvement District.

#### **Essential Functions:**

- Prospect for and build relationships with successful independent operators throughout the region and nationwide corporate firms and brands as well.
- Share and sell the vision of retail in the Golden Triangle to prospective tenants.
- Build rapport with property owners and their real estate representatives; serve as point-of-contact between them and prospective tenants.
- Maintain databases of tenant prospects and properties/available spaces; provide details on characteristics of spaces to prospective tenants.
- Contribute to the development of marketing material for the Golden Triangle (if applicable).
- Update key demographic figures and information important to retail recruitment
- Work with prospective retailers from initial contact through to store opening.
- If applicable, work with existing retailers who may need assistance with issues such as merchandising, window display, marketing, etc.

#### **Qualifications**:

#### Skills / Experience

- Ability to balance strategic thinking and planning to fulfill the retail vision with day-today objectives.
- Excellent interpersonal skills, including the ability to build solid relationships and support among stakeholders, listen and provide assistance.
- Ability to work effectively with a broad range of people and positions, including independent retailers, corporate retail executives, real estate agents, landlords, etc.
- Experience in one or more of: retail, sales, marketing, public relations, design, related disciplines.
- Exemplary verbal and written communications skills.
- Coalition-building skills, including the ability to motivate, negotiate, and persuade stakeholders into a course of action.
- Significant work/life experiences (minimum 5-7 years and a college degree in a related field)
- Computer proficiency in Microsoft WORD and EXCEL. Proficiency with database development/maintenance (specifically, experience with Salesforce would be of great benefit).

#### Characteristics:

• Strong work ethic, independent, self-starter, detail-oriented



- Tenacious and positive, with a "can do" attitude
- Ability to take action quickly and think strategically
- Outgoing, friendly personality
- Creative, with innovative implementation skills and solid problem-solving capability
- Regional work-related travel required
- Live in the general vicinity of Washington, DC and/or have an intimate knowledge of and affinity for the area
- Committed to Washington DC and/or the region and already well-networked is a plus.

## Send resume and one-page cover letter to jobs@goldentriangledc.com

The original job description can be found here:

https://goldentriangledc.com/files/docs/recruiterjobdes-full8.3.11.pdf



# Appendix F: Interurban Building site & floor plan

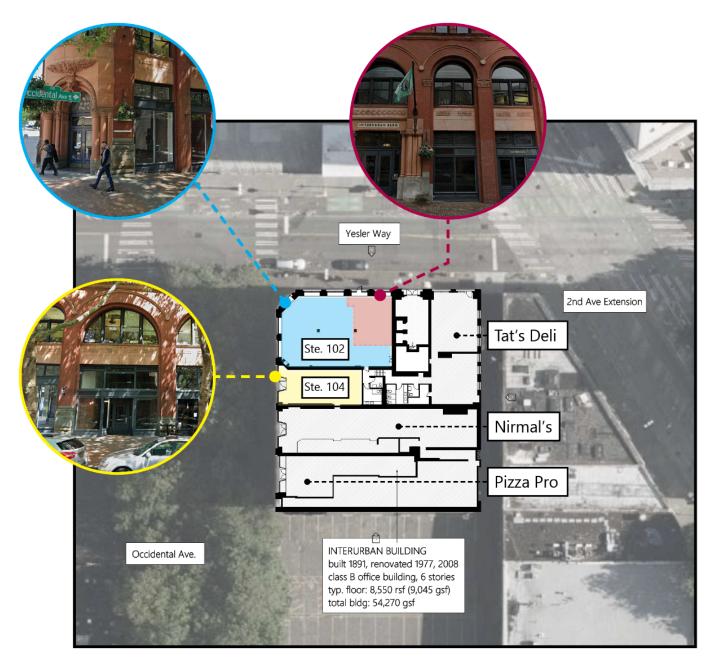


Figure F-1: Interurban Building site plan.



# Yesler Way Interurban Building Suite 102 3322 sf Pop-Up Subtenant 800 sf Taproom 2522 sf Office Entry Tat's Deli вон Occidental Ave. Suite 104 1100 sf Storage Common RR Rotating Pop-Ups Nirmal's Restaurant Pizza Pro Storage/Circulation

Figure F-2: Interurban Building ground floor plan.