

Economic Development

WHAT YOU WILL FIND IN THIS CHAPTER:

- A description of Tukwila’s economic setting,
- A discussion of issues that affect economic development in the City, and
- Goals, policies, and strategies for enhancing the community’s economic well-being.

PURPOSE

The overriding goal of this element is to enhance the community’s economic well-being. The Economic Development element recognizes the City’s economy is strongly and directly influenced by the regional economy, while it still identifies policies and strategies the City can use to guide our local economy. The Economic Development element is a key component integrating all elements of the Comprehensive Plan, suggesting ways in which the City and its partners can use effective economic strategies in order to achieve the goals of the Plan.

There are four primary ways in which the City can affect local economic activity:

- Land use, transportation, and utility planning that determine, within the local regulation and infrastructure capacity, the space available for residential and nonresidential development;
- Providing quality public services such as public safety, transportation, infrastructure, and recreation;
- Directly or indirectly influencing private sector decisions as to location, operation, and development of business real estate, and
- Helping coordinate public and private sector efforts to enhance the employability and job advancement potential of the residential population.

The City’s general approach to enhancing the community’s economic well-being can be summarized as follows:

- Sustain moderate growth in the sectors of retail and entertainment, advanced manufacturing, aerospace, clean technology, information technology, life-sciences, and tourism
- Attract and retain businesses generating positive financial benefits for the City
- Target family wage and higher salary industries
- Improve and support the opportunities for education, skills training, and job acquisition for all Tukwila residents

- Provide capacity to meet Tukwila’s employment targets as set by the Countywide Planning Policies
- Encourage growth into certain areas through the use of zoning and developmental regulations
- Encourage the retention and growth of existing local businesses, particularly for Black, Indigenous, and other People of Color, immigrant, refugee, LGBTQIA+, disabled, and women owned businesses
- Encourage entrepreneurs, local startups and businesses to establish in Tukwila
- Provide efficient and timely administration of City services
- Respond to specific requests for assistance from local firms
- Provide quality public services and infrastructure including public safety, transportation, utilities, and recreation to existing and future needs of the economic sector
- Support job enhancement programs to increase residents’ employability through coordination of private and public sector activities.

The following are potential tools available to the City to enhance economic development in the City:

- Business Improvement Areas (BIAs)
- Local Improvement Districts (LIDs)
- Transportation Benefit Districts
- Tax Increment Financing (TIF)
- Multi-family property tax exemption (MFTE)
- Lodging tax and tourism promotion area (TPA) fees for tourism
- Local, state, and federal government funding and private resources
- Strategic sales of City property
- Use of infrastructure investment
- Funded, staffed, and administered economic development work group.

Economic Setting

The following statistics help set the background for economic development policies. The Economic Development Background Memo contains additional supporting information, including employment and housing growth targets per the Countywide Planning Policies.

Population, Income and Revenue

The population of Tukwila in 2023 was 22,780, an increase of approximately 3,264 from 2015 (OFM). The City’s daytime population is estimated to be between 150,000 and 170,000. Taxes collected in 2015 were \$45.2 million, which are projected to increase to \$51.4 million in 2023.

During the same period (2015 to 2023), the assessed valuation of the City grew from \$5.00 billion to \$8.98 billion. In 2015, there were 7,832 housing units; by 2023, this number had increased to 9,194 units.

In 2021, the median age of Tukwila residents was 36.1 years; over 11% of all citizens were 65 or older; and 22.1% of the residents were under 20. In 2021, residents of color were 67.4% of the population. Foreign-born residents account for 39.2% of the population, and more than 70 languages are spoken in the Tukwila School District.

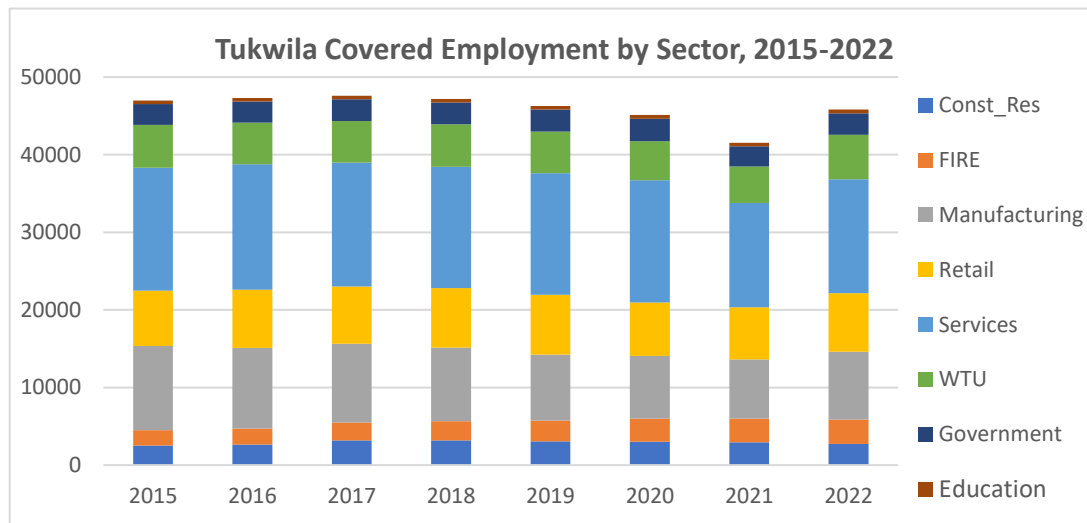
The median household income in the City in 2021 was \$71,688, up from \$45,923 in 2015. While Tukwila's median household income is still far below King County's median income of \$106,326, this represents a substantial increase, consistent with regional trends.

Employment

In 2015, Tukwila had 2.41 jobs per resident, this number decreased to 2.01 in 2022 with a slight decrease in total jobs and slight increase in population. This ratio of jobs to residents is extremely high compared to other King County cities and regionally. There were at least 2,291 licensed businesses of all types in Tukwila in 2022. The total number of jobs in Tukwila has fluctuated since 2015, with impacts from COVID-19 seen across almost all sectors. In 2015, the City had approximately 47,000 jobs, whereas, by 2022 the total number of jobs in the City had fallen 2.4% to just under 46,000, with some rebounding trend from pandemic impacts. The Service sector composes the largest sector of jobs, with 32% of all jobs.

Manufacturing is next with 19.1% of jobs in the City. The number of manufacturing jobs has been decreasing within Tukwila prior to this planning period, reflecting regional trends. Between 2015 and 2022 Tukwila lost almost 2,100 manufacturing sector jobs. This trend likely reflects the diminished presence of jobs with Boeing and other manufacturing firms in the City's industrial areas.

In 2022, retail accounted for 16.4% of jobs in Tukwila. Warehousing, transportation, and utilities made up 12.5%.



Services composed the largest percentage of jobs in 2022, with 32% of all jobs. Manufacturing (19.1%); Retail (16.4%); and Warehousing, Transportation and Utilities (12.5%) also make up sizable shares of Tukwila’s employment.

The shares of each sector, relative to each other, did not change significantly between 2015 and 2022. While the number of total jobs within Tukwila fluctuated between 2015 and 2022, most sectors remained fairly consistent in their share of total jobs. The Manufacturing and Service sectors displayed the largest decreases, at 4.0% and 1.7% respectively, while other sectors saw slight increases in share, with the FIRE (finance, insurance, and real estate) sector having the large proportional increase at 2.5%.

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The SBDC at Highline specializes in providing business and training services to entrepreneurs and existing businesses, in order to be successful in today’s economy. The center provides:

- Knowledgeable, trusted, and confidential one-on-one advice on all aspects of a business.
- A link to 23 other SBDC centers in the Statewide network for additional advice.
- Guidance on the purchase of an existing business or a franchise.
- Assistance in finding sources of capital to grow a business.
- Ideas about how an established business can move to the next level.
- Benchmarking a company’s performance with others to identify improvement opportunities.
- Matching a businessperson with resources to accelerate the success trajectory of a business.
- Developing prospect lists through targeted database searches.
- Information about training and funding that can assist in growing a business.

ISSUES

There are a number of issues and trends affecting economic development in the City of Tukwila:

Financial Challenges

- **Retail Sales Tax:** While Tukwila continues to enjoy the dominant role in attracting retail, dining, and entertainment spending in South King County, sales tax has not grown as fast as inflation. Retail sales tax in 2022 was only 1.5% above 2019's pre-covid level. Retail and entertainment are still very strong in Tukwila, but sales tax growth has gone elsewhere due to competition from other retail centers, the State's change to destination-based sales tax, and consumer demand for online shopping.
- **Property Tax:** In 2001 Washington State voters passed an initiative that restricts cities' ability to levy their annual property tax to only 1% above their prior highest lawful levy. New construction is added to the tax rolls above the 1% limit, but then becomes part of the taxing district's levy and grows at a maximum of 1%. This law limits Tukwila's property tax growth and poses challenges for funding City services when the inflation rate is greater than 1%.

Public Safety and Public Image

- Tukwila has an excellent police department but still faces public safety challenges. Because Tukwila has millions of square feet of retail and is located at one of the busiest interchanges in the Pacific Northwest, it is a convenient location for shoplifting, car prowls, and other property crimes. The public perception of crime is often magnified because security businesses publish crime statistics on a per capita basis. Tukwila has a much higher crime rate per capita due to the large business sector and daytime population, compared to its small number of residents. In addition, the region's opioid and fentanyl crises have further blemished the public's perception of safety in the City.

Other Challenges

- Compared to King County as a whole, Tukwila's population has a significantly lower per capita income, \$36,673 compared to \$59,843, and higher poverty rate (12.4% compared to 9.4%) for 2021. Household median income is also lower than the county median at \$71,688 compared to \$106,326. Low per capita and household median incomes relative to the region limit funds available for Tukwila residents to support basic needs, save for larger purchases, and leaves them more susceptible to increasing or unexpected costs.

- The Tukwila South area presents a significant opportunity for new development, but it is so large that it is challenging to find a developer that can make a large enough investment to ensure a coordinated and cohesive mixed-use development.
- Nearly all of the portion of Tukwila that lies on the valley floor south of I-405 and east of I-5 is protected by the Green River flooding by levees and embankments. The protection system is working, but maintenance, repairs, and improvements are becoming more complex and expensive, especially given the challenges of protecting the environment and endangered species in the river system.
- Regional housing values and housing costs in the Puget Sound and Seattle region have increased significantly. This has led to development of some new single family and multi-family housing investments in Tukwila, however, as property values and housing prices increase, the risk of local residents being displaced increases.
- Tukwila would like to receive additional office development since it can further support the retail sector, but the market demand for new office development is very limited. This is, in part, because office businesses preferred to be in downtown Seattle, Bellevue, or Redmond. Due to the significant increase in remote work, those office concentrations now have excess capacity. Boeing has been downsizing some of their facilities in Tukwila, but there is strong demand for manufacturing, warehouse, and distribution facilities. ProLogis and Amazon recently opened large, new facilities in Tukwila's manufacturing and industrial center (MIC).
- The Tukwila International Boulevard neighborhood has an active and entrepreneurial business community but many of the businesses generate income insufficient to afford to make significant investments in physical improvements or growth.

GOALS AND POLICIES

The following goals and policies provide the pathway how the City can realize its economic development vision that as a vibrant community with a strong and sustainable economy that celebrates and empowers its diversity, supports economic prosperity for all residents, and sustains a foundation for businesses of all sizes.

GOAL ED-1 A Vibrant, Diverse, and Resilient Economy

Policy ED-1.1 Continue to strengthen and balance economic and workforce development with strategic housing growth in Tukwila to ensure an adaptable and diverse economic base that leverages Tukwila's many assets and ensures the City's financial stability.

Policy ED-1.2 Attract and retain office, research, and development, advanced technology and manufacturing, aerospace, food manufacturing, and life sciences businesses, including those that provide services for export.¹

- Policy ED-1.3** Encourage commercial and mixed-use development that provides a range of job opportunities throughout the city and county to create a closer balance between the locations of jobs and housing.²
- Policy ED-1.4** Maintain support for and strengthen Tukwila’s robust retail, hospitality, and experiential sectors.
- Policy ED-1.5** Evaluate the performance of economic development policies and strategies in developing businesses and creating middle-wage jobs.³
- Policy ED-1.6** Make local investments to maintain and expand infrastructure and services that support local and regional economic development strategies. Focus investment where it encourages growth in designated centers and helps achieve employment targets.⁴
- Policy ED-1.7** Promote the local workforce through priority hire programs that create middle-wage employment opportunities, encouraging workforce development partnerships, and identifying pipeline education or training opportunities.⁵

Regional Economy

- Policy ED-1.8** Coordinate local and countywide economic policies and strategies with VISION 2050 and the Regional Economic Strategy. Emphasize support for those industry clusters that are integral to that strategy.⁶
- Policy ED-1.9** Prioritize growth of a diversity of middle-wage jobs and prevent the loss of such jobs from the region.⁷

Regional Centers

- Policy ED-1.10** Concentrate economic and employment growth in designated regional, countywide, and local centers through local investments, planning, and financial policies.⁸
- Policy ED-1.11** Support economic growth that, along with land use planning and infrastructure development, facilitates Tukwila meeting its designated regional growth targets.
- Policy ED-1.12** Work to reduce the risk of industrial displacement through a variety of anti-displacement strategies.⁹

Partnerships

- Policy ED-1.13** Collaborate with the private sector to leverage catalytic development sites.

Policy ED-1.14 Build and maintain relationships with property owners and businesses.

Site Selection and Development

Policy ED-1.15 Facilitate redevelopment of contaminated sites through local, county, and state financing and other strategies that assist with planning, site design, and funding for environmental remediation.¹⁰

Policy ED-1.16 Continue working to achieve the vision in the Tukwila International Boulevard District and Southcenter District, emphasizing walkability, placemaking, and community gathering opportunities.

GOAL ED-2 A Safe, Desirable, and Healthy Community with a Positive Identity

Policy ED-2.1 Enhance Tukwila’s public safety perceptions and sense of place and support a positive identity as a city in which to “Live, Work, Stay and Play” – a community of choice for businesses, residents and visitors with outstanding transportation, quality housing, fun experiences, amenities, and supportive services.

Policy ED-2.2 Improve perceptions of public safety through crime reduction, visible enforcement, improved communications, and messaging.

Policy ED-2.3 Invest in placemaking efforts that stimulate and instill community pride, improve quality of life, and welcome visitors.

Policy ED-2.4 Promote positive aspects of the Tukwila community to the region.

Policy ED-2.5 Add to the vibrancy and sustainability of our communities and community health and well-being by ensuring the provision of safe and convenient access to local services, neighborhood-oriented retail, purveyors of healthy food (e.g., grocery stores and farmers markets), and sufficient transportation choices.¹¹

Policy ED-2.6 Promote Tukwila’s natural environment as a key economic asset and work to improve access to it as an economic driver. Work cooperatively with local businesses to protect and restore the natural environment in a manner that is equitable, efficient, predictable, and complements economic prosperity.¹²

GOAL ED-3 Prosperity and Opportunity for Businesses, Workers, and Residents

- Policy ED-3.1** Expand avenues of durable economic success for workers, entrepreneurs, business owners, and residents in Tukwila, including workforce development, with a focus on shared prosperity, opportunity, and social responsibility for local communities.
- Policy ED-3.2** Promote the local workforce through priority hire programs that create middle-wage employment opportunities in historically disadvantaged communities.¹³
- Policy ED-3.3** Direct investments to community and economic development initiatives that elevate equitable economic opportunity for those communities most marginalized and impacted by disinvestment and economic disruptions.¹⁴

Workforce Development and Partnerships

- Policy ED-3.4** Improve awareness of, and access to, education and workforce development resources.
- Policy ED-3.5** Facilitate connections between employers and education and workforce development institutions, seeking to increase graduation rates and develop a highly educated and skilled local workforce. Align and prioritize workforce development efforts with Black, Indigenous, and other People of Color communities; immigrant and refugees; and other marginalized communities.¹⁵
- Policy ED-3.6** Act as a resource to residents and workers connecting them to workforce development organizations.
- Policy ED-3.7** Encourage private, public, and non-profit sectors to incorporate environmental stewardship and social responsibility into their practices. Encourage development of established and emerging industries, technologies and services that promote environmental sustainability, especially those addressing climate change and resilience.¹⁶

GOAL ED-4 A Supportive Environment for Business and Entrepreneurs

- Policy ED-4.1** Maintain a strong, supportive environment for local, independent, small, and micro-businesses and the entrepreneurial ecosystem to ensure they continue to flourish in Tukwila while attracting new business activities to the City.
- Policy ED-4.2** Where possible, ease regulations that challenge small businesses.
- Policy ED-4.3** Ensure that business and entrepreneurial resources are available to those with least access, including people of color, immigrants, and refugees.¹⁷

- Policy ED-4.4** Ensure that Tukwila projects an ‘open for business’ culture, and help businesses thrive through:
- Transparency, efficiency, and predictability of local regulations and policies;
 - Communication and partnerships between business, government, schools, civic and community organizations, and research institutions; and
 - Government contracts with local businesses.¹⁸
- Policy ED-4.5** Foster a broad range of public-private partnerships to implement economic development policies, programs, and projects, including partnerships with community groups. Ensure such partnerships share decision-making power with and spread benefits to community groups.¹⁹
- Policy ED-4.6** Use partnerships to foster connections between employers, local vocational and educational programs, and community needs.²⁰
- Policy ED-4.7** Identify, support, and leverage key regional and local assets to the economy, including assets that are unique to our region's position as an international gateway, such as major airports, seaports, educational facilities, research institutions, health care facilities, long-haul trucking facilities, and manufacturing facilities.²¹
- Policy ED-4.8** **Support the regional food economy including the production,** processing, wholesaling, and distribution of the region’s agricultural food and food products to all King County communities. Emphasize improving access for communities with limited healthy, affordable, and culturally relevant food options.²²
- Policy ED-4.9** Develop and implement systems that provide a financial safety net during economic downturns and recovery. Direct resources in ways that reduce inequities and build economic resiliency for those communities most negatively impacted by asset poverty.²³
- GOAL ED-5** **A Community that Values Diversity and Access to Opportunity²⁴**
- Policy ED-5.1** Foster a business community in Tukwila that welcomes and empowers residential and business diversity in all its forms while capturing increased market share and building resilience to economic shocks.
- Policy ED-5.2** Seek to understand the dynamics, needs, and relationships within communities, and where possible, provide crucial technical support and regulatory relief where feasible for small businesses owned by those with least access, including people of color, immigrants, and refugees.²⁵

- Policy ED-5.3** Highlight the dynamic diversity of local communities as a means to enhance social capital, neighborhood cohesion, the county’s global relationships, and support for cultural and arts institutions.²⁶
- Policy ED-5.4** Promote business diversity by signaling public sector support and ensure public investment decisions protect culturally significant economic assets and advance the business interests of Black, Indigenous, and other People of Color communities; immigrant and refugees; and other marginalized communities.²⁷
- Policy ED-5.5** Eliminate and correct for historical and ongoing disparities in income, employment, and wealth by building opportunities for Black, Indigenous, and other People of Color; women; and other intersecting marginalized identities.²⁸
- Policy ED-5.6** Promote an economic climate that is supportive of business formation, expansion, and retention, and that emphasizes the importance of small businesses, locally owned businesses, women-owned businesses, and businesses with Black, Indigenous, and other People of Color; immigrant and refugee; LGBTQIA+; disabled; and women-owned or -led businesses, in creating jobs.²⁹
- Policy ED-5.7** Stabilize and prevent the economic displacement of small, culturally relevant businesses and business clusters during periods of growth, contraction, and redevelopment. Mitigate displacement risks through monitoring and adaptive responses.³⁰

RELATED INFORMATION

[King County Countywide Planning Policies \(2022\)](#)

[Vision 2050 \(2021\)](#)

[Economic Development Element strategy](#)

¹ King County Countywide Planning Policy K_EC-6

² King County Countywide Policy K_EC-26

³ King County Countywide Planning Policy K_EC-4

⁴ King County Countywide Policy K_EC-18

⁵ Combined King County Countywide Policy K_EC-13, and PSRC Consistency tool: Economy. “...Expand access to economic opportunities through actions such as adopting a priority hire ordinance, encouraging workforce development partnerships, and identifying pipeline education or training opportunities...).

⁶ King County Countywide Policy K_EC-1 and K_EC-3.

⁷ King County Countywide Policy K_EC-2, in part

⁸ King County Countywide Policy K_EC-17; this policy requires a strategy

⁹ PSRC MIC Consistency Tool: Economy, Guidance; this policy requires a strategy

¹⁰ King County Countywide Policy K_EC-24

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- ¹¹ King County Countywide Planning Policy K_EC-19 (Edited from original)
- ¹² King County Countywide Planning Policy K_EC-20
- ¹³ King County Countywide Planning Policy K_EC-13
- ¹⁴ King County Countywide Planning Policy K_EC-16
- ¹⁵ King County Countywide Planning Policy K_EC-12; the PC (at their 9/28/23 mtg) wanted us to revisit this second sentence. See minutes.
- ¹⁶ King County Countywide Planning Policy K_EC-21
- ¹⁷ Change recommended during City staff equity review.
- ¹⁸ King County Countywide Planning Policy K_EC-5
- ¹⁹ King County Countywide Planning Policy K_EC-8
- ²⁰ King County Countywide Planning Policy K_EC-9
- ²¹ King County Countywide Planning Policy K_EC-10
- ²² King County Countywide Planning Policy K_EC-11
- ²³ King County Countywide Planning Policy K_EC-27
- ²⁴ This change was modified to reflect the City’s emphasis on “inclusion” rather than “equity”: equity is being described more as creating opportunity for, and directing resources to, those with least access. We are addressing what equity looks like when applied.
- ²⁵ Policy/Strategy 5B from recently adopted Tukwila Economic Development Strategy.
- ²⁶ King County Countywide Planning Policy K_EC-14; modified by City Staff equity review
- ²⁷ King County Countywide Planning Policy K_EC-28
- ²⁸ King County Countywide Planning Policy K_EC-15
- ²⁹ King County Countywide Planning Policy K_EC-7
- ³⁰ King County Countywide Planning Policy K_EC-29