

CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
STUDY SESSION MINUTES

June 8, 2016
6:30 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chair Hilhorst, Commissioners Carlson, Barksdale, deVadoss, Morisseau, Walter

COMMISSIONERS ABSENT: Commissioner Laing

STAFF PRESENT: Terry Cullen, Emil King, Scott MacDonald, Department of Planning and Community Development

COUNCIL LIAISON: Not Present

GUEST SPEAKERS: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 6:35 p.m. by Chair Hilhorst who presided.

2. ROLL CALL

(6:35 p.m.)

Upon the call of the roll, all Commissioners were present with the exception of Commissioner Laing.

3. APPROVAL OF AGENDA

(6:36 p.m.)

A motion to approve the agenda was made by Commissioner deVadoss. The motion was seconded by Commissioner Morisseau and the motion carried unanimously.

4. PUBLIC COMMENT

(6:37 p.m.)

Mr. Todd Woosley, PO Box 3325, spoke representing the Kramer family in regard to the Eastgate land use update. He invited the Commissioners to tour the LIV project in Bel-Red, which is the closest to what is envisioned for the RV site in Eastgate. To accomplish the vision will take different zoning from what is being proposed and he said at a future meeting he would be submitting alternative language for the Neighborhood Mixed Use (NMU) with an FAR of up to 2.5 and an incentive to include affordable housing and other public amenities.

Ms. Misha Averil, 400 112th Avenue NE, suggested that having affordable housing adjacent to I-405 in the downtown could be problematic from a livability point of view. There are

technologies that have been proven to reduce noise. With regard to parking in the downtown, she said there is a need for parking close to Meydenbauer Bay, the light rail station and the downtown transit center that is not being addressed, and if required to be underground it could be quite costly, up to \$75,000 per stall. With regard to the light rail station, she said because it will be elevated it could be problematic for bicyclists coming from Eastgate and other areas to access it quickly and easily. It would be great if a lid were to be created over the freeway to allow bicyclists to connect and to make the downtown more livable.

Mr. Larry Martin with Davis Wright Tremaine, 777 108th Avenue NE, Suite 2300, spoke representing Alex Smith, owner of the triangle-shaped property on 112th Avenue NE across from the Bravern, Meydenbauer Center, the downtown light rail station site and City Hall. He said the Council's guidance for updating the downtown incentive zoning encourages the Commission to be bold, forward looking and aspirational, reflecting the evolving needs of a 21st Century city. He encouraged the Commission to think about the Civic Center neighborhood in thinking about the future. Much will be happening in the area, including the new downtown light rail station and the light rail crossing of I-405; the extension of the pedestrian corridor to the south of the present NE 6th Street alignment; expansion of the convention center; and the vision for the Grand Connection. Mr. Smith is taking to heart the direction to be aspirational and he is planning a major redevelopment of the site to include a mix of uses that will activate the neighborhood day and night. The vision includes a convention hotel connected to Meydenbauer Center and the Bravern via a pedestrian skybridge; a second tower with office spaces, restaurants and other retail uses with an activated public plaza at the base of both buildings; connections with the regional bicycle pathway that runs along the east edge of the site; and redevelopment of the intersection of 112th Avenue NE and NE 6th Street with a pedestrian-friendly design with enhanced access to the transit station and the light rail station. Proposed code amendments have been submitted that will add flexibility to earn increased FAR by providing public benefits. Increased FAR should be awarded by providing a convention hotel with a direct pedestrian bridge connection with Meydenbauer Center. The definition of conference facilities and exhibition facilities as used in the Civic Center design district regulations should be expanded to include the connected convention hotel. FAR should be awarded by providing a public rooftop viewing area. Incentive FAR should be allowed for density that exceeds the proposed FAR cap of 6.0 for the DT-OLB zone; increased density is needed to fit in with the large neighboring development, and to pay for significant public amenities, and is warranted to leverage the public investment in the transit center, the convention center, and the new light rail facilities. Staff should be directed to specifically review the proposal and provide a response.

Commissioner Carlson asked if changes in the parking requirements were being requested. Mr. Martin said no such changes have been proposed.

Commissioner Walter asked if the list of current and proposed incentives are of any value. Mr. Martin said in the final analysis all development will still be required to earn some FAR through the incentive system. A convention hotel connected to the convention center should be seen as an item that qualifies as an amenity under the system. Commissioner Walter asked if any other group would also take advantage of such an incentive. Mr. Martin said he did not know, adding that his client is in the best position to take advantage of it.

Mr. Patrick Bannon, president of the Bellevue Downtown Association, noted that the packet materials go into some detail regarding a development agreement off-ramp option. He said that is a positive step that is responsive to the Downtown Livability Initiative CAC and the City Council. There is some question, however, about whether or not a development agreement process is necessary in all cases for a departure for an amenity that is not on the list. A development agreement certainly is potentially the right process in the case where a developer

has a project and wants to take an alternative path relative to amenities, in which case it would be on them to prove what they have in mind has equal or greater value. One possible option would be an amenity departure option within a category where a project applicant could say that within the realm of open space their suggestion may not meet the specific design criteria but is meeting the intent. There should be flexibility in the code language to consider such options through administrative design review. If development agreements are looked at as a tool, further consideration should be given to allowing consultants or a volunteer committee to provide guidance in reviewing and helping to facilitate the interaction between the project applicant and the city. In the incentive system there are assigned percentages as targets for weighting, but the Commission should consider holding off on assigning weights to avoid being too prescriptive so early in the process. The economic modeling should instead have a range of options to evaluate. It is good to have affordable housing included as an incentive so it can be evaluated as an incentive with the FAR exemption. As the consultant work on the economic modeling kicks off, the BDA would invite the opportunity to meet with the consultant early on to assure an open and transparent process with all inputs and assumptions clearly understood to avoid surprises in the end. As the code development process kicks off, the BDA is hopeful that the outcome will be design guidelines and code that is enjoyable, easy to read, short, simple and to the point.

Mr. Jack McCullough, 701 5th Avenue, Seattle, Suite 6600, briefly reviewed the key elements that affect the Fortress site, including NE 8th Street that has become increasingly dense, the notion of the Grand Connection, and Bellevue Way as the grand shopping street. The intersection of NE 8th Street and Bellevue Way in many respects serves as the center point of the downtown. Three of the four corners are well established and well developed, but the fourth corner is not and it is the missing piece of the puzzle. The Fortress site is burdened by its split zoning, with DT-MU on the east side, and DT-MU District B on the west side. The B district line should be moved to the west to circumscribe the Fortress property, which is all under a single ownership. If developed on just the DT-MU portion, the result will be a small tower that cannot use the available FAR, certainly nothing that would be iconic. There has been talk about concerns about height in the B district, particularly relating to the north edge of the downtown. The CAC recommended 300 feet but the Commission has discussed lowering it to 250 in deference to the area to the north. District B is close to the northern boundary of the downtown, but there is plenty of buffer to allow for an expansion of the DT-MU by moving the B district boundary. The appropriate height for the site is 300 feet and fits better with the overall massing of the downtown. The Fortress site is also burdened by two midblock connectors in that they reduce the opportunity for development. He shared with the Commission a design that would be appropriate for the site along with a site plan. A certain amount of height is needed to reflect the architecture of iconic towers.

Mr. Andy Lakha, 500 108th Avenue NE, said the Fortress project is one the citizens of Bellevue would both like and appreciate. NE 8th Street is not currently pedestrian friendly but more amenities will be needed to encourage people to walk. The site is highly burdened by the split zoning and the Commission was encouraged to recommend moving the boundary line.

Commissioner Carlson agreed that the NE 8th Street area has become more dense over time and agreed that the intersection of NE 8th Street and Bellevue Way is the epicenter of the downtown. However, the request made includes a reduction in the parking requirement for the site. Mr. Lakha said reducing the parking requirement would help the project economically, but it is not a make or break for the project. The split zoning is the prime issue that needs to be resolved.

Ms. Jessica Powers, 701 5th Avenue, Seattle, voiced appreciation for the work of the Commission on downtown livability. With regard to the amenity system, she allowed that more information is needed to fully understand the specifics, particularly with regard to the economic

component. She noted that there is no bonus related to parking and the Commission was encouraged to consider bonusing the relocation of existing structured parking to below grade. The existing structures in the downtown will eventually redevelop and providing a bonus for parking could have a significant impact on the development plans, particularly the amount of ground floor open space that can be provided. Relocating to below grade will put parked automobiles out of site and will allow for more active and interesting ground floor uses. The parking structure to the north of the transit center has the opportunity to transform into something that will include a unique and memorable open space. Parking structures located in the heart of the downtown are income-producing assets, and deciding to take them out of service will be challenging. The goal of relocating the existing park is worth incentivizing to help achieve the shared goals of a vibrant and livable downtown.

Mr. Brian Brand said he is a board member of the BDA and serves as co-chair of the livability committee. Part of the design review process involves assigning projects to planners. It might be better to evaluate urban and architectural design issues by either a committee of staff persons or a consultant. That approach could allow off-ramp processes to be more successful. The committee has had a lot of discussion around how to end up with the most livable city and believes the amenity incentive system needs flexibility. The current approach is very tightly written and if a certain criteria for incentive points is not met, it is hard to get those points. There could be a whole realm of things not specifically mentioned in the code, like skybridges, and the code should be written in a way that will allow for a creative process to suggest ways to get points for creative ideas.

Ms. Betsy Hummer, a member of the East Bellevue Community Council, reported that at the meeting on June 7 several issues were discussed, including affordable housing. She noted that in the East Bellevue area a 1970s era apartment complex at NE 8th Street and 146th Avenue NE is being torn down because of its condition and location. The structure is currently home to several lower-income residents, some of whom have Section 8 vouchers. The new building will be condominiums rather than apartments and they will go for market rate. It is concerning that affordable housing is being touted as an incentive, but existing units are being completely dismissed. Ten years ago when Lake Hills Villages was first being developed, affordable housing was brought up and heads nodded, but the units came online at market rate. Bellevue College is currently building the first of three residents halls and it will be home to some 300 students. Assurances have been given that there will be residential monitors on site, but the units will be offered at market rates as well. There is a clear need for affordable housing in Bellevue.

5. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCILS, BOARDS AND COMMISSIONS

(7:19 p.m.)

Chair Hilhorst reported that she addressed the City Council with a quick update at its study session on June 6 and provided them with the Commission's recommendation regarding the Aegis amendment. She also shared with the Council the fact that the Commission recognizes the need for affordable housing, including senior housing, and that the Commission would like the affordable housing technical advisory group and the Council to give consideration to a funding model should the fee in-lieu scenario is ushered in. The Council expressed appreciation for the work of the Commission on the amendment.

6. STAFF REPORTS

(7:21 p.m.)

Comprehensive Planning Manager Terry Cullen briefly reviewed with the Commission the upcoming schedule. He noted that an additional study session had been scheduled for June 15 beginning at 6:30 p.m., and stressed that the meeting on June 22 will take place at Bellevue College and will begin at 4:30 p.m.; the meeting will include election of the chair and vice-chair.

Mr. Cullen called attention to the memo in the packet regarding the Bel-Red look back. He said three focus group sessions have been scheduled to hear from the community and stakeholders what has been successful and what could be working better.

Mr. Cullen explained that according to the Commission's by-laws, the Commission will not meet after 11:00 p.m. unless a decision is made to do so. He said no motion to extend the meeting is necessary until the meeting extends beyond 11:00 p.m.

7. DRAFT MINUTES REVIEW

(7:27 p.m.)

A. May 11, 2016

Commissioner Walter called attention to the seventh paragraph on page 19 and noted in the first sentence that the word "existing" should read "exiting."

A motion to approve the minutes as amended was made by Commissioner Walter. The motion was seconded by Commissioner deVadoss and the motion carried unanimously.

8. STUDY SESSION

(7:30 p.m.)

A. Downtown Livability Land Use Code Update

Strategic Planning Manager Emil King said the Council will be given an overall downtown livability process update on June 20 along with the policy issue relating to the view corridor and the incentive zoning structure. The incentive system numbers will be shared with the Commission on July 27. At that meeting some of the outstanding height and form issues will be addressed, including the Lahka request, the Conner building between the O-2 and residential zone, and the B district in Old Bellevue. Some proposed amendments for consistency in the downtown subarea plan will also be brought forward on the 27th along with a wrap-up discussion on some of the design guideline issues, including the definition of pedestrian-oriented frontage. He reminded the Commissioners that the goal is to complete the work by the end of the year.

Mr. King indicated that the staff were not ready to go into the details about calibrations and the like, but sought from the Commissioners input on the proposed structure and approach for updating the incentive zoning system to allow for proceeding with detailed modeling efforts.

Mr. King reminded the Commissioners that the development standards are mandatory elements and requirements. He noted that while the design guidelines must also be followed, there is built-in flexibility. The Commission has discussed allowing for departures within the mandatory elements, and the bonus incentive system allows for earning additional height and intensity in exchange for the provision of certain amenities.

Under the current incentive zoning system, some FAR is exempted from being countered toward the total. It is part of the building and it is leasable space. The primary exemptions in the downtown are ground floor retail space and in certain instances second level retail. Some developments have taken advantage of the exemption, while others have chosen not to. Beyond the exempted FAR, there is a set amount of FAR allowed by right of the zone. In the O-1 district, the basic FAR is 5.0 and the maximum is 8.0. The maximum can only be achieved through the bonus system. There are also basic amenity requirements built into the system which are essentially a subset of the full list of 23 amenities. The calculation involves 20 percent of the site area multiplied by the non-residential basic FAR and plays out differently in each zone, and developers must choose from seven of the 23 amenities.

Mr. King called attention to the table included in the packet showing 44 representative projects and which of the bonus amenities they utilized.

Commissioner Walter asked if the list could be arranged by date. Mr. King said that could be done. As printed, the list is arranged by zoning district. In compiling the list, staff did take a particular look at some of the newer projects to see what choices they made, but a stronger correlation to particular amenities was found relative to where they are in the city. He agreed to include date to the matrix.

With regard to the proposed system, Mr. King noted that the exempt FAR should allow an additional 1.0 for affordable housing. The currently allowed exemption for ground floor retail and some second floor retail would be expanded to include up to a 1.0 FAR for a combination of affordable units and a bonus of market units granted the developer for doing the affordable units.

Commissioner Carlson asked how much revenue the additional 1.0 in FAR would generate. Mr. King said the exemption would be for residential projects only. An analysis would be needed to determine the remaining developable sites on which residential is anticipated to happen. The analysis would need to include an estimate of how many of the total sites could be enticed or incentivized enough to include affordable housing. Additionally, an economic analysis will be needed to determine how much of an incentive is needed in market units to have projects pencil out. The 1.0 FAR would be reserved for an affordable housing incentive program that would be separate from the rest of the incentive system.

Mr. King clarified for Commissioner Morisseau that the existing exemption of 1.0 FAR for ground floor retail would remain under the proposed approach, and that an additional 1.0 FAR for affordable housing would be on top of that.

The Commissioners were reminded that one of the early wins was moving weather protection from being an incentive to being a requirement or a standard. Mr. King said staff acknowledges that there needs to be an adjustment for new requirements, and some landscape features should be moved to become development requirements. Additionally, the consultant will look at the notion of deleting the basic amenity requirements, shifting some of them to no longer being standards. The chart will be adjusted to include new requirements, which will be offset by no longer having the basic amenity requirements, and there will be an adjustment for withdrawing some of the amenities, including bonuses for underground parking, residential uses, and neighborhood-serving uses.

Under the proposed system, there is an increased basic FAR, and given that for most areas the Commission is recommending not to increase the maximum FAR, the bonus portion becomes much more focused on a smaller set of amenities. For those areas where additional height is

recommended, the consultant will be tasked with determining how the bonus should be worked in.

Commissioner Morisseau asked why it is necessary to make adjustments for withdrawing incentives given that adjustment will be made for providing new requirements. Mr. King said the first set of adjustments are clearly becoming new standards. When the code was put in place in 1981, there was a clear need to bonus residential, underground parking and structured above-ground parking in the downtown. Those items are being withdrawn from the incentive system. One adjustment is needed to shift actual features that have been requirements, including weather protection and landscaping, and the residential use and parking items are being withdrawn because the market is wanting to deliver those types of uses. That being said, staff fully acknowledges that land transaction and landowner expectations in many ways have assumed that development projects happen in the way depicted in the table. The Land Use Code audit showed that 30 of the 33 projects pursued structured or underground parking, and most every residential project basically fulfills most if not all of their amenity requirements. There are adjustments that need to be made, but the detailed work of what those adjustments need to be will be the focus of the consultant's work.

Commissioner Walter asked if it would be correct to say that without making adjustments for the withdrawn incentives an effective downzone will occur. Mr. King said one of the Council requirements was to avoid any type of downzoning. The new framework will meet all of the Council priorities.

Commissioner Carlson asked for a reminder regarding which downtown districts were targeted for both height and FAR increases. Chair Hilhorst said in most instances where additional height has been discussed, the opinion of the Commission has been that the FAR should not be increased. The DT-OLB-2 near I-405 is one exception. Mr. King said the DT-MU district currently has an FAR discrepancy in that office buildings are allowed 3.0 and residential is allowed 5.0, and he noted the Commission had concluded the two uses should be equalized at 5.0, and that height should be increased to 200 feet.

Commissioner Walter asked if the proposed approach changes the FAR caps or just redistributing it. Mr. King explained that the proposed new exemption would allow for more developable square footage onsite in exchange for affordable housing. Currently a zone with a maximum FAR of 6.0 can pursue exempting ground floor retail from counting toward the maximum. Staff is proposing to expand the exemption target to include affordable housing, allowing for an increase of up to 1.0 FAR that would not count toward the maximum. If that direction is taken, it will be necessary to conduct an appropriate SEPA analysis to make sure the approach will not trigger anything from an environmental standpoint. The affordable housing exemption would not apply to office development.

Chair Hilhorst pointed out that the proposed approach would allow buildings in the O-1 zone to be 600 feet tall with an FAR of 11.0. She said it had been her understanding that the incentive to go higher and increase the FAR beyond the base was in part to accommodate for the inclusion of affordable housing units, and that the 10.0 FAR in the O-1 would be the absolute maximum. The proposal represents an invisible increase. Mr. King said staff will investigate all options proposed by the Commission for accommodating affordable housing.

Commissioner deVadoss asked for clarification on the fee in-lieu approach. Mr. King said as proposed the affordable housing would need to be constructed on site in order to qualify for the 1.0 FAR exemption. There would not be a fee in-lieu provision for the affordable housing. It may make sense to include a fee in-lieu for the rest of the bonus system.

Commissioner deVadoss also asked if it would be feasible to reach out to the development community for suggestions regarding the process off-ramp. Mr. King said the process off-ramp and the ability to express new ideas was been suggested by the CAC and has come up during the Commission's discussions. It will be wise to gain insight from stakeholders, the community and the BDA on the list of bonusable amenities, but there will still be a need for an off-ramp to cover issues not previously considered.

Commissioner deVadoss suggested it would be a missed opportunity to do nothing around the elements of sustainability with respect to energy, waste, water and connectivity. Mr. King said the proposed approach acknowledges the importance of promoting green and sustainable building practices. One approach might be to include incentives for green or sustainability features. Caution is needed, however, to avoid incentivizing too many things.

Mr. King said the part 2 step that will occur in July is where neighborhood identity will be promoted. Once the overall system is figured out, it will be possible to incentivize things in different ways in different zoning districts. He said it will also be important to build in a periodic Consumer Price Index adjustment factor as well as a periodic review of the system.

Commissioner Barksdale agreed with the need to periodically review the system and stressed the need to regularly collect data to inform the review.

Mr. King called attention to a matrix listing the existing and proposed features. With regard to placemaking, he noted that the major pedestrian corridor feature applies to properties fronting the pedestrian corridor. Frontage improvements made to the corridor are afforded a bonus and the proposal is to carry the approach forward by incorporating the Grand Connection.

Chair Hilhorst asked what the placemaking amenity will yield for the developer. Mr. King explained that the difference between the base FAR and the maximum FAR varies by zone. Currently the difference in the O-1 district is 3.0, but in the O-2 district the difference is 2.0, and in the DT-MU district the difference is 2.5. The allowance for placemaking will be different for each zone based on what the maximum and minimum FAR. Staff is suggesting that one way to prioritize the amenities will be to target 75 percent of the bonus a project goes after on placemaking and open space features.

Mr. King said pedestrian-oriented frontage is the other current placemaking element. He said staff are proposing that things like throughblock connections, frontage improvements and building/sidewalk relationships guidelines should become standards rather than bonusable amenities.

With regard to neighborhood-serving uses, Mr. King said under the current system they include public meeting rooms, child care services, retail food, and space for non-profit social services. The Land Use Code audit found that several of the elements have only rarely been used. The CAC concluded that bonusing space set aside for a specific use can be tantamount to setting a developer up for failure and result in vacant space. The recommendation of the staff is to withdraw the bonuses.

Commissioner Walter argued against eliminating the bonus. She noted that affordable housing is being added to the downtown and the fact that the bonuses have not previously been used could mean they did not come with a high enough tradeoff. Affordable housing could trigger the need for places to go and things to do that do not cost money. There should be a broad category of neighborhood-serving uses that would allow for space developed for a daycare could be

converted to a meeting room or something else in the category.

Commissioner Barksdale suggested a needs assessment should be done before ruling things out completely. Chair Hilhorst agreed with the need to give developers more flexibility.

Mr. King said there are a number of items in the incentive system in the parks and open space category, including outdoor plaza, donation of park property, residential entry courtyard, active recreation and enclosed plaza. Those elements remain consistent with the CAC priorities and moving them over to the new system makes sense. However, the landscape feature and landscape area element relates to the green and sustainability factor and the idea is to move the elements to that category.

Currently a bonus is given for underground parking and above-grade structured parking. The staff proposal is to withdraw parking as a bonusable amenity in exchange for an adjustment to the basic FAR.

Chair Hilhorst asked where the development community stands in regard to the proposal. Mr. King said parking was included as a bonusable element in the 1981 code as a way to encourage structured or underground facilities. Most developments pursue the approach for land economics reasons, and that has been the case for a number of years. The development community has voiced concern about changing the current system, and the last thing the city's planning department wants to do is anything that would inhibit development in the downtown. If the bonus is taken away, it will need to be done in a way that does not upset development economics. Chair Hilhorst said she was intrigued by the suggestion made by the public earlier in the meeting about incentivizing the conversion of above-grade parking to below-grade parking. Mr. King said modeling and due diligence will need to be done.

Commissioner deVadoss said he had some reservations about making the change. He said there are two types of developers, those with a deep commitment to the community and those with less of a commitment to the sustained longevity of the city. He suggested there could be some unintended side effects. Clearly the issue should be fully thought through first.

Commissioner Walter asked if the new approach will mean parking is no longer required at all. Mr. King said the proposal is to remove parking from being a bonusable amenity. Of the 33 projects studied as part of the Land Use Code audit, 30 of them chose the underground parking amenity because they were essentially going to do it anyway. There will still be minimum and maximum parking ratios for all of the downtown, nor will the ratios themselves change. Commissioner Walter said it is conceivable that a developer could choose to put in surface parking in place of a plaza. Mr. King said there have been some above-grade garages built, and the discussion going forward will include how to properly screen them. Under the current system, developers can choose not to put parking underground.

Commissioner Carlson asked if there will in ten years be more parking place or fewer parking places in the downtown if the change is made as proposed. Mr. King said that certainly should be part of the economic analysis. Commissioner Carlson said it would be naïve to think that as the downtown continues to densify, less parking will be needed, even as transit ridership increases and more people choose to live in the downtown where they can simply walk to work. Mr. King agreed the economic consultant should be asked if the potential to not have parking as a bonusable amenity would influence the amount of parking.

Commissioner Carlson agreed with Commissioner deVadoss about there being two kinds of developers, those with a strong stake in the community and those without. The former group is