

CITY OF BELLEVUE
EAST MAIN STATION AREA PLANNING
CITIZEN ADVISORY COMMITTEE
MEETING MINUTES

March 24, 2015
4:00 p.m.

Bellevue City Hall
Room 1E-113

MEMBERS PRESENT: Chris Breiland, John D'Agnone, Christie Hammond,
John King, Scott Lampe, Jim Long, Erin Powell,
Danny Rogers, Alexander Strunkin, Bill Thurston,

MEMBERS ABSENT: Pamela Unger

OTHERS PRESENT: Mike Kattermann, Department of Planning and
Community Development; Kate March, Department
of Transportation; Mon Wig, Leshya Wig, Arthur
Chang, Wig Properties; Matt Hoffman, Heartland;
Dan Bertolet, VIA

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER, APPROVAL OF AGENDA, APPROVAL OF MINUTES

Chair Lampe called the meeting to order at 4:02 p.m.

A motion to approve the agenda was made by Mr. King. The motion was seconded by Ms. Hammond and it carried unanimously.

A motion to approve the March 10, 2015, meeting minutes was made by Mr. King. The motion was seconded by Ms. Hammond and it carried unanimously.

2. PUBLIC COMMENT

Mr. Andrew Miller with BDR Capital Partners spoke representing the ownership interest for the property at the northwest corner of 112th Avenue NE and Main Street. He said he was excited about the forward thinking of the Wig properties. Having a light rail station near the intersection should trigger transit-oriented development. The opportunity certainly should not be missed. The Downtown Livability Initiative did not really address the 112th Avenue SE and Main Street intersection. The intersection serves as a gateway to Bellevue and the Committee should keep that in mind. BDR Capital Partners looks forward to being part of the process.

3. PROJECT UPDATE

Senior Planner Mike Kattermann reported that the open house has tentatively been scheduled for April 23. The Committee's conceptual land use ideas will be shared with the public at the event.

Mr. Kattermann reported that John D'Agnone no longer is employed by Baylis Architects. The firm is located in the study area and that is what made Mr. D'Agnone eligible to serve on the Committee. Under a strict interpretation of the criteria as written, he is no longer eligible as a full member, though he could remain on the Committee as a non-voting member, which he is willing to do.

Chair Lampe said absent any apparent conflict of interest, and given the expertise Mr. D'Agnone brings to the Committee, he would prefer to have him continue as a non-voting member.

A motion to allow Mr. D'Agnone to remain on the Committee as a non-voting member was made by Mr. Long. The motion was seconded by Mr. Breiland and it carried unanimously.

Ms. Powell asked if another voting member could be brought onboard. Mr. Kattermann said that would entail reopening the whole selection process and then bringing that person up to speed. If the Committee were to lose another member for some reason, opening up the selection process may need to be done.

Mr. Breiland disclosed that his firm has a professional relationship with VIA, the prime consultant for the city. He said he had no personal or professional tie to their work.

4. PRESENTATION BY WIG PROPERTIES, OWNERS OF THE RED LION SITE

Mr. Kattermann introduced property owners Mon and Leshya Wig, and Arthur Chang, architect with Freiheit & Ho.

Mr. Wig said he moved to the United States from India more than 50 years ago and has been living in Bellevue for more than 30 years. He said his standard practice is to acquire properties, redevelop them, and keep them, one property at a time. He explained that his business model involves creating and nurturing very strong relationships.

Mr. Wig said the Red Lion property was acquired in February 2015 and the anticipation is that it will become a great asset for everyone involved. There is a great potential for creating a unique and iconic landmark development on the site. The desire is to positively impact the community with strong public amenities.

Mr. Chang said he is a principal in the architecture firm Freiheit & Ho, a company that was founded in Bellevue some 30 years ago. He said he has been working with Mr. Wig for more than 25 years and they have developed many successful properties together. The firm has been involved in a range of experiences from multifamily to retail, office and large-scale mixed use complexes. Locally, the firm designed Townhomes at 1200 Bellevue Way, and just broke ground on the project at the north parking lot of the Century Link stadium in Seattle that will include 270 hotel rooms and office space.

Mr. Chang said he attended the last Committee meeting and came away excited to hear that the vision of the group for the neighborhood matches with his firm's initial take for the Red Lion project, including a desire to create a sense of place on an intimate scale that integrates with the neighborhood, and a desire to see the existing trees along 112th Avenue SE preserved. To make the project successful, it will be necessary to do more than just office or a large box retail. The interest is in accommodating a range of uses on the site. Success will be measured by creating a sense of place that will give the neighborhood a heart.

Ms. Wig said it will be necessary to hear from a variety of stakeholders before a vision for the site can be developed. The list of stakeholders includes the Committee, the larger community and specific neighborhood groups. Feedback will be sought from the city as well as future potential tenants and lenders. The vision will be shaped in part by market forces as well. The real opportunity for development lies in the area in which the vision of the various stakeholders overlaps.

There are some unique attributes to the Red Lion site. It is likely to be the first property to redevelop along the portion of I-405 that is just to the south of Main Street along 112th Avenue SE. The site is separated from the downtown proper and must therefore be able to survive on its own until the other properties redevelop. Development of the site will set the tone for the quality of future development in the area. The site is directly across the street from the East Main station and there will need to be a strong connection between the site and the station. Given the curve of I-405, northbound travelers for a time have the site directly in front of them, not to the left. That fact lends itself to being part of the gateway to the city.

Mr. Chang noted that there are some current zoning hurdles that prohibit redevelopment of the site. Fifty-foot setbacks are required from the rights-of-way which prevents the notion of engaging with the transit station, and inhibits architecture that would enhance the walkability of the neighborhood. Lot coverage is limited to 35 percent, an approach that encourages large surface parking lots and a suburban development pattern. The transition overlay restricts building height to 30 feet for more than half of the site; that disproportionately limits future development potential when compared to neighboring properties. The maximum 75-foot building height, if not changed, will result in development out of scale with what is proposed for the downtown zoning. The current zoning imposes a lot of restrictions on use at the site, including restrictions on the amount of office and a cap on residential units. Taken together, the current zoning restrictions will yield a maximum redevelopment potential of about 2.0 FAR. The zoning encourages stand-alone buildings in a sea of parking.

Ms. Wig said one catalyst for redevelopment will involve changing the existing zoning. What is needed is density and height in order to bring online the quality of development the community will appreciate, and in order to do that an FAR of 5.0 and heights of 200 feet are needed. Because Wig Properties keeps the properties it develops, quality is especially important. The bar for redevelopment is particularly high on the site because it

is home to a hotel that is generating income. With greater density and greater height allowances comes the opportunity to dedicate space to plazas, squares and public gathering areas which together develop a sense of place. Changes are needed to allow for creating more of a connection to the street and between sites and to create iconic buildings or features that will help to distinguish the area from the rest of Bellevue. Noise is a consideration given the adjacent freeway, but with more dense buildings fronting the freeway noise can be reduced. Security is important for everyone and by allowing development and a mix of uses closer to the street more eyes can be watching the street and the light rail station.

Ms. Wig said more flexibility in the zoning code can bring about the opportunity to meet the needs of more stakeholders. Flexibility in type of use allows for better addressing the overlapping visions of the various stakeholders in creative ways. Different types of uses have different types of requirements, including parking needs, floor plate sizes, and different overall space requirements, all of which can be addressed with more flexibility. Flexibility also allows for creativity in design and an improved visual appeal.

Mr. Wig said the Red Lion site represents a great opportunity for the city, for the community, and for the landowners. It is the right location for creating a high-quality mixed use development with superior facilities for a variety of lifestyles, resulting in a more desirable place to live. The site could provide services not currently available in the downtown, could set the tone for future development along I-405, and could integrate with the new light rail station.

Answering a question asked by Mr. Long, Mr. Wig said the last development done by Wig Properties was in South Center. It was designed by Mr. Chang and it garnered several awards. Tenants in the 230,000 square-foot building include Kohls and Nordstrom Rack. The company has accumulated some ten properties over the last 30 years. Ms. Wig added that the Red Lion site project will be different from other projects done by the company, but it will be developed in line with the community's vision.

Chair Lampe asked if there is any likely timeframe for development of the site. Mr. Wig said that will depend on a variety of factors. It could be three years before a rezone is approved and only after that point is it possible to go to tenants with a picture of what can be developed.

Ms. Powell asked if Wig Properties has done any transit-oriented developments anywhere in the United States. Mr. Wig said his company has not but Mr. Chang has. He said a lot of research will be put into determining what the vision for the site should be.

Answering a question asked by Mr. Long, Mr. Wig said the company intends to continue operating the hotel that is on the site under a multiyear contract with Red Lion. If the site cannot be redeveloped, the site will be kept much as it is into the future. More density and height is needed to assure a quality development.

Mr. Thurston said he had opportunity to meet with Mr. Wig recently and came away

happy to know the site will be under the ownership of a local company that is committed to a long-term vision of quality. The strip of properties along 112th Avenue SE certainly could become a landmark special entry neighborhood to the downtown area and a particular asset to the adjacent neighborhood. He agreed that added density and height is needed in order to bring about a quality redevelopment. The same is true for all of the adjacent properties.

Mr. King commented that buildings up to 200 feet tall could potentially cast shadows on and intrude on the single family residences across the street. Mr. Wig said he is very sensitive to that. The current thinking is the community should be asked to provide input on the initial designs. The architect will plot where the building shadows will fall during the various seasons and at all times of day and will do everything possible to minimize the impact.

Mr. King said in addition to shadows the concern is that people on the upper floors of the buildings will be able to peer into the backyards of the single family residences. Mr. Wig said the exposure those residences have may actually be greater from other parts of the downtown than from the Red Lion site. However, steps will be taken to minimize the impacts. The desire is to retain the trees along 112th Avenue SE and there will be a wall constructed as part of the light rail project, both of which will help mitigate the concerns. Mr. Chang said there is much that can be done in the design phase to mitigate and provide more of a sense of privacy. The request for building heights of up to 200 feet are in line with the FAR needed to make the project economically feasible. It is likely that not all buildings on the site will be 200 feet tall.

Mr. Thurston allowed that 200 feet sounds high, but with more height comes the opportunity for improved streetscapes and pedestrian amenities, as well as air space and view corridors.

5. PRESENTATION OF MARKET ANALYSIS AND NEW REDEVELOPMENT CONCEPTS

Matt Hoffman, senior project manager with Heartland, explained that the firm has a multi-disciplinary focus grounded in land and works with both public and private clients advising them on how to maximize and utilize their ground plains. With regard to the East Main study area, Heartland was contracted to inform and validate development scenarios in concert with VIA.

Mr. Hoffman said there are a number of key drivers that attract development. They include a flexible zoning environment; access to transit; urban amenities that can be accessed by walking; an accessible dynamic retail experience; open gathering spaces, public amenities and "third places" which collectively create a sense of place; growth trajectories that indicate a jurisdiction is on the path toward progress; and economics. The East Main station area has the potential for checking each of those elements.

The East Main station area is primed for redevelopment. The sites are currently

underutilized, they are in proximity to the downtown and enjoy good freeway access, and light rail is expected to have significant ridership numbers. The opportunity exists to redevelop with a mixed use environment around a new transit station, and the Red Lion site is a potential catalyst site. All that is missing is completion of the light rail system and flexible zoning that responds to the market.

The Committee members were shown a chart indicating properties recently sold in the downtown area and the Bel-Red corridor that will some day be redeveloped. Mr. Hoffman noted that over the past five years there has been a lot of activity in Bellevue on the part of local, regional and international developers, all of whom have chosen Bellevue because it is a very compelling market. Bellevue's office vacancy rates remain below 10 percent, and the gross rental rate is around \$40/square foot, which indicates a strong market.

The multifamily market is strong as well with rents steadily rising and the vacancy rate stable at below five percent. More than 600 new units have been delivered in the downtown since 2009, and there are 23 projects in the pipeline that could yield an additional 10,000 units. Bellevue's condominium market is very strong as well; the average sale price in 2014 was over \$800,000.

The hospitality market in Bellevue is doing very well. The occupancy rate is in the 70 percent range, and the room rates are among the highest in the region. Hospitality remains a favored category for developers in Bellevue. There are currently six projects representing over 1400 units either in the pipeline or under construction.

Mr. Hoffman explained that residual land value is what a developer is willing to pay for land based on what is proposed for it. If the amount exceeds what is currently in place, the scale is tipped in favor of redevelopment.

Mr. Hoffman said the next steps will be refining the market assumptions, populating the redevelopment economics model, and framing alternatives.

Answering a question asked by Mr. Breiland, Mr. Hoffman confirmed that the analysis indicates the market can develop a variety of different projects in some form or fashion given the strong rents for various uses and given that the sites could support a range of uses.

Ms. Powell asked what other projects Heartland has worked on that compare relative to economic vitality and longevity of success. Mr. Hoffman said real estate comparisons are difficult to make because each market is different and often locally focused. Heartland has focused the majority of its work in the Puget Sound region. Developments that are done well, regardless of where they are located, will stand the test of time.

Mr. King asked to what degree the integration or non-integration of the properties in the East Main station area are factored in with other activities in Bellevue. Mr. Hoffman pointed out that the Wigs in their presentation stated that their property will need to stand

on its own separate from the downtown, especially since a connection with the mature part of the downtown has yet to evolve. The East Main properties will not see the same rents projects in the downtown will see. A mixed use model certainly would help the properties stand on their own, but that will require having a vision and a framework in which the vision can be realized.

Mr. Breiland said it would seem obvious that because the land values for the East Main properties are not as high as those in the downtown, building to the same intensity would not be feasible. Mr. Hoffman said that will be addressed in the next phase of evaluation.

Dan Bertolet, a planner with the consultant VIA, reminded the Committee members that there are basically three large sites in the East Main station area that have big opportunity for redevelopment: Red Lion, Hilton, and Bellevue Club. As noted previously by the Committee, each site has a recognized value relative to transit-oriented development. The opportunities exists for significant redevelopment as welcoming and unique places having a mix of uses. The Committee has indicated no desire to see the sites developed with corporate campuses or traditional big box uses. And while there is no opposition to some high-rise towers, there are concerns about privacy and shadows. Redevelopment should include improvements relative to through-block connectivity; should focus on the quality of the setback areas; and should incorporate open space such as hardscape plazas. At the open house, the four development scenarios to be highlighted are the low bookend, the midrise, the hybrid, and the high bookend approaches.

The entire Red Lion site could potentially be redeveloped. For the Hilton site, half the western portion and potentially the northeast corner could potentially redevelop. The Bellevue Club site could potentially see the large parking lot on the eastern portion of the property redevelop. The placement of buildings could act as a sound barrier to I-405. Retail uses most logically should be concentrated near the intersection of Main Street and 112th Avenue SE. Along 112th Avenue SE, moving the sidewalk to the east side of the line of trees would allow the trees to be saved.

Answering a question asked by Chair Lampe, Mr. Bertolet allowed that the redevelopment scenarios assume the current zoning will be changed, including a reduction in the setback.

Mr. Bertolet explained that the low bookend scenario is based on the existing zoning. Redevelopment is hemmed in by the large setbacks, and by the transition zone overlay which limits building height close to 112th Avenue SE. What is limiting development on the Red Lion site is parking. Under the existing zoning, office requires four stalls per thousand square feet, which is more space for cars than for people. The Red Lion site could possibly have an FAR of 1.2 under the current zoning. The Hilton site also is hampered by the parking requirements and the setbacks and at the max could have an FAR of about 0.9. Under the existing zoning, very little more could be done on the Bellevue Club site beyond what is there already.

The high bookend scenario is predicated on reducing the setbacks and increasing building height to 230 feet, mirroring what has been proposed for the DT-OLB zone on the north side of Main Street. Under the scenario, the Red Lion site, with three highrise structures facing I-405 and Main Street, one midrise structure facing 112th Avenue SE, and with two levels of parking under the entire site, could see an FAR of 4.8. The Hilton site, with two 230-foot residential towers, two levels of parking under the entire site, and additional above-ground parking wrapped by the lower residential structures, could get to an FAR of 3.9. The Bellevue Club site, with a pair of 230-foot towers and five decks of above-ground parking, and a small amount of athletic club use, could achieve an FAR of 2.6. The high bookend scenario assumes a lower parking ratio requirement. The scenario meets many of the redevelopment goals but puts tall buildings fairly close to the single family neighborhood.

Mr. Thurston commented that running a public street through the middle of the Bellevue Club property could be problematic. The intent over time is to increase development of the athletic use, though redevelopment could include some residential. The parking problem that currently exists could be addressed by increasing density.

Mr. Bertolet explained that the hybrid scenario seeks to be more sensitive to the context and adjusting height and intensity accordingly, putting it where it makes the most sense. The scenario yields a slightly lower FAR for each of the sites. The midrise scenario anticipates no tower over 85 feet but does have buildings that tall facing 112th Avenue SE. It also offers less open space. The resulting FAR is lower and because the shorter fatter buildings take up more land, the only way to get all the needed parking is to have some of it above ground and in-building.

Mr. D'Agnone asked if the FAR calculations for the Hilton and Bellevue Club sites take into consideration the existing buildings. Mr. Bertolet said they are not. On the Hilton site the land used for the FAR calculation is the west half plus a part of the northeast corner. For the Bellevue Club site, the calculation considers only the eastern part of the site. The parking works out to a ratio of about one stall per residential unit, which is typical, but also one stall per thousand square feet of office, which is much lower than what the code currently calls for. Office and residential offer shared parking opportunities as well.

Mr. Breiland pointed out that in the downtown the parking ratio is about two stalls per thousand. Mr. Bertolet said that is what has been proposed but a decision on that ratio has not yet been made. He said if the Committee feels the parking ratio should not be allowed to go too low, the model will need to be tweaked to place some parking above ground. Mr. Kattermann pointed out that lenders often require a certain amount of parking as a condition of financing.

Mr. Thurston suggested that residential tenants certainly would want to have parking available, as would most commercial tenants.

Mr. Long pointed out that structured parking costs more the deeper one digs. It may be preferable to have a couple of levels of above-grade parking. Mr. Bertolet stressed that setting a lower limit on the office parking ratio will result in just that. Mr. Long said above-grade parking is not necessarily a livability issue.

Mr. Breiland suggested the Committee could recommend allowing above-grade parking provided it does not front 112th Avenue SE. On the 114th Avenue SE side, the view is from the freeway and above-grade parking there would not be distracting.

Mr. D'Agnone commented that in Seattle developments that are within a certain distance of transit are allowed a lower parking ratio. He asked if the same approach might be adopted by Bellevue. Mr. Kattermann said that certainly is a possibility though the topic has not yet been discussed.

Mr. Long offered his support for presenting the four scenarios to the public at the open house.

A motion to extend the meeting by 15 minutes was made by Ms. Hammond. The motion was seconded by Mr. Breiland and it carried unanimously.

Mr. Strunkin left the meeting.

Mr. Kattermann said staff are still working on how to adequately capture for the public the differences and tradeoffs for each scenario. He said questions are also being drafted that will elicit the type of feedback from the public that will be of the most help to the Committee as it makes decisions going forward.

Mr. Bertolet said zoning that increases capacity creates value, and some of that value can be given back by the developer for the benefit of the public in the form of interior roads and open spaces. Much depends on the local market economics. In Vancouver the approach is to allow tall buildings in exchange for public amenities. The question still to be answered is whether or not building height of 230 feet is sufficient to yield the kinds of amenities the public wants. The Wigs talked about locating an iconic tower on the Red Lion site, and height of 300 feet or so could make that possible. Mr. Kattermann added that height to the full amount permitted could be achieved through a system of bonuses.

Mr. Thurston pointed out that developers who are really interested in quality may prefer to see all parking placed underground. He noted that the Bellevue Club has parking under the tennis courts.

Mr. Hoffman stressed the importance of parking and how it plays into the economics of redevelopment scenarios. Even a factor of one stall per thousand square feet can make a huge difference. He agreed that structured parking is very expensive to construct, even more so where there are ground water or other conditions to deal with. Above-ground parking is expensive as well. Direction from the Committee to set the parking ratio at

two per thousand could increase costs and reduce the ability to generate rentable square footage in the form of office.

Ms. Hammond said her preference would be to locate residential uses along 112th Avenue SE. Mr. Bertolet said his recollection of what was discussed previously by the Committee was putting more commercial uses on the northern end and transition to a quieter residential character toward the south.

Mr. D'Agnone asked if height bonuses can be achieved through sustainable design. Mr. Kattermann said that certainly could be one of the factors.

Ms. Powell asked if residential could be located adjacent to I-405. Mr. Hoffman said there would be additional construction costs to account for the noise. The better option would be to locate residential on the southwestern corner of the Red Lion property across the street from the light rail station and the park, and close to the downtown. Office facing the freeway makes sense from a visibility standpoint. Residential adjacent to 112th Avenue SE would also put more eyes on the street, something office use does not provide to the same degree.

Mr. Thurston said the Bellevue Club could support having a residential tower on its site. The parking would have to be above grade given the high water table.

Ms. Hammond said if the residential scenario is going to happen, the amenities that support residential living will need to be part of the equation. Mr. Thurston said a mixed use development could provide some of those amenities, including small restaurants and the like.

Mr. Breiland said the Committee should be open to the potential market for housing on the site. Given flexible zoning, developers will bring online what the market wants.

Ms. Powell said she would like to see the notion of allowing building height up to 300 feet presented to the public. Ms. Hammond said she would like to have examples of existing buildings matching the building heights to be proposed to the public. Mr. Kattermann said the concern with going forward with a height of 300 feet is that it could end up being the sole focus of the comments. If the Committee wants to go there, there will be another opportunity to test it with the public in the future, but it would not be good to lose the opportunity to get comments on the other scenarios under consideration. While that much height is not outside the realm of possibility, it is beyond the parameters set by the Committee and could cause the public to question the work of the Committee.

Ms. Powell said the Downtown Livability Initiative Committee looked at the OLB all along the I-405 corridor and that group proposed a substantial rezone with building heights to 200 feet to the north of Main Street and increasing in the downtown proper. Mr. Kattermann suggested taking to the open house graphics indicating the future downtown area as a way indicating scale. There was agreement to do so.

Ms. Powell said it is likely that some from the public will ask if residential could be mixed with office in the same tower. She added that parking was a major topic for the Downtown Livability Initiative Committee. Now that the Parks and Community Services Board has been approached by vendors and business owners in Old Bellevue, there is a rally to provide private parking on public land; that is another question that may arise. The public will also want to know just what kind of public amenities could be achieved and what the tradeoffs might be.

Ms. Hammond pointed out that most of those who attended the previous open house were residents of Bellevue. If presented with a scenario involving 300-foot towers, they will object.

A motion to extend the meeting by 15 minutes was made by Ms. Hammond. The motion was seconded by Ms. Powell and it carried unanimously.

Mr. Kattermann briefly reviewed what will be presented to the public at the open house. Senior transportation planner Philip Harris reviewed the transportation scenarios that will be shared at the meeting, including access to and from the light rail station, access to and from new development to the east of 112th Avenue SE, access into and out of the neighborhoods, and pedestrian/bicycle facilities.

There was agreement to set the open house for April 23.

7. ADJOURN

Chair Lampe adjourned the meeting at 6:30 p.m.