

**CITY COUNCIL STUDY SESSION ITEM**

**SUBJECT**

Wilburton/NE 8<sup>th</sup> Planning Study

**STAFF CONTACT**

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**POLICY ISSUES**

The Council previously allocated funding for a Wilburton/NE 8<sup>th</sup> planning study. Consistent with Bellevue's community and economic development strategy to pursue redevelopment and reinvestment in older commercial areas of the City, the objectives of the Wilburton/NE 8th study include:

- Encourage economic vitality and appropriate redevelopment
- Strengthen auto retail use on 116th Avenue (Auto Row)
- Improve the area's urban design and identity
- Improve circulation in and adjacent to the Wilburton commercial district

The study is intended to balance policy objectives of encouraging revitalization, maintaining a well functioning transportation system and serving nearby neighborhoods. This study has the potential to result in recommended Comprehensive Plan and zoning amendments to the study area, urban design guidelines, and new transportation improvement projects, including an east-west connection between 116th Avenue and 120th Avenue.

**DIRECTION NEEDED FROM COUNCIL**

- Action  
 Discussion  
 Information

No action from Council is required at this time. The Planning Commission has provided staff with preliminary direction to proceed with developing draft recommended Comprehensive Plan, Land Use Code and zoning amendments. Recommended amendments will be part of the annual Comprehensive Plan Amendment (CPA) process and will come to Council for formal action near the end of the year. Comments from the Council on the analysis and alternatives considered to date is welcome.

## **BACKGROUND**

The Wilburton/NE 8th study area is adjacent to I-405 and Downtown Bellevue and is home to Auto Row, the string of auto dealerships located on 116th Avenue south of NE 8th. GM and Chrysler brands stretch along the east side of 116th Avenue, while Ford and the new Lexus dealership being constructed at the old city hall site are located on the west side. (Michael's Toyota recently relocated to Eastgate.) In addition to auto dealerships, the study area includes two hotels, office buildings, a post office, and an electrical substation next to I-405; and Larry's Market, Mutual Materials, Bellevue School District bus parking, Best Buy, Home Depot and City University along 120th Avenue.

As land values rise regionally and as development intensifies in Downtown, there is an assumption that redevelopment pressure is increasing in this study area. A market analysis prepared by a consultant concluded that "In pure economic terms, retail is probably the highest and best use of the property in this area. This central location is extremely attractive to retailers, it has excellent freeway access, and the properties along both 116<sup>th</sup> and 120<sup>th</sup> would have good exposure if the two streets were better connected." Such redevelopment pressure could result in a significant change of uses in the study area over time.

Redevelopment, whether to retail, auto sales or other uses, provides an opportunity to seek improvements to the area's urban design and identity. Additionally, there is interest in improving the transportation system that provides connectivity between Downtown, Bel-Red, and the freeways as development occurs in these areas and citywide.

### **Location**

The Wilburton/NE 8th study area is bounded on the north by NE 8th; on the south by SE 3rd and Main Streets; on the east by 120th Avenue NE; on the west by I-405. See Attachment 1 for a map of the study area.

### **Land Use Alternatives**

To review options for meeting the study objectives, the Planning Commission and staff reviewed four land use alternatives representing a range of choices. Benefits, impacts and potential mitigation measures were considered for each of the alternatives to assist their evaluation by the public and Planning Commission. The four alternatives included in the study are:

#### **Alternative 1 – Existing zoning**

This alternative would maintain the existing zoning. Area A (west of 116th Avenue) would remain zoned OLB and could see development of a relatively small amount of additional office space. New auto retail (Lexus) is already in development at the old City hall site. Areas B and C are zoned General Commercial (GC), which allows for a variety of commercial uses. Some of the auto sales sites on Auto Row could convert to large format retail. A limited amount of additional retail may develop in area C (east of the railroad).

#### **Alternative 2 – Long-term viability of Auto Row; East retail village**

In this alternative, pressure to convert auto sales uses on Auto Row to other forms of retail would be reduced and incentives could be used to help preserve auto dealerships along Auto Row. Zoning changes would support development of a “retail village” east of the railroad (area C) that includes additional retail and residential uses and multi-story buildings.

**Alternative 3 – Major new mixed retail on Auto Row; East retail village**

In this alternative, zoning changes would be considered that support major new mixed retail on Auto Row with possible height increases. As with Alternative 2, a mixed-use retail village would develop east of the railroad.

**Alternative 4 – Major new mixed retail on Auto Row; Larger east retail village**

Alternative 4 is the same as Alternative 3 except for a larger retail village east of the railroad.

**Transportation** – Alternatives 1 and 2 would see modest street frontage improvements to 116th Avenue, 120th Avenue and NE 8th Street, as well as improvements to pedestrian/bicycle access and safety. Alternatives 3 and 4 would include new east-west street connections at NE 4th and/or NE 6th between 116th and 120th Avenue.

Development assumptions for the four alternatives are summarized in Attachment 2.

## **PUBLIC INVOLVMENT**

The City conducted extensive public outreach to inform and engage stakeholders from the study area and the adjacent residential neighborhood. Public outreach activities conducted this year include:

- Announcing the project at the Wilburton Community Association (WCA) meeting/NEP workshop April 5, 2006.
- Presenting the project at the WCA steering committee meeting April 18, 2006.
- A public open house on April 25, 2006, at Bellevue City hall that was noticed at the above meetings, the project web page, and by mail to the WCA, property owners, and residents, and by email.
- Planning Commission meetings on April 19, June 7, and June 28, 2006, including a special public comment period for the project at the June 28th meeting.
- Announcing the special public comment period of the June 28th Planning Commission meeting with postcards mailed throughout the study area and areas immediately adjacent; with regular mail to parties of record; hand delivering post cards throughout the study area; and by email.
- Announcements in the City’s Neighborhood News and emails to neighborhood leaders.
- Walking the entire study area and meeting various business managers.
- Talking directly with representatives from Eastside Chrysler Jeep, General Motors, Park 120, Home Depot, the Bellevue School District, Mutual Materials, Benaroya, KG Investment, the Wilburton Community Association, and other stakeholders.

KG Investment has expressed an interest regarding redevelopment of three parcels on Auto Row into a multi-level mix of large format retail and auto sales and has had a number of discussions with the City over the past several months about such a possible development. With the exception of the KG Investment concept, other property and business owners have expressed no clear commitment to a specific development direction for Auto Row. There has been general interest in seeing the City further support recognition of 116th Avenue as Auto Row, possibly through public right-of-way improvements, changes to sign standards, or promotion of the area. No one has indicated support for a zoning change that would restrict the uses of Auto Row, limiting them to only those related to auto sales.

Several residents of the adjacent community and the store director for Larry's Market expressed support for a retail/mixed use village in the upper area along the west side of 120th Avenue, albeit with concerns that neighborhood impacts, including views and traffic, would need to be addressed.

Residents have expressed mixed feelings for the potential new NE 4th Street and NE 6th Street connections between 116th Avenue and 120th Avenue. Several residents have expressed opposition due to fear of increased neighborhood traffic that might result. Others have noted that a connection may be appropriate to help relieve system congestion, especially on NE 8th Street. Some have suggested that transportation improvements would be important to support any new development that occurs in the area. Several commented on the need to straighten the intersection of 120th Avenue with NE 8th Street. (Improvements to the 120th/NE 8th intersection are identified in the East Bellevue Transportation Plan (project 514), although they have not yet been included on the City's 7-year Capital Improvement Program (CIP) or 12-year Transportation Facility Plan (TFP).)

One property owner requested that the study area be expanded to include the O zone to the southeast of the study area (south of City University).

### **ALTERNATIVE ANALYSIS**

The potential benefits and impacts of the four alternatives were reviewed by evaluating each alternative against a set of criteria. The Planning Commission reviewed and modified the following criteria, which are based on the established study objectives:

#### **Evaluation Criteria**

- Land use
  - Encourages appropriate redevelopment
  - Strengthens auto retail use on 116th Avenue to the extent feasible
- Economic/Fiscal
  - Supported by market conditions
  - Positive or neutral fiscal impact to the City
- Transportation
  - Improves local circulation and access

- Supports transportation system functionality
- Compatible with future ST2 and BNSF corridor uses
- Supports pedestrian and bicycle mobility
- Urban Design
  - Improves the area's urban design and identity
  - Enhances the area's role as a City gateway
- Neighborhood impacts
  - Mitigates neighborhood cut-through traffic
  - Minimizes view obstruction
  - Minimizes glare and lighting impacts
  - Improves visual aesthetics

These topics were reviewed individually at previous Planning Commission meetings and a summary of the review of the all criteria was provided at the June 28, 2006, Planning Commission meeting. (Copies of documents continue to be available to the public on the project webpage and/or from City staff.) Below is a brief summary of the information that has been reviewed with respect to the four alternatives and the project criteria.

#### **Land Use and Economic/Fiscal**

Alternative 2 (maintain Auto Row) would most directly address the objective of strengthening the auto retail use on Auto Row by reducing pressure to convert auto dealerships to other commercial uses and by providing incentives to help maintain the area's position as Auto Row. Alternatives 3 and 4 would encourage redevelopment that achieves a mix of retail and auto sales with compact, multi-level development. Incentives would likely be used to avoid displacing auto sales uses. Under Alternative 1 (keeping the existing zoning) a wide range of uses is allowed on Auto Row which may result in a greater mix of commercial uses and reduced focus on auto sales.

Alternative 2, 3 and 4 all consider new mixed use development occurring in area C (west side of 120th Avenue) that would include residential and commercial uses in multi level buildings that might be three to five stories in height. Residential development would not be allowed in area C if the existing zoning is maintained under Alternative 1, and building heights would likely be just one or two stories.

A review by the Finance Department found that complete conversion of the auto sales use on Auto Row to large format retail would have a negative impact on sales tax revenue, at least in the near or mid-term. In the longer term (beyond 5 years), alternative uses like large format retail might outpace tax revenue from auto dealers. Each of the alternatives seeks to maintain existing auto sales, although, as described above, each employs different strategies. Sales tax revenue would be greatest where other retail sales increase while preserving auto sales.

## **Transportation**

Development anticipated in Alternatives 3 and 4 would necessitate and help support new transportation improvements including an east-west connection between 116th and 120th avenues. This would help improve system connectivity between the study area, Downtown, and Bel-Red, improve local access and circulation, and help alleviate congestion on NE 8th Street. However, a large portion of the intersection capacity created by such improvements would be offset by traffic generated by new developments. If a new east-west connection was provided at NE 4th Street, subarea plan Policy S-WI-17 would need to be addressed, which currently prohibits such an extension.

*Policy S-WI-17. No extension of 124th Avenue south of Main Street, or NE 4th Street east of 116th Avenue should be permitted.*

Alternatives 1 and 2 would avoid this issue and generate less traffic volumes, while not addressing objectives to improve system connectivity and local access.

Pedestrian and bicycle improvements would be incorporated into all streets as redevelopment occurs. New adjacent retail and mixed use developments could be designed to take advantage of trail development that might occur in the Burlington Northern Santa Fe (BNSF) rail corridor. Additional planning for area A may be needed to address Sound Transit plans when then they are defined (see discussion of a “special opportunity area” below).

## **Urban Design**

Under each of the alternatives, a range of public and private investments could be made to enhance the area identity and character. Generally, opportunity for urban design improvements is greater with greater levels of development, such as those anticipated for Alternatives 3 and 4. Existing zoning provides very limited tools to improve the urban design character of the study area.

Regardless of the alternative, 116th Avenue is a designated urban boulevard that should receive appropriate design improvements. Improvements to the pedestrian environment – sidewalk width, amenities, lighting, etc. – should occur for all alternatives and be proportional to the level of retail and residential intensity.

## **Neighborhood Impacts**

The increased levels of development and a new extension(s) of NE 4th and/or NE 6th streets in Alternatives 3 and 4 would likely result in the greatest potential for increased neighborhood traffic, which would be offset with traffic calming on NE 5th Street. Increased retail development and street improvements associated with Alternatives 3 and 4 (and to a lesser extent in Alternative 2) would provide more services for the neighborhood and increased local access. Higher levels of development in Alternatives 3 and 4 would also be most likely to result in street improvements, additional landscaping, and other urban design improvements. For Alternatives 2, 3 or 4, height limits and design standards would need to be considered carefully to avoid view impacts.

### **Special Opportunity Area**

In past City plans, the area west of 116th Avenue (area A) had been identified as a “special opportunity area.” Its location adjacent to I-405 between two freeway interchanges gives it prime visibility and access. In the past, this area had been included in discussions of possible sites for civic arenas. It may also be part of the Sound Transit route connecting Downtown Bellevue to Overlake. Considering both the potential of this area and the uncertainty of other plans (such as Sound Transit’s) additional planning for this specific area will likely be needed in the mid-term (in the next one to three years).

### **PLANNING COMMISSION DIRECTION**

Following review of the study analysis, the Planning Commission provided preliminary direction to staff on the Wilburton/NE 8th study at their meeting on July 19, 2006. Rather than recommend one of the pre-defined alternatives, the Planning Commission directed staff toward a combination of alternative elements:

**For Area A (I-405 to 116th)** – Consider Alternative 1, to maintain the existing Office Limited Business (OLB) Comprehensive Plan designation and zoning. Consider policy direction that contemplates additional future study to respond to Sound Transit or other major projects, when appropriate. Consider elements of Alternatives 3 and 4 to improve the area’s urban design and identity.

**For Area B (Auto Row)** – Consider a hybrid of Alternatives 2 and 3/4 (3 and 4 are the same for Area B). Maintain the general intent and range of uses allowed in the GC zone. Continue to allow a mix that includes both auto sales and other types of retail. Further study the potential of increased development and incentives to help keep auto dealerships and for contributions to new street connections.

**For Area C (Larry’s and Home Depot)** – Consider Alternative 4, to support a “retail village” concept that would include a mix of additional retail and residential uses. The retail component may be less than the 200,000 SF assumed in the alternative, and higher amounts of new development might be restricted until new street connections are constructed. The Commission made specific suggestions to address standards to protect views, and to consider bonus provisions for affordable housing and structured parking.

**Transportation** – Consider Comprehensive Plan amendments to preserve the opportunity for future east-west transportation connections (extending NE 4th and/or NE 6th to 120th Avenue) and improvements. The Commission also suggested that improvements to the 120th/NE 8th intersection should specifically be addressed. And to also consider enhancing pedestrian and bicycle safety and access, and implementing phased traffic calming for NE 5th Street timed with development.

**Urban Design** – Consider a mix of urban design elements to improve the aesthetics of 116th Avenue, recognizing it as a designated urban boulevard. Enhance the character of

the area and emphasize the area's identity as both Auto Row and the Wilburton neighborhood.

### **NEXT STEPS**

Staff will work with the Planning Commission to develop draft policy and code amendment recommendations amendments and other implementation measures during the fall. The Planning Commission will hold public hearings and send its recommendations to the Council as part of the 2006 Comprehensive Plan Amendment process. Council action may occur near the end of 2006 or early 2007. Additional code changes or other implementation measures could be developed in 2007, if appropriate.

### **CONTINUED PUBLIC INVOLVEMENT**

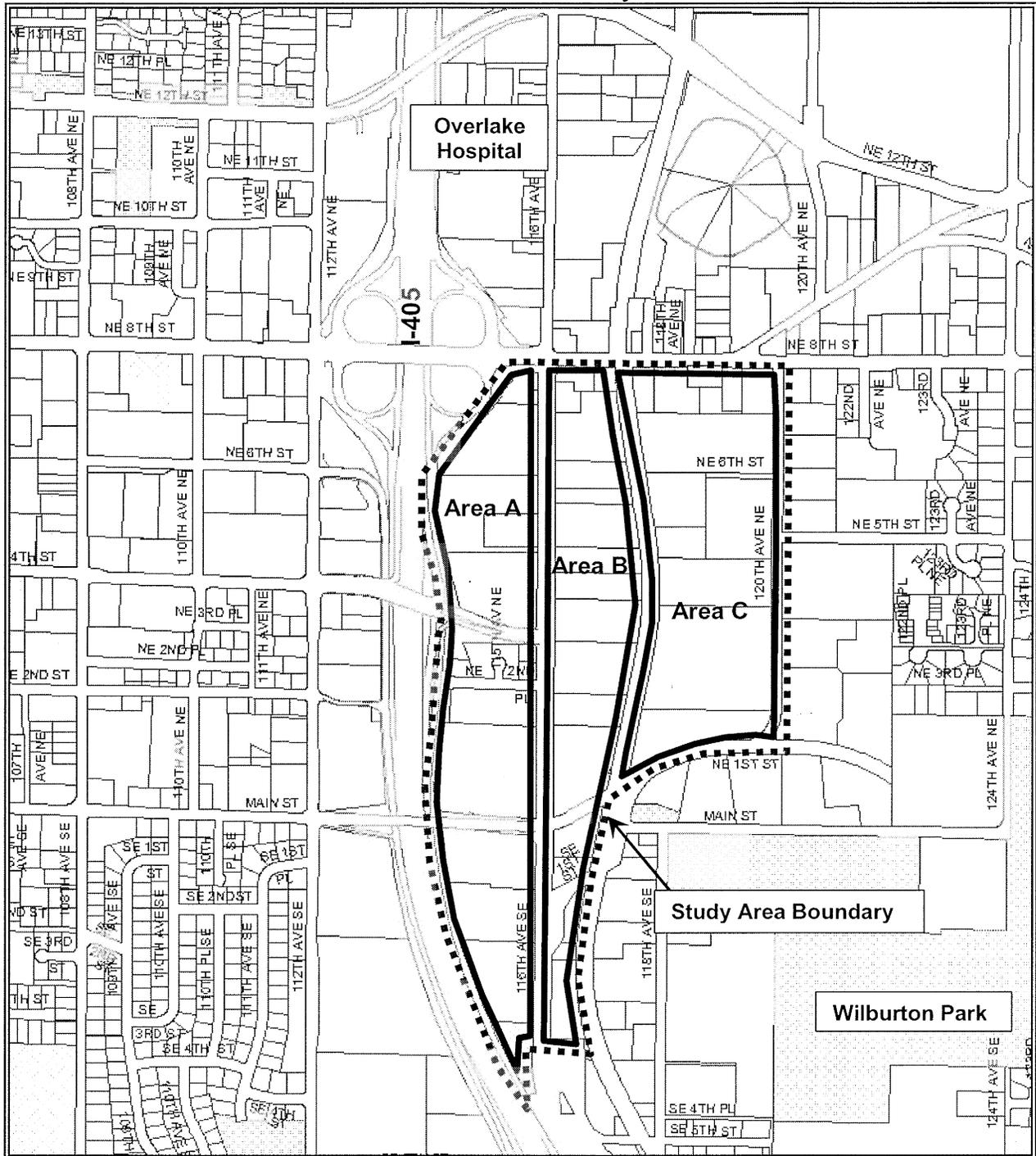
Public and stakeholder involvement continue to be a critical element of this project. Planning Commission's review will include a public hearing and additional opportunities for public comment. Staff will continue to talk with property owners, nearby residents and other stakeholders about the project. We will also use the regular avenues of the Web, *It's Your City*, and other tools to keep the public abreast as new information becomes available.

### **ATTACHMENTS**

- 1 Map of study area
- 2 Land use alternatives summary table

# ATTACHMENT 1

## Wilburton/NE 8th Study Area



The Wilburton/NE 8th study area is bounded on the north by NE 8th; on the south by SE 3rd and Main Streets; on the east by 120th Avenue NE; on the west by I-405.

## ATTACHMENT 2

### Wilburton/NE 8th Land Use Alternatives

The table below provides a more detailed representation of how each of the alternatives might develop over the short term and long term.

	<b>Alt. 1: Existing zoning Auto Row</b>	<b>Alt. 2: Long-term viability of Auto Row; Retail Village to East</b>	<b>Alt. 3: Major New Mixed Retail on Auto Row; Retail Village to East</b>	<b>Alt. 4: Major New Mixed Retail on Auto Row; Larger Retail Village to East</b>
<b>Area A: OLB</b>				
<b>Summary</b>	Small amount of additional office	Additional auto-oriented retail, some office	Same as Alt. 2	Same as Alts. 2 and 3
<b>Change 2006-2010</b>	+40,000 SF office space	+ 20,000 SF retail; 20,000 SF office space	+ 20,000 SF retail; 20,000 SF office	+20,000 SF retail; 20,000 SF office
<b>Change 2010-2030</b>	+50,000 SF office	+20,000 SF retail; 30,000 SF office	+20,000 SF retail; 30,000 SF office	+20,000 SF retail; 30,000 SF office
<b>Area B: Auto Row</b>				
<b>Summary</b>	New retail including some large format ("big box") —as per existing Code  Continuation of some auto dealerships; loss of others	Reduce number of competing uses so area stays focused on auto sales  Small amount of additional auto sales added	More large format retail than could occur under existing Code  Same amount of auto sales as today, but reconfigured	Same as Alt. 3
<b>Change 2006-2010</b>	+120,000 SF large format retail	+35,000 SF auto sales	+250,000 SF large format retail	+250,000 SF large format retail
<b>Change 2010-2030</b>	+160,000 SF retail	+40,000 SF auto sales	+200,000 SF retail	+200,000 SF retail (same as Alt. 3)
<b>Area C: East of RR, west of 120th</b>				
<b>Summary</b>	Small amount of new retail; no housing	Retail village – 250 dwelling units + 50,000 SF new retail	Retail village – 250 dwelling units + 50,000 SF new retail	Larger retail village: 250 dwelling units + 200,000 SF retail
<b>Change 2006-2010</b>	+10,000 SF retail	+50,000 SF retail +250 dwelling units	+50,000 SF retail +250 dwelling units	+200,000 SF retail +250 dwelling units
<b>Change 2010-2030</b>	+10,000 SF retail	0 additional	0 additional	0 additional