CITY OF BELLEVUE
BELLEVUE PLANNING COMMISSION
STUDY SESSION MINUTES

January 9, 2008
7:00 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT:	Chair Robertson, Vice-Chair Bach, Commissioners Mathews, Orrico, Sheffels
COMMISSIONERS ABSENT:	Commissioners Ferris, Lai
STAFF PRESENT:	Paul Inghram, Janet Lewine, Emil King, Department of Planning and Community Development
GUEST SPEAKERS:	None
RECORDING SECRETARY:	Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 7:14 p.m. by Chair Robertson who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present with the exception of Commissioners Ferris and Lai, both of whom were excused.

3. APPROVAL OF AGENDA

Comprehensive Planning Manager Paul Inghram provided the Commissioners with copies of a memo from Land Use Director Carol Helland containing proposed minor wording changes to the Wilburton/NE 8th Street recommendation. He asked the Commission to consider the changes and to amend the agenda to include under Old Business a review of the potential modifications.

Motion to amend the agenda as proposed was made by Commissioner Mathews. Second was by Commissioner Orrico and the motion carried unanimously.

4. STAFF REPORTS – None

5. PUBLIC COMMENT

Mr. David Schooler, 600 106th Avenue NE, spoke as president of SRO and addressed the proposed CPA for the Factoria property. He made available to the Commissioners copies of a letter from the owner of Factoria Mall supporting the proposed change. He noted the acknowledgement of staff that the request is for 120,000 square feet, not 175,000 square feet. The Factoria SRO development is on the only F-2 zoned land in the city. The circumstances regarding the property have changed significantly since 1993. First, the city itself has evolved, particularly in the downtown and Factoria areas. Second, the Bental property across the street has developed to an FAR of 1.27. Third, the city has within the past few years significantly increased permitted uses and density at Factoria Mall. Fourth, due to bankruptcy, the theater lease has changed from 40 years with ten year options to essentially month-to-month, plus the

theater business in general has changed dramatically; Factoria cinema has gone from one of the best in the country to one of the worst in Bellevue. Fifth, there are very limited alternative uses available, virtually none of which are economically viable. The staff report does not address changed circumstances, though it does compare the request to adding a unit to a single family home. Changing the office FAR from 0.6 to 0.75 is different from doubling a residential density and changing from single family to multifamily. Given the comments of the Commission at the public hearing and subsequent study session in December, a meeting was sought with the Planning Director, but no meeting has been set up yet. The SRO Factoria site is the gateway to Factoria.

Answering a question asked by Commissioner Sheffels, Mr. Schooler said the first staff report indicated the applicant was seeking 175,000 additional square feet of space. That number has since been reduced to 122,800 square feet, which is the correct figure.

6. COMMUNICATIONS FROM CITY COUNCIL, COMMUNITY COUNCILS, BOARDS AND COMMISSIONS – None

7. REPORTS FROM COMMISSIONERS

Chair Robertson reported that the Light Rail Best Practices committee will be traveling to San Jose and San Diego on January 18 to tour their light rail systems.

Commissioner Bach reported that on January 8 there was a meeting with the chairs of the Environmental Services Commission, Parks and Community Services Board, Arts Commission Planning Commission, and utilities. The chair of the Transportation Commission did not attend. The focus was on where each respective Commission stands with regard to the Bel-Red subarea planning effort. The biggest concern voiced was with regard to keeping the lines of communications open between the various bodies. It was suggested that instead of getting a written report from staff, there would be benefit to having the different board and commission chairs attend a meeting to talk about what their individual groups are doing.

8. STUDY SESSION

A. SRO Factoria CPA (site specific)

Motion to remove the SRO Factoria CPA from the table was made by Commissioner Sheffels. Second was by Commissioner Orrico and the motion carried unanimously.

Mr. Inghram briefly reviewed the previous discussions and said for staff it all boils down to the idea of using the Comprehensive Plan amendment process to facilitate an exception to the dimensional standards of the city. He noted that there have been discussions regarding the allowed and appropriate uses for the site. The question is whether or not the applicant should be allowed to exceed the dimensional standard for office on the site. Part of the rationale for wanting to look at it in a broader context is the fact that using the CPA process to allow for increased FAR on the site would directly raise the same question with a number of other properties having an Office or OLB zoning; the F-2 zone is essentially a version of the OLB zone.

Mr. Inghram said the question for staff is whether or not the CPA process is the correct process for considering site-by-site exceptions. Generally, the OLB zone allows FARs of up to 0.5; the F-zones in Factoria and the downtown are the only two areas where the zone allows for a greater FAR. There have been no other exceptions allowed for 28 years, and to do so would represent a

significant departure from the approach taken to date. The recommendation of staff is to consider revisions to the zone only through a citywide or areawide study of the OLB zone.

Commissioner Mathews suggested that such a study, if undertaken, should be confined to the Factoria area. He said the Factoria area continues to be somewhat unique, and focusing a study on just that area would be less expensive and more responsive to the request.

Commissioner Orrico noted for the record that while she was not present for the December 12 meeting she has reviewed all of the materials and listened to the audio recording. She asked if the F-2 area comprises just the theater or includes the office complex. Mr. Inghram said the F-2 zone includes some of the office development, though some of them are in the Office zone. There are two office buildings in the F-2 in addition to the cinema.

Commissioner Orrico asked what areas would be included in a review of the OLB/F-2 zone. Mr. Inghram said the areawide study staff envisions would include the area from the commercial center of Factoria east along I-90 to about where the Department of Ecology is located. There are sites on the north side of I-90 that have potential, and there has been some discussion about the OLB properties in the Factoria and Eastgate subareas.

Commissioner Sheffels observed that when the three Factoria properties came into the city, the owners asked for and received what they wanted. At the time, the restrictions imposed by the city were stricter than those imposed by King County. The F-1 and F-3 areas have pretty much built out to their granted limits without exceeding them. The F-2 property is allowed more than what OLB allows in the rest of the city; allowing an increase to 0.75 would be exceeding what the property owner had initially agreed to at the time of incorporation. The fact that the cinema is not doing well does not preclude SRO from putting in an office building with an FAR of 0.6. She cautioned against taking spot-zoning actions, something which always has the appearance of playing favorites. Denying the request and initiating either an areawide or citywide study makes the most sense.

Commissioner Orrico disagreed. She noted that under the existing restrictions SRO could only put in an additional 10,000 square feet of office. None of the other allowed uses listed by the applicant at the public hearing seem reasonable for the site. She agreed with the need to proceed cautiously in using the CPA process in an out-of-the-box manner, but the fact is there have been changed circumstances, not the least of which is the fact that there was a review of Factoria in 2005 and it needs it again. The F-2 zone is most appropriate for office uses, and the proposal of the applicant is consistent with the area. The traffic issues can be fully addressed under SEPA at the time there is a development proposal brought to the table.

Chair Robertson concurred. She agreed with the need for an areawide study and pointed out that the Courter Enterprises property lies within the same area, and the city brought about an amendment in 2005 to make the T-Mobil site consistent, and it has an FAR of 1.26. The SRO Factoria site is different in that it is the only F-2 site in the city. Factoria is a major employment center and is designated as such in the Comprehensive Plan. Office is the only use that will work on the site. She indicated her support for recommending approval of the amendment as proposed by the applicant.

Commissioner Bach said he understands the concerns voiced by staff about setting precedent. However, he agreed that circumstances have changed. There is a lot more traffic and a lot more people; there is more residential in the area, and will be even more in the near future. The whole Factoria Shopping Center is planned for redevelopment. The information provided to the Commission on December 19 indicates that office has a lower traffic count. SRO has been a

long-time property owner in Factoria and is very desirous of improving the site in a way that will enhance the entire area. It would be far too shortsighted of the city to blame the property owner for not knowing 15 years ago that they should have asked for a higher FAR.

Mr. Inghram said if the Commission recommends approval of the proposal as set forth by the applicant, consideration should be given to adding a new policy to the subarea plan reading something like "Consider allowing office intensities of up to 0.75 FAR in the area north of Factoria Mall through the application of land use incentives." He suggested that Policy S-FA-57 should not be modified as proposed by the proponent. The discussion of the definition should be revised to be consistent with allowing a higher FAR for the SRO Factoria property.

Commissioner Orrico said she would favor capping the total square footage and requiring design review, as proposed by the proponent. Mr. Inghram suggested that the cap language would not be needed given the amount of development permitted under the proposed FAR. He agreed that a call for design review could be added to the proposed new policy.

Motion to recommend adoption of a new policy applicable to the Factoria subarea District 2 allowing office intensities of up to 0.75 FAR in the area north of Factoria Mall through land use incentives and design review, was made by Commissioner Orrico. Second was by Commissioner Bach and the motion carried 4-1, with Commissioner Sheffels voting no.

Commissioner Sheffels asked to have her opposing argument included in the transmittal memo.

Commissioner Orrico clarified for the record that her motion was inclusive of a correction to the corresponding definition for office in the Comprehensive Plan.

B. Housing Affordability Work Program

Associate Planner Janet Lewine reminded the Commissioners that in October staff sought direction from the Council regarding the housing affordability work program. She said the work is to be done in two phases, the first of which will address strategies to be implemented in the Bel-Red subarea and the priorities of the Council with regard to funding through the Housing Trust Fund. The funding issue will be before the Council for discussion on January 22. The second phase of the program will focus on strategies for housing affordability citywide. It is the intent to ultimately have a single program applicable citywide, but since changes are occurring so rapidly in the Bel-Red corridor, the determination was made to address that area first.

Through much of the 1990s the city had an inclusionary affordable housing program which required projects of a certain size to include affordable units. That program was phased out in favor of an incentive-based or voluntary program. The current program only applies to multifamily districts; it does not apply to mixed use districts or the downtown where the largest capacity for housing growth exists. The incentive program is not being utilized by developers.

Commissioner Sheffels noted from the staff report that the city currently requires all affordable housing to be constructed on-site. That approach precludes the use of manufactured homes, many of which are affordable and very useable. Ms. Lewine said the report should have used the term "provided on-site."

Ms. Lewine informed the Commission that affordable housing is a priority issue currently with the Kirkland City Council. They have developed a voluntary though very aggressive approach with a package of incentives designed to more than compensate developers for the cost of providing the affordable units. Their incentive toolbox includes density bonuses that offer two

bonus units for every affordable units; dimensional standard modifications; modifications to the parking requirements; and modifications to the setback requirements. They have also adopted a 12-year multifamily tax exemption program. They have also adopted impact fee exemptions for the affordable units, and they have waived all planning review fees for bonus units.

Commissioner Sheffels asked if local jurisdictions work directly with developers in putting together incentive programs for affordable housing to gain an understanding of whether or not the various approaches will pencil out. Ms. Lewine said she was working with ARCH at the time the Kirkland program was put together. A series of workshops was held, and the package of proposals under consideration was sent to a number of developers for their review and comment; each was asked to indicate if the assumptions would work for them or not. The level of back-and-forth was quite high. Some agreed that the assumptions were correct but suggested they would not avail themselves of the incentives because they did not fit the type of product they produced.

Ms. Lewine said in developing its affordable housing strategies, Redmond took the neighborhood approach. Both the Civic Center and Willows/Rose Hill plans include mandatory requirements for affordable housing, balanced with a considerable amount of increased height. In the downtown area, any development providing ten or more housing units must provide ten percent of the units as affordable whether they avail themselves of the extra height or not. Redmond is looking to adopt the multifamily property tax exemption. Their code disallows fee exemptions, though they can be approved by the Council on a case-by-case basis.

Answering a question asked by Commissioner Bach, Ms. Lewine explained that ARCH monitors the programs on behalf of the cities to make sure all eligibility requirements are met.

Ms. Lewine said the two primary strategies under consideration for the Bel-Red area are an incentive zoning structure and a multifamily tax exemption program. The Council will be seeking a recommendation from the Commission on those approaches as well as others.

Kenmore has adopted a multifamily tax exemption program, and for a specific area they have mandatory inclusionary requirements. Sammamish is proposing two levels. In the first level, ten percent of all units must be affordable, and that is mandatory. In the second level, incentives kick in to get to another ten percent.

Ms. Lewine said a report by the California Coalition for Rural Housing released in 2007 includes a review of experiences in California over the last 30 years with inclusionary affordable housing programs. Nearly one-third of all California jurisdictions have inclusionary programs. Most of the units being produced are integrated within market rate projects. The report states that lower income households are best served through the formation of partnerships. One way to get attain units affordable to the lowest income scales is to provide greater bonuses; another way is to mandate affordability for ten percent of the units and then let the developer partner with a non-profit. The capacity of non-profits is greatly enhanced through such partnerships.

In the past jurisdictions expressed caution in passing zoning incentive programs because of RCW.82.02.020 prohibited a city or county from charging a developer a fee that is not authorized by state code. In 2006 the state legislature passed HB-2984 which clarifies that issue. The bill addresses voluntary programs and requirements for affordability in exchange for rezone actions or other regulatory changes. As a result of the new legislation, many jurisdictions are taking another look at their housing affordability programs and feeling better about expanding them.

Commissioner Orrico suggested the city will not get very far at all without sitting down at a table

with developers and finding out what would work for them and what incentives would entice them to build affordable units. It will be especially important to talk with multifamily developers. Developers who have experience in constructing affordable units from around the region should be invited to share their experiences. Ms. Lewine suggested non-profits should also be asked to the table.

C. Draft Bel-Red Subarea Plan

Senior Planner Emil King distributed to the Commissioners copies of the draft Bel-Red subarea plan. He said staff has been working diligently on the document. He said the draft was distributed to the Parks and Community Services Board on January 8 and was being delivered to the Environmental Services Commission concurrent with the Planning Commission meeting. The Transportation Commission will receive the draft on January 10, and the Arts Commission will get it in their packet for their January 15 meeting.

Mr. King said the draft subarea plan attempts to capture the full two-year process undertaken by the Bel-Red steering committee. Because it was determined that the existing Bel-Red subarea plan is outdated, the draft plan represents an entirely new document with new language for the subarea. The document incorporates the full vision of the steering committee. It includes general policies that talk about the unique economic niche of the corridor; land use policies that address the nodal development pattern and accommodating existing light industrial and service uses; sections on urban design that talk about promoting environmental sustainability and creating a distinct sense of place; policies on the environment regarding stream corridor restoration and natural drainage practices; policies regarding parks and open space; housing policies; discussions regarding arts and culture; a set of transportation policies; interjurisdictional policies; and implementation, neighborhood and district policies.

The latter part of the document will include all figures and project lists, though the draft version contains only the draft arterial hierarchy map and the draft transportation phasing plan.

The draft plan will be a living document in the coming weeks as all of the boards and commissions go through and review their pertinent topics. The Planning Commission is slated to begin reviewing the document in detail on January 23. In the coming months the Commission will be receiving the implementing pieces that will form the final recommendation to the City Council; one such piece will be a new Bel-Red Land Use Code which staff is working on. Incentives will be a large portion of the implementation package. In addition, there will be new design guidelines for the Bel-Red corridor.

The schedule calls for a great deal of work to be done by the various boards and commissions during the months of January and February. A comprehensive package should be folded together by late March or early April; that package will be the subject of a public hearing.

Commissioner Sheffels said she recently received a mailing regarding bus rapid transit and noted that it is planned for implementation in 2011. She asked if the draft transportation phasing plan includes bus rapid transit. Mr. King said the bus rapid transit line is part of the transportation modeling efforts but it is not yet shown on the draft transportation plan.

Mr. Inghram added that the initial bus rapid transit route runs along NE 8th Street. A similar bus rapid transit route could run through the downtown and come up NE 16th Street and connect to NE 20th Street prior to the introduction of light rail in the corridor. The street will need to be constructed before the busses can be introduced, and the buses will likely run for a time before light rail comes in.

Commissioner Bach asked what the difference is between a major arterial and a minor arterial, and if the document addresses the two types of arterials differently in the transportation package. Mr. Inghram said there is definition for each as well as for collector arterial and local access streets. Mr. King said he will bring to the Commission the actual definition of each.

9. NEW BUSINESS

Commissioner Orrico said she has now sat through two of the Environmental Services Commission hearings and still has no idea what the Planning Commission is supposed to be doing. Mr. Inghram said the Commission is welcome to comment on the topics covered, but there is also a public service aspect involved. Part of the requirement to meet the federal regulations includes the conducting of a public hearing. The city wants to make sure the right people are aware of the issues, which is why the Planning Commission has been asked to attend the hearings. There certainly are aspects of how the handling of stormwater affects development and redevelopment, especially in areas like the Bel-Red corridor, which should be of interest to the Planning Commission.

10. OLD BUSINESS

Mr. Inghram provided the Commissioners with copies of the Wilburton/NE 8th Street subarea plan and reviewed each of the proposed revisions.

There was agreement to change Policy S-WI-2 from "...services/uses..." to "...services...."

Mr. Inghram also highlighted the proposal to clarify the section supporting the provision of commercial services by adopting the appropriate zoning and development regulations.

With regard to S-WI-22, Mr. Inghram noted that there have been several versions. The recommendation of the Commission was in favor of the revised policy language absent the second sentence.

Mr. Inghram called attention to the community design section and said the interest of the city in protecting views applies to public places and public views. Accordingly, he proposed adding "local streets" in the first part of the discussion.

Commissioner Sheffels expressed concern over use of the term "local streets." She agreed that public views need to be protected, but attempts to protect views from local streets could be problematic. She suggested using "public views" instead. Mr. Inghram said one alternative would be to refer specifically to views down NE 5th Street from the upper portion of the hill, and Commissioner Sheffels said that would be even better.

Motion to amend the recommendation of the Planning Commission as outlined was made by Commissioner Orrico. Second was by Commissioner Mathews and the motion carried unanimously.

Mr. Inghram said staff is working to assemble the package and transmittal to be forwarded to the Council. He said at the direction of the Commission, the comments offered by Transportation Commissioner Lise Northey will be summarized in the transmittal memo, along with a summary of the Commission's discussion encouraging the Council to avoid rezoning prior to having the housing strategies in place.

11. APPROVAL OF MINUTES – None

12. PETITIONS AND COMMUNICATIONS – None

13. ADJOURNMENT

Chair Robertson adjourned the meeting at 8:58 p.m.

Staff to the Planning Commission — Date 3/26/2008

Chair of the Planning Commission — Date 3/26/08