



DATE: January 11, 2008

TO: Meydenbauer Bay Steering Committee

FROM: Mike Bergstrom, Planning & Community Development
Robin Cole, Parks & Community Services

SUBJECT: **January 17, 2008 Steering Committee Meeting – Agenda Item #3 – Land Use Alternative Review and Consensus**

I. Meeting Purpose

The goal of the January 17 Steering Committee meeting is to arrive at a consensus on a preliminary preferred land use alternative that achieves the pertinent Comprehensive Plan policies (Attachment 1) and project Planning Principles (Attachment 2). Achievement of this goal does not mean that all work on the land use component is finished, or that all questions and issues have been answered or resolved. Rather, it means that the committee agrees on a concept and its basic themes and features and is ready to turn its attention to development of a master plan for the park. Once the park plan is more developed, the land use plan and park plan will be re-joined to make sure they work as a whole and address overlapping issues.

This memo addresses three topics:

- Followup from the December steering committee meeting;
- Completing the preliminary preferred land use alternative;
- Future steps.

II. Followup from December Steering Committee Meeting

Much of the discussion at the December meeting centered on traffic and parking. The committee requested more information on the effect that the potential closure of 100th Ave SE/Bellevue Place SE might have, primarily on general traffic movement, but also on emergency vehicle access. One committee member expressed interest in seeing an alternative that would leave this road open to traffic, at least in one direction. There was also discussion of the desire to incentivize redevelopment in the upper block, to encourage the replacement of aging buildings with new ones.

- A. Traffic and parking – Closure of 100th Ave SE/Bellevue Pl SE:
The potential closure of 100th Ave SE/Bellevue Pl SE would result in vehicle trips that now use this road as access to or from Main Street being shifted to other

streets and intersections. Net new trips resulting from redevelopment of the area South of Main, plus from any parking that could be added for the park or general public use, would also be added to the surrounding transportation system. The steering committee has heard concerns from the public about existing congestion in the Old Bellevue area, the difficulty in making left-turn movements across east-west traffic on Main Street, and the lack of intersection controls at 101st and Main.

The city's Transportation Department has reviewed the December 20 concept drawings (Attachments 3 and 4) to determine the effects of closing 100th Ave SE/Bellevue Place SE on the surrounding transportation system. In addition to the concept drawings, they were provided with information about potential residential densities, retail space, and parking quantities that could locate south of Main Street with implementation of the South of Main concept. They have modeled this information to preliminarily determine the concept's effect on the transportation system.

The Transportation Department's comments had not been finalized by the time this packet went to print, and will be provided under separate cover. Discussions with that Department indicate that the Department is confident that the South of Main land use concept, including the closure of 100th Ave SE/Bellevue Place SE, would have negligible effects on the surrounding transportation system, and that any resulting inconveniences to motorists can be managed by improvements or revisions to nearby intersections.

While the Transportation Department has reviewed a range of options to accommodate traffic to and through the area, a specific response to the project will not be defined until implementation of the land use plan is closer to reality. The Department will continue to monitor the project to make sure any transportation changes that are implemented will be the most effective and appropriate for the expected traffic conditions.

More information about the Transportation Department's review and conclusions will be available prior to the January 17 steering committee meeting.

- B. Traffic and parking – Retain through traffic on 100th Ave SE/Bellevue Pl SE:
The consultant team has produced two sketches of a concept that would keep this street open, and would include a pedestrian bridge linking the east and west sides of the street (Attachment 5). These sketches differ only in the location of the pedestrian bridge. There are several possible variations on this plan, but all would involve separation of the two areas by the road and a narrow pedestrian overpass. A wider “lid” type overpass is not possible due to the topography of the parcels on either side of the road in relation to the road grade. Pedestrians would be able to walk down to the park on either side of the street, but could not cross to the opposing side except either at grade level (across the street) or by using the overpass.

This concept compromises what would otherwise result in a strong pedestrian environment free of conflict with vehicles, physical integration of the east and west sides of the street, a seamless transition from the waterfront to the downtown, and strong activation of gracious public spaces by adjacent uses and activities. While this concept shows that it is physically possible to maintain vehicle access along this street, it appears to unnecessarily contradict the planning principles for this project given the ability of the surrounding transportation system to accommodate the shifts in traffic patterns that are expected to result from the South of Main concept.

C. Emergency vehicle access.

The Fire Department was asked to review the December 20 South of Main concept to make sure that it does not present any significant obstacles to continued provision of emergency services to surrounding properties. The Department's review included an on-site tour on December 26.

The Department's preliminary conclusions and comments are provided in a January 8, 2008 memo from Deputy Fire Chief Warren Merritt and Fire Marshal Ken Carlson (Attachment 6). The memo states that the provision of emergency services can be accommodated by the December 20 concept, even if 100th Ave SE/Bellevue Way SE is closed to traffic and Meydenbauer Way SE is terminated at Bellevue Way SE. The concept includes an emergency vehicle access extending south from Main Street into the upper plaza, allowing access to the site interior. Improvements in the southern portions of the block can be protected from 101st Avenue SE and Meydenbauer Way SE.

Specifically, the memo addresses emergency service to The Meydenbauer Apartments, Ten Thousand Meydenbauer Condominium, and The Vue Condominium, and states that each can be appropriately served with certain provisos. In addition, the memo contains several observations and preliminary recommendations that will need to be addressed as the project proceeds and plans become more defined. The Fire Department will be kept involved throughout the evolution of the plan, and their concerns will be addressed. All of the issues presented in the January 8 memo can be responded to and resolved during further planning.

D. Upper block incentives.

At the December meeting, the Committee clarified its position with respect to the upper block. The Committee indicated that, while it does not support the pursuit of 100% market-driven incentives that would create public corridors through this block due to the resulting building forms, it is interested in pursuing incentives that might stimulate redevelopment of older buildings.

Staff has identified several potential incentives that might individually or collectively entice redevelopment of an aging parcel, and has noted some pros and cons about each (Attachment 7). Some of these would require amendments to the

Land Use Code, while others are programmatic and might require amending other City codes or the establishment of new programs or mechanisms.

Staff does not believe that any combination of these incentives would guarantee redevelopment of aging properties. However, they might persuade owners of buildings that are not ideal for conversion to some other use (e.g., from apartments to condominiums) due to structural, configuration, or other considerations, to instead choose to replace existing buildings with new ones.

Staff asked our economic consultant, EPS, to review and comment on the incentives. The conclusions of EPS support Staff's conclusion that the identified incentives will not guarantee redevelopment, but might make redevelopment an attractive option in borderline situations (Attachment 8).

The Steering Committee should decide whether to recommend that incentives should be used to encourage redevelopment of aging properties in the upper block. If the Committee feels that incentives should be used, it should either propose (a) specific incentives to pursue (as identified in Attachment 8 or as modified by the Committee), or (b) a more general recommendation that incentives be pursued, without identifying specific incentives, but identifying certain incentives that are not supported (e.g., height increases, introduction of new uses).

III. Completing the Preliminary Preferred Land Use Alternative

Once the Committee reaches an overall consensus on a preliminary preferred land use alternative, it will be important to document the specific aspects of the alternative for which consensus has been reached, as well as those items that will continue to be discussed and refined during the park planning process or through Land Use Code amendments. For example, the Committee appears to agree that building height allowances should not be increased either in the upper block or south of Main Street. There also appears to be agreement that the primary focus in the upper block should be on improving existing rights-of-way to create desirable pedestrian connections, but that there is also an interest in encouraging private properties to redevelop with new buildings. South of Main, the Committee appears to support the coordinated redevelopment of the Chevron, Bayvue Village, and Meydenbauer Apartment sites, the "blurring" of property lines, increased residential densities, and other plan elements.

On the other hand, some plan elements require further analysis and refinement. Examples include use and design of the Bayvue Village parcel west of 100th Ave SE, public parking quantities and locations, and vehicle access to the Vue Condominium, among others.

Staff recommends that the Committee, on January 17, vote to support a Preliminary Preferred Land Use Alternative. We envision this plan to be close to that represented by the December 20 concept plans, but modified or refined as a result of your December 20

and January 17 meetings. At the January meeting, Staff will provide a draft statement reflecting our interpretation of the Committee's position on the land use component, based on input received on December 20. This statement will be modified according to Committee input received on January 17 and produced as a record of the Committee's position on the Preliminary Preferred Land Use Alternative.

IV. Future Steps

- Document the characteristics of the preliminary preferred land use alternative, and set it aside while work begins on the park plan.
- Evaluate technical issues that have arisen during the course of the project to date. This task will be undertaken by City staff and the consultant team. Of particular interest and importance are environmental and operational characteristics of Meydenbauer Bay itself. NOTE: We expect this task to take two months or longer to complete, and therefore recommend a suspension of Steering Committee meetings until at least April 17. See related Agenda Item #4 for additional information.
- Park planning. This will include programming decisions (i.e., what uses and activities might be included in the park), alternative designs, and ultimately a park master plan. This will be the main project focus in 2008.
- Re-join the land use and park components, to make sure the project works as a unified vision.
- Prepare amendments to official City documents (Comprehensive Plan and Land Use Code) for review through the implementation process.
- Implementation. This consists of the steps resulting in formal adoption of the plan by the City Council, and includes compliance with the State Environmental Policy Act (SEPA), public hearings before the Planning Commission (for Comprehensive Plan and Land Use Code amendments) and Park Board (for Park Master Plan).

V. Recommended Actions of Steering Committee

- Upper Block. Identify which of the redevelopment incentives included in Attachment 7 should be recommended as part of the land use strategy for this block. Alternatively, the Committee could make a general recommendation that incentives be pursued, without identifying specific incentives, but identifying those incentives that are not supported (e.g., height increases, introduction of new uses).
- Upper Block and South of Main. Identify the main features of the land use concepts that are supported by the Committee and represented on the concept drawings, as well as any that are clearly not supported. Identify the primary issues that will continue to be evaluated as part of the park planning process.
- Preliminary Preferred Land Use Alternative. Endorse the land use concept for the Upper Block and South of Main areas, subject to revisions directed by the Committee, with the understanding that certain elements will continue to be evaluated as the park plan progresses.

Attachments:

1. Comprehensive Plan Policies

2. Planning Principles
3. Waterfront District Land Use Concept
4. South of Main Land Use Concept
5. South of Main Land Use Concept Sketches – Through Road
6. January 8, 2008 Fire Department Memo
7. Upper Block Incentives
8. January 9, 2008 EPS Memo re: Upper Block

COMPREHENSIVE PLAN POLICIES

Downtown Subarea Plan

Old Bellevue

The Old Bellevue District sits above Meydenbauer Bay and proudly displays the roots of Downtown. This area is home to many small shops and Downtown's oldest buildings. This district is also home to the 20-acre Downtown park. Main Street functions like the traditional "Main Street USA", with low traffic speeds, comfortable sidewalks, and on-street parking – elements that together make this a very safe and enjoyable place to walk.

Policy S-DT-87. Provide a graceful pedestrian connection from Downtown Park through Old Bellevue to Meydenbauer Bay.

Parks, Recreation & Open Space

.... Major new features of the system will be neighborhood parks in the northwest and southeast quadrants of Downtown as well as a visual and physical connection from Downtown Park to Meydenbauer Bay. People naturally gravitate to areas with water to enjoy the aesthetics and unique recreational opportunities. This connection is imperative if Bellevue intends to identify itself as a waterfront city and provides an opportunity to recognize the Meydenbauer Bay's historical significance in the region's development.

Goal: To provide urban parks, recreation opportunities, and open space within Downtown.

Policy S-DT-105. Provide a visual and physical connection from Downtown to Meydenbauer Bay that terminates in a significant waterfront presence. The connection will provide unique recreation, retail, and tourism opportunities.

Policy S-DT-114. Strengthen pedestrian connections between Downtown Park and other Downtown features, such as Bellevue Square, the NE 6th Street pedestrian corridor, Bellevue Way, Main Street, and Meydenbauer Bay. This will enhance the role of the Park as a major pedestrian destination and as a pedestrian linkage with other areas of Downtown.

Parks, Open Space and Recreation Element

Park and Open Space Acquisition

.... The city's Parks and Open Space System Plan provides acquisition recommendations and explores alternative solutions for acquiring open space. Acquiring additional waterfront access is a high priority. Meydenbauer Bay continues to be a major focus for increasing Bellevue's access to the waterfront. Bellevue's acquisitions of key waterfront parcels along Meydenbauer Bay are evidence of this priority and of the city's commitment to providing waterfront opportunities for future generations. The immediate acquisition goal is to complete assembling the properties between Meydenbauer Beach Park and the existing city owned marina property. The ultimate goal is to connect the expansion of these properties to the Downtown area, creating a significant citywide park and waterfront destination.

PARKS & OPEN SPACE SYSTEM PLAN 2003 POLICIES

Chapter 1 – Perspective – Future Direction

...This Park Plan update suggests that priority attention be given to:

- Establishing a major pedestrian connection between the Downtown Park and Meydenbauer Bay and establishing a major public park presence along this waterfront;

Chapter 5 – Focus Areas – Waterfront Access

Meydenbauer Bay

Meydenbauer Bay is a major focus for increasing Bellevue's access to the waterfront. The immediate acquisition goal is to complete the assemblage of property between Meydenbauer Beach Park and the existing marina property. The ultimate goal is to connect this waterfront parcel to the Downtown's commercial and residential areas and the Downtown Park and to create a regionally significant park and waterfront destination.

Expanding the Meydenbauer Beach Park and marina and connecting it to the Downtown are imperative if Bellevue intends to identify itself as a waterfront city. The bay provides both a destination point for water-based recreational activities and amenities, as well as an opportunity to recognize the day's historical significance in the region's development. The Parks & Community Services Department's 2002 *Downtown Needs Assessment* and the *Downtown Implementation Plan* acknowledge the significance of visually and physically connecting the Downtown to Meydenbauer Bay. Connections can be achieved with expanded streetscape amenities, property acquisition, and/or public amenities created by developer incentives. Connecting Downtown to Meydenbauer Bay as part of the Lake-to-Lake Trail system would provide convenient access to unequalled waterfront amenities. Clearly signed pedestrian paths ("way-finding") could link Downtown and nearby neighborhoods with the Bay.

Recommendations (Map):

2. Develop a significant citywide waterfront park along Meydenbauer Bay.
3. Connect Meydenbauer Bay/Meydenbauer Beach park to Downtown Bellevue and the Downtown Park.

Chapter 5 – Focus Areas – Downtown Area

Recommendations (Map):

3. Provide a physical and visual connection between the Downtown Park and Meydenbauer Bay.



Meydenbauer Bay

PARK AND LAND USE PLAN

January 17, 2008

Agenda Item #3

Attachment 2

PLANNING PRINCIPLES

- 1. Remarkable and memorable shoreline experience.** The park will be an extraordinary community-wide public asset. The new park will greatly increase waterfront access, recreational opportunities for all Bellevue residents, and in conjunction with its proximity to the Downtown Park and neighborhood, establish Bellevue as a waterfront city. The surrounding area should complement and take advantage of the unique shoreline location.
- 2. Spectrum of activities.** The new park should provide visitors with a wide range of activities and experiences, from active recreation such as swimming and sailing to passive enjoyment of intimate, green, natural areas. The park plan should artfully blend traditional park uses with a new urban experience, allowing individuals to enjoy different or multiple experiences with each visit or over time.
- 3. Complementary land uses.** Urban design and land uses in the upland area adjacent to the park should be pedestrian-oriented and serve the broader community to make the transition from the upland to the shoreline seamless, enjoyable, inviting, and compelling. They should draw the pedestrian toward the water, convey a sense of excitement, and provide an interactive experience between the waterfront and upland areas.
- 4. Increased physical and visual access.** Corridors that visually open up the waterfront from upland areas and that facilitate pedestrian movement from Downtown Park to the waterfront should be maximized. It is critical that corridors and public spaces overcome real or perceived physical obstacles to reaching the shoreline.
- 5. Pedestrian priority.** The park and its connections should be places that can be enjoyed by pedestrians without fear of conflicts with automobiles. Where vehicle drives or parking areas are necessary, they should be designed and located to promote a "pedestrian first" message.
- 6. Economic vitality.** The park and its connections should support the nearby business community, providing an interactive and welcoming environment for downtown employees, residents, and visitors. Land uses and urban design elements should contribute to the economic vitality of the area as a whole.
- 7. Superior design.** The park should be reinforced, communicated, and celebrated through high quality urban design, landscape architecture, building design, and

streetscape treatment, not only within the park itself but also throughout nearby public spaces and park connections. The plan should reflect a high standard of excellence.

8. **Environmental stewardship.** The park design should respect and reflect its unique and sensitive waterfront setting. The plan should explore opportunities to incorporate measures that improve the shoreline characteristics and water quality in the bay. Best practices for sustainable building and land management should be incorporated.
9. **History.** The park design should recognize the heritage of Meydenbauer Bay, from the time of Native Americans, explorers, and early settlers to the industries of whaling, ferrying, and today's residential and pleasure boat moorage. The plan should assess opportunities to preserve and reuse structures of historical note and incorporate means to animate the Bay's rich heritage through public art and interpretive programs.
10. **Neighborhood enhancement and protection.** The land use component should be a catalyst for revitalization of older uses while minimizing impacts on neighboring residential areas. Redevelopment of properties in the study area or conversion of apartment buildings to condominiums is expected in the foreseeable future. The land use plan should ensure through rules or incentives that these actions occur in a manner that is both consistent with the area's land use vision and sensitive to adjacent residential uses.
11. **Coordinated planning process.** The park master plan and the land use plan will impact and influence one another. The planning schedule needs to be flexible and expedient, necessitating close coordination.
12. **Commitment to implement.** The Waterfront Plan should include an implementation strategy that leads to the fulfillment of the vision.

Approved by the City Council March 19, 2007

WATERFRONT DISTRICT LAND USE CONCEPT



4 JANUARY 2008

The information in this material was compiled, written, and/or prepared by an independent consultant, and does not represent any endorsement, approval, or recommendation by the City of Bellevue.

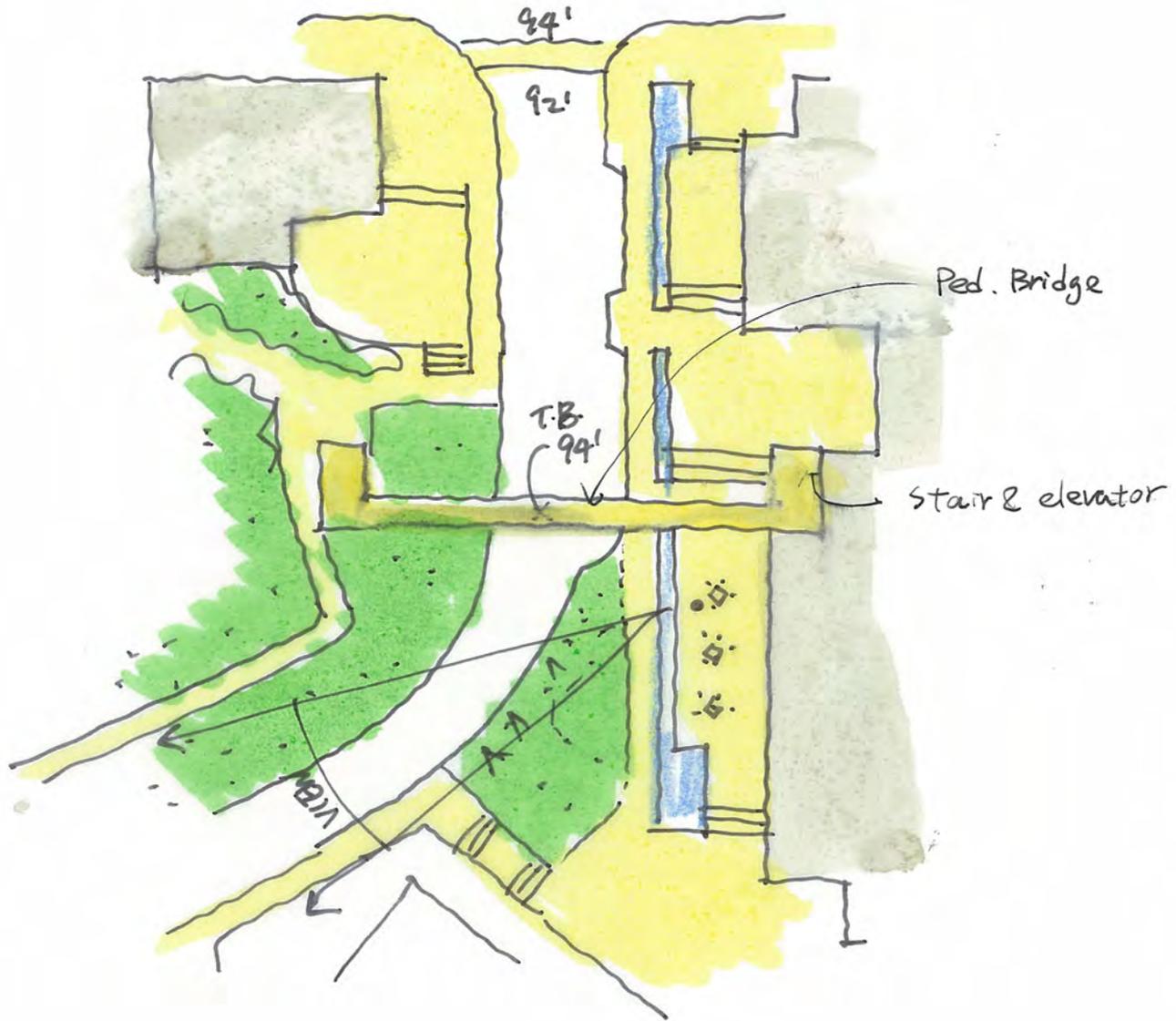
SOUTH of MAIN LAND USE CONCEPT



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ALT 1.



ALT. 2.

City of Bellevue



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TO: Mike Bergstrom, Planning & Community Development
Robin Cole, Parks and Community Services

FROM: Warren Merritt, Deputy Fire Chief *WM*
Ken Carlson, Fire Marshal *KC*

DATE: January 8, 2008

SUBJECT: Meydenbauer "South of Main" Concept – Emergency Service Considerations

We have reviewed the South of Main concept drawing for the Meydenbauer Bay Park and Land Use Plan dated December 20, 2007. On December 26 we toured the area to gain a better understanding of existing conditions and determine how our ability to provide emergency services to nearby properties might be affected if the concept were implemented.

We recognize that this plan is still at the concept level and that detailed design and construction of improvements would happen over time. We also recognize that a master plan for the new waterfront park has not yet been developed and may result in refinements to the South of Main concept. Therefore, our comments are preliminary and do not address details typically reviewed during the construction permitting stage. Also, these comments address only emergency service issues, and not other matters that might be of interest to property owners such as general vehicle or pedestrian access to individual properties.

Overall, we find the concept plan workable from an emergency services standpoint. Even with the potential closure of 100th Ave SE/Bellevue Pl SE to traffic and the dead-ending of Meydenbauer Way SE, emergency services can be provided to existing and future developments, provided that certain features are incorporated into the design of future improvements. As the project proceeds, we recommend that the following be kept in mind:

- 100th Ave SE/Bellevue Pl SE, if closed to vehicles, should provide for some degree of emergency vehicle access, generally consistent with what is indicated on the December 20 concept plan;
- Meydenbauer Way SE can be terminated at Bellevue Place SE and redesigned/resurfaced to create more of a "driveway" or "pedestrian" feel. However:
 - Any reconstruction of the street will need to support fire apparatus loads of at least 64,000 lbs;
 - Minimum clearance widths for fire apparatus will need to be provided. The road should generally be no narrower than that which currently exists along the south edge of Ten Thousand Meydenbauer Condominium.
 - Overhead utilities along the south edge of The Meydenbauer Apartments site should be undergrounded to allow ladder truck clearance and separation from electrical lines.

- Emergency vehicle access should be provided to the south portion of the Vue Condominium site from Meydenbauer Way unless suitable alternate access can be provided. This can be accomplished by the use of opticon-operated bollards at the junction of Meydenbauer Way SE/Bellevue Place SE.
 - Parking controls would be needed along roadway edges to not interfere with emergency vehicle access.
 - If through access is not provided, an acceptable turn-around would be needed, per Chapter 3 of the International Fire Code.
- **Building Protection.** Meydenbauer Way SE can continue to provide access for emergency services, including fire suppression and emergency medical services, to adjacent properties. New residential buildings containing three or more units are required to be sprinklered. Ten Thousand Meydenbauer can be protected via ladder truck, provided that the road maintains its existing width. Protection of the Meydenbauer Apartments via ladder truck would be facilitated by the undergrounding of adjacent utilities. The Vue Condominium can be accessed and protected as described above.
 - **Marina Protection.** We realize that the marina is not part of the “South of Main” concept, but will be addressed as part of the park master plan. You should anticipate the need for emergency access to this facility. Such access could be combined with another park feature (e.g., a promenade) that is designed to support the fire apparatus loads and provide necessary maneuvering room.

We appreciate this opportunity to provide comment, and look forward to working with you as the project progresses.

Potential Incentives for Upper Block

January 17, 2008
 Agenda Item #3
 Attachment 7

Incentive	Pros	Cons	Notes
Increase density To 60 du/a No limit	can be done in existing ht can be done in existing ht	might not be enough economic lift might not be enough economic lift	control through FAR, bulk regs, etc
Reduce parking	lower development costs	possible off-site impacts	
Reduce setbacks Internal Street	provides flexibility provides flexibility	depends on situation inconsistent with surrounding development	can do this already through assemblage
Increase coverage	accommodates more density	depends on situation	trade-off vs. increased height
Tax deferral	might help, combined with others	not sure it is appropriate here	need more information on how this works
Permit fee waivers	might help, combined with others	loss of revenue to city not sure it is appropriate here	requires further evaluation
Transfer of Development Rights	can provide economic lift	shifts density elsewhere requires receiving site, user	no mechanism presently exists
City subsidy	can provide economic lift	expensive not sure of legality	requires further evaluation
Wider range of uses	adds interest might add economic lift	questionable survival raises neighborhood issues	committee has shown no support for this
Increase height	provides economic lift	view blockage	committee has shown no support for this

MEMORANDUM

To: Mike Bergstrom and Robin Cole, *City of Bellevue*

From: David Zehnder and Allison Joe

Subject: Meydenbauer Bay Park and Land Use Plan: Summary of Market and Feasibility Findings; EPS #17449

Date: January 9, 2008

Economic & Planning Systems, Inc. (EPS) conducted market and economic analyses of potential development within the Meydenbauer Bay Park area and Old Bellevue subarea (collectively referred to as the Study Area) for the City of Bellevue (City). This analysis has aided in the following tasks related to the development of a land use plan for the Study Area:

- Analysis of development alternatives for the Study Area, particularly the financial feasibility of condominium conversions, rental units, and for-sale residential mixed uses. This includes identification of a range of densities, building heights, and price points required to support a financially feasible development project;
- Identification of the potential development alternatives for 1) the Upland area north of Lake Washington Boulevard and 2) south of Main Street;
- Evaluation of financial feasibility of land use alternatives to develop a preferred land use scenario for the Study Area; and
- Identification of potential public and private incentives to encourage development of parcels within the Study Area.

This memorandum briefly highlights the results of the market and financial feasibility analysis, and provides an economic framework for the further definition of potential policy and financial incentives that could facilitate the successful inducement of new development through public-private partnerships.

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FINANCIAL FEASIBILITY ANALYSIS

METHODOLOGY

Potential development scenarios for a hypothetical project were identified, including continuation of existing development, a condo conversion project, and several redevelopment scenarios, with both residential and nonresidential uses. Through an iterative process using pro forma feasibility analysis and targeted market analysis, EPS developed a basis for evaluating combinations of land uses and densities in the Study Area.

The economic analysis incorporated a blend of quantitative and qualitative considerations, supplementing data analysis with recent interviews of public and private sector stakeholders to understand redevelopment risk, financial risks and rewards, and (ultimately) public-private strategies to realize the City's vision for the waterfront area. In addition, preliminary findings were shared with local developers to confirm assumptions related to construction and development costs, market conditions, and approach to the economic analysis.

Major Assumptions

- **Scenarios.** Development scenarios were determined initially based on existing City zoning standards for the Downtown area and Old Bellevue subzone. Based on discussions with the City and stakeholders, five major scenarios were evaluated.
 - **No Development Scenario**
 - **Condo Conversion**
 - **For-Sale Residential**
 - **For-Sale Luxury Residential**
 - **Mixed Use Residential (Ground Floor Retail)**

These scenarios were tested to understand the relationships between building height, density, parking, lot coverage, and sales price in the financial feasibility of a hypothetical development.

- **Zoning and Density Assumptions: Parking Ratios, Lot Coverage, and Building Height.** Initially, existing standards for parking, density, building setbacks, lot coverage, and building heights for Old Bellevue and the surrounding areas were applied to the pro forma. Later iterations of the pro forma applied a range of

values for these variables to identify implications of the existing requirements and any flexibility in applying a higher/lower requirement, as applicable.

- **Density.** Density is used as one of the key determinants which affect financial feasibility in this pro forma analysis. This is represented in the number of units developed, building height allowances, and lot coverage.
- **Comparable Sales Prices.** Sales prices for comparable homes were identified through data gathering through MLS, as well as through interviews with developers and real estate agents. Specifically, recent sales comps for condo conversions and residential mixed use developments were provided from current projects in the Downtown/Old Bellevue area. The adjacent Whaler's Cove and 10000 Meydenbauer Way properties served as the basis for comparable sales prices for the luxury residential units. View premiums were also applied to certain scenarios, as appropriate.

FINDINGS

Market Conditions Support For-Sale Residential Development

Interviews with real estate brokers, developers, and other stakeholders, as well as analysis of market trends in the greater Bellevue area and Old Bellevue subarea indicate that there is sufficient demand for residential development in the Study Area. The site characteristics of available parcels and limited availability of developable land in the Study Area also support higher-density mixed use development prototypes. In addition, the smaller-scale retail character of Main Street, combined with surrounding synergies of the Downtown Park and Meydenbauer Bay Park support ground floor retail uses within these mixed use developments.

Small amounts of office, civic, and cultural uses are also supportable, but as a complement to repositioned residential development and in support of a vital neighborhood district. The pro forma analysis conducted did not support the development of rental residential units, based on the significant development costs and financial return required to develop in the Study Area.

Potential Incentives to Encourage Redevelopment Need to Outweigh Benefits of Conversion

While the financial return associated with a near-term condo conversion likely will be very high as a result of minimum investment in purchased apartments and relatively high sales prices, the total cash flow associated with demolition and subsequent redevelopment of key properties may compare favorably. Condo conversions occurring

in the near-term may fail to internalize potential amenity value stemming from City investment in Meydenbauer Bay Park.

New development could result primarily because a greater number of units will have view premiums in a redesigned project. Moreover, the premiums themselves will improve as planned park and ensuing City investments bolster the quality of the neighborhood and views. If these factors can be paired with a smooth and predictable post-moratorium entitlement process, initial evidence suggests that knowledgeable investors likely will recognize the inherent financial advantages of redevelopment. However, the City may have to conduct outreach to these investors and/or provide additional public incentives to encourage this type of development.

Limitations of Potential Development Under Existing Conditions

Based on existing zoning (density limits) and market conditions, development of new for-sale residential products may not produce a significant enough financial return to encourage the development of new product. Existing zoning of the majority of the Study Area is R-30. This density, while providing some financial return, would not likely support private-sector development of new units as a compelling option to condo conversions. Analysis of higher-end luxury residential for-sale product indicates that while the financial return would increase, the present value of projected cash flows may still not be sufficient to encourage redevelopment at 30 Dwelling Units (DU)/Acre.

DEVELOPMENT POTENTIAL

UPLAND AREA (NORTH OF LAKE WASHINGTON BLVD.)

- Based on the surrounding development and transitional nature of the neighborhood from a more urban to suburban residential, residential uses are most suitable for the Upland area.
- Based on the site limitations, both related to existing ownership and configuration of available sites, the financial feasibility analysis indicates that a required density of 90 DU/Acre is required to support a financially feasible project with compelling returns in comparison to condo conversion.
- The majority of the Upland area currently is zoned at 30 DU/Acre and would require considerable changes in zoning, including reduced setbacks, increased lot coverage, and increased building height allowances to facilitate demolition of existing structures and new development.

- In order to maximize view corridors and view premiums of the Upland area, the configuration of potentially available parcels requires development which, while achieving the appropriate financial return, may be inconsistent with the preferences of the City or surrounding community in terms of required height and massing.
- City staff has assembled a list of potential incentives intended to encourage the redevelopment of the upland area while maintaining existing height allowances. These incentives include measures such as reduced parking standards, reduced setbacks, increased coverage, fee waivers, and a broader range of allowable uses. While these identified incentives will not guarantee redevelopment, they could make redevelopment an attractive option in borderline situations.
- In addition, the City could potentially subsidize new development in the upland area. However, a major subsidy may not be warranted given what may ultimately be a relatively modest "bang for the buck" in the upland area. Available funds for project subsidies would be better directed to the South of Main subarea, if necessary, to create the best possible interface between the park and developed areas.

SOUTH OF MAIN SUBAREA

- The area south of Main Street provides a logical physical and economic link between Main Street and the Meydenbauer Bay Park.
- Regardless of the exact parcels available for development, there is sufficient market support for residential mixed use development in this subarea.
- Densities of 60 DU/Acre are required in order to achieve a level of financial feasibility. Densities of existing development in that subarea ranges from 28 to 32 DU/Acre.
- Because of the topography of this subarea, building heights can vary to maximize view corridors and view premiums, however allowable coverage would have to be increased somewhat to achieve the estimated required density, given existing height limitations.