



MEMORANDUM

DATE: October 18, 2011

TO: Chair Turner and Members of the Planning Commission

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SUBJECT: NB Code Amendments – October 26, 2011, Planning Commission Study Session

At the October 26 study session staff will provide a brief introduction of the NB (Neighborhood Business) Land Use Code Amendment that was initiated by the City Council on October 17, 2011. No action is requested at this study session. In addition to this introduction, a more detailed review will be presented at the Commission's meeting on November 9 and a public hearing may be scheduled for the Commission's December meeting, at the Commission's direction.

BACKGROUND

In response to the declining economic condition of the Newport Hills shopping center and a recent request from the shopping center owner to accommodate a new child care use, the City Council directed the Planning Commission and staff to review the use and size limitations of the NB zone and consider amendments that would provide additional opportunity while remaining consistent with the intended neighborhood orientation of the NB zone. Council specified that these changes be considered only for the three larger NB areas in the city, Newport Hills, Bel-East, and Northtowne, and to not include the other smaller, stand alone NB sites.

The City has been actively engaged with the Newport Hills neighborhood and commercial property owners over the last year to look at how to restore the vitality of the Newport Hills shopping center, which currently suffers from several major vacancies. The focus has been to better understand the market factors at play, and to explore the economic potential for redevelopment. With financial participation from the Newport Hills shopping center, the City contracted with economic consultants last winter in a two part effort: 1) to better understand market demand for retail and other uses at this location; and 2) to test the economic return from a variety of redevelopment scenarios to determine whether they perform well enough to justify major private sector investment.

By demonstrating financial feasibility, the studies significantly advanced the potential for reinvestment in the Newport Hills shopping center. The findings suggest that the center is *not* well suited to its original purpose of single-use retail, and that its location is unlikely to support a major national retailer or a new anchor grocer. However, a smaller amount of retail coupled with

multifamily apartments or senior housing, could create a viable option for partial redevelopment of the site. The studies also identified aspects of the NB zoning that make redevelopment infeasible and some types of reuse a challenge.

In April, the Council reviewed the current state of the Newport Hills Shopping Center and the potential for changes to the NB zone. Council direction at that time provided support for continuing to explore City actions and code revisions that could support revitalizing the Newport Hills Shopping Center. Council questions included asking whether the needs of Newport Hills apply citywide to other NB sites.

In response, small group discussions were held with residents adjacent to the Bel-East and Northtowne shopping centers, the two neighborhood centers most comparable to Newport Hills. The residents consider their shopping centers the focal points and gathering places in their communities. When asked about changes to the NB that might allow more uses, one resident summed up the group feeling by saying that they're open to "anything that builds community." However, residents adjacent to both shopping centers were not supportive of increased heights or further encouraging residential uses. They were concerned that if changes are too radical they could result in new uses or development that would push out some of the existing businesses that they enjoy today.

Additionally, staff worked during this time period to further analyze the NB code and identify changes that might support reuse and redevelopment while maintaining the broad intent of neighborhood serving and compatible uses. Three general categories of potential code changes include:

- Changes to allowed uses and size limits on specific use types
- Changes to support multifamily and mixed use development
- Changes to non-NB parts of the Land Use Code, such as parking standards.

Uses and size limits – The amendment initiated by Council focuses on the use and size limitations of the NB zone. The retail market study recommended zoning modifications, such as increased size limits for health clubs, hardware stores, and childcare, and to allow for apparel and accessory stores. The existing 5,000 square foot limit for a child care use restricts the property owner from leasing a 9,000 square foot space to a child care provider.

The NB zone includes size limitations for various categories of uses. These are intended to ensure that uses in the NB district are consistent with NB's focus on serving a lower intensity residential neighborhoods. The limitations also help preserve grocery stores and drug stores as the primary uses in these centers.

- Individual retail uses in NB, except food stores and miscellaneous retail trade (i.e. grocery and drug stores), are limited to 5,000 square feet.

- Some miscellaneous retail uses, such as liquor stores, antiques, books, sporting goods, jewelry, and florists are limited to 3,000 square feet, individually, and no more than 10,000 square feet combined.
- Service uses, other than administrative office, are limited to 5,000 square feet. This includes uses such as real estate services, laundry, child care, travel agencies, medical clinics, and social services.
- The total combined size of recreation uses, such as gymnasiums and health clubs, are limited to 5,000 square feet per site.

In addition to potential changes to use and size limitations, the long-term redevelopment of the Newport Hills Shopping Center will require addressing the standards that apply to mixed use development and the other non-NB standards, such as parking ratios. However, the center property owner's current focus is on leasing available space to new tenants. While they see redevelopment as an appropriate path, current economic conditions put a cloud over making the investment decision necessary for undertaking a major construction project at this time. Meanwhile, the use and size limit restrictions are important to address now, to allow a broader range of tenants and sizes to fill the available space.

Entire NB District vs. a subset of the NB

There are a range of NB sites located throughout the City, including neighborhood business centers like Newport Hills, corner gas stations like those across from Kelsey Creek, and small stand alone NB sites (Attachment 1 provides a map of NB locations). Based on the earlier conversations with neighborhood groups and interest in a targeted approach, Council has directed limiting the geographic scope for these first phase amendments to NB sites that are greater than three acres. This would limit the amendments to the Newport Hills, Northtowne and Bel-East centers.

NEXT STEPS

At the October 26 study session, staff will provide a brief introduction of the potential amendment and review the current use and size limitations that apply in NB. In response to the sense of urgency in the request, staff proposes a more detailed review on November 9 followed by a public hearing on December 14.*

Staff will continue neighborhood discussions and outreach, and prepare a draft of use and size limit amendments for the Planning Commission's review this fall. The Council asked specifically about seeing significant neighborhood outreach, and so staff will engage the Newport Hills, Bel-East, and Northtowne communities directly and seek their input in crafting this amendment.

Development and review of a second phase of code changes that would support mixed use redevelopment would be more complex, have wider implications, and have a higher degree of neighborhood sensitivity. That second phase could begin later in 2012 in a manner that fits within the Planning Commission's overall work plan.

ATTACHMENTS

1. Map of Neighborhood Business zoning locations

* December 14 would be the typical meeting date for the Planning Commission. If the Commission so chooses, that meeting could be moved to December 7.

Attachment 1 Neighborhood Business (NB) Zones

