



MEMORANDUM

DATE: November 9, 2011

TO: Chair Turner and Members of the Planning Commission

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SUBJECT: NB District Code Amendments – November 16 Planning Commission Study Session

At the Planning Commission's meeting on November 16, staff will present draft Land Use Code Amendments (LUCA) to the NB (Neighborhood Business) District that would increase the size limitations for some uses.

No formal action is requested at this time. Planning Commission comments at this study session will be used to refine the draft amendment and prepare a staff recommendation. At the Planning Commission's direction, a public hearing may be scheduled for December 14th to review the recommended amendment and make a recommendation to the Council.

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 recently directed the Planning Commission and staff to review the use and size limitations of the NB District. Further direction was given to consider amendments that would provide additional opportunity to the business community while remaining consistent with the intended neighborhood orientation of the NB District and the applicable Comprehensive Plan goals and policies. The Council specified that these changes focus on the three larger NB areas in the city, Newport Hills, Bel-East, and Northtowne.

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. Two market research reports conducted last winter conclude that the center's location is unlikely to support a major national retailer or a new anchor grocer. However, the studies identified aspects of the NB zoning that could be adjusted to make redevelopment and reuse of vacant space more feasible.

The NB District

The NB District is intended to support a variety of uses that provide neighborhood services and are compatible with the surrounding residential area. Retail services, such as grocery stores, are

highly valued in Bellevue neighborhoods, and NB District parcels often are immediately bordered by single family homes. The Land Use Code defines the NB District as:

Neighborhood Business Districts are small scale, mixed-use commercial areas that provide housing opportunities and retail and service businesses for the surrounding residential community. These sites may also accommodate a limited amount of administrative office space, provided that the office use does not interfere with the site's primary neighborhood-serving function. NB Districts front on designated primary or minor arterials and are generally 1,000 feet or more apart along the arterials. It is the intent of the City that any such district be located adjacent to existing or proposed residential areas. The maximum size of an NB District, composed of contiguous properties and located on one side of a street, is four and one-half acres. The maximum size is expanded to six acres for NB sites separated by a street.

In Bellevue, there are a number of NB zoning districts, including the Newport Hills, Bel-East and Northtowne neighborhood centers, a small set of NB parcels along Bellevue Way (Chase's Pancake Corral), and individual NB District parcels at locations along NE 8th Street and 148th Avenue. The four corners at 148th Avenue and Main Street at the Kelsey Creek shopping center are zoned NB, although the shopping center itself is zoned CB (Community Business). The Little Store, a small convenience store, and a portion of the Sambica site located along West Lake Sammamish are zoned NB, although the Sambica site is expected to be rezoned to CCC (Camp and Conference Center) following development of the CCC code work. Attachment 1 provides a map of NB zoning.

PROPOSED AMENDMENTS

The owner of the Newport Hills Shopping Center indicated to Council that there is a potential child care use that would like to occupy about 9,000 square feet of the center. The Land Use Code currently limits all service uses, including child care, to 5,000 square feet. In addition to this limit on service uses, the Land Use Code includes limitations on other categories of use. The intent is to ensure that uses in the NB district are focused on serving residential neighborhoods and are uses that are compatible with residential neighbors. The limitations also help preserve grocery stores and drug stores as the primary uses encouraged in these centers. The current Land Use Code requirements for the NB District provide for the following:

- Individual retail uses in the NB District, except food stores and miscellaneous retail trade (i.e. grocery and drug stores), are limited to 5,000 square feet (LUC 20.10.440 – Footnote 5).
- 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 (LUC 20.10.440 – Footnote 19).
- 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 (LUC 20.10.440 – Footnote 16).
- The total combined size of recreation uses, such as gymnasiums and health clubs, are limited to 5,000 square feet per site (LUC 20.10.440 – Footnote 9).

Staff proposes adjusting each of these limits. While small retail and other neighborhood uses often fall well within these size limits, market trends indicate demand for retail and other uses in the 5,000 and 10,000 square foot range. We have the current request from the property owner to accommodate a 9,000 square foot child care use. In the past, we've heard interest in additional recreation uses at neighborhood centers, such as yoga studios, dance studios and karate, that, when taken together, run into the combined size limit for recreation uses. To reduce confusion and provide greater opportunity for new uses and for existing uses to expand consistent with the vision for the NB District, each of the size limits could be increased to 10,000 square feet. The draft Land Use Code amendments included in Attachment 2 illustrates this option. Alternatively, the Commission could focus the amendment on the service use category only at this time to address the immediate request.

At the study session staff will present a number of examples of uses that range from less than 5,000 square feet to well over 10,000 square feet. By way of comparison, the Newport Hills Herfy's restaurant is 2,125 square feet and the Red Apple space is about 20,000 square feet. Other, non-NB examples include the Kindercare on Northup near 108th, which is about 6,800 square feet; the Bartells at NE 8th Street and 120th Avenue NE is about 12,000 square feet; and the Whole Foods at NE 8th Street and 116th Avenue NE is about 57,000 square feet (the current size limit does not restrict grocery and drug stores, these examples are just provided for reference).

While increasing the size limit would provide additional leasing flexibility and help maintain uses in the NB District, increasing the limit too far could have negative effects. NB Districts are not considered to be the appropriate locations for large, big box retailers that serve a citywide or regional clientele. Additionally, the limits help avoid a situation where a large use, such as a large health club, would displace an existing grocery store that the community as a whole values.

The City Council expressed concern about applying increased size limits to some of the smaller NB Districts, because the larger thresholds could result in single uses that are disproportionate in scale to the size of the district and ultimately compromise the mixed-use objectives of the NB vision. Therefore, if the Planning Commission concludes that size limit modifications are desirable, these amendments will also be tailored in a way so as to apply only to the larger NB districts by limiting them to where the defined project area is at least three acres. The Newport Hills, Northtowne, and Bel-East shopping centers would all qualify.

It is proposed that the draft amendment would remove footnote 19 and consolidate the limit within footnote 5. While the proposed 10,000 square foot limit would only apply to these three-acre or greater areas, it should be noted that the change would increase some retail size limits from 3,000 square feet to 5,000 square feet for all NB Districts as a means to simplify the code and make it easier to use.

Future Amendments

In addition to amendments to adjust the size limitation in the NB zone, the past market studies and staff review identified a number of potential changes that might be considered in the future, including:

- Changes to allow additional specific use types
- Changes to remove allowed uses that are inappropriate for NB
- Changes to foster new multifamily and mixed use development
- Changes to non-NB parts of the Land Use Code, such as parking standards.

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. Addressing the allowed uses would both create additional economic opportunity and avoid unintended incompatibilities. Such uses as automotive accessories, apparel, and furniture retail are restricted today but might be appropriate for the NB District at the right size and scale. Meanwhile, the Code's allowance of agriculture, forestry production, and mining in the NB District could be reconsidered. These are all important aspects of the NB District that should be reviewed. At this time, the center's property owner is currently focused on leasing available space to new tenants. Therefore, it is anticipated that a first set of amendments will address the size limitations discussed above and that additional code changes will occur in a second phase when time is available on the Planning Commission schedule and the NB work has been prioritized by the City Council vis-à-vis other competing code amendment priorities.

OUTREACH PROCESS

In April, during the Council's review of the current state of the Newport Hills Shopping Center the Council questioned how NB District changes would apply to other NB District sites citywide. 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 noted that they consider their shopping centers one of the focal points and gathering places in the community. When asked about changes to the NB District 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.

In addition to the regular contact staff has had with the Newport Hills community and the past meetings with other neighborhoods, staff is continuing community outreach for this LUCA. Staff has contacted the Newport Hills, Bel-East, and Northtowne communities directly and is working to set up individual meetings to review the draft amendments prior to the public hearing.

Staff has phoned and/or emailed neighborhood leaders and everyone who attended the past meetings in the Northtowne and Bel-East area neighborhoods and let them know of the November 16th Planning Commission meeting. Additionally, an article in the November edition of the Neighborhood News, sent to 1,000 neighborhood leaders and "active residents," described the NB review project underway.

NEXT STEPS

The Planning Commission is asked to provide comments on the draft LUCA that would modify the NB District. Feedback from the Commission and the public will be used to refine the draft amendment and develop a staff recommendation.

To be responsive to the shopping center's needs, staff proposes scheduling a public hearing on December 14 on the amendments that would adjust the use size limitations. The Planning Commission may make a recommendation to the City Council at, or following, the public hearing.

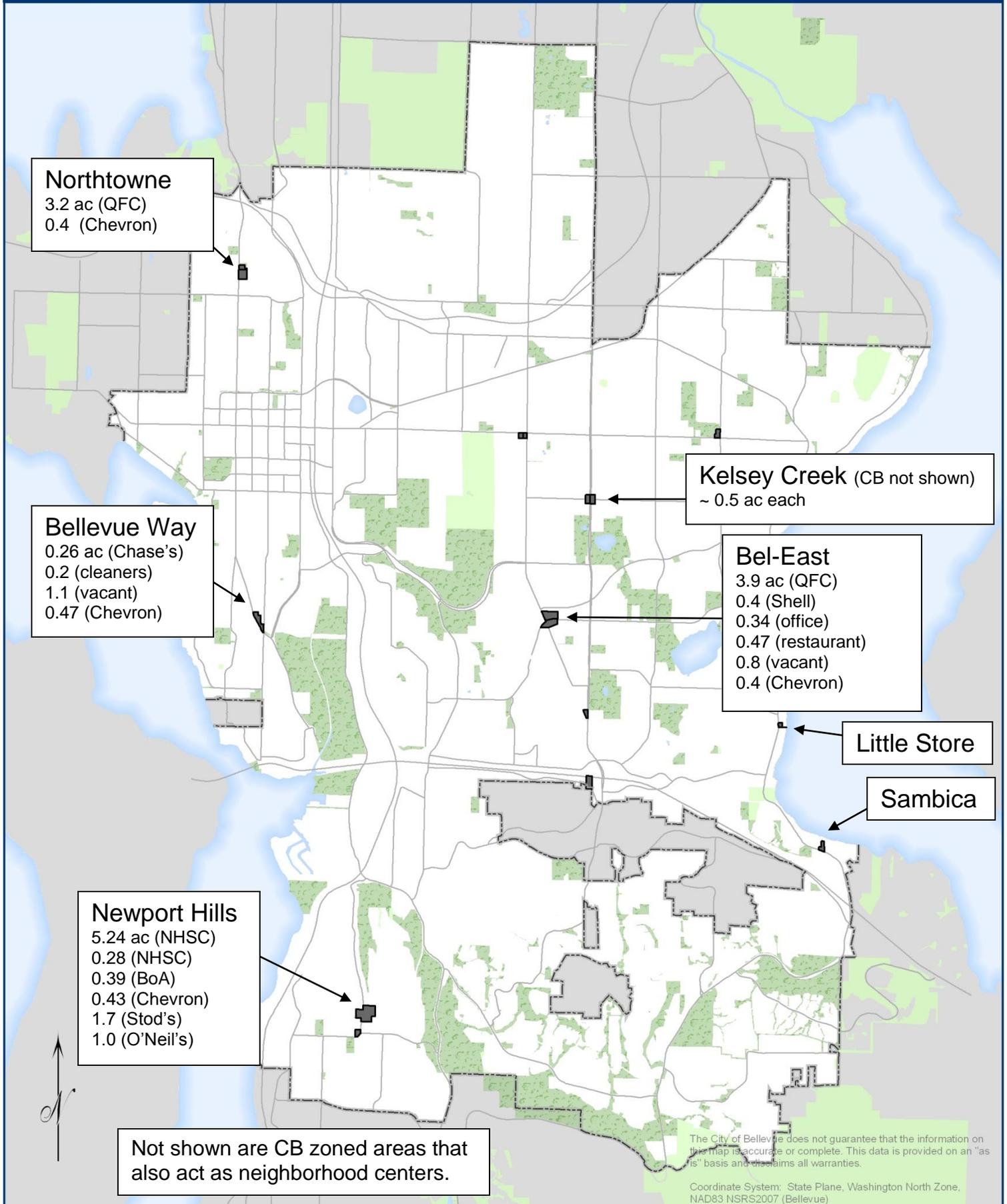
Development and review of a second phase of code changes that would address a broader array of changes to the NB District and potentially support mixed use redevelopment could begin in the future as part of a Council-directed code amendment work program.

ATTACHMENTS

1. Map of Neighborhood Business District locations
2. Draft NB District code amendment

Link the Land Use Code Use Charts: <http://www.codepublishing.com/wa/bellevue/?LUC>

Neighborhood Business (NB) Zones



Attachment 2

Draft LUC Amendments

LUC Footnotes - Wholesale and Retail Use Charts

1. LUC 20.10.440, Footnote 5 (below) limits wholesale and retail uses in the NB District, except food stores and miscellaneous trade, to 5,000 square feet. The proposed LUCA would change the existing footnote language as indicated by the underlined sentence in blue font.

Existing Footnote:

(5) Each individual wholesale and retail use in the NB District, except retail food stores and miscellaneous retail trade, is limited to 5,000 square feet. Wholesale and retail uses intending to operate between the hours of 12:00 midnight and 6:00 a.m. must obtain administrative conditional use approval. The applicant must meet the decision criteria for an Administrative Conditional Use Permit set forth in Chapter [20.30E](#) LUC, and must demonstrate that: 1) the use will meet the requirements of the Noise Control Ordinance, Chapter [9.18](#) BCC; and 2) the use will meet the lighting standards of the Community Retail Design District for all lighting fixtures on the premises that would be lit between the hours of 12:00 midnight and 6:00 a.m. Businesses operating between the hours of 12:00 midnight and 6:00 a.m. on the effective date of the ordinance codified in this chapter are exempt from the ACUP requirements.

Proposed Footnote:

(5) **Individual retail uses in NB Districts, except retail food stores and drug stores, are limited to 5,000 square feet when the project limit is under 3 acres and are limited to 10,000 square feet when the project limit is 3 acres or greater.** *Wholesale and retail uses intending to operate between the hours of 12:00 midnight and 6:00 a.m. must obtain administrative conditional use approval. The applicant must meet the decision criteria for an Administrative Conditional Use Permit set forth in Chapter [20.30E](#) LUC, and must demonstrate that: 1) the use will meet the requirements of the Noise Control Ordinance, Chapter [9.18](#) BCC; and 2) the use will meet the lighting standards of the Community Retail Design District for all lighting fixtures on the premises that would be lit between the hours of 12:00 midnight and 6:00 a.m. Businesses operating between the hours of 12:00 midnight and 6:00 a.m. on the effective date of the ordinance codified in this chapter are exempt from the ACUP requirements.*

2. Except for drugstores, LUC 20.10.440, Footnote 19 limits all miscellaneous retail uses combined in the NB District to a maximum of 10,000 square feet and individual retail uses to a maximum of 3,000 square feet. The proposed LUCA would eliminate Footnote 19 for consistency with Footnote (5).

LUC Footnotes - Service Use Charts

1. LUC 20.10.440, Footnote 16 (below), limits each individual service use and first floor administrative office use in the NB District to 5,000 square feet. The proposed LUCA would change the footnote language as indicated below in bold font.

Existing Footnote:

(16) Other than administrative office use, each individual service use in NB Districts is limited to 5,000 square feet. Administrative office use is limited as follows: when located on the first floor of a building, administrative office use is limited to 5,000 square feet or 25 percent of the first floor footprint, whichever is less; when located above the first floor of a building, administrative office use is allowed without a limit on total aggregate square footage, so long as each individual administrative office use is limited to 5,000 square feet. In no event may administrative office uses exceed more than 50 percent of the total building square footage. Administrative conditional use approval is required for hours of operation between 12:00 midnight and 6:00 a.m. The applicant must meet the decision criteria for an Administrative Conditional Use Permit set forth in Chapter [20.30E](#) LUC, and must demonstrate that: (a) the use will meet the requirements of the Noise Control Ordinance, Chapter [9.18](#) BCC; and (b) the use will meet the lighting standards of the Community Retail Design District for all lighting fixtures on the premises that would be lit between the hours of 12:00 midnight and 6:00 a.m. Businesses operating between the hours of 12:00 midnight and 6:00 a.m. on the effective date of City of Bellevue Ordinance No. [4422](#) are exempt from the ACUP requirements.

Proposed Footnote:

(16) **Individual service uses in NB Districts, other than administrative office, are limited to 5,000 square feet when the project limit is under 3 acres and are limited to 10,000 square feet when the project limit is 3 acres or greater.** Administrative office use are limited as follows: when located on the first floor of a building, administrative office use is limited to 5,000 square feet or 25 percent of the first floor footprint, whichever is less. In no event may administrative office uses exceed more than 50 percent of the total building square footage. Administrative conditional use approval is required for hours of operation between 12:00 midnight and 6:00 a.m. The applicant must meet the decision criteria for an Administrative Conditional Use Permit set forth in Chapter [20.30E](#) LUC, and must demonstrate that: (a) the use will meet the requirements of the Noise Control Ordinance, Chapter [9.18](#) BCC; and (b) the use will meet the lighting standards of the Community Retail Design District for all lighting fixtures on the premises that would be lit between the hours of 12:00 midnight and 6:00 a.m. Businesses operating between the hours of 12:00

LUC Footnotes – Recreation Use Charts

1. LUC 20.10.440, Footnote 9 (below), limits the total floor area for all recreation uses in an NB District to a maximum of 5,000 square feet. The proposed LUCA would change the footnote language as indicated below in bold font.

Existing Footnote

(9) Recreation activities are restricted to health clubs, recreation instruction, and gymnasiums in NB Districts and the total floor area for all combined recreation activity uses may not exceed 5,000 square feet per NB site.

Proposed Footnote

(9) **Recreation uses, such as gymnasiums and health clubs, are limited to 5,000 square feet when the project limit is under 3 acres and are limited to 10,000 square feet when the project limit is 3 acres or greater.**