

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

July 17, 2017
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Stokes, Deputy Mayor Chelminiak, and Councilmembers Lee, Robertson, Robinson¹, and Simas

ABSENT: Councilmember Wallace

1. Executive Session

The meeting was called to order at 6:08 p.m., with Mayor Stokes presiding. There was no Executive Session.

2. Study Session

(a) Legislative Session Update – State Representative Joan McBride

Mayor Stokes introduced Joan McBride, State Representative for the 48th District, who provided a brief update on the legislative session. Ms. McBride said she worked on five bills that passed the House, the first being HB 1594 which improves agency efficiency in responding to public records requests and provides assistance to local governments to improve retention and response practices. Ms. McBride said she sponsored the bill in the House, which was a companion bill to SB 1595. She said it was a positive experience working, as a Democrat, with Representative Terry Nealey, who is a Republican. She noted it was a good lesson about the need to put partisanship aside to do something important.

Representative McBride said the bill reflects the most significant change with regard to public records in 40 years. The legislation helps local governments deal with vexatious requesters and provides a grant program for small cities and towns. It grants cities the authority to consider a request for all or significantly all records as not an identifiable request, and it limits bot requests. Ms. McBride thanked the City of Bellevue for hosting several stakeholder meetings, which were important in enhancing public engagement.

¹ Councilmember Robinson participated remotely via speakerphone.

Representative McBride said she worked on HB 1616, which encourages the preservation of existing affordable housing; HB 1183 which allows the designation of creative districts to support the arts and encourage economic development; HB 1262 which expands the width of access aisles next to van accessible parking spaces and clearly marks the aisles as “no parking”; and HB 1641 which allows unaccompanied, homeless youth to access basic, non-emergency healthcare. She noted that each bill passed with bipartisan sponsorship and support and has been signed into law. Additional legislation that passed the House included the paid family leave bill, State operating budget, and a large property tax to fund education. She said she and most, if not all, Eastside legislators voted against the tax (81 cents per \$1,000 AV).

Ms. McBride said the House passed the capital budget. However, the Senate has not yet approved the capital budget. Eastside projects include \$1.5 million in the House proposal for the Highland Village Apartments preservation, as well as the following items in both the House and Senate proposals: \$309,000 for the Redmond Coordinated and Safe Service Center for the Homeless; \$1.44 million for the Willows Road regional trail connection; and \$499,000 for water treatment for kidney dialysis (Northwest Kidney Centers). Ms. McBride noted she will continue to work on housing legislation among other items.

(b) Continued Consideration of Planning Commission Recommendation on
Downtown Livability Land Use Code Amendment [LUC 20.25A – Meeting 3]

City Manager Brad Miyake said this is the third Council session to discuss the Downtown Livability Initiative Land Use Code Amendment. Last week, the discussion addressed four topics: transportation impacts associated with the code, tower separation and setbacks, small site exceptions, and Downtown parking flexibility. He said tonight’s presentation would focus on the affordable housing exemption recommended by staff, as well as floor plate reduction and open space requirements with added building heights. No formal action is requested of the Council at this time.

Mac Cummins, Director of Planning and Community Development (PCD), introduced staff’s presentation and commented on the importance of the public’s understanding of potential building height code changes. He noted that staff will address the opportunity for the additional height to result in public policy benefits for the city as a whole.

Emil King, Strategic Planning Manager, provided an overview of the schedule, noting that the next Council discussion on the Downtown Livability LUCA would be September 5. Final adoption of the LUCA package is anticipated on September 18.

Mr. King recalled that the Council identified floor plate reduction and the open space requirement with added building height as memory book items on June 26. The LUCA adds the potential for increased building heights in a number of Downtown zones. The recurring theme from the Citizen Advisory Committee (CAC) process through the Planning Commission’s review was that, if taller buildings are allowed, there should be a direct relationship with more slender buildings, more distinctive architecture and height variability, and more ground-level public open space.

Mr. King said the Planning Commission's recommendations indicate that any future developments exceeding their "trigger height," which is essentially the building height under the current code, would need to dedicate 10 percent of their site area to outdoor plaza space. For residential buildings, the Commission recommended a 10-percent floor plate reduction above the trigger height. For non-residential buildings, the Commission recommended a floor plate reduction of 10-25 percent, with a follow-up discussion needed by the Council.

Mr. King described the floor plate code provisions reflected in the LUCA. From ground level to the 40-foot height, if a development meets the requirements for through-block connections and setbacks, the floor plate can cover the entire site. He noted that does not happen very often in the Downtown.

From the 40-foot to 80-foot height in the Downtown Office 1 (DT-O-1) district, the maximum floor plates are 24,000 square feet for non-residential development and 13,500 square feet for residential development. Above the 80-foot level, the maximum office floor plate is 24,000 square feet. For residential developments, the maximum floor plate size is 12,150 square feet to produce more slender towers.

Mr. King said the examination of office floor plates relates primarily to the DT-O-1 and DT-O-2 districts. The Planning Commission recommends allowing building heights up to 600 feet in the DT-MU (Mixed Use) district.

Responding to Mayor Stokes, Mr. King said staff recommends deferring the floor plate discussion for the DT-OLB (Office Limited Business) district along I-405 until September 5. Referring to the cross-hatched sections on the Downtown map, the size of the office floor plates and towers is not an issue because the floor area ratios (FARs) and building heights are not conducive to office towers. Mr. King described examples of buildings in other cities with reduced floor plates.

Mr. King described an example of a 15-percent floor plate reduction in the DT-O-1 district. The trigger height in parts of the district that are not along the Pedestrian Corridor is 345 feet for an office building. A building would have a maximum floor plate of 24,000 square feet up to the trigger height, and a 15-percent reduction resulting in 20,400 square feet above that height. He described a second example using a 15-percent floor plate reduction that averages the floor plate reduction on the upper floors above the trigger height. A third example averages the floor plate reduction above 80 feet. The outcome in all cases is a taller, more slender tower.

Mr. King said that, in the DT-MU district, the trigger height is 115 feet and the maximum building height is 230 feet. He noted an example of a building with 20,000 square foot floor plates on lower floors and reduced 18,000 square foot floor plates above the trigger height.

Mr. King highlighted a table comparing 10 percent, 15 percent, 20 percent and 25 percent floor plate reductions above the trigger height. He said the Planning Commission acknowledged the need to determine the level of floor plate reduction that would still be economically viable.

Responding Councilmember Simas, Mr. King said the idea of a 10-percent floor plate reduction and 10-percent open space requirement was discussed extensively with the Planning Commission prior to the completion of the public hearing draft. After the public hearing in March 2017, the Commission discussed whether 10 percent was a large enough reduction to make a difference in what a developer could do versus what could be done without the floor plate reduction.

Mr. King said the CAC discussed the goal of allowing taller buildings to create more slender buildings. He said the reduction can be taken in a number of ways including reducing the floor plate sizes by the same amount on all sides. He said the Commission was comfortable with the 10-percent reduction but thought the Council and staff should explore a maximum reduction of up to 25-percent.

Mr. Simas questioned the aesthetics and economic feasibility of development with the 15-percent floor plate reduction. Mr. King said staff and the Commission acknowledged that the highest office FARs are in the DT-O-1 and DT-O-2 districts. The analysis looked at the level of reduction that would still allow floor plates of more than 20,000 square feet, which is consistent with developers' preference for 20,000 square feet to 24,000 square feet. Mr. King said staff wanted to reflect the Planning Commission's discussion of considering the potential for a reduction above 10 percent. If a 10-percent floor plate reduction was taken out of one face of a 24,000 square foot floor plate, the side would be taken in by 15 feet. A 15-percent reduction takes off approximately 22 feet, which is more noticeable.

Mr. King said staff concurs with the Planning Commission's recommendation of a 10-percent floor plate reduction in the DT-MU and DT-MU Civic Center districts for non-residential buildings. Staff recommends a 15-percent floor plate reduction in the DT-O-1 and DT-O-2 districts for non-residential development and a 10-percent reduction for residential buildings. Staff concurs with the Commission's recommendation for the 10-percent outdoor plaza requirement if a building exceeds the trigger height.

Responding to Deputy Mayor Chelminiak, Mr. King said there was discussion about increasing the 10-percent requirement for outdoor plaza space. He said the discussion was more about the modifications that could be done with the outdoor plaza versus a debate about the specific 10-percent number.

Responding to Councilmember Simas, Carol Helland, Code and Policy Director, said the open space can be located in different areas of the block. However, there are design guidelines to ensure that it functions as a holistic section of open space.

Deputy Mayor Chelminiak noted the objective of producing more attractive tall buildings. He questioned how the floor plate reductions can be used to attain desired designs.

Mr. King said the Downtown Livability LUCA contains a new set of design guidelines for the base, middle, and upper floors of development.

Ms. Helland said that, during the scope of the design review, staff considered buildings with a sawed-off look in order to maximize height. She noted that the design guidelines included in LUC 20.25A.150 address the base, middle, and top levels as well as sculpting at the top of buildings, open space requirements, and other pedestrian features. The related issue is tower spacing/separation, which was recently discussed with the Council.

Deputy Mayor Chelminiak said he is not looking for taller, boxy buildings. He wants to ensure that the proposed LUCA for floor plate reduction encourages more interesting architecture. He questioned whether the 10-percent residential reduction and the 15-percent non-residential reduction incents the construction of residential development in the DT-O-1 and DT-O-2 districts.

Mr. King said it is not likely to affect a decision about whether to do an office versus residential project. He said the developer retains the same FAR with both a 10-percent and a 15-percent reduction. He noted the goal of retaining an economically feasible floor plate size.

Responding to Mr. Chelminiak, Mr. King said there was a change in the DT-MU district. Historically there was a difference in the maximum FARs and height limits. Part of the CAC and Planning Commission process was to equalize the achievable FAR, which is likely to have a greater impact in encouraging more office development in the DT-MU district. Given that approach, Mr. Chelminiak questioned the concept of incenting residential development in the primary office districts.

Mr. Chelminiak reiterated his interest in determining the appropriate floor plate reduction for achieving desirable architectural designs.

Responding to Mayor Stokes, Mr. King said the building examples in Charlotte, North Carolina, are 600-800 feet tall.

Councilmember Robinson questioned whether the code creates an incentive for increased density in the transit-oriented development (TOD) area around light rail stations. Mr. King said the most significant height and FAR changes proposed by the Planning Commission are in the OLB-Central and OLB-South zones along I-405.

Ms. Robinson questioned whether the DT-MU area closer to the East Main Station is considered TOD. Mr. King said there was fairly extensive discussion regarding the perimeter overlay A3 and B3 areas on the north side of Main Street. Separate code provisions were drafted for those areas due to their proximity to the light rail station. The CAC and Planning Commission did not alter the remainder of the MU area on the south side of Main Street, however. Ms. Robinson said it would be interesting to explore whether more residential development could be encouraged closer to the light rail station than in the rest of the MU district. Mr. King said that part of the Downtown is becoming increasingly residential.

Councilmember Robinson questioned whether anything is being done to make the plazas more welcoming to people who do not live or work in buildings. Mr. King said that, if a development exceeds the trigger height and is required to provide a plaza, the code ties that requirement back to the incentive system design criteria. The plaza must be visible and accessible from the public right-of-way, provide signage and a minimum amount of seating, complete landscaping on 20 percent of the site, and provide other amenities (e.g., art, water features).

Responding to Councilmember Robertson, Mr. King said the code requires that the plazas are open and accessible 24 hours per day.

With regard to floor plate reduction, Ms. Robertson concurred with Deputy Mayor Chelminiak about design review, which she believes will be the key to ensuring a high-quality urban environment in the Downtown. She wants residential and office development to be treated the same. She does not want to drive a certain kind of outcome in the way the City dictates limits on FAR, building heights, and other factors. She believes the market should determine the type or types of uses within a development.

Councilmember Robertson noted her preference for the 10-percent floor plate reduction for both residential and office development.

Ms. Robertson recalled the Council's previous discussions regarding tower spacing and FAR. She suggested that the tower spacing and FAR requirements will limit the building height. Mr. King said there would generally be adequate FAR to develop a 600-foot tower on roughly one-third of a superblock in the DT-O-1 district. Ms. Robertson suggested that with the tower spacing, FAR, and floor plate reduction provisions, there will be space between towers, even if they are taller.

Ms. Robertson expressed concern regarding a floor plate reduction that would reduce office floor plates beyond what is economically feasible. She thanked staff for the calculation that the minimum economically feasible office floor plate is 20,000 square feet. If the reduction percentage results in smaller floor plates, the City will not achieve the taller, slimmer, better-designed buildings. She said there would instead be shorter, more box-shaped designs. Ms. Robertson said she supports the 10-percent floor plate reduction. However, she cautioned against requiring a reduction resulting in a floor plate of less than 20,000 square feet.

Mr. Cummins said 20,000 square feet is generally considered the industry standard because it allows for the most flexibility in leasing and potentially dividing space on a floor. However, many office buildings are built with floor plates smaller than 20,000 square feet. To the extent that the City wants to encourage differentiation on upper floor plates to produce better architecture, he said that 18,000 square feet is not going to be economically infeasible.

Councilmember Lee noted the importance of economic feasibility, and thanked staff for involving the appropriate stakeholders in the Downtown Livability Initiative process. He said residential development in the Downtown has grown significantly over the past 10 years. Mr.

Lee spoke in favor of code provisions with the flexibility to develop creative and iconic architecture.

Councilmember Simas recalled that the Downtown Livability Initiative CAC discussed prescriptive versus permissive elements in the code. Responding to Councilmember Simas, Ms. Helland said there is enhanced flexibility in the code. Some items are incorporated into the code sections, including the opportunity to average floor plate sizes.

Ms. Helland said the code also adds flexible departure requirements. While a prescriptive standard is provided as a “safe harbor,” certain departures are allowed with regard to dimensional requirements and other elements in the design guidelines. She said those situations require more thought and public engagement to ensure that the departures receive public feedback during design review. Ms. Helland noted that establishing a development agreement in working with the City Council provides even greater flexibility as well.

Councilmember Robertson suggested that the maximum floor plate size in Bellevue might be slightly small for high-tech corporate tenants, which prefer roughly 30,000 square feet. She questioned whether the City has considered how it might accommodate that growing use.

Mr. King said planning staff is working with economic development staff on the Downtown LUCA. He confirmed that staff did not significantly increase floor plate sizes in the core because there is now a greater mix of residential, hotel and office uses. In the OLB Central and South areas, an effort was made to allow more density and increased building heights. Mr. King said the code allows 30,000 square foot floor plates in portions of that area based on the proximity of the freeway and the redevelopment potential of the area. However, staff does not want to create a wall effect between the Downtown and the Wilburton area. Mr. King said the Planning Commission recommended specific areas in the OLB-South district in which a development can achieve up to 25,000 square foot floor plates in the 80-150 foot building height range.

Ms. Robertson expressed concern that, in the DT-O-1 and DT-O-2 districts, the maximum floor plate above the 40-foot height is 24,000 square feet. She questioned whether flexibility exists for those developments. Ms. Helland said additional flexibility is provided in the LUCA. The previous building separation requirements started at 40 feet, and the LUCA increases that to 80 feet. In further response, Ms. Helland said the flexibility to create a larger floor plate on higher floors in the Downtown core, in exchange for perhaps more open space, is not provided in the code. In further response, Ms. Helland said development agreements do not currently allow that type of departure. However, the Council could change that if desired.

Councilmember Robertson requested, for the September 5 meeting, that Ms. Helland and staff consult with economic development staff to determine the market demand and how the OLB zone, which might allow larger floor plates, is adequate to accommodate the influx of technology-oriented businesses. Ms. Robertson would like information on whether the City might want to consider greater flexibility in the DT-O-1 and DT-O-2 zones.

Mr. Cummins said the City needs to conduct further study of the tech market in general and of those companies' locational choices based on their workforce. He said some companies might not want to be in the Downtown, but prefer light rail corridors or industrial areas. He said it is important to study those issues citywide.

Deputy Mayor Chelminiak observed that high-tech companies have different needs, and some might prefer larger floor plates. He looks forward to more information following staff's study of their needs and requirements.

Councilmember Lee concurred with Councilmember Robertson regarding the market aspects. Mr. Lee expressed support for Mr. Cummins' interest in looking at tech companies' needs citywide.

Mayor Stokes questioned how the code will avoid ending up with a short, boxy building. Mr. King said if maximum floor plates were increased in the DT-O-1 district, you would potentially have more FAR used up at that lower 40-80 foot level. There would not be a requirement to use the larger floor plate. Once you get above the 24,000 square foot floor plate level, there can be impacts on urban design. Based on the large block pattern in Bellevue, Mr. King said the City wants to encourage pedestrian access around and through developments within a block.

Mr. Stokes questioned the rationale for not increasing the FAR, yet trying to achieve taller, slimmer buildings and incentives for better architecture. Mr. King said the premise of the direction from the Council as well as the work of the CAC and the Planning Commission was that, in some cases, additional FAR would make sense (e.g., OLB near light rail station). However, Mr. King said staff was not specifically tasked with exploring increased FARs across the Downtown. He noted that developers will not always exceed their building trigger heights or reach their maximum building heights.

Planning Director Dan Stroh said iconic architecture is one of the key objectives. However, other goals related to light, air, and open space were important in thinking about urban form as well.

Mr. Stokes questioned the incentive for developers to build taller, slimmer buildings with more attractive architecture using the same FAR. Mr. Stroh said increased building heights will not be used by all developers. He said there is a likelihood that the architecture developers will use to remold the building with the same FAR will produce the desired outcomes. He said the code is intended to achieve additional open space and slimmer buildings, through both code requirements and guidelines, if a developer chooses taller heights. In further response to Mr. Stokes, Mr. Stroh said the updated design guidelines are a significant part of the overall Downtown Livability Initiative package.

Moving on, Mr. Stroh introduced discussion regarding the affordable housing component of the Downtown Livability LUCA. He recalled that the Planning Commission recommended a 1.0 FAR exemption to encourage affordable housing. The Council approved that approach in June, and staff is moving forward with its analysis of how the FAR exemption will work.

Arthur Sullivan, Program Manager for A Regional Coalition for Housing (ARCH), said staff recommends allowing up to a 1.0 FAR exemption targeted at creating affordable housing at the 80-percent average median income (AMI) level. The proposed ratio is to allow a 2.5 square feet of market-rate housing for every one foot of affordable housing. Mr. Sullivan said the ratio should be reviewed periodically to ensure the exemption is working as intended. For the Downtown, staff recommends that the provisions described here would supplant the citywide affordable housing density bonus in LUC 20.20.128.

Mr. Sullivan noted that not every builder will use the FAR exemption. However, staff estimates that approximately five percent of a project's units will be affordable if a developer uses the full 1.0 FAR exemption. Mr. Sullivan said some cities have provisions to allow a smaller amount of affordable housing if the units are affordable at a lower percentage of median income. For example, a city might allow two affordable units at the 70-percent AMI level versus requiring three units at 80-percent AMI.

Mr. Sullivan said the standard provisions for affordable housing address the life of the affordable rental housing, the form of the affordability covenant, and housing unit design and finishes. The affordable units are to be dispersed throughout the development with a mix of sizes (i.e., number of bedrooms). The affordable units can have smaller square footage, and the tenure of the units is to be the same as the market units.

Mr. Sullivan said Bellevue currently allows the multifamily tax exemption (MFTE) program in the Downtown. The current affordability requirements in the Downtown, Eastgate, and Wilburton areas are that 10 percent of the units must be affordable at 60-percent AMI, and 10 percent of the units must be affordable at 70-percent AMI. That requirement applies over the term of the MFTE, which is 12 years.

In the Downtown, the MFTE program has no provision to account for potential affordability linked to the land use FAR bonus. In the BelRed area, developers to date are using the affordable housing density bonus provisions for 10 percent of units affordable at 50-percent AMI and 10 percent of units affordable at 70-percent AMI. When the MFTE program is updated, Mr. Sullivan suggested that the City analyze options for combining the use of the Downtown affordable housing exemption with the MFTE.

Responding to Councilmember Robertson, Mr. Sullivan confirmed that the proposed FAR exemption ratio is 2:1 for the Eastgate area and 2.5:1 in the Downtown. Ms. Robertson said she is pleased with staff's plans to study the potential for combining the use of the Downtown affordable housing exemption and the MFTE. She suggested that, if a developer wants to use the MFTE and the exemption, the required 60-percent AMI and 70-percent AMI units could revert to the 80-percent AMI level at the end of the MFTE 12-year term.

Mr. Sullivan said that, in other cities where long-term affordability is tied to the MFTE, one covenant is used to cover both scenarios. In Bellevue, staff proposes two separate covenants with one for 12 years and the other for the life of the development. Mr. Sullivan said ARCH typically

tries to design a system in which a builder never has to provide more than 10 percent of affordable units in a development.

Deputy Mayor Chelminiak questioned the potential for an option to subsidize units to remain at the 60-percent AMI level beyond the 12-year MFTE term. Mr. Sullivan said staff is studying that and similar options at this time.

With regard to the proposed homeless shelter, Mr. Chelminiak stated his understanding that the Eastgate LUCA codifies staff's current interpretation that homeless shelters fall under transient housing in the code. He suggested that the same approach should be used in other districts. Ms. Helland said that issue will be discussed further on July 24.

Councilmember Simas questioned whether the incentives will be appealing from a developer's standpoint. Mr. Sullivan said he has worked with cities and counties over the past 25 years to help them develop incentive programs for affordable housing. While a number of factors are involved, Mr. Sullivan said that affordable housing incentives undergo essentially the same financial and economic analysis as other incentives. In further response, Mr. Sullivan said the building community is diverse and each builder has its own objectives. Few builders have used the City's voluntary system for affordable housing. However, some builders will not provide affordable housing using any incentive.

Councilmember Robinson noted her interest in further discussion of the MFTE and in layering the incentives. She questioned whether other cities have been successful in achieving permanent affordability for certain housing units. Mr. Sullivan said that all 1,200 affordable housing rental units created by ARCH in East King County will continue for the life of the permitted use. He noted the number of buildings in Downtown Redmond with affordable units at the 80-percent AMI level.

Ms. Robinson said she is interested in units below the 80-percent level. Mr. Sullivan said the City of Kirkland has units at 50-percent AMI in certain neighborhoods for the life of the permitted use. He said the Park Place redevelopment project in Downtown Kirkland has permanent affordable housing units below that level, as does a project in Sammamish. Mr. Sullivan said that permanent affordability has not raised concerns with local or national developers.

Councilmember Robinson stated her interest in mandatory inclusionary affordable housing in TOD areas. She said that was previously effective in Bellevue and has been effective in other cities. Mr. Sullivan noted that is a policy discussion for the Council.

Mayor Stokes said the Council may revisit the issue, if desired. Mr. Stroh recalled that the issue of mandatory affordable housing was discussed with the Council as part of the Affordable Housing Strategy work. Mr. Stroh said the Council did not vote on the issue but provided general direction in favor of voluntary incentives.

Councilmember Robinson said she would like to consider mandatory affordable housing requirements for TOD areas only.

Responding to Deputy Mayor Chelminiak, Mr. King said staff will be prepared for further discussion of tower spacing on September 5. Mr. Chelminiak would also like to consider additional incentives for distinctive architecture.

Councilmember Robertson suggested that, while the Council did not reach a consensus regarding the floor plate reduction, she did not hear any Councilmember advocating for a percentage above 10-15 percent.

Responding to Mayor Stokes, Ms. Robertson recalled discussing mandatory inclusionary affordable housing as part of the Affordable Housing Strategy. She said at least five Councilmembers were not interested in that approach, and she is not interested in revisiting the issue, which would slow down the Downtown Livability Initiative process.

Councilmember Lee concurred. The Mayor and Deputy Mayor suggested the topic could be addressed in the future within the context of the Affordable Housing Strategy. Councilmember Robinson agreed to that approach, noting that she does not want to slow down the Downtown Livability process. However, she would like to set a deadline for reviewing the issue of mandatory affordable housing if voluntary incentives are not producing affordable housing units.

At 8:01 p.m., Mayor Stokes declared recess to the Regular Session.

Kyle Stannert, CMC
City Clerk

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