

## CITY COUNCIL STUDY SESSION ITEM

### **SUBJECT**

Request by Aegis Living to initiate and expedite a Land Use Code amendment to increase FAR in the BR-MO District

### **STAFF CONTACT**

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### **POLICY ISSUES**

Shall the Council initiate and expedite a Land Use Code amendment and Comprehensive Plan Amendment to increase the maximum FAR in the BR-MO District from 1.0 to 2.0 for “assisted living” use? This is in response to a request by Aegis Living that has a project underway in the subject district.

### **DIRECTION NEEDED FROM COUNCIL**

☐ Action

☒ Discussion

☐ Information

Staff is providing an update on our analysis of the Aegis Living request to initiate and expedite a Land Use Code amendment related to their proposed assisted living development in BelRed. Because the proposal presents additional complexities, staff will bring back options for consideration in approximately 2 to 3 weeks for final direction by the Council.

### **BACKGROUND/ANALYSIS**

On December 14, 2015, representatives of Aegis Living came before the Council in Oral Communications, with a request to initiate and expedite a Land Use Code amendment that would affect their property in the BR-MO District. They presented specific Code amendment language that would allow the maximum floor area dedicated to “assisted living” use in the Bel Red Medical Office District (BR-MO) to exceed the base FAR of 1.0 up to a maximum FAR of 2.0, subject to provision of a fee-in-lieu affordable housing incentive. The Aegis proposal is provided as Attachment A. In addition to the substantive merits of the proposal, this raises questions about work program priorities as set by the Council in October of last year.

### **Evaluation of Substantive Impact of Amendments**

In terms of the merits of the Aegis proposal, following are some pros and cons:

Pros	Cons
<ul style="list-style-type: none"><li>• Would allow for a larger assisted living development on the subject site and potentially other sites in the BR-MO District—serving a needed population.</li></ul>	<ul style="list-style-type: none"><li>• Many other Council priorities underway; not consistent with work program priority set by Council in Oct 15.</li></ul>

<ul style="list-style-type: none"> <li>Presented as opportunity for affordable housing fee in lieu payment, consistent with established BelRed incentive zoning system. 35k sq. ft. site at full 1.0 additional FAR and \$15/sf would generate about \$0.5M. (If standard BelRed residential rate of \$18/sf were applied, this would generate about \$0.6M.)</li> <li>Assisted living residents tend to generate fewer daily trips than other types of residents (though higher levels of trips for service providers).</li> </ul>	<ul style="list-style-type: none"> <li>Not clear whether or not addl. FAR is appropriate—needs evaluation.</li> <li>Comp Plan issue—BR Subarea S-BR-90 calls for MO FAR “up to 1.0 FAR.”</li> <li>Aegis site is part of the larger BR-MO zone (80 acres); likely will draw additional BR-MO property owners into discussion on scope and scale of what is now a surgical amendment.</li> <li>This party is asking the city to initiate a code amendment out-of-sequence that rather uniquely benefits their site.</li> </ul>
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### **What would be entailed in processing the Aegis request?**

Although Aegis representatives presented a draft ordinance amending the Land Use Code, our analysis shows that additional work would be required to accomplish Aegis’s stated objected. In order to develop a defensible code provision that could be applied as Aegis envisions, the city would need to expedite both a Land Use Code Amendment and a Comprehensive Plan amendment through the Planning Commission and Council. A number of implications would need to be examined. The proposal would apply to the entire BR-MO District, which is about 80 acres in size (about 100 times the size of the Aegis parcel). The appropriateness of this level of FAR would need to be examined in the context of the City’s wider growth strategy, as well as specific issues of traffic and other impacts on nearby affected areas. Given the specific direction on FAR in the BelRed Subarea Plan, the proposed change would also require a CPA. BelRed Subarea Policy S-BR-90 focuses on the BR-MO and Medical Institutional Districts, and is quite specific about maximum FAR:

***Policy S-BR-90.** Provide for office uses in this area, with an emphasis on medical office, and with an FAR up to 1.0.*

Staff could work to process the CPA and LUCA in parallel to the extent feasible, with notifications, staff reports, public hearings, SEPA environmental review, Planning Commission recommendations, and Council processing. However, under the state Growth Management Act, the City cannot amend the Comprehensive Plan more than once per year, unless declaring an emergency or adopting a Subarea Plan. This would likely push adoption into September or October, with this CPA as part of the 2016 package of amendments. We are working with Aegis representatives to better understand the time constraints associated with their current development plans

### **Other Work Program Implications**

Staff is aware of a number of additional privately-initiated requests for Land Use Code Amendments that are likely to come forward in the first quarter of 2016. In order for Council to fully weigh the implications of expediting the Aegis request we are working with those other parties to better understand the scope and timelines associated with those other requests. We plan bring the requests forward for a single discussion with Council in the next two to three weeks for final direction.

### **Councilmember Questions**

Following are responses to several Council questions following the December 14 presentation by Aegis.

*Q1. What is the amount the City currently charges for "fee in lieu" in the BelRed incentive system?*

A: For residential developments, the fee in lieu rate is \$18 per square foot of bonus building area. For nonresidential development, the rate is \$15/sq. foot.

*Q2. What is the status and timeline for the BelRed update process?*

A: Per the work program the Council approved this past October, staff is charged with coming back to Council to set the scope of the BelRed “lookback” in the 2<sup>nd</sup> quarter of 2016. The timing of any actual amendments would be later. This was the timing shuffle caused by a number of major initiatives/Council priorities stacked up to proceed in a short timeframe.

*Q3. What are the time constraints for Aegis and how does that line up with the answer to question #2?*

A: Aegis has an approved design review for a senior memory care facility on their BR-MO property. They have not yet applied for building permits, but could do so at any time. Their request for additional FAR would allow them to build a larger facility, and they understand that would mean going back and re-doing their design review. The more the uncertainty and longer the timeframe, presumably the less palatable this prospect becomes.

*Q4. What incentives for affordable housing are applicable to the BR-MO zone today?*

A: The BelRed Code has no unique provisions for affordable housing in the BR-MO District, though affordable housing is strongly incentivized in higher density districts. A 15% density bonus is available citywide for multifamily developments that include affordable housing. Aegis has told staff this is difficult to apply on-site, because their model has tenants paying for full services in addition to rent.

### **RECOMMENDATION**

Staff is recommending that we develop options for Council to consider initiating the known privately – requested Land Use Code amendments (3 to 4 expected) within the framework of the approved work program. This would entail working with the requestors on scopes and timelines, as well as identifying impacts on the projects already underway or planned within the work program. This will present Council with options for initiating those proposals that meet overall policy objectives, while understanding the potential schedule implications for projects already underway. We expect to have that information available for Council consideration in 2 to 3 weeks.

### **ATTACHMENTS**

- A. December 14 Letter from Aegis LLC
- B. Map of Aegis site and BR-MO District
- C. Summary of Adopted Work Program