

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Initiation of Planning and Land Use Code Work Program Items, including private requests from Aegis, Kemper Development and Overlake Hospital for code amendments to allow development that represent opportunities to meet City objectives.

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POLICY ISSUES

Shall the Council initiate and expedite certain Land Use Code amendments, modifying the planning and code work program approved by Council in October of last year?

Policies Supportive of the Aegis Request:

- Comprehensive Plan Housing Vision. Bellevue meets the housing needs of its diverse population, strengthening neighborhoods and communities.
- Comprehensive Plan Housing Goal. To maintain the vitality and stability of single family, multifamily and mixed used neighborhoods, and promoting a variety of housing opportunities to meet the needs of all members of the community.
- HO-7 and HO-23. Encourage the development of affordable housing through incentives and other tools consistent with state-enabling legislation.
- HO-11. Encourage housing opportunities in mixed residential/commercial settings throughout the City.
- HO-12. Provide incentives to encourage residential development for a range of household types and income levels in multifamily and mixed use commercial zones.
- HO-34. Provide reasonable accommodation for housing people with special needs in all areas, and avoid concentrations of such housing, while protecting residential neighborhoods from adverse impacts.

Policies Supportive of the Kemper Development Request:

- S-DT-1. Emphasis shall be placed on Downtown Livability, with provisions made for the needs, activities, and interests of Downtown residents, employees, shoppers, and visitors.
- S-DT-45. Continue to encourage the NE 6th Street Pedestrian Corridor as a major unifying feature for Downtown Bellevue.
- Council Vision for a grand connection from Meydenbauer Bay to the Wilburton Special Opportunity District.

DIRECTION NEEDED FROM COUNCIL

☒ Action
☒ Discussion
☐ Information

Staff is seeking direction tonight on whether the Council wishes to initiate and expedite Code amendments requested by several parties. This is a continuation of your discussion from February 1, which focused on a Code amendment requested by Aegis Living LLC. Staff was directed to bring this item back for consideration along with several other Code amendment proposals that have come forward since the work program was adopted last Fall, so the Council can consider these at the same time.

BACKGROUND/ANALYSIS

In October 2015 the Council approved an ambitious planning and land use code work program (See Attachment 1 for a work program summary). Among other items, the Council-directed work program includes completion of the Downtown Livability Initiative, the Eastgate/I-90 Corridor code amendments, new work on an affordable housing action strategy, siting of a winter homeless shelter, planning for the Wilburton area and Grand Connection, resumption of subarea planning, completion of the Critical Areas Update and initiation of a BelRed “lookback.” On February 1, the Council commented favorably on the Aegis Living proposal for a Code amendment that would provide added density for assisted living projects that promote housing affordability. The question tonight is how to fit this and potentially other recently emerging planning and code work items into the Council-adopted work program that is already quite full.

The work program is affected by several developments that have come forward since adoption of the work program last fall. As noted on February 1, the intent tonight is to provide Council a complete picture of all these items so you can see the cumulative effect on the whole work program. Some of these items, like the Aegis proposal, would require Council initiation. Others impact the work program but do not require Council initiation. Following is a summary of these major added items.

In recognition of the Council’s stated interest in taking advantage of opportunities to facilitate development that meets City objectives and fulfills community needs, staff is also reviewing opportunities with these and existing work program items to modify processes, pilot different approaches to performing some of this work and otherwise find ways to create capacity to act on opportunities like these without having to drop other priority work. Until we complete the assessment of those opportunities (described in a bit more detail below), we won’t be able to precisely identify the impacts of adding the below initiatives to the current work plan. It is likely that there will be pressures in the near term on the Council and Planning Commission meeting agendas and some items will be set out to later dates in order to accommodate some of the below issues, which have tighter time frames driven by private development.

Major planning/land use projects that do not require Council action to initiate

- Bellevue College Master Plan update. Bellevue College has launched a process to update their master plan. Though this does not require a Code amendment, staff is working with the College for consideration of city interests, consistent with the Council’s priority to support higher education.
- Newport Hills Shopping Center. The Newport Hills/Lake Heights neighborhoods have long had an interest in renewal of their neighborhood shopping center. Recently a prospective new owner filed for a privately initiated Comprehensive Plan Amendment for a portion of the site in order to spur redevelopment. Staff anticipates extra work with the applicant and neighborhood to ensure that any redevelopment is a good fit.

Proposed Comprehensive Plan and Code changes requiring Council action to initiate

- Aegis Living request. This proposal was the focus of the Council’s February 1 agenda memo (Attachment 2). The Aegis proposal would increase density for assisted living facilities that include affordable housing in the BR-MO district. They have asked for expedited review to allow for additional density in a specific project that is well underway.

- Pedestrian bridge serving Lincoln Square expansion. Kemper Development Company has approached the City seeking a Land Use Code amendment to enable a pedestrian bridge at the western end of the Pedestrian Corridor. In a letter to the City dated January 29, 2016 (Attachment 3), they have asked for expedited review to coordinate construction with work underway on Lincoln Square 2.
- Overlake Hospital Master Plan update. The hospital is undergoing a major update of their master plan, which ultimately will require changes to the Medical Institutional District regulations contained in the Land Use Code.

Process Improvements Underway

As noted above, the new planning and code proposals come at a time when we have a very ambitious work program that focuses squarely on the Council priorities, and was just approved by the Council last October. The challenge is to recognize real opportunities and take advantage of them, but also to continue aggressively pursuing the work program the Council has already set. In short, we would like to be more agile.

One pathway for handling this workload, while building in additional agility, is to seek out efficiency improvements. Staff is pursuing this on several fronts. We are improving project management capacity and inter-departmental coordination; we are also pursuing process improvements like a combined Comprehensive Plan Amendment and rezone process. To assist the Planning Commission in its role, we are pursuing additional steps: hosting the state-provided “Short Course on Local Planning” workshop this March to augment Commission training; utilizing regular Commission reporting to the Council on work program progress, likely with quarterly reports under the “Reports from Boards and Commissions” portion of the Council Regular Session agenda with an opportunity for Council feedback; and looking for additional opportunities for joint Council/Commission interactions like last November’s incentive zoning workshop to ensure clear direction on Commission work.

To further embrace agility, staff will also be looking for opportunities for “early wins” and pilot approaches, like the Downtown Livability package currently before the Council. This allows for some progress along the way and opportunity for testing approaches before a more comprehensive planning and code package is ready for final action. We believe that the Aegis amendment represents one such pilot opportunity, allowing the City to test an approach for increasing desirable housing types, which may help inform the Affordable Housing action study currently underway.

Other significant planning efforts that are in process (Wilburton/Grand Connection, Subarea planning, Critical Areas Update and the BelRed lookback) are additional opportunities to find different approaches to phasing the work, engaging the community, and implementing change in a way that is more nimble and flexible. We expect to come back to the Council in a focused Study Session to discuss in more detail what those pilot approaches could achieve in terms of saving time in these efforts, or allowing for early implementation of ideas where they make sense.

In addition to evaluating and testing new approaches to create efficiencies in how planning initiatives and land use code amendments are completed, staff is also evaluating the resources and expertise necessary to most effectively complete the work. Conclusions from that assessment will be shared with Council as proposed process changes are advanced and will inform resource requests that are developed as part of the current budget process.

Staff is fully committed to maintaining high quality in carrying out the Council-directed work program, while also looking for new opportunities to be innovative and nimble. In the short term, some of these process improvements may take additional time to put in place; but in the longer term they will add to our capacity and ability to be agile in the face of new opportunities.

Requested Direction on New Items

Tonight staff is seeking Council direction on each of the three new items above that would require Council initiation. A Council decision to initiate an item provides direction to staff and Commission to consider and

develop recommendations on a potential amendment; it does not imply Council's ultimate approval of the amendment.

1. Aegis Living request for increasing density in the BR-MO District for assisted living that also contributes to affordable housing: The February 1 Council agenda memo (attached) summarized the case for an amendment that would facilitate assisted living to meet the needs of a growing older population, as well as the public benefit in promoting affordable housing as proposed by Aegis.

Staff recommendation: With a growing older population, Bellevue will face an increasing need for assisted living housing. The Council has already recognized the need for more affordable housing opportunities, and initiated work on an affordable housing action plan. The Aegis proposal represents an opportunity for an "early win" in advancing the affordable housing strategy.

However, the opportunity is bigger than the BR-MO District. Staff recommends that the Aegis concept of promoting a density bonus for assisted living, combined with on-site or fee-in-lieu affordable housing, be enabled in districts city-wide that set density by FAR (currently DT and BelRed), through a development agreement mechanism. We recommend that the Council initiate a Code amendment that would enable this approach, and that staff be directed to work in parallel to draft a development agreement with Aegis that would take advantage of the current opportunity offered by their site.

2. Kemper Development request to initiate and expedite a code amendment for a pedestrian bridge: Kemper Development would like to build a second-level pedestrian bridge over the public right-of-way at the western end of the pedestrian corridor, connecting Lincoln Square 1 with the new Lincoln Square 2. Since the Lincoln Square expansion is already under construction, they have asked that this LUCA be expedited. Pedestrian bridges are carefully addressed in the code, because they can have a major impact (positive or negative) on the pedestrian environment and public realm. This location is particularly sensitive because it serves as a gateway to the pedestrian corridor and a key location along the Council-described "Grand Connection."

Staff recommendation: Initiate a code amendment to consider a pedestrian bridge at the western end of the Pedestrian Corridor, and given that the Lincoln Square project is already under construction, designate the City Council as the hearing body. Include careful consideration of how such a bridge can serve as a gateway to the Pedestrian Corridor and a signature feature of the Grand Connection, allowing upper-level connectivity for second-level retail uses, but also reinforcing the pre-eminence of the ground plane and public realm.

3. Code amendment to the Medical Institutional District: Staff is coordinating with Overlake Hospital as they undertake a major update of their master plan. They are within the special Medical Institutional District, and the master plan update will require Land Use Code amendments to this district.

Staff recommendation: Initiate a Land Use Code amendment to the Medical Institutional District, as needed to enable appropriate changes to the Overlake Hospital Medical Center master plan. Staff will work with Overlake Hospital to ensure these changes are consistent with the Comprehensive Plan and joint city/hospital interests.

Staff is recommending moving forward on each of the additional work program items above. These will place additional pressures on the Council-approved work program. But they also represent the City's willingness to be agile in responding to emerging opportunities. As noted above, staff is working on process efficiencies that promote this kind of agility. In the near term, it is only honest to note that inserting these items in an already full work program will elongate the timeframes on some projects. Staff feels this is a worthwhile tradeoff.

ALTERNATIVES

- The Council may choose to initiate, or not, any combination of the above work program items. Council initiation requires simply a motion and positive vote by a majority of the Council. Staff is seeking Council direction tonight.

RECOMMENDATIONS

The staff recommendations are repeated from the above text. These are presented for the Council to take separate actions on initiating each of these elements. Council initiation for each item requires simply a motion and positive vote by a majority of the Council. Milestone schedules for these items are presented as Attachment 4.

1. Aegis Living request: Initiate a Code amendment that would enable a density bonus in multifamily districts city-wide for assisted living, where combined with on-site or fee-in-lieu affordable housing, through a development agreement; direct staff to work in parallel to draft a development agreement with Aegis Living that would take advantage of the current opportunity offered by their site.
2. Kemper Development request to initiate and expedite a code amendment for a pedestrian bridge: Initiate a code amendment to consider a pedestrian bridge at the western end of the Pedestrian Corridor, and designate the City Council as the hearing body. Include careful consideration of how such a bridge can serve as a gateway to the Pedestrian Corridor and a signature feature of the Grand Connection, allowing upper-level connectivity for second-level retail uses, but also reinforcing the pre-eminence of the ground plane and public realm.
3. Code amendment to the Medical Institutional District: Initiate a Land Use Code amendment to the Medical Institutional District, as needed to enable appropriate changes to the Overlake Hospital Medical Center master plan. Work with Overlake Hospital to ensure these changes are consistent with the Comprehensive Plan and joint city/hospital interest.

ATTACHMENTS

1. Coordinated Work Program
2. Study Session Memo reprinted from February 1, 2016
3. Kemper Development Company letter to the City dated January 29, 2016
4. Major Milestone Schedule for Proposed New Code Amendments