

June 20, 2016

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Downtown Livability Initiative: Process Update; Proposed Structure and Approach for Downtown Incentive Zoning System; Public View Corridor of Mount Rainier

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POLICY ISSUES

Tonight's agenda memo is in three parts:

The first section of this memo is a brief update on the Downtown Livability Initiative. A set of Council Principles guided the Downtown Citizen Advisory Committee (CAC) and the current work of the Planning Commission (see Attachment A). This initiative is also fundamentally guided by the Downtown Subarea Plan with its overall goal characterized as the "Great Place Strategy."

Part 2 addresses the structure of the proposed incentive zoning system update, and focuses on the following policy issue: How can revisions to the Downtown Amenity Incentive System best reflect Council principles as adopted on January 19, 2016 (Attachment C)? A proposed structure and approach for updating the system was reviewed by the Planning Commission on June 8 with a Council update and feedback loop to occur tonight.

Part 3 addresses the public view corridor from City Hall, and focuses on the following policy issue: Should the view corridor from the public space of City Hall to Mount Rainier be preserved in the rezoning currently being considered by the City for portions of the Downtown Office and Limited Business (OLB) District and the East Main Station Area Planning study area? Existing Comprehensive Plan direction in the Urban Design Element includes the following policy specific to views from public places: ***Policy UD-62. Identify and preserve views of water, mountains, skylines or other unique landmarks from public places as valuable civic assets.***

DIRECTION NEEDED FROM COUNCIL

<u> </u>	Action
<u> X </u>	Discussion
<u> X </u>	Information

Tonight's Study Session will cover the following three topics:

1. Downtown Livability Initiative Process Update
2. Overview of Proposed Structure and Approach for Downtown Incentive Zoning System

3. Council Discussion of Public View Corridor of Mount Rainier

DISCUSSION

Agenda Part 1. Downtown Livability Initiative Process Update

This process update is part of staff's continuing effort to keep the Council apprised of progress on the Downtown Livability Land Use Code Update. Council referred the Downtown Livability Citizen Advisory Committee (CAC) recommendations to the Planning Commission on May 26, 2015. Direction for the CAC's recommendations drew heavily from a set of Land Use Code audits and focus groups that analyzed what was working regarding each topic, what was not working, and areas for improvement. Beginning in June 2015, staff has been working with the Planning Commission to conduct further analysis as needed, engage stakeholders and the community, and develop specific code language for Council consideration. This included a set of initial "early win" Code amendments recommended by the Commission and adopted by Council on March 7, 2016. The current Commission work on updating the Downtown Land Use Code through the Livability Initiative is part of a broader agenda to make Downtown more people-friendly, vibrant and memorable, and add to the amenities that make for a great city center.

Substantive work now continues with the Planning Commission and a multi-departmental team on the larger, more complicated code elements. Topics including building height & urban form, code departures and flexibility, design guideline components, a Downtown green and sustainability factor, and the proposed incentive zoning framework have been preliminarily reviewed over the last few Commission meetings. Continuing public engagement has included monthly Planning Commission meetings with public comments received at each of them, staff engagement with the community in a variety of settings, and a well-attended Stakeholder Exhibits & Open House as part of the March 9 Commission meeting. The target is to have a public hearing before the Planning Commission in the fall (target October 12, 2016) and transmit the Commission's recommendations to Council by December 2016, per the current Council priority. An overview of 2015-2016 City Council and Planning Commission milestones is shown below for the Downtown Livability Initiative.

Overview of 2015-2016 Downtown Livability Milestones

City Council Milestones		Planning Commission Milestones	
Jan 2015	<i>Council receipt of CAC Transmittal</i>		
May 2015	<i>Council direction on scope of Commission review</i>	Apr 2015	<i>Commission/Public Walking Tour</i>
		Jun 2015	<i>Community Open House/Check-in; Commission Orientation/Kick-off for Downtown Livability,</i>
		Jul 2015	<i>Commission review of CAC Report and Recommendations</i>
		Sep 2015	<i>Commission/Public Walking Tour; Initiate work on "Early Wins"</i>
		Oct 2015	<i>Commission work on "Early Wins"</i>
Nov 2015	<i>Joint Council/Commission workshop on Incentive Zoning</i>		

City Council Milestones		Planning Commission Milestones	
		Nov 2015	<i>Commission work on “Early Wins”; de-brief on Nov. 9 Incentive Zoning Workshop</i>
		Dec 2015	<i>Public Hearing on “Early Wins”</i>
		Jan 2016	<i>Commission Review: District Identity, Street Character</i>
		Feb 2016	<i>Commission Review: Building Height & Urban Form</i>
Mar 2016	<i>Council adoption of “Early Wins”; Initial Discussion of Public View Corridor of Mount Rainier</i>	Mar 2016	<i>Stakeholder Exhibits & Open House; Commission Review: Building Height & Urban Form</i>
		Apr 2016	<i>Commission Review: Building Height & Urban Form</i>
		May 11, 2016	<i>Commission Review: Height and Form Preliminary Recs.; Code Flexibility and Departures</i>
WE ARE HERE ► Jun 20, 2016	<i>Council check-in on Incentive Zoning Approach; Continued Council discussion of Public View Corridor of Mount Rainier</i>	Jun 8, 2016	<i>Commission Review: Incentive Zoning Structure; Code Standards and Design Guidelines (Draft Definitions and Design Criteria for Bonusable Amenities, Proposed Framework for Downtown “Green and Sustainability Factor”</i>
Early Aug 2016	<i>Council check-in on Incentive Zoning Economic Modeling</i>	Jul 27, 2016	<i>Commission Review: Incentive Zoning Calibration; Design Guidelines, Remaining Height & Form Issues; Subarea Plan Policies</i>
		Sept 14 & 21, 2016	<i>Commission Review: Consolidated Code Packet and SEPA documentation; Open House (9/21)</i>
		Oct 12 & 19, 2016	<i>Target for Public Hearing (10/12), Commission Deliberations</i>
		Nov 9 & 16, 2016	<i>Finalize Commission Recs. on Land Use Code Amendments</i>
Dec 2016	<i>Target for Commission transmittal of Code Amendment Recs. to Council</i>		

Agenda Part 2. Overview of Proposed Structure and Approach for Downtown Incentive Zoning System

The Downtown Livability CAC concluded in their Final Report that the current Downtown amenity incentive system should be updated to focus on factors that will make Downtown more livable, and that the update should ensure that the system is feasible and acts as a real incentive (see Attachment B for excerpt from Final CAC Report).

To help develop a common understanding and align the incentive zoning update with Council input, a joint Council-Planning Commission workshop occurred on November 9, 2015. This resulted in a set of Council Principles to guide the update (see Attachment C). Council also requested periodic briefings on: 1) the proposed Downtown incentive zoning structure; and 2) the calibration of the system based on economic modeling (targeted for early August 2016).

On June 8, the Planning Commission reviewed a proposed structure and approach for updating the Amenity Incentive System (see Attachment D) as well as draft definitions and design criteria for the bonusable amenities. As noted in the Attachment, the staff-proposed approach to update the incentive system was heavily guided by and cross-referenced to the Council Principles.

It is important to note that a process “off-ramp” is proposed to be part of the incentive system. It would allow developers to suggest bonusable amenities not on the formal list and pursue an alternative approach through a City-approved Development Agreement. The criteria for the departure would be that the amenity provides an equal or greater contribution to meeting the intent of the incentive system, and results in a significant public benefit or amenity that would not otherwise be provided absent the departure.

The Commission provided initial direction on June 8 to continue work on the staff-proposed structure and approach for updating the Amenity Incentive System with a number of comments as noted in Attachment D. These included:

- Explore an option where the affordable housing incentive is included with the rest of the bonusable amenities, and not a new FAR exemption.
- Ensure that staff’s suggestion to withdraw parking and residential use as bonusable amenities are fully assessed in the economic analysis. There were questions about how this might affect project economics, and specifically how their withdrawal from being bonused might impact the development of parking (above vs. below grade and amount) and amount of residential compared with them remaining bonused.
- Include “neighborhood serving uses” such as public meeting rooms, child care, and non-profit space as a bonusable amenity. The definition would be crafted to allow a flexible range of neighborhood-serving uses to occupy the space under the bonus provisions.
- Explore a new bonus relating to “public safety.” The example given was land dedication or space allowance for a public safety use as part of a development project.
- Explore having green building and sustainability added as a bonusable amenity. This might include LEED, Built Green, or Living Building certifications as well as sustainable site features or certifications.
- Ensure that a monitoring system is set up for the updated incentive system to assess performance.

Tonight, staff is seeking any initial Council feedback to staff and the Commission on the structure and approach for updating the incentive zoning system. Once there is clear direction on the structure of the updated system, economic modeling will be performed to identify the market value of the incentives and how they translate into increments of bonus FAR and height.

Agenda Part 3. Public View Corridor of Mount Rainier

Tonight's Study Session continues the Council discussion that began on March 21, regarding the established view corridor from public spaces in City Hall to Mount Rainier. (See Attachment E for a re-print of the March 21 agenda memo, and Attachment F for view corridor graphics.) Staff is seeking Council direction as to whether this should be incorporated into the rezoning under consideration as part of the Downtown Livability Initiative and East Main Station Area Planning efforts.

Preservation of this view corridor is a policy issue with respect to upzoning the subject properties, and is subject to Council direction. It is one of a number of factors that may be considered in evaluating the impacts—positive and negative—of the proposed rezoning. As noted earlier, maximum building heights under current zoning do not intersect the view corridor so it has no impact for the subject properties under existing zoning. The Council is being asked to determine whether the view corridor should be retained if these properties are rezoned, pursuant to work underway for the Downtown Livability Initiative and East Main Station Area Planning.

On March 21, a few, but not all, members of Council were able to offer their initial comments on the view corridor issue due to time constraints. A range of opinions were offered with the request for staff to return for a more in-depth discussion. In addition, staff was asked on March 21 to follow up on a number of items, including meeting with the new owners of the downtown Sheraton Property (PMF Investments LLC), determining the origin of the policy and code provisions relative to view corridor, and looking more into the nature of use of the public area at City Hall where the view emanates. Tonight's study session provides additional information in response to these Council requests, and Council discussion will provide direction on next steps.

Council question: What are policy provisions relative to the view corridor, and what is their history?

The Comprehensive Plan Urban Design Element includes the following policy specific to views from public places:

Current Policy UD-62. *Identify and preserve views of water, mountains, skylines or other unique landmarks from public places as valuable civic assets.*

The 2015 Comprehensive Plan Update made a minor revision to the earlier policy, replacing the words "preserve and enhance" with the current "identify and preserve." The essence of this policy dates back to at least 1987, with former policy Q-43:

Views of water, mountains or other unique landforms from public places should be considered valuable civic assets. Such views should be preserved and enhanced.

The Downtown Subarea Plan includes the following policy direction for design guidelines to maintain view corridors in addition to promoting other important design elements.

Current Policy S-DT-37. *Link building intensity to design guidelines relating to building appearance, amenities, pedestrian orientation and connections, impact on adjacent properties, and maintenance of view corridors. These guidelines will seek to enhance the appearance, image, and design character of the Downtown.*

A similar policy calling out design guidelines and view corridors dates back to the original 1979 Downtown Subarea Plan:

Former Policy 21.V.3.280. Establish design guidelines relating to building appearance, amenities, pedestrian orientation, impact on adjacent properties and maintenance of view corridors.

Council question: What is the nature of uses in the public areas of City hall with access to this view?

The view corridor under discussion emanates from the public space comprised of the City Hall concourse, balcony and Council Chamber. The specific origination point depicted in Attachment E is from the balcony on the east end of the City Hall concourse near the compass art sculpture, but this results in retaining a view from almost the entire City Council Chamber and a major portion of the City Hall concourse where many events are held each year.

These unique public spaces are enjoyed by many community residents and visitors. As was stated on March 21, there have been 322 separate events over the previous 26-month period (January 2014 to February 2016) in the City Hall concourse and Council Chamber. The number of attendees and length of events (e.g., one day, multiple days) varies, but not counting the two dozen or so Council regular session meetings per year, about half of the remaining events were planned for 50 or more attendees. The range of events included college and youth forums, business and economic development gatherings, cultural conversations, open houses for regional and local projects, conference sessions, receptions, luncheons, and other events. Arrayed over the course of the year, approximately 85 percent of these events were held entirely or partially during daylight hours. Data on days when Mount Rainier is viewable from City Hall is not something we collect, but days when the mountain is visible can occur throughout the year and can vary throughout each day based on changing cloud cover.

This is the only significant view of Mount Rainier from a major public place in Downtown Bellevue. While other views of Mount Rainier from Downtown public places exist, such as from small portions of Downtown Park, they are partially obstructed by existing developments and other impediments.

Council Question: What are implications for the affected properties?

Downtown OLB District

The Downtown CAC recommended further analysis to potentially allow buildings up to 200 feet in height and up to 5.0 FAR in the Downtown OLB District between NE 4th Street and Main Street where the Sheraton site is located. The CAC was clear that more analysis would be necessary following their process and that 200 feet and 5.0 FAR were “up to” numbers to be considered, compared with the current limits of 90 feet and 3.0 FAR for residential and 75 feet and 3.0 FAR for nonresidential uses.

Analysis shows that the view corridor could be impacted by adding height and FAR in this area, as the corridor runs through a major portion of the Sheraton site. To protect the view corridor, portions of the Sheraton site would need to be limited to 91 to 117 feet in height if upzoned; other portions would not be affected.

Following the March 21 Council meeting, staff has met on two occasions with PMF, the new Sheraton owners. We have reviewed the single conceptual site plan they have drawn up for redevelopment of the site, which is a mixed use development including three towers and other mid-rise buildings. The view corridor intersects two of the three towers and require a major re-thinking of their site plan. To retain the same FAR envisioned under the upzoning, the tower locations would need to be moved and the mid-rise buildings re-configured, and/or the site might have one less tower with greater height. To date the new owners have not presented any alternative layouts that incorporate options for the view corridor.

Some options exist to provide additional flexibility for achieving the envisioned higher density while also preserving the view corridor: (1) narrowing the view corridor to include “half a mountain” width for the territorial context on each side of Mount Rainier; and (2) allowing taller buildings to occur on the Sheraton site in areas that do not block the view. These options have been discussed with PMF, but they have indicated their site plans would still be heavily compromised even with these additional changes.

East Main Station Area

The view corridor also affects the Red Lion and Hilton properties in the East Main light rail station area. The Red Lion property is principally impacted by requiring some portions of the site to be no greater than 123 to 148 feet if upzoned. City analysis has shown that TOD densities of 4-5 FAR can be achieved at these heights. To retain the view corridor and also allow taller buildings up to 300 feet would require placement of towers along 112th Avenue NE and away from eastern portions of the site.

The East Main Station Area CAC recommendations for the Red Lion site include a desire for a mix of uses (e.g. residential, retail, office and hotel) with pedestrian areas to generate street-level activity, provisions to allow a maximum site FAR of 4.0 and building height of 200 feet through a bonus/incentive system. They recommend the potential for additional FAR and height (up to 5.0 FAR and 300 feet height) within 250 feet of the Main Street right-of-way or 114th Avenue SE right-of-way through a development agreement or similar mechanism that provides greater quality of development and public benefit beyond the requirements for achieving the 4.0 FAR and 200 foot height. The East Main CAC also includes a recommendation to minimize or eliminate the Mount Rainier view corridor to prevent undermining redevelopment and transit-oriented development goals, and the CAC desire to locate taller buildings farther from 112th Avenue SE.

Options

As noted above, it is a Council decision as to whether to retain this view corridor as the subject sites are rezoned. Options include: 1) protect the view corridor as originally proposed, with the territorial context (frame) set at one full mountain width; 2) protect the view corridor, but reducing the territorial context (frame) e.g. to ½ mountain width; 3) do not retain this view corridor as the proposed rezone proceeds.

COUNCIL DIRECTION REQUESTED

Tonight's Agenda Memo has been presented in three parts.

Part 1. Downtown Livability Initiative Process Update

Direction requested: For Council information; no direction requested.

Part 2. Structure and Approach for Downtown Incentive Zoning System

Direction requested: The Council had asked for an update on the incentive zoning structure while it is still a work in progress. Tonight, staff is seeking initial Council feedback, if any, to staff and the Commission on the structure and approach for updating the incentive zoning system.

Part 3. Public View Corridor of Mount Rainier

Direction requested: Tonight staff is seeking Council direction as to whether this view corridor should be incorporated into the rezoning under consideration as part of the Downtown Livability Initiative and East Main Station Area Planning efforts.

ALTERNATIVES

For the rezoning work currently proceeding for the Downtown Livability and East Main Station Area Planning efforts, direct staff to:

1. Include protection of this view corridor as originally proposed, with the territorial context (frame) set at one full mountain width
2. Include protection of this view corridor, with the territorial context (frame) set at ½ mountain width.
3. Do not retain this view corridor as the proposed rezone proceeds.

ATTACHMENTS

- A. Council Principles for Downtown Livability Initiative
- B. CAC Recommendations for Incentive Zoning System – Chapter 2 of Final Report
- C. Council Principles for Incentive Zoning
- D. Staff's Proposed Structure and Approach for Updated Incentive Zoning System
- E. Re-print of March 21, 2016 Agenda Memo
- F. View Corridor Graphics