

Attachment A

Topic: Proposed Neighborhood Mixed Use zoning district July 24, 2017

A. Summary of Discussion to Date

Neighborhood Mixed Use (NMU) is a new zoning district that is part of the Eastgate Land Use Code Amendment (LUCA). As proposed, the zoning district will be applicable city-wide. The zoning district allows for a mix of retail, office, other non-residential uses and residential uses. As proposed, multifamily residential is allowed on the second floor and above when the ground floor is comprised of nonresidential uses. The maximum floor area ratio (FAR) permitted in the NMU is 1.0. A 1.0 FAR exemption may be considered for affordable housing. That 1.0 FAR exemption provides for an incentive to encourage the private sector to build affordable housing as part of a mixed use development. That proposed incentives allows a developer to use the 1.0 FAR exemption to build 2 market rate units for every 1 affordable unit built (at 80% AMI).

The NMU zoning district is being recommended for select and existing Neighborhood Business and General Commercial zoned properties south of I-90. This is consistent with the Eastgate/I-90 Land Use and Transportation Study.

The owner of one of those properties, RV Trailers Inn, initially advocated for higher density, greater lot area coverage and departure from the ground floor non-residential requirement. Staff met with the property owner several times to understand the development objectives.

City Council discussed the Neighborhood Mixed Use zoning district most recently at a study session held July 10, 2017. Council requested some further information to help inform a decision. The owner was concerned that the ground floor nonresidential use requirement on every building in a multifamily development wouldn't be feasible in this location. Council asked whether it would be possible to maintain the overall intent of the NMU zoning district but permit some flexibility.

B. Comprehensive Plan Policy Brief

The Bellevue Comprehensive Plan sets the overall policy direction for the city's growth and development. The following are some of the findings for this issue, based on the policy direction in the plan.

Finding: The comprehensive plan envisions this area to be developed as a neighborhood mixed use area.

- 1) The Plan's Glossary has a Neighborhood Mixed Use plan category upon which the proposed Neighborhood Mixed Use zoning district is based.
 - a. Neighborhood Mixed Use (NMU) – A land use designation that provides for a mix of retail, service, office, and residential uses, with an emphasis on neighborhood retail and service uses. This district is designed to be compatible with nearby residential neighborhoods and to be easily accessible from the nearby office and residential uses that it serves. (Glossary)

- 2) The Eastgate Land Use Plan map found in the Eastgate Sub Area Plan (adopted as part of the comprehensive plan) designates an area south of I-90, including the RV Park, as NMU. The Citywide Future Land Use Map also designates this area as NMU.

Finding: The comprehensive plan establishes the need and requirement for neighborhood serving commercial uses in neighborhood mixed use area.

- 1) Land Use Element, Neighborhood Commercial Centers
 - i) Policy LU-17. Maintain areas for shopping centers designed to serve neighborhoods, recognizing their multiple roles: serving residents' needs, acting as community gathering places, and helping to establish neighborhood identity
 - ii) Policy LU-18. Encourage new neighborhood retail and personal services in locations that are compatible with the surrounding neighborhood, allow for ease of pedestrian access, and enhance neighborhood character and identity.
 - iii) Policy LU-19. Support mixed residential/commercial development in all Neighborhood Business and Community Business land use districts in a manner that is compatible with nearby uses.
- 2) Eastgate Sub Area Plan - Planning District 2
 - i) POLICY S-EG-43. Retain neighborhood-serving commercial uses through flexible zoning that allows a rich combination of neighborhood retail and services.
- 3) Land Use Element -Challenges and Opportunities
 - i) Aging Commercial Areas. In some older residential areas, neighborhood shopping centers are experiencing high vacancies and struggling to meet changing market conditions. In today's retail market, more shoppers are choosing regional destinations, larger stores, and online offerings. Smaller shopping centers' land use mix and urban form may need to be updated to keep them healthy and attracting private investment. In some areas, it may be appropriate to support a wider mix of uses to help fill gaps where there is less demand for traditional retail.

Finding: Providing flexibility in the Neighborhood Mixed Use zoning district to allow an expanded set of non-residential uses on the ground floor other than the just retail uses is consistent with the Neighborhood Mixed Use plan category of the comprehensive plan.

- 1) The intent of the Neighborhood Mixed Use plan category is to have a mix of uses "with an emphasis on neighborhood retail and service uses." The interpretation of 'emphasis' is open to debate. Commonly applied, it could be interpreted that the neighborhood retail and service use should be the highest amount of square footage in the development. Less commonly applied, it could be interpreted that the use is emphasized by some other factor that would make it prominent in the development. Examples include its location in the development (most visible location) or its design (architecturally differentiated from other uses).
 - a. Neighborhood Mixed Use (NMU) – A land use designation that provides for a mix of retail, service, office, and residential uses, with an emphasis on neighborhood retail and service uses. This district is designed to be compatible with nearby residential neighborhoods and to be easily accessible from the nearby office and residential uses that it serves. (Glossary)

C. Land Use Code Departure:

Council has expressed an interest in having some flexibility with applying the non-residential ground floor standards in the proposed Neighborhood Mixed Use zoning district. The Comprehensive Plan emphasizes the need for neighborhood serving uses, but there may be locations where these uses are not viable, so a balance must be struck between serving the neighborhood and flexibility. This footnote seeks to strike that balance. In the case of the Kramer property (Trailers Inn RV Park), this analysis would be done at the time of application.

Staff recommends the following footnote to provide more flexibility in the NMU District regarding nonresidential uses on the ground floor of multifamily residential developments. It would be a footnote to the multifamily uses in the in the Land Use Charts of LUC 20.10.440, Services-Nonresidential Districts Chart, NMU District, multifamily uses.

(11) The Director may allow a departure from the requirement to provide ground floor neighborhood serving (nonresidential) uses in multifamily developments, provided that the departure is necessary to mitigate an economic hardship that would preclude project viability. A departure may be granted where the applicant demonstrates that:

- (a) The required neighborhood serving uses do not front on an arterial;
- (b) Visual and physical access to the required neighborhood serving uses is limited by topography or other site specific obstacles; and,
- (c) The required neighborhood serving uses would not be visible from other development located in the NMU district, adjacent neighborhoods, nearby arterials or highways.

A departure may be allowed for all sides of the building or some portion thereof, provided that the approved departure is consistent with the NMU land use district definition included in the Comprehensive Plan. If a departure is granted, ancillary residential uses such as a meeting room, leasing office, kitchen, daycare and work-live space is preferred over occupied residential living space.