

CITY COUNCIL STUDY SESSION

Revised Development Agreement to enable a mixed-use multifamily development in the Crossroads Subarea.

Mike Brennan, Director, 452-4113

Trisna Tanus, Consulting Attorney, 452-2970

Sally Nichols, Urban Design Planning Manager, 452-2727

Development Services Department

Matt McFarland, Assistant City Attorney, 452-5284

City Attorney's Office

DIRECTION NEEDED FROM COUNCIL**DIRECTION**

Staff will present a revised Development Agreement for the Crossroads Multifamily Project (DA), which now includes an affordable housing enhanced public benefit in connection with the proposed multifamily development in the Crossroads Subarea. Staff seeks Council direction to prepare the DA for public hearing and final action at a future meeting..

RECOMMENDATION

Direct staff to prepare the DA for public hearing and final action at a future meeting.

BACKGROUND & ANALYSIS**Legislative History**

The Land Use Code (LUC) 20.10.440 Land Use Charts - Residential, note 6 prohibits multifamily development in Planning District E of the Crossroads Subarea north of NE 8th Street, except through a Council-approved DA. The DA must be consistent with Chapter 36.70B RCW, Local Project Review, and include design guidelines that advances the vision of applicable Comprehensive Plan Policies (S-CR-79, S-CR-80, S-CR-81, and Figure S-CR-2) regarding the creation of mixed-use developments with pedestrian connections, park connections where appropriate, and public open space. The public benefits required for multifamily development in Planning District E were memorialized through Ordinance No. 6229 on June 1, 2015.

The Original Project Proposal, Public Benefits, and Draft DA

The property owner and Applicant, Terranomics Crossroads, originally submitted an application for Design Review (File No. 18-132391-LD) for a mixed-use development comprising of 224 residential units, 14,500 SF of ground floor retail uses, and a parking garage with a total of 253 stalls (the Project). The proposed six (6)-story mixed-use building has five (5) stories of residential over a ground level of retail uses internal to Crossroads Mall, with the parking garage on the basement and ground floor levels.

Consistent with the LUC and Comprehensive Plan Policies S-CR-79, S-CR-81 and Figure S-CR.2, the Project includes multiple public benefits that were memorialized in and required by the draft DA. These public benefits included outdoor gathering areas, public open space, park connectivity, pedestrian connections and activity areas, and corresponding design guidelines. The public benefits included in

the Project are required by the Comprehensive Plan and described in detail in the Agenda Memo and supporting materials for the January 25 Study Session.

Revisions to the DA to Include Affordable Housing

Council initially considered the proposed Project, public benefits, and draft DA at Study Session on January 25. During the Study Session, Council directed staff to continue discussions with the Applicant in an effort, per the City's request, to include an affordable housing public benefit as a component of the Project. Council also requested that the Project site be included in the City's Multifamily Housing Property Tax Exemption Program (MFTE Program), Chapter 4.52 of the Bellevue City Code (BCC), as consideration for the affordable housing public benefit.

Following the initial Study Session and consistent with Council direction, staff worked with the Applicant to include the affordable housing public benefit identified by Council in the DA. The DA has now been revised based on the Applicant's agreement to provide the following enhanced public benefit in exchange for the City including the Project site in the MFTE Program:

- A minimum of twenty (20) percent of all units in the Project shall be affordable units with affordable rents at or below eighty (80) percent of King County median income;
- Any dwelling unit within the Project that is 300 square feet or less shall have an affordable rent at or below forty-five (45) percent of King County median income; and
- The affordable units shall remain affordable units as set by the terms of the DA for the maximum amount of time the Project qualifies for the MFTE program.

Under the terms of the revised DA and as consideration for the enhanced public benefit, the City will agree to formally include the Project in the City's MFTE Program. Implementation of this DA term will require a separate legislative action by the City Council because the Project site is not included in the MFTE Program currently. In addition to the affordable housing enhanced public benefit and under the terms of the DA, the Project will still include the outdoor gathering areas, public open space, park connectivity, pedestrian connections and activity areas, and corresponding design guidelines for public benefits that are required by the Comprehensive Plan for Planning District E within the Crossroads subarea.

The revised DA is mutually-beneficial to the City and the Applicant because the public will benefit from the affordable housing requirement and the Applicant will benefit from both execution of the DA to enable multifamily housing on the Project site and inclusion of the Project site in the MFTE Program. The revised DA is also consistent with and implements the following Comprehensive Plan Policies:

- Housing Element Policies HO-7 and HO-23: *Encourage the development of affordable housing through incentives and other tools consistent with state enabling legislation.*
- Housing Element Policy HO-21: *Address the entire spectrum of housing needs, including the need for housing affordable to very low, low, and moderate income households, through the City's affordable housing programs.*
- Housing Element Policy HO-29: *Explore financial incentives to encourage affordable housing, such as partial exemptions from city permit fees, the state property tax exemption program and other state enabled programs.*

- Housing Element Policy HO-30: *Ensure that all affordable housing created in the City with public funds or by regulation remains affordable for the longest possible term.*

A copy of the revised DA, with the affordable housing terms and associated revisions tracked for Council review, is attached hereto as Attachment B.

Approval of the DA is required to achieve compliance with the LUC in order for the City's Land Use Director to issue a decision on the Design Review for the Project. The DA will require the public benefits to be installed as a condition of approval for the Project, and Section D.3 of the DA requires that the affordable housing restriction shall be memorialized and recorded through a restrictive covenant, which will run with the land.

Per RCW 36.70B.200, the City is able to approve a development agreement by ordinance or resolution after a public hearing. Under RCW 36.70B.170, "affordable housing" is a development standard that shall apply to and govern and vest the development, use, and mitigation of the development of the Project. Pursuant to BCC 4.52.030.C, the City Council may, by ordinance, in its sole discretion, include the Project site as a residential targeted area in the MFTE Program after a public hearing. As such, staff is requesting that Council provide direction to prepare the DA for public hearing and calendar a parallel public hearing in order to include the Project site in the MFTE Program consistent with the express terms of the DA. Following the public hearings, Council may take final action to approve the DA and to include the Project site in the MFTE Program.

Responses to Additional Questions

During the January 25 Study Session, Council also requested additional information regarding the adequacy of parking proposed for the Project. The applicant has submitted a parking analysis, prepared by Heffron Transportation Inc. and dated December 29, 2019. The applicant proposes to provide 151 dedicated parking spaces for the building residents. An additional 102 retail parking stalls will be provided in the building along with 22 new surface parking stalls. All 124 retail spaces will be open to the public during regular business hours and then will be available for use by the building residents outside of that time period. The parking study has confirmed that there would be adequate parking for both new and existing development.

The City will review and ensure that there are adequate parking spaces to serve the mixed-use development (retail and residential), and the development does not create a shortage of parking for the remaining Crossroads Mall uses through the Design Review of the project.

Public Process

The Notice of Application (NOA) for the Project was published on January 24, 2019. A Public Meeting was held on February 13, 2019.

The Applicant conducted a Community Outreach Survey in January 2019. The Applicant also installed an exhibit at Mini City Hall in Crossroads Mall with display boards and survey response cards. Information about the Applicant's outreach is described in detail in the Agenda Memo for the January 25 Study Session.

The Project was re-noticed on January 7 to provide information regarding the DA and State Environmental Policy Act (SEPA) review, and to solicit any public comments. The SEPA review will be phased, with Phase 1 for the DA, and Phase 2 for the Design Review. The City issued a Determination of Non-Significance for Phase 1 on January 28, 2021.

As discussed above, the City is required to conduct a public hearing pursuant to BCC 4.52.030.A and RCW 84.14.040 in order to include the Project site as a residential targeted area in the MFTE Program.

This public hearing would be separate from, yet parallel with, the public hearing required for the DA under RCW 36.70B.200. If Council directs staff to prepare the DA for public hearing and final approval at a future meeting, then the public hearing required by state and local law that is necessary to include the Project site in the MFTE Program could occur at the same Council meeting.

POLICY & FISCAL IMPACTS

Policy Impact

The DA will enable the proposed multifamily development to occur in the Crossroads Subarea and implement Comprehensive Plan Policies S-CR-79, S-CR-81, HO-7, HO-21, HO-23, HO-29, and HO-30. The Project, with this DA, is expected to deliver public benefits—including but not limited to pedestrian connections, park connections where appropriate, and public open space—that advances the vision for the Crossroads Subarea. Per Council's request and as a result of the Applicant's cooperation, the Project will deliver the affordable housing enhanced public benefit consistent with the terms of the DA.

Fiscal Impact

There is no fiscal impact associated with implementing the DA. The Applicant will be installing the proposed public benefits and memorializing the enhanced public benefit prior to the City's issuance of Certificate of Occupancy for the Project.

OPTIONS

1. Direct staff to prepare the DA for public hearing and final action at a future meeting.
2. Direct staff to prepare the DA with modifications for public hearing and final action at a future meeting.
3. Do not direct staff to prepare the DA for public hearing and provide an alternate direction.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Comprehensive Plan Policies (S-CR-79, S-CR-80, S-CR-81, Figure S-CR-2, HO-7, HO-21, HO-23, HO-29, and HO-30)
- B. Revised Development Agreement and Recordable Exhibits

AVAILABLE IN COUNCIL LIBRARY

N/A