

CITY COUNCIL STUDY SESSION

Land Use Code Amendment (LUCA) for the East Main Station Area. File No. 17-125852-AD

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DIRECTION NEEDED FROM COUNCIL**DIRECTION**

Tonight is the fifth in a series of study sessions for Council to consider the draft LUCA, a new Part 20.25Q in the Land Use Code (LUC), for the East Main Station Area. Staff will present topics related to Floor Area Ratio (FAR), amenity incentive options and development agreement (DA) and, following discussion, seek direction on these topics for incorporation into the LUCA.

RECOMMENDATION

Direct staff to incorporate Option B for base FAR of 2.5 for nonresidential and 3.5 for residential development, maximum FAR of 5.0, with a "first tier" and an expanded list of amenity incentive options, and provision for DA for increased building height and FAR, nonconforming exceptions, and special amenity.

BACKGROUND & ANALYSIS

The East Main LUCA is the culmination of a City-initiated planning process for the East Main Transit Oriented Development (TOD), implementing the vision, goals and policies in the East Main Comprehensive Plan Amendment (CPA), adopted by Ordinance No. 6545 in May 2019. The draft LUCA (Attachment A) establishes requirements, standards, and design guidelines for land uses, height and form, FAR, the amenity system, landscaping, parking, street and pedestrian circulation, pedestrian bridge, and other development elements for the East Main TOD; and rezones parcels to two new EM-TOD-H and EM-TOD-L Land Use Districts.

City Incentive Zoning Framework

Incentive Zoning is a voluntary program that allows developers to exceed the "base FAR" and/or "base height" to achieve additional FAR and height in exchange for providing public benefits. The City has utilized incentive zoning as early as 1981, when Downtown was initially upzoned. The City has continued to utilize incentive zoning in more recent years, implementing this program in BelRed and Downtown Livability.

Both areas of the City use this tool to ensure new development provides public amenities that support the neighborhood identity and reflect Council and public priorities. In Downtown, the amenities are

allocated such that that 75 percent or more of a project's amenity points are earned through “public open space features.” In BelRed, amenities are tiered, and the amenity priorities vary depending on development type (nonresidential vs. residential). Nonresidential development must fully utilize the first tier of amenity options, which include parks, streams, and regional TDRs, before using the second tier. Residential development has a focus on affordable housing as the first tier.

City Needs

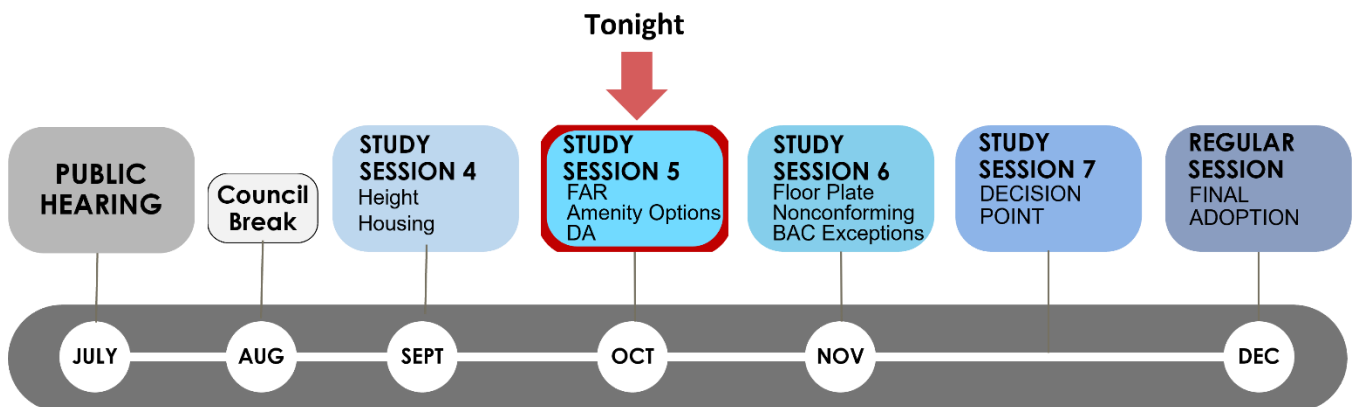
When upzones are provided, incentive zoning is one tool to meet City needs and realize the vision for East Main. East Main Policy S-SW-44 calls for a land use incentive system that offers additional floor area in exchange for affordable housing as a top priority and other improvements and amenities that contribute to the public good, such as easy access to childcare for employees in job centers, a lively public realm with attractive open spaces, and improved connectivity (Potential Streets). Further, at the September 13 Study Session, Council expressed an interest to ensure that the incentive zoning program is attractive for near-term redevelopment while still providing public benefits.

Staff has calibrated the proposed incentive zoning for East Main to accomplish those objectives, relying on the City's Economic Analysis Report developed by ECONorthwest. To achieve City needs and Council priorities, the list of amenity options focuses on the most important incentive options to achieving a vibrant, mixed-use TOD that takes advantage of the upcoming light rail station and connectivity.

LUCA Timeline

This is the fifth study session for Council to review topics relating to the East Main LUCA. The last study session was held on September 13 and covered the topics of building height and housing. This study session will focus on the topics of FAR, amenity incentive options, and DAs. A more detailed list of topics, which correspond to the timeline below, is provided in Attachment B. The previous list of stakeholder requests published for the July 26 public hearing is also included for reference as Attachment C.

The below timeline shows a proposed schedule for Council's review of identified topics through adoption, with an anticipated decision point for all topics relating to the final draft LUCA at a future study session.



Proposed Council Meeting Schedule

	Council Meeting Date	Topics
<input checked="" type="checkbox"/>	Study Session 4 September 13	<ul style="list-style-type: none"> • Building height • Minimum housing • Affordable housing
<input checked="" type="checkbox"/>	Study Session 5 October 4	<ul style="list-style-type: none"> • FAR • Amenity incentive options • DA
	Study Session 6 November 1	<ul style="list-style-type: none"> • Floor Plate size/Stepback • Wrap-up minor topics • Non-conforming provisions • Bellevue Athletic Club exceptions
	Study Session 7 November 15	<ul style="list-style-type: none"> • Decision point for final draft
	Study Session 8 December 6	<ul style="list-style-type: none"> • Final Adoption

FAR, Amenity Incentive Options, and DA

Tonight's Study Session focuses on the topics of FAR, amenity incentive options, and the use of DAs. To assist in Council's exploration of these topics, below are information and analysis for the existing zoning, and available options: (A) the current draft LUCA; and (B) possible adjustments based on Council feedback for economically attractive Base FAR, a focused list of "first tier" public amenities, an expanded list of Amenity Incentive Options, and use of a DA for certain provisions. Information and analysis on stakeholder requests beyond the above options are also provided.

Existing Zoning

The East Main area is designated as Office and Limited Business Land Use District (OLB), which provides areas for office complexes, hotels or motels, and limited eating and retail sales.

- Base FAR: none
- Maximum FAR: 0.5 for office; approx. 1.0 for residential/hotel/retail
- Amenity incentive options: not available
- DA: not available

Option A: Current Draft LUCA

The CPA advanced Council's 2035 vision for the East Main Station Area through targeted goals and policies, including establishing this area as a TOD. These goals and policies included creating a vibrant, livable, and memorable transit-oriented neighborhood. In addition, the CPA called for East Main to have an urban design character, expressed by varied building heights, connectivity, an attractive open space system, and to reflect the unique character and location of the East Main Station Area.

To accomplish the East Main goals and policies, the draft LUCA provides for a significant upzone, *e.g.*, a significant increase in base FAR, for the area. The draft LUCA also includes an incentive zoning program to allow developers to exceed the base FAR for additional development capacity, *e.g.*, to take advantage of maximum FAR, in exchange for providing certain public benefits. These public benefits are tiered, where the first 75 percent must be from the "first tier," and the remaining 25 percent from any benefit on the amenity options list. This tiered system ensures that identified priorities, affordable housing for residential development, and childcare, open space, and potential streets for office development, are achieved.

A critical step in realizing the public benefits through an incentive zoning program is calibrating the base FAR and maximum FAR. A base FAR that is set too low relative to the maximum FAR will result in amenities that are too costly and may substantially delay development. In turn, a base FAR that is set too high relative to the maximum FAR may chill developer motivation to participate in the incentive zoning program, resulting in developments built only to the base FAR with no public amenities.

In order to properly calibrate the base FAR and maximum FAR, staff relied on the analysis performed by the City's economic consultant, ECONorthwest, to prepare the draft LUCA, or Option A. This option includes an economically attractive Base FAR, an appropriate maximum FAR, first tier public benefits, and an expanded list of amenity incentive options. In other words, per ECONorthwest, the provisions in Option A for FAR and amenities are anticipated to incentivize near-term development of the East Main area.

The use of DAs is not included in Option A as, at the time of its preparation, Council had not yet directed such use. Stakeholder Wig Properties has asked to have a blanket DA provision, where a DA may be used to depart from any provision in the East Main code. More recently, Wig Properties has suggested a few specific departures in addition to the blanket provision. The City LUC framework, such as in the Downtown Code, allows for the use of DAs for specified purposes. Staff supports utilizing DAs to depart from specific provisions in exchange for specific public benefits, consistent with the LUC framework, as explained in more detail in the latter option.

- Base FAR: 2.5 (nonresidential) and 3.5 (residential)
- Maximum FAR: 5.0
- Amenity incentive options
 - First tier:
 - Nonresidential: Child Care Service, Open Space, Potential Streets
 - Residential: Affordable Housing
 - Remaining tier:
 1. Affordable Housing
 2. Potential Streets
 3. Open Space
 4. Stream and Wetland Restoration
 5. Public Art
 6. Enhanced Streetscape
 7. Sustainability Certification
 8. Child Care Service

- DA: not available

Option B: Updated Recommendation with Expanded List of Amenity Options and List of DA Items

During the Public Hearing, Council expressed interest in expanding the list of available amenity options and using the DA tool to allow increased flexibility for future development. At the September 13 Study Session, Council indicated that DAs should be provided to increase building height and FAR, in exchange for additional public benefits.

After reviewing both sets of feedback with the ECONorthwest economic analysis, staff has prepared the following recommended Option B. This option maintains the calibration analyzed by ECONorthwest for FAR and first tier of amenities. Additionally, Option B includes the use of DA, to depart from specific requirements in exchange for specific public benefits, per Council feedback and consistent with the LUC framework.

Typically a non-project Determination of Non-Significance (DNS) may be incorporated and relied upon for future individual project-level environmental review during the development permitting review process. However, the DA-departures, specifically for increases in maximum building height and maximum FAR, will go beyond what was previously included in the Environmental Checklist and other documents included in the environmental record, and the departures from code will go beyond the information submitted and studied in connection with the 2018 DNS issued by the City's Environmental Coordinator.

While it is not possible to predict a future outcome, it is important to note that such incorporation and reliance upon a non-project DNS may not be appropriate at the project-level stage when the proposed project is relying on a DA to increase the maximum building height and/or maximum FAR beyond what was studied at the non-project code adoption stage. Any future project proposal in the East Main Station Area will be required to analyze and address the potential environmental impacts of the project, and a project applicant may be required to mitigate adverse environmental impacts resulting from the project or prepare an environmental impact statement to fully analyze the unmitigated environmental impacts resulting from the project.

The amended items in this Option B are in bold for ease of reference.

- Base FAR: 2.5 (nonresidential) and 3.5 (residential)
- Maximum FAR: 5.0
- Amenity incentive options
 - First tier:
 - Nonresidential: Child Care Service, Open Space, Potential Streets
 - Residential: Affordable Housing
 - Remaining tier:
 1. Affordable Housing
 2. Potential Streets
 3. Open Space
 4. Stream and Wetland Restoration
 5. Public Art
 6. Enhanced Streetscape

7. Sustainability Certification
 8. Child Care Service
 - 9. Pedestrian Bridge**
 - 10. Special Amenity**
 - 11. Performing Arts Space**
- **DA: Increased building height, increased maximum FAR, nonconforming exceptions, special amenity**

Stakeholder Requests for Increased Base and Maximum FAR, Expanded Amenity Options, and Limitless List of DA Items

Stakeholder Wig Properties has advocated for increasing the base FAR to 3.5 for nonresidential and maximum FAR to 5.3, expanding the list of first tier priority and other amenities, and utilizing DAs for any and all code requirements for absolute flexibility. They state that a 5.6 FAR has been analyzed under SEPA and suggest that these changes are necessary to be economically competitive with Downtown and for any future project to be viable.

Staff supports expanding the remaining tier-list of amenity options to include pedestrian bridge, special amenity, and performing arts space, and utilizing DAs for departing from specified requirements, as reflected in staff recommended Option B. Staff does not support the requests for increasing the base FAR and maximum FAR, expanding the list of first tier priority amenities, and providing an option to negotiate departing “provisions, as needed” through a DA.

Staff does not support increasing the base FAR to 3.5 for nonresidential or maximum FAR to 5.3. This stakeholder requested increase to the base FAR and maximum FAR is inconsistent with the ECONorthwest analysis. As discussed above, a base FAR that is too high may not properly incentivize a development to provide public benefits and, therefore, may deter large-scale use of the incentive zoning program.

Further, the previous environmental analysis and 2018 DNS do not support a maximum FAR of 5.3. While the environmental analysis includes a scenario for a 5.6 FAR as noted by Wig Properties, this FAR is actually only for the Red Lion site, and assumes no redevelopment of the Hilton and Bellevue Athletic Club sites. Moreover, the analysis shows adverse environmental impacts are likely to occur in connection with a 5.3 or 5.6 FAR across all of these sites. As such, a 5.3 or 5.6 FAR across all sites in the EM-TOD-H is not consistent with the analysis in the environmental record supporting the 2018 DNS.

Staff also does not support including enhanced streetscape as a first-tier amenity option. Enhanced streetscape is essentially an upgraded landscaping, which is desirable but has not been identified in the East Main policies or Council feedback as a priority. The inclusion of enhanced streetscape as a first-tier option for nonresidential developments will decrease generation of prioritized public amenities such as childcare services, open space, and multimodal connectivity.

Lastly, staff does not support limitless DAs to depart from any and all code requirements for absolute flexibility. As explained above, the LUC framework does provide for utilizing a DA to depart from specific and identified provisions in the code. This framework results in predictability and

administrability, which are fundamental tenets for the developer, the public, and the City during development review.

The stakeholder requests, where they vary from the recommended Option B, are in bold as follows:

- **Base FAR: 3.5 (nonresidential)** and 3.5 (residential)
- **Maximum FAR: 5.3**
- Amenity incentive options
 - First tier:
 - Nonresidential: Child Care Service, Open Space, Potential Streets, **Enhanced Streetscape**
 - Residential: Affordable Housing
 - Remaining tier:
 1. Affordable Housing
 2. Potential Streets
 3. Open Space
 4. Stream and Wetland Restoration
 5. Public Art
 6. Enhanced Streetscape
 7. Sustainability Certification
 8. Child Care Service
 - 9. Pedestrian Bridge**
 - 10. Special Amenity**
 - 11. Performing Arts Space**
- DA: **Catalyst project (fees), open space, Special Amenity, and other provisions, as needed**

The table below summarizes the options available in a menu format, with staff-recommended option B highlighted. Council can choose an option as a package (option A or B), or mix-and-match individually from the list of options in each topic column.

Topics: FAR, Amenity Options, and DA Items				
Packaged Options	FAR and	First Tier Amenity Options	Remaining Amenity Options	DA Items
Option A (Draft LUCA)	Base FAR: 2.5 (nonresidential) 3.5 (residential) Maximum FAR: 5.0	Nonresidential: • Open Space • Child care Service • Potential Streets Residential: • Affordable Housing	1. Affordable Housing 2. Potential Streets 3. Open Space 4. Stream and Wetland Restoration 5. Public Art 6. Enhanced Streetscape	No DA option

			7. Sustainability Certification 8. Child Care Service	
Option B (Staff recommended)	Base FAR: 2.5 (nonresidential) 3.5 (residential) Maximum FAR: 5.0	Nonresidential: • Open Space • Child Care Service • Potential Streets Residential: • Affordable Housing	1 – 8 above, plus: 9. Pedestrian bridge 10. Special amenity 11. Performing arts space	DA for: • Increasing maximum height • Increasing maximum FAR • Nonconforming exceptions; and • Special Amenity

Stakeholder Request	Base FAR: 3.5 (nonresidential) 3.5 (residential) Maximum FAR: 5.3	Nonresidential: • Open Space • Child Care Service • Potential Streets • Enhanced Streetscape Residential: Affordable Housing	1 – 11 above	DA for: • Catalyst Project (fees) • Special Amenity • Open Space; and • other provisions, limitless
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Public Engagement

Staff has executed a public engagement plan with three modes of outreach to ensure that community members and neighbors, property owners, and all stakeholders and interested parties have the opportunity to stay informed and to provide comments.

- A. Process IV Requirements. The LUCA process is following the Chapter 20.35 LUC procedural requirements to provide opportunities for public comment.
- B. Direct Engagement and Feedback. Dialogue with stakeholders has been ongoing. Stakeholder input has informed the draft LUCA completed in December 2020, as well as the modified draft LUCA included as Attachment A. Stakeholders include the following groups:
 - Wig Properties
 - Bellevue Athletic Club
 - Surrey Downs Neighborhood Association
 - J & J Bellevue
- C. Online Presence. Staff is continuing to update the East Main webpage to inform the public about this LUCA.

POLICY & FISCAL IMPACTS

Policy Impact

The proposed draft LUCA creating a new Part 20.25Q LUC will implement the vision and policies adopted in the CPA for the East Main Station Area.

Fiscal Impact

There is no fiscal impact associated with implementing this proposed LUCA.

OPTIONS

1. Direct staff to incorporate Option B for base FAR of 2.5 for nonresidential and 3.5 for residential development, maximum FAR of 5.0, with a “first tier” and an expanded list of amenity incentive options, and provision for DA for increased building height and FAR, nonconforming exceptions, and special amenity.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Draft LUCA, Part 20.25Q LUC
- B. Stakeholder Requests and Topics Noted by Council with Possible Adjustments
- C. June 28 List of Stakeholder Requests

AVAILABLE IN COUNCIL LIBRARY

East Main Economic Analysis Report, December 10, 2020
East Main Ordinance No. 6465, May 20, 2019