

Memorandum

DATE:

March 17, 2011

TO:

Shoreline Planning Commission

FROM:

Joseph W. Tovar, FAICP, Planning and Development Services

Director

Steve Cohn, Project Manager, Senior Planner

Miranda Redinger, Project Manager, Associate Planner

SUBJECT: Southeast Neighborhood Subarea Plan Implementation Proposal

Background

The City Council adopted the Southeast Neighborhoods Subarea Plan as a Comprehensive Plan Amendment by unanimous vote on May 24, 2010. The next step in the process is to implement recommendations contained within the plan. On July 1, 2010, Planning Commission discussed implementation options that included:

- 1. Using existing zoning designations,
- 2. Creating new zoning districts, or
- 3. Utilizing Planned Areas.

On August 2, Commission discussed these options in a joint meeting with City Council. On October 21, 2010 Commission and staff again discussed options for creating a new zoning category of Neighborhood Mixed Use Zone (NMUZ) and for a Planned Area between Bothell Way and 30th Ave. NE. On November 18. the Planning Commission held another study session and staff presented a more detailed proposal for NMUZ and a Planned Area, as well as draft code language for cottage housing and design standards.

Since the last meeting, staff has been in contact with the property owners for several lots between Bothell Way and 32nd Ave. NE who have expressed interest in becoming involved in the process and initiated a meeting with former members of the Citizen's Advisory Committee. The goal was to understand their long-range vision for the property prior to coming back to the Commission with implementation ideas, since development along Bothell Way would be a visible entrance to the City. The owners wanted to meet with community representatives to discuss ideas for redevelopment, but due to timing problems.

that meeting couldn't be scheduled until March 8. Staff will share highlights from the March 8 discussion as part of their presentation on March 17.

Questions for Commission Consideration

Since the last update, additional thinking and in-house discussions raised further questions about the outcomes that the Commission wants to achieve through Subarea Plan implementation. Mainly, these deal with whether the Commission believes that some of the new ideas that will be "piloted" in the SE Subarea should be limited to only one part of the subarea or should be subarea (or even city) -wide.

In developing draft code language for the Planned Area sections along Bothell Way, staff also realized that the vision articulated by the community in the Subarea Plan, recommended by the Commission and adopted by the Council may be better implemented through creation of an overlay rather than a Planned Area. The tool of Planned Areas originally seemed appealing because it can be customized to the level of specifying streets to be used for ingress/egress, etc. However, as staff began to draft such language, they realized that most of the requirements for segments of the proposed Planned Area were not significantly different than that of the underlying zoning, or rather that the changes suggested by the Subarea Plan could be applied to the entire subarea, not just the section between 30th Ave. NE and Bothell Way.

Does the Commission think that staff should investigate 1) use of a new Subarea Plan District similar to the North City Business District, or some equivalent mechanism to apply any or all of the following pilot ideas to the subarea as a whole, 2) limit them to a Planned Area zoning district within the subarea or 3) adopt the ideas in the appropriate city-wide zoning districts?

The "pilot ideas" are:

Cottage Housing: The Citizen Advisory Committee (CAC) specifically identified this as a preferred housing style for the area south of NE 149th St., creating a roughly T-shaped section on both sides of 31st Ave., previously identified as PLA1c (see Attachment 2). While this location may be an ideal candidate for a cottage housing development, Housing Policy Recommendation 7 from the Subarea Plan states, "Adopt regulations that would allow 'cottage style' housing without compromising quality." At the November 18th meeting, staff presented draft cottage housing code language that could be adopted and has since incorporated Commissioner's suggestions to that document.

Commissioners asked staff to do some research into other jurisdictions' cottage housing regulations, especially with regard to separation of cottage developments. Staff looked at codes from the cities of Redmond, Kirkland, Marysville, Port Townsend and Federal Way and spoke with staff from Seattle.

Generally speaking, most jurisdictions have a minimum of 4 cottages per development, a range of maximums, about half had density bonuses and about half had a requirement for dispersal, with a range of 500 to 1,000 feet between developments.

 If cottage housing development is allowed throughout the entire subarea, does the Commission believe that implementing regulations should include a requirement for separation of developments?

Design Standards: Community Design Policy Recommendation 8 from the Subarea Plan states, "Establish density and zoning regulations and design review processes that are flexible enough to allow for creativity in design, but restrictive enough to ensure the protection of the community, especially the immediately adjacent neighbors." At the November 18th meeting, staff presented draft design regulations adapted from the draft Town Center Development Standards.

Since that time the draft Town Center Regulations have undergone significant changes, and staff wants to be consistent with these standards. When the Commission next sees the draft standards for the SE Neighborhoods, they will resemble the revised regulations for the Town Center. Before staff revises the standards for this neighborhood, we ask the Commission to offer direction on the following question:

 Should design standards be applied to multi-family, commercial and mixed-use properties throughout the city, throughout the subarea or only as part of the Neighborhood Mixed-Use Zone?

Live/Work Lofts: Economic Development Policy Recommendation 6 from the Subarea Plan states, "Encourage home-based business within the parameters of the residential zoning to bolster employment without adverse impact to neighborhood character." Part of this discussion with the CAC involved allowing additional uses that will be mentioned in the following paragraph, but part also involved encouraging the creation of live/work lofts. While these may not be appropriate in the R6 zoning designations because of concerns about noise and traffic, perhaps they would be well-suited in the higher density zones as a way to encourage this style of home-based business/alternative housing style.

 Should live/work lofts be allowed throughout all R48, in addition to Mixed Use zones within the subarea? R48 zones citywide? Are there other zoning districts or small areas where live/work lofts might be appropriate? If so, are there criteria that the Commission thinks should be applied in the other areas? Small Scale Commercial/Office Uses: Economic Development Policy Recommendation 3 from the Subarea Plan states, "Increase small-scale economic development (e.g. retail, office, service) that employs local people and complements residential character." Most of this discussion focused on allowing adaptive reuse of single family homes into office or service uses. Visualize a street where the buildings are residential in appearance, but house optometrists, hair salons, coffee shops, etc. To alleviate concerns regarding traffic and loitering, these uses may only be appropriate in higher density zones.

 Should adaptive reuse from residential to office/service be allowed throughout all R48 zones within the subarea? All R48 zones? Others?

Transit-Oriented Development (TOD): At the November 18th meeting, staff was given direction to incorporate elements of TOD into the area previously identified as PLA1a (See Attachment 2), in anticipation of a more robust transit system in the future. One common trait of TODs is a reduced parking requirement, which also makes it conducive to mandatory provision of a certain level of affordable and senior housing.

Should staff develop language as part of a Special District or Planned Area segment to encourage creation of Transit-Oriented Developments, such as the ability to reduce parking requirements? Is there any area besides the southeast corner of the subarea that would be well-suited to such a use?

Property Tax Exemption for Affordable Housing: Housing Policy Recommendation 1 from the Subarea Plan states, "Recognize and continue the area's history of providing affordable yet diverse housing to a variety of residents across the income spectrum." One tool to encourage development of such housing is Property Tax Exemption (PTE), which has been used as part of the North City Business District and other areas of town. The City determines the details of terms and levels of affordability as part of an ordinance that adopts PTE for any specific geographic area where it will apply.

Should staff draft such language for the Southeast Neighborhoods
 Subarea? If so, are there recommendations for level of affordability, etc.?

Additional Hardscape to Accommodate ADA Accessible Housing: At the previous study sessions, one concept discussed was the potential to include an exemption from hardscape requirements for developments that are designed for use by people with accessibility issues, particularly those in wheelchairs. Because such housing usually needs to be single-story and accommodate a series of ramps, they often exceed the maximum hardscape requirement for low density zoning categories. This could also assist in helping existing residents to "age in place" (a goal of the CAC) in case they need to add wheelchair ramps and other accommodations that wouldn't be permitted because they have reached hardscape limits.

- Should staff draft an exemption from hardscape requirements for housing developed or modified for people with disabilities that require use of a wheelchair?
- Should there be a requirement to use permeable pavement for square footage that is in excess of allowable hardscape?

Modify Height Allowances for R48 Zoning: Community Design Policy Recommendation 6 states, "Modify the existing R48 transition regulations to permit a 50 foot height limit (60 feet through a conditional use process) only if the subject site is adjacent to R24 or R48 residential zones or commercial zones and not adjacent to residential zones with a density less than R24." This would limit height of all R48 zoning in the subarea.

- Does the Commission support this recommendation?
- Is it more appropriate to look at this issue city-wide?

Neighborhood Mixed Use Zone

While implementation of policy recommendations mentioned above could be accomplished through the creation of a Subarea Plan District, some of the recommendations from the Subarea Plan could be implemented through the creation of a new zoning category, which would allow Mixed Use on a neighborhood scale. While the Subarea Plan District would apply only within the boundaries of the subarea, to pilot code language in order to see if it had the desired outcomes before city-wide implementation (as recommended by the Comprehensive Housing Strategy), the NMUZ could be utilized throughout the city in any location with a Mixed Use Comprehensive Plan designation.

The current proposal for the NMUZ is to have one set of development standards for a single-use building, and another set, which allows additional height and density, for a mixed use building. This is to encourage the development of mixed use as opposed to single use structures. Because the Subarea Plan also calls for creating incentives for green building and the provision of affordable housing, another tier could be added to encourage development of structures with these amenities. A simplified table is included below to demonstrate potentially allowable height and density in each scenario. Other standards, such as hardscape coverage, as well as specific requirements for green building and affordability would need to be determined.

	Height (ft.)	Density (dwelling units per acre)
Single Use Building	35 (40 w/ pitched roof)	48
Mixed Use Building	50	65
Mixed Use Building with green building features and an affordability component	60	80

At the November 18th meeting, Commissioners requested a graphic illustration of the differences in allowable bulk between different zoning designations. It is included as Attachment 3.

Staff would appreciate direction on whether to include multiple tiers in the development of NMUZ code language.

- Does the Commission prefer to have 2 or 3 tiers for development?
- Which amenities should be mandated and which should be incentivized?
- Is there specific direction for what level of green building or affordability would be appropriate?

Other issues:

The implementation of policy recommendations discussed above could be accomplished through various means. To assist staff in developing its recommendation, staff offers the following additional questions:

- 1. Are there special conditions the Commission would like to add to development along Bothell Way (such as access) or other parts of the SE quadrant of the subarea?
- 2. Should greater heights be allowed along Bothell Way than along 15th? If so should the transition standards differ?
- 3. Are there additional alternative housing styles that would be appropriate to pilot as part of a Subarea Plan District, such as rowhouses, duplexes or triplexes on corner lots, etc.?

Changes to the Zoning Map

Two maps of the subarea are provided as Attachments 1 and 2. Attachment 2 was presented at the November 18th meeting and displays how land could be divided utilizing the Planned Area concept. Attachment 1 demonstrates how subarea zoning could look if the previously proposed Planned Area reverted to underlying zoning and policy recommendations from the Subarea Plan were implemented through creation of a Subarea Plan District instead.

There are also two other changes to the map that are worth noting. First, parcels adjacent to 15thAve. NE and NE 145th St. that are currently zoned Neighborhood Business (NB) are shown as NMUZ. This was done at Commission direction. There are two parcels on NE 146th St. that remain designated NB. This is due to an oversight when the Comprehensive Plan map was converted from the CAC zoning recommendation. It was intended to be Community Business, but was designated High Density Residential (HDR). Staff has sent a letter to the property owners asking their preference in what zoning designation would fit best with their plans for the property as there is a difference in allowable uses, bulk requirements and density.

Another change is that 4 properties along the west side of 31st Ave. NE are shown on Attachment 2 as having a base density of R12 and on Attachment 1 as having a base density of R18. This was done in response to public and Commissioner comment regarding the irregular shapes created in this corner of the subarea based on a CAC compromise that is in conflict with narrative and policies in the Subarea Plan, which call for smooth transitions and step-down in allowable density. The introductory narrative in the Land Use section states, "To create transition between single family areas and mixed-use commercial areas, the plan provides for stepping down in zoning intensity from the areas designated for higher density or mixed-use to the single-family core of the neighborhood." Staff believes that this change creates a more orderly transition while preserving the intent of the committee that the interior of that area of the neighborhood be limited in terms of potential building height to protect solar access and aesthetic appeal.

Technically, these 4 properties have a Comprehensive Plan designation of Medium Density Residential (MDR). LU12 states that "The permitted density for this designation may not exceed 12 dwelling units per acre unless a neighborhood plan, subarea plan or special district overlay plan/zone has been approved." Based on direction from the Subarea Plan that zoning should stepdown in an orderly and logical manner, staff believes a density of R-18 is appropriate for these properties.

There is also one property located at 14714 30th Ave. NE that is zoned R12 while its neighbors to the north and south are zoned R18. Because it doesn't quite fit the scenario of providing step-down zoning transition to the surrounding neighborhood as well as the properties mentioned above, staff asks the Commission's opinion of whether this designation should be changed to provide a cleaner and more consistent zoning strategy or left as is?

Next Steps

After staff receives direction on the above-mentioned questions, we will develop draft code language and go through internal review, then schedule another study session for Commission review before setting a public hearing on implementation of the SE Neighborhoods Subarea Plan.

Attachments

Attachment 1: Potential zoning map (Subarea Plan District version)

Attachment 2: Potential zoning map (Planned Area version)

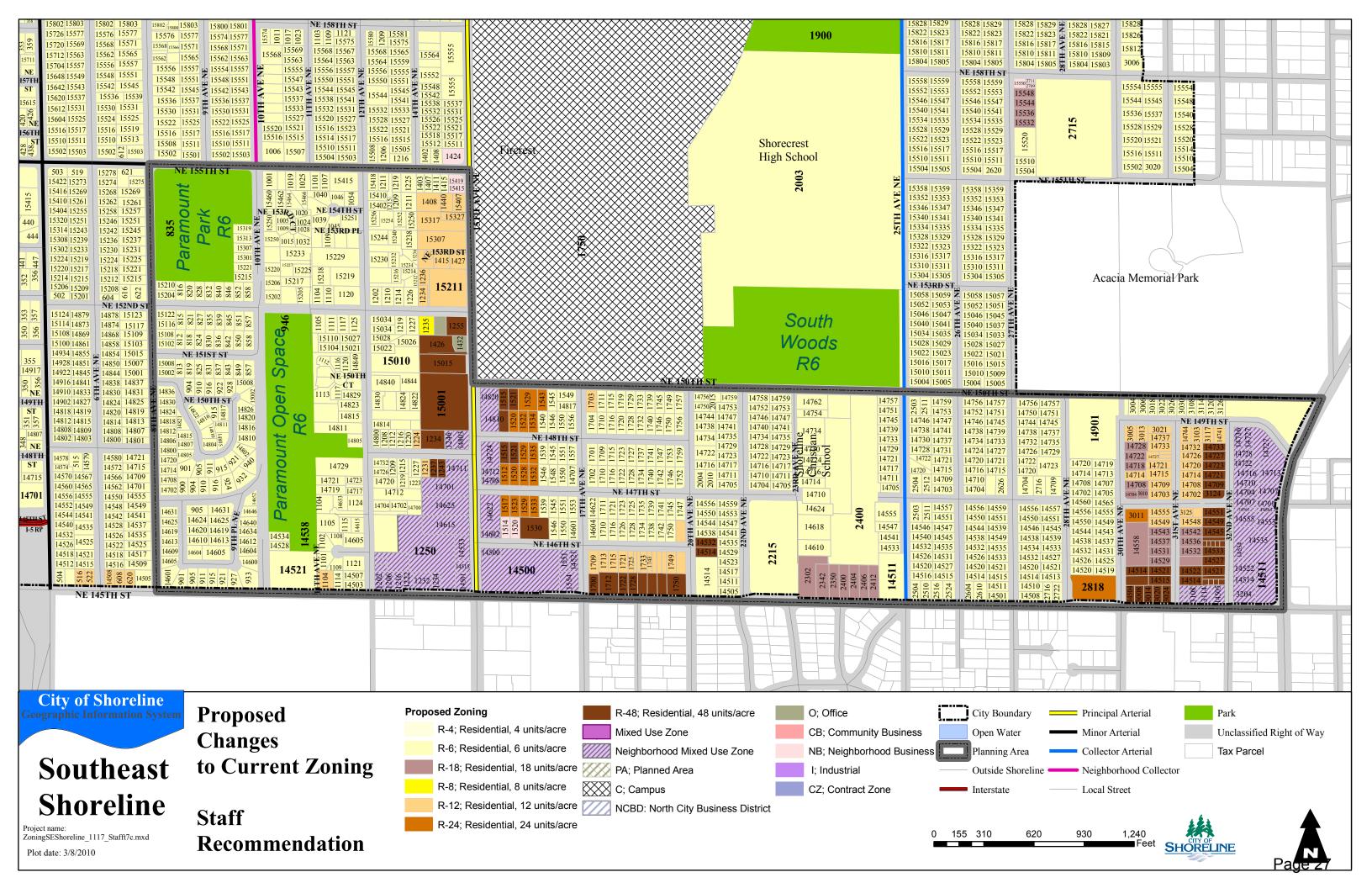
Attachment 3: Graphic illustration of standards for different zoning designations

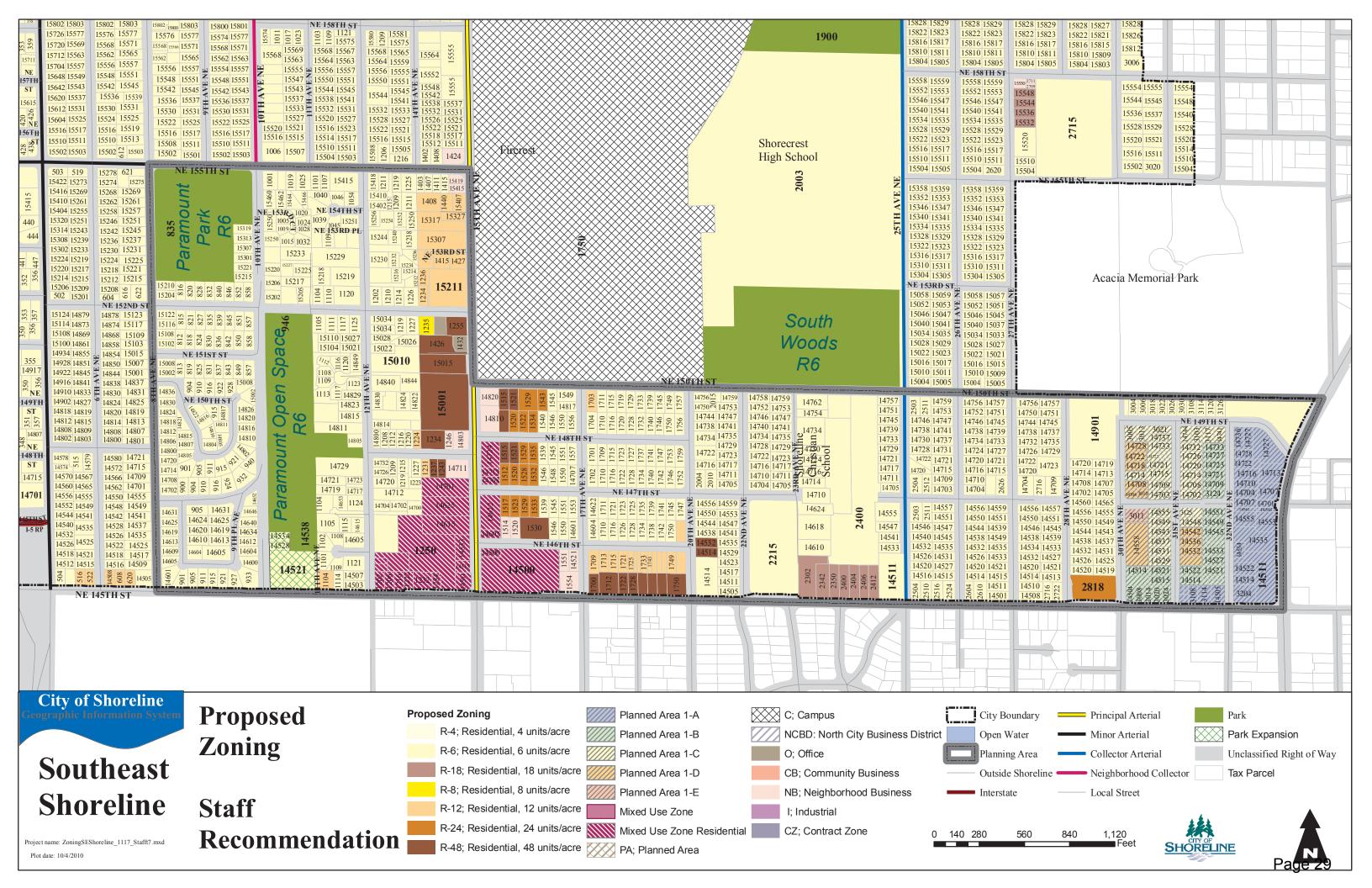
Attachment 4: Economic Development Manager's response to Commissioner

Behren's question regarding relationship between zoning and

property tax assessment

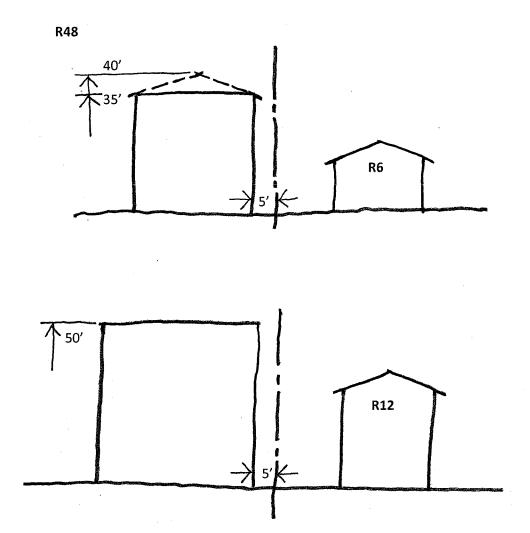
Attachment 5: Comment letter from John Davis





NB -- Neighborhood Business Single use building Mixed use building 8' stepback 50' 35' (10' for R8 - R48) R6 Neighborhood Mixed Use Single use building Mixed use building (Same as NB) 50' 50['] R6 20' **CB** -- Community Business 80' 50' 65' 50' 35' R6

20'



Comparison Chart for potential zoning categories: R-48 and Commercial/Mixed Use Zoning Districts

	R-48	NB	СВ	Neighborhood	Mixed Use
				Mixed Use Zone	Zone
Base Density	48 units	24	48	48	48 (if not
Dwellings/acre					developed
					as a mixed
					use building
					or site)
Maximum	48 units	24	48	65 or 80 (TBD)	150
Dwellings/acre					
Base Height	35 ft (40 ft	35	60	35 (40 w/	35 (if not
	w/pitched roof)			pitched)	developed
					as a mixed
					use building
					or site)
Maximum Height	50 feet (if	50 (if Mixed	60	50 or 60 (TBD)	65
	adjacent to R-	Use			
	12 or greater	development)			
	density				

From: Dan Eernissee

Sent: Wednesday, March 09, 2011 9:42 AM

To: Miranda Redinger

Cc: Steve Cohn

Subject: Commissioner Behrens' letter

Miranda,

I'm writing after our conversation this afternoon regarding Commissioner Behrens' letter to you requesting information on the effect zoning has on property values. I have copied his letter below, and you told me that the specific areas of concern were the SE Shoreline commercial/multi-family properties on Bothell Way and on 15th Ave NE.

First, it is true that zoning can have an effect on assessed value. However, this is pretty much limited to when the new zoning meets a recognized demand for a specific product type that the old zoning did not allow; when the zoning changes, the assessor acknowledges that the land valuation should be raised since the property now can serve a new desired use. For example, if a residential property along a busy road is rezoned to commercial, one would expect a jump in property value and therefore eventually in higher taxes.

My guess is that this is exactly what happened with the Masonic Temple – at least in part; when zoning changed from R12 to Commercial Business (CB), the valuation took a 50% jump. Usually the property owner is very enthusiastic about this type of change, as it allows new options for the property.

I say that this was only part of the Masonic Temple's jump, though, because there seems to be something else going on as well. The Assessor's office doesn't evaluate each property each year; instead they operate on a cycle dictated partly on time (about every three years) and partly on the recognized change in the market. While most other properties in the area experienced an expected jump in land values around 2004, the Masonic Temple's valuation stayed flat. My guess is that the Assessor's office – for some unknown reason – missed a bump in valuation around that time, and it made the bump in 2008 look all the more extreme.

The James Allen building also changed zoning around 2007, going from CB to RB, but the change in valuation for this property – as Commissioner Behrens documents – is much more modest; in fact, it was likely to simply a reflection of the recent sale activity of the property and the general upward trend in the market. Other commercial properties in the area took similar jumps with no change in zoning around the same time and have since backed off.

Up to this point, I've been considering the impact of new zoning when it allows a recognized demand; what happens if a property is zoned to allow a new use for which there is no demand? In short, no change in valuation will occur. The land will continue to be considered to be most valuable to the same pool of buyers that are already able to use the property with its old zoning. This latter situation is the case with the properties in SE Shoreline.

To illustrate the potential that new zoning is irrelevant with a ridiculous example, imagine what would happen if these SE Shoreline properties were rezoned to allow 100-story high-rises; would there be a change in value? Only if a pool of buyers emerged that valued building 100-story buildings on 145th & Bothell Way or on 147th & 15th Ave NE! No such pool exists, and therefore those properties would still be

seen to be most likely marketable as single-story commercial or low-rise residential properties. No – or very little – change in assessment would occur.

And that is exactly what we find for these properties. The tax assessor considers them to be most likely used as single-story commercial or perhaps low-rise residential because a sufficient pool of buyers only exists for these types of uses. For a concrete example, we can look at two similar properties with different zoning: the McDonalds at 152nd and Aurora is assessed at a base land value of \$45/sf, even though it has Shoreline intensive MUZ zoning, while the Bothell Way McDonalds at 145th has nearly identical valuation at \$40/sf zoning, even though the zoning is less intensive.

So worst case scenario? Perhaps the zoning would bring a 10% increase in valuation. However, I believe that even this small \$5/sf difference in the valuation of these two properties is due to the fact that commercial property along Aurora is—at least in the eyes of buyers!—to be more valuable than property along Bothell Way.

In conclusion, until we see a significant shift in development demand for multi-story buildings in Shoreline, property values will not change significantly with any up-zoning of commercially zoned property.

Please let me know if I can be of further service.

Dan Eernissee

Economic Development Manager
City of Shoreline
17500 Midvale Ave N, Shoreline WA 98133-4905
O: 206.801.2218 M: 206.391.8473 F: 206.546-2200
deernissee@shorelinewa.gov
Congratulations to Shoreline & Bellevue for being named to Money magazine's "100 Best Places to Live"

From: John Behrens

Sent: Wednesday, December 01, 2010 12:42:53 PM

To: Plancom

Subject: effects of zoning changes on tax assessments

Auto forwarded by a Rule

I raised the question of what effect rezoning properties have on tax assessments for the property underlying an existing building. I looked at the rezone of the James Allen Salon and the Masonic Temple, done in 2008. In both cases, the property value for tax purposes rose substantially. The James Allen Salon site land assessment went from \$176,900.00 in 2008 to \$226,900.00 in 2009. The Masonic Temple site rose from \$208,000.00 in 2008 to \$326,000.00 in 2009. My concern as we go down the road on wide scale legislative rezones is that the existing uses of the buildings become more expensive as a result of substantial increases in tax evaluations. The figures above show the values from the tax records for the land only at both of these sites. If the sites are not developed the increased in

tax costs become a cost burden to the current owner of the property. Ultimately, these costs are passed on to the businesses occupying the sites. As these costs rise, Shoreline becomes less competitive with surrounding cities and increases the difficulty of drawing new businesses and maintaining the existing business district.

PO Box 95961 Seattle, WA 98145 March 9, 2011

Shoreline Planning Commissioners City of Shoreline 17500 Midvale Avenue N Shoreline, WA 98133

Dear Ladies and Gentlemen:

Once again I would like to thank you for your service to the City of Shoreline. But in the interest of wishing to be good stewards of your and my time, let me jump right to the point. Since I have written twice before (Feb. 3, 2010; October 13, 2010), perhaps you can refer back to those letters for more detail in regards to the background for my following observations and comments.

It has now been three plus long years since the Southeast Neighborhood Study Area Citizens Advisory Committee started coming into existence. We still do not have a comprehensive and even handed zoning map for Briarcrest, etc., that truly reflects the needs and desires of all the collective citizens and stakeholders of Shoreline.

The "proposed zoning map" that has recently been discussed is the un-natural consequence of the amazingly arduous process known as the Southeast Neighborhood Study Area Citizens Advisory Committee. As mentioned before, the Committee's written Report was well balanced and well negotiated. It clearly calls for smooth transitioning of density, Westward from Bothell Way, and Northward from 145th St. The proposed map exhibits a long leg of a "T" shaped zoning of only R-12 density running down through the middle of the neighborhood. This dividing leg is an artificial construction that only reflects the sheer breakdown of the committee process literally on the last night. This development would never have come into existence if one committee member who was serious ill had remembered to transfer his proxy to someone of like mind. This "T" of R12 density that is otherwise surrounded by R18 and R48, is totally out of character with Shoreline's Original Comprehensive Plan which called for medium or moderate density. It's totally out of character with the Committee's written report.

This situation is truly in need of clearheaded and objective reconsideration. In my humble opinion, the best answer is to SMOOTH OUT the transition by having the properties on the lower leg of the "T" between 145th and 147th on 31st Ave NE become R24; and those north of 147th become R18. This simple approach cleans up the inherited mess of King County's spot zoning, and allows only a minimal number of new structures owing to the lot sizes. We all know that it's the lot size that rules, rather than the R number. Please do not let a few R18's and R24's scare you off from an objective overview of the area. Thanks again for your careful and thoughtful consideration.

Sincerely yours, John and Jill Davis, Shoreline Shakeholders

DAVIS BRIARCREST ZONING PROPOSAL WITH SMOOTH DENSITY TRANSITIONS FROM EAST TO WEST & SOUTH TO NORTH

	R6	3004	3006	3018	3022	30	30 3108	3114	3120	3126		15000
14901		NE	149	TH	ST		NE	149TH	ST			
		3005	3013	R12	3021		14744	3111	3117	14741		3203
		14728			4733		14732			14733		
		14722			4727		14726	R18		14727		
14719	3	14718	R	18	14721	3	14720		R48	14723	3	
14713	0	14714			14715	1	14714			14721	2	
14707	Т	14708			14709	S	14708			14709	Ν	
14705	Н	14704	30	10	14703	Т	14702			3124	D	
14565			NE	147TH	ST		NE	147TH	ST		-	
14555	Α	3011			14555	Α	14554	3125		14551	Α	
14549	V				14549	V	14548			14549	V	
14543	E				14543	E	14542			14545	Ε	
14537		14520			14537		14536	R	48	14539		MIXED USE
14531	N				14531	N	14532			14537	Ν	
14525	Е			R24	14529	Е	14526			14533	Е	
14519		14514			14521		14522			14527		
					14521		14514			14521		
2818					14515		14508	14506		14511-7		
		14504		302	0 3024		14502	14504	3108	14505		