

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, January 26, 2015
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Winstead, Deputy Mayor Eggen, Councilmembers McGlashan, McConnell, Salomon, and Roberts

ABSENT: Councilmember Hall

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Mayor Winstead, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Winstead led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present with the exception of Councilmember Hall.

Councilmember McConnell moved to excuse Councilmember Hall for personal reasons. The motion was seconded by Deputy Mayor Eggen, and unanimously approved, 6-0.

3. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Mayor Winstead, on behalf of the City Council, read a letter to Dick Deal, Parks, Recreation and Cultural Services Director, expressing gratitude for his outstanding service to the City. She offered congratulations and wished him well on his retirement.

Mr. Deal expressed his gratitude for being a part of team Shoreline for the past eleven and a half years.

There were no reports provided by Councilmembers.

5. PUBLIC COMMENT

Kayla Schott-Bresler, Policy Manager, King County Housing Development Consortium, commented on the City's implementation of effective policy to support affordable housing in the

185th Subarea Station Area. She shared that the affordable housing provisions recommended by the Planning Commission are strong and equitable, and in line with national best practices. She talked about the benefits that affordable housing can provide to the City and the Community.

Paula McCutchen, Ronald United Methodist Church Pastor, spoke about an increased need for affordable housing, and shared stories about homelessness. She expressed appreciation for Shoreline's elected officials and City staff working together to provide affordable housing, and stated she hopes Council considers the Planning Commission's affordable housing recommendations.

Judy Parsons, President of North Urban Human Services Alliance, applauded the City Council, City staff and the Planning Commission for recognizing community needs, and providing regulations in the 185th Subareas Station Plan to generate affordable housing opportunities. She offered support for the Planning Commission's affordable housing recommendation.

Rick Davis, Shoreline resident, spoke on the 185th Street Station Subarea Plan and preserving single-family housing. He shared his support for transit and the common good, and listed a number of public facilities near his home that contribute to the public good. He asked Council to reconsider or slow down up-zoning in the Subarea.

David Lange, Seattle resident, stated his support for the 2nd Preferred Alternative and the phasing options for the 185th Street Station Subarea. He asked Council to consider adding a 60-day research step to the schedule. He then quoted excerpts from the Growth Management Act regarding preservation of existing homes, increased density, and effective transitions, and asked Council to reconsider the proposed Plan to avoid blight.

Ginny Scantlebury, Shoreline resident, asked why there is a rush to get the light rail project finished now. She commented that many residents still do not know about the proposed up-zoning and should know about the meetings. She commented on compensating residents, the next light rail proposition vote, and building infrastructure before adding people to the area. She asked Council to slow down the process.

Janet Way, Shoreline Preservation Society, commented on affordable housing being important, and shared that several incentives being proposed in the report are concerning. She questioned the relief that would be provided from impact fees and open space requirements. She asked about incentives for existing residents for staying in Shoreline when asked to tolerate huge rezones. She asked about assistance for displaced residents, how both the 185th and 145th Street Station Subarea Plans will be addressed in one meeting, and requested that Council delay the process.

Dan Jacoby, Shoreline resident, commented on the public having to address both the 185th and 145th Street Subarea Plans at the February 23 meeting, and requested that Council delay the 145th discussion.

John Behrens, Shoreline resident, recalled that several years ago a group of Shoreline citizens created a housing strategy, and shared that little has changed since the Comprehensive Housing Strategy was adopted. He emphasized that developers need to pay impact fees and that the funds

can be managed by the City to provide an affordable housing program. He commented on alliances between low cost housing advocates and the development community, the consequences of the tax abatements provided by the City six years ago, and discussed low cost housing options to help integrate the community.

Jeff Eisenbrey, Shoreline resident in the Subarea, expressed concern that his neighbors will not fare well. He asked if there has been a precedent for such a large scale upzone, and commented on violations of the Growth Management Act. He read a quote from research prepared by the University of West Virginia regarding land use zoning effects. He questioned what the City will do about taxation, how property values will respond to blight, and how large the buildings will be in this area.

Sara Jane Siegfried, Seattle resident and homeless advocate, spoke about the importance of providing low income housing near transit where seniors and people with disabilities can access transit that will afford them mobility and quality of life.

Dr. Cory Secrist, Shoreline resident, expressed his excitement about light rail and shared he is a supporter of low income housing. He stated concern about the massive rezone for the 185th and 145th Subarea Stations, stating it will open the flood gates for development. He recommended a more logical approach of establishing benchmarks for development.

Debbie Tarry, City Manager, shared that the questions asked during public comment will be addressed during the staff presentation. She explained that the Planning Commission is recommending phase zoning as an option for Council consideration. She encouraged people with concerns to attend Council meetings on February 9 and 23, 2015. She also said that the 185th and 145th stations are fully funded.

6. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember Roberts, seconded by Councilmember McGlashan and unanimously carried, 6-0, the following Consent Calendar items were approved:

- (a) Minutes of Business Meeting of November 24, 2014, Minutes of Business Meeting of December 1, 2014 and Minutes of Business Meeting of January 5, 2015**
- (b) Approval of expenses and payroll as of January 9, 2015 in the amount of \$2,128,054.45**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
12/7/14-12/20/14	12/26/2014	58958-59150	13607-13628	58807-58814	\$579,614.94

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***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
12/29/2014	1089	\$3,248.14
		\$3,248.14

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
12/29/2014	58545	58545	(\$900.00)
12/29/2014	58806	58806	\$900.00
12/29/2014	58815	58820	\$81,268.10
12/29/2014	58821	58844	\$176,975.28
1/2/2015	58845	58857	\$79,067.33
1/8/2015	58858	58863	\$37,596.61
1/8/2015	58864	58897	\$273,146.65
1/8/2015	58898	58898	\$375.00
1/8/2015	58899	58906	\$9,823.31
1/9/2015	58907	58915	\$881,439.09
1/9/2015	58916	58917	\$5,500.00
			\$1,545,191.37

(c) Authorize the City Manager to Execute a Contract with WSDOT to Obligate STP Grant Funds for the Bicycle Plan Implementation Project

(d) Authorize the City Manager to Execute a Contract with EarthCorps for Trail Work and Environmental Restoration for Shoreline Parks and Surface Water Facilities

(e) Authorize the City Manager to Execute an Amendment to the 2014 Agreement with Osborn Consulting Inc. for the Design of the 2015 Stormwater Pipe Repair and Replacement Program Project

8. STUDY ITEMS

(a) Discussion of Affordable Housing as a Component of the Proposed Light Rail Development Regulations

Rachael Markle, Planning and Community Development Director, introduced Kelly Rider, Director, and Kayla Schott-Bresler, Policy Manager, from the King County Housing Development Consortium (HDC). She shared that HDC has assisted the City with the development of an affordable housing program. Ms. Markle explained why affordable housing should be implemented now and in conjunction with the Subarea Station Planning. She reviewed the Planning Commission's recommendation to have affordable housing be mandatory in MUR 85+, MUR 85, and MUR45 zones; and voluntary in MUR35.

Mayor Winstead asked for a definition of affordable housing to share with the public. Ms. Markle shared that affordable housing is defined as housing reserved for occupancy to households whose annual income does not exceed a given percent of the King County median income, adjusted for household size, and has housing expenses no greater than 30% of the same percentage of median income. She referenced the King County Annual Income Chart and provided examples. Ms. Markle presented recommendations for levels of affordability and income requirements. She spoke about providing incentives to developers for larger family apartment units and explained potential development agreement options. She shared that the Planning Commission recommended that 10% of units be available for affordable housing. She presented the Fee in Lieu option explaining that a developer could build affordable units or pay a fee that will be put into a housing trust fund to use for affordable housing initiatives. She listed incentive options as: increased development potential, property tax exemption, reduced permit fees, reduced number of parking spaces, reduced open space requirements, and exemption from Transportation Impact Fees at 60% AMI. She introduced the idea of a Catalyst Program that would be used to initiate redevelopment, and explained that the rest of the draft regulations outline the administration of an Affordable Housing Program. She outlined future steps are to set the fee in lieu, establish a housing trust fund, develop/contract for affordable housing program management, and expand the Program to include "for sale" units.

Mayor Winstead asked for a clarification of proposed Shoreline Municipal Code 20.40.235 regarding the reduction of open space and how it would work. Ms. Markle responded that the proposed code applies to multifamily developments and would reduce the amount of open space required by 50% with the thought that the savings would be applied towards providing affordable housing.

Councilmembers expressed support for a strong, robust and diverse affordable housing program. They asked if Property Tax Exemption (PTE) would shift to other tax payers, and how rent is calculated. They asked if other jurisdictions collect deferred rents and use them in a trust fund to promote affordability. Dan Eernisse, Economic Development Manager, responded that there is no shift of taxes and that the PTE program is a deferral of tax money the City would have collected. Ms. Markle responded that rents are calculated on thresholds of 70, 60, 50, etc., percent of AMI, and Mr. Eernisse added that the Housing and Urban Development provides an annual Income Level chart. Ms. Schott-Bresler shared that it is a policy decision on whether cities want developers to build affordable units within market rate development, or to pay a fee to the City that can be leveraged with other dollars to build affordable housing. She then explained the benefits and trade-offs of both options.

Councilmembers stated the best place to put affordable housing is next to public transportation and in 5 over 1 developments. They asked for a range of "Fee in Lieu" fees implemented by other cities. Ms. Schott-Bresler responded Seattle's fee is \$5 to \$22 per square foot- applied in different zones and at different levels; San Francisco's is \$135,000-\$191,000; and Boulder, Colorado ranges from \$131,000 to \$146,000 per bedroom.

Councilmembers discussed the math calculation for a Fee in Lieu Program, and the disparity between benefits to a developer and the City over a 50 year time period. They questioned the merit of having the Program if the City is not getting value out of it. They cautioned against setting

affordable housing fees higher than those of neighboring cities, and explained that the fees need to attract developers.

Councilmembers questioned if adding more units at 80% AMI would have a negative impact and discussed the merits of lowering AMI to 70%. They expressed interest in exploring ways to serve lower income households within Light Rail Stations Subareas. They questioned the 50 year end date and if there is a downside to requiring a 99 year end date. They questioned if there will be a conflict with the affordable housing program and PTEs. They commented on Transfer Development Rights (TDR) and asked for clarification on what is being purchased. Mr. Eernisse responded that adding more units at 80% AMI would make more units affordable and reduce rent in older buildings so that they can compete with new stock. He stated the PTE is an optional program and explained PTE options. Ms. Schott-Bresler talked about lowering the AMI level and buying it down by lowering unit count. She explained the affordable housing 50 year end date is required for funding purposes, and Ms. Rider added that 50 years is usually the lifespan of a building. Ms. Markle talked about the use of TDRs to protect different types of lands.

Councilmembers asked about the timing of the TDRs for Council review, and questioned if the Fee in Lieu Program would be preferred by developers instead of building affordable housing units. They asked for clarification about developers meeting the affordable housing requirement in offsite locations. Ms. Markle explained that a study is being completed on the feasibility of implementing a Landscape Conservation and Local Infrastructure Program in Shoreline and will be presented to Council in late February. She stated that Council can implement a Fee in Lieu Program where fees are commensurate or higher than the cost of providing affordable housing within a development. Ms. Rider explained there is an incentive that allows the developer to provide offsite affordable housing when the other unit is in close proximity to the original development, and stated the required units can be combined into one building instead of two.

Councilmembers requested information regarding the ratio of studio apartments to a one bedroom under current the PTE program, and asked about the ability to combine the PTE and LCLIP programs.

At 8:52 p.m., Mayor Winstead called a 5 minute recess. At 8:59 p.m. Mayor Winstead called the meeting back to order.

(b) Discussion of Ord. No. 694 - Amendments to the Shoreline Municipal Code for Property Tax Exemptions

Dan Eernisse, Economic Development Manager, reviewed the issues with the current PTE program are uncoded areas, sunset clause, application process, program duration, affordable housing, and program characteristics. He explained the State's PTE requirements allow for 8- and 12-Year PTE programs. He noted that Shoreline's PTE Program has 5- and 12-Year requirements. He explained the program needs to allow the developer to make a profit, be as good as Seattle's, and be predictable and understandable. He stated the recommended program is 12-Year at 20% affordable for a studio and one bedroom at 70% AMI, and 2 or more bedrooms at 80% AMI, with no sunset clause and no caps beyond Aurora Square at 500 units.

Councilmembers asked if the City should lobby to get Washington State Law changed to allow a 5-Year PTE Program and additional AMI options. They offered support for amendments to the Shoreline Municipal Code for Property Tax Exemptions, and stated they would like it to include 2 bedroom units. They asked for additional information on renters and wage earnings. Mr. Eernisse responded that it would be a good idea to get Washington State Law changed to allow a 5-Year PTE program. He explained the household requirements for various units, and Ms. Tarry referenced Agenda Item 8a, Attachment B “King County Median Income Levels by Household Size” Chart.

Councilmembers asked about allowing PTEs in light rail station areas. Mr. Eernisse responded that a certain amount of level of affordability is required in the Subareas, whereas the PTE is optional. He provided a scenario for the usage of both programs.

(c) Discussion of Ord. No. 704 - Amendments to the Shoreline Municipal Code Chapter 3.01 - Fee Schedule

Julie Ainsworth-Taylor, Assistant City Attorney, explained Ordinance No. 704 corrects several clerical errors and inadvertent omissions to the Shoreline Municipal Code Chapter 3.01 Fee Schedule. She then reviewed the corrections, and shared the adoption of the proposed Ordinance is scheduled for the February 9, 2015 Council Meeting.

9. ADJOURNMENT

A 9:34 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk