

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of 185 th Street Subarea Progress Report Follow-Up and MUR-70' Zone
DEPARTMENT:	Planning and Community Development
PRESENTED BY:	Andrew Bauer, Senior Planner Rachael Markle, Director Planning and Community Development Nathan Daum, Economic Development Program Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The 185th Street Station Subarea Plan Progress Report was presented to the City Council at their November 30, 2020 meeting. One of the main findings in the progress report was that there had been no development activity in the MUR-70' zone in the more than five years since the 185th Street Subarea Plan (SSP) was adopted.

Tonight, staff will provide responses to questions asked at the November 30, 2020 meeting and will begin the discussion of identifying topics the Council would like further studied with the goal of facilitating development outcomes in the MUR-70' zone as envisioned in the two light rail station subarea plans.

RESOURCE/FINANCIAL IMPACT:

There is no direct financial impact at this time. Direction and future actions stemming from this discussion could require financial and staff resources.

RECOMMENDATION

Staff recommends the short-term topics as identified in this staff report to address development outcomes in the MUR-70' zone be advanced for further study and potential future action.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

At the November 30, 2020 Council meeting, staff presented the 185th Street Station Subarea Plan (SSP) Progress Report. A copy of the progress report can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2020/staffreport113020-9a.pdf>.

The progress report summarized development activity occurring in the 185th Street Station Subarea since it was adopted in 2015 and provided an evaluation of key components of the 185th Street SSP that were required prior to the phase 2 rezone taking effect in March 2021. A similar report for the 148th Street station subarea is anticipated to be completed in late 2021 and its findings will be presented to Council.

Although the data reported show that new residential growth is occurring at the pace anticipated by the plan, it also found there was no commercial development in the subarea and no development activity of any type within the MUR-70' zone. Since the discussion at the November 30th meeting, staff have continued a high-level review of applicable policies and regulations and continue to work collaboratively with developers to understand the barriers to development.

City Council Goal #1 is to “strengthen Shoreline’s economic climate and opportunities.” At the Council’s March 29, 2021 meeting, the City Council discussed including an Action Step under Goal #1 which states: “Amend the development regulations for MUR-70’ to increase the likelihood of realizing the vision for transit-oriented development in the station areas, including affordable housing, transit-supportive densities, and vibrant, walkable communities.” The Council is scheduled to take action on their 2021-2023 Council Goals and Action Steps, including this proposed Action Step focused on development regulations in the MUR-70 zone, on April 12, 2021.

DISCUSSION

Responses to Council Questions

At the City Council’s November 30th meeting, several of the Council questions related to development within the light rail station areas in Mountlake Terrace and Seattle. Staff met with representatives from the cities of Mountlake Terrace and Seattle to learn more about the rezoning that occurred in their light rail station areas and generally how they are performing. Below is a summary of the key topics and themes from those meetings.

City of Mountlake Terrace

- The large development on the eastern side of I-5 near the King-Snohomish County line is a master-planned development, Terrace Station. Similar to Merlone Geier Partner’s planned redevelopment at Shoreline Place, it is governed by a development agreement. Most of the site was formerly owned by the Edmonds School District. The 14.6-acre development includes construction of a new road and three buildings with 600 apartments and 80,000 square feet of retail. The development benefitted from its large parcel size under single ownership and its proximity to the future light rail station. The development is not within Mountlake

Terrace's Town Center and unlike Shoreline Place, it is not designated as a Community Renewal Area.

- Mountlake Terrace's Town Center zoning (east of I-5 and light rail station) is comparable to Shoreline's MUR zones and, like Shoreline, consists of many small lots. Most recently in 2019, Mountlake Terrace adopted updates to their Town Center Plan. The updates build on the 2007 plan and incorporate changed circumstances such as light rail. The recent Town Center Plan:
 - a. Further establishes a vision for a multimodal street grid with approximately 300' block lengths. New roads and street connections are identified in transportation plans.
 - b. Allows for transportation impact fee credits for planned capital improvements.
 - c. Plans for a regional stormwater facility that development can connect to, reducing on-site stormwater management requirements.
 - d. Allows parking reductions for developments closest to the light rail station. Minimum parking requirements vary based on proximity to the station.
 - e. Down-zoned some properties to focus development closest to the light rail station and Town Center.
 - f. Establishes a focused retail/commercial street where ground floor commercial uses are required. In all other locations it is optional.
 - g. Includes a SEPA Planned Action EIS.

City of Seattle

Discussion with City of Seattle staff focused on the University District rezone and included:

- Redevelopment is benefiting from existing large parcels.
- Demand for commercial redevelopment builds on existing commercial land use patterns.
- Flexibility and/or relaxing parking requirements was a key topic from developer stakeholders.
- Rezone included incentive zoning. The "base" zoning included aggressive requirements that the market is likely able to deliver, while the "bonus" zoning included requirements and densities that are aspirational. Incentive zoning includes public benefits such as open space, affordable housing, childcare, and green building.

Shoreline's Experience

Discussions with these cities highlighted many of the same themes and topics being discussed by the Council and staff. Commonalities included:

- Infrastructure upgrades can be a challenge to new development. Anything cities can do to reduce upfront infrastructure costs will help development.
- Larger lots are more conducive for larger-scale development. Small lots are difficult to aggregate into developable parcels and can be less attractive for developers.
- Commercial/retail uses should not be broadly mandated but instead should be focused to a specific corridor or node where demand supports those uses.

- Flexibility in minimum required parking is important to respond to transitioning parking demands over time. The City's minimum parking ratios may be high relative to other high-capacity transit areas throughout the region.
- Establishment of a well-connected street grid with short block lengths that are safe and comfortable for all users is important.

MUR-70' Development Updates

Pre-application meetings have occurred with developers exploring at least 13 projects in the 148th Street station subarea MUR-70' zone. However, years have passed without action on the part of some projects and at least one prospective builder has sold its stake in the area finding the costs of development too high given the estimated return. Staff anticipates development applications for two projects in the 148th Street station area in the coming months.

Ongoing Planning Initiatives

Planning Staff are engaged in several ongoing initiatives that impact, either directly or indirectly, the light rail station subareas, including:

2021 Development Code Amendments

This year's first group of Development Code amendments are currently under review by the Planning Commission and include several intended to address development challenges in MUR zones:

- *Parking reductions.* Amendments to clarify and broaden opportunity for reductions to minimum parking requirements near the light rail stations.
- *Front setback for buildings on non-arterials in the MUR-70' zone.* Amendment would eliminate the required 10-foot front setback on non-arterials in the MUR-70' zone to allow greater design flexibility.
- *Administrative design review for alternative landscape designs.* Amendment would allow greater flexibility for new developments that can demonstrate the project meets the purpose and intent of the standards but cannot meet all the prescriptive requirements related to landscape widths and depths.

Mid-block Connections

In December 2020, Council approved the annual Development Code amendments which included a provision that a shared-use path be created when a development fronts on two parallel streets and the distance between the two streets is 250 feet or more. While this provision is still new, staff have heard concerns from a couple of developers about the added cost of meeting this requirement.

Landscape Conservation and Local Infrastructure Program (LCLIP)/Transfer of Development Rights (TDR)

In November 2020, Council provided direction to staff to begin implementation of a TDR program that would also take advantage of LCLIP. The purpose of LCLIP is to encourage TDR with a public infrastructure financing tool called tax increment financing (TIF). The program gives the City access to a new form of revenue in return for development rights from regional farms and forests. LCLIP creates incentives for both land conservation in the King County and infrastructure improvements in the City.

The TDR program would introduce incentives to encourage the sale of TDR credits in exchange for additional height, reduced parking, property tax exemptions, and administrative approval of a Development Agreement for development in the MUR-70' over 70-feet.

Development Impact Analysis

The City is in the process of entering into contract with a consultant to conduct a detailed analysis with two objectives:

- Document the expected level of fiscal costs and benefits attributed to new development in the City. The analysis will assist staff in quantifying long-term impacts (revenues and cost of services) to the General Fund, as well as the selected enterprise funds.
- Evaluate the financial feasibility of new multifamily development under current and potential zoning.

This analysis is anticipated to be completed by late Summer 2021 and will inform future policy and code recommendations.

MUR-70' Zone Discussion

The MUR zones were adopted with the light rail station subarea plans. There are three distinct zones with variation in allowable land uses and development regulations (MUR Housing Types Summary Sheet is attached as Attachment A). The MUR-70' zone allows the most intensive development and is located closest to the two light rail stations at 148th Street and 185th Street. As with most of the station areas, the existing land use pattern consists almost entirely of single-family homes constructed from the 1940s and onward. Infrastructure such as streets, water, sewer, and electricity have been sized and built to serve this low-density land use pattern.

Adoption of the station subarea plans and the associated rezoning to higher density MUR zones put into action several City policies established in the Vision 2029 Framework Goal and more specifically the Light Rail Station Area Planning Framework Goals (Attachment B). The MUR zones also implement Countywide Planning Policies by focusing compact growth in-and-around the light rail stations.

As noted above, development activity in the MUR-70' zone has not been occurring at the same rate as the other MUR zones. The following questions are intended to start the conversation as the Council discusses next steps and potential work plan topics to address development outcomes:

1. *Should the City wait to see whether development in the MUR-70' zone accelerates as the start of light rail revenue service and/or the first few developments are complete? For example, there was a time gap when the Aurora improvements were completed and when new development began. Although, in contrast, frontage improvements and other local infrastructure upgrades will largely be borne by developers in the light rail station areas.*
2. *Is the anticipated level of density and intensity of development still appropriate? Should it be more / less dense?*

3. *Should the path for the most desirable type of development be streamlined (e.g. review process, allow desired development by right not by exception, etc.)?*
4. *Should the City take a more proactive role in collaborating and identifying key infrastructure improvements that could set the stage for more private development?*

Potential Work Plan Components

To the point key issues with the Development Code are identified and addressed, more planning and certainty surrounding infrastructure may offer broader and more meaningful impact. Land use and development regulations alone cannot guarantee development outcomes. Planning and partnerships in the delivery of new infrastructure may be necessary to set the stage for the type and intensity of development envisioned in the subarea plans. Relying solely on new development to build needed infrastructure introduces cost and uncertainty – which could delay development – as well as potential legal challenges to such exactions.

The latest Federal COVID-19 Recovery Funds can be used for water and sewer infrastructure and must be spent by December 31, 2024. Staff are exploring how some of the City’s allocation could be directed for use in the City’s light rail station subareas.

Staff have identified several topics that warrant further study and potential action by Council to pursue ways for the City to better facilitate development in the MUR-70’ zone. Below is a summary of potential topics:

<i>Development Code Amendments</i>			
Topic	Impact	Effort	Timing
Development agreement process: Revise the review process for development agreements or explore options for an entitlement process with codified development requirements and an administrative approval.	Medium	Medium	Short-term 2021-22
Development incentives: Review incentives and revise with the goal to “right size” the incentives and associated public benefit.	Medium-to-High	High	Short-term 2021-22
Building height: Increase height regulations in the MUR-70’ zone. The current base height is 70’ with provisions to go to 140’ with a development agreement. Explore height flexibility in areas closest to the light rail stations.	Medium	Medium	Short-term 2021-22
Extension and potential expansion of the MFTE program: The current eligibility applies only to MUR-45’ and MUR-70’ properties within the phase 1 rezone area and is scheduled to expire at the end of 2021. Extend the program beyond 2021 and review opportunities to expand it to all of the MUR-70’ zones.	Medium-to-High	Low	Short-term 2021-22

Catalyst projects: Develop a package of code requirements and/or incentives, or other benefits that would apply to a certain number of developments that come earlier. For example, regulations could be written to apply to the first 1,000 multifamily units in the MUR-70' zone. Alternatively, regulations could expire after a period of time, such as three years.	High	High	Medium-term 2023-25
Parking standards: Review and revise off street parking ratios and further expand mechanisms for developments to achieve parking reductions. Also review and amend the code to allow “unbundling” cost for off street parking from the lease or sale of residential units.	High	Mid-to-High	Medium-term 2023-25
Plat restrictions: Explore actions that could be taken by the City to address the plat restriction process. Also work with the State Legislature to address plat restrictions that are impeding local efforts to comply with the Growth Management Act and issues of equity.	High	High	Medium-term 2023-25
Property aggregation: Explore opportunities to proactively encourage property aggregation to facilitate large-scale developments.	Medium	High	Medium-term 2023-25

Capital Investment and Infrastructure			
Topic	Impact	Effort	Timing
Internal utility planning (wastewater, stormwater): Proactively work to identify deficiencies, plan for improvements, and design, seek funding, and build.	High	High	Medium-term 2023-25
Transportation: Explore opportunities to construct transportation improvements such as sidewalks, bike lanes, and breaking up large blocks to provide for a complete multimodal transportation network ¹ .	High	High	Medium-term 2023-25
Offset/mitigate infrastructure costs for private development: Explore opportunities to lessen the infrastructure costs such as impact fee credits, latecomer’s agreements, including city-initiated or partnered, etc.	High	High	Long-term 2025+
External utility planning (electric, water): Proactively work with outside utility agencies to identify deficiencies, plan for improvements, and partner to design, seek funding, and build.	High	High	Long-term 2025+

¹ The City commissioned a study in 2020 regarding improving walkability around the light rail station subareas that might help inform this work: https://cityofshoreline-my.sharepoint.com/:b/g/person/ndaum_shorelinewa_gov/EekisdRKqABKlu26MUzKpZMBbc0VYa7DYdy4ubWAb-XmPA?e=Wl8iVq.

Next Steps

Staff recommends the short-term topics identified above be advanced for further study. If Council concurs, staff will begin to prepare a work plan(s) for individual topics or groupings of similar topics that make sense to review together. If helpful, staff can also bring back to Council the prioritization, grouping, and tentative work plans for additional review. Staff will also include potential timing for such work in relation to existing work plan goals and action steps. Anticipated costs for these work plans will also be identified.

STAKEHOLDER INPUT/OUTREACH

Staff have used the feedback gathered from pre-application discussions with developers to inform the range of topics identified above. A stakeholder engagement strategy will be developed as part of any work plan(s). The strategy will be sized relative the scope and scale of the work plan, but could include:

- Online open house
- Survey
- Meeting with the Developer Stakeholder Group
- Direct mailing to affected properties
- Website and news updates
- Meetings with stakeholder groups or organizations
- Collaboration with utilities and special purpose districts

RESOURCE/FINANCIAL IMPACT

There is no direct financial impact at this time. Direction and future actions stemming from this discussion could require financial and staff resources.

RECOMMENDATION

Staff recommends the short-term topics as identified in this staff report to address development outcomes in the MUR-70' zone be advanced for further study and potential future action.

ATTACHMENT

Attachment A – MUR Housing Type Summary Sheet
Attachment B – Light Rail Station Area Planning Framework Goals

MIXED-USE RESIDENTIAL HOUSING TYPES



The new zoning designations described below were developed to support neighborhood-serving businesses and additional housing styles. They represent a change from the current system of defining zoning by density maximums to using height limits instead.

Existing single family homes are allowed under all new zoning designations.



MIXED-USE RESIDENTIAL
35-FOOT HEIGHT LIMIT

MUR-35'

This zone would allow multi-family and single-family housing styles such as cottages, row houses, and town homes. The height limit for this zone is 35 feet, which is the same as existing single-family zones, and equates to a three-story building.

MUR-35' would also allow commercial uses along streets identified as arterials including live/work lofts, professional offices, and three-story mixed use buildings (two levels of housing over one level of commercial or other active use at the street level). This zone also would allow the conversion of existing homes to restaurants, yoga studios, optometrists offices, and other uses along arterials.

Existing single-family homes may be expanded or new single-family homes may be constructed to R-6 standards.



MIXED-USE RESIDENTIAL
45-FOOT HEIGHT LIMIT

MUR-45'

This zone would allow multi-family building types with a height limit of 45 feet, which equates to a four-story building. This includes cottages, row houses, townhomes, and apartments. Along arterials, MUR-45' zoning would allow mixed-use housing styles such as live/work lofts, ground floor retail with apartments above, or conversion of single-family houses to commercial or office uses.

Existing single-family houses could be expanded by 50 percent or 1,000 square feet, whichever is less.



MIXED-USE RESIDENTIAL
70-FOOT BASE HEIGHT

MUR-70'

This zone would allow building heights of 70 feet, generally six to seven stories. Building types would typically be mixed-use with residential and/or offices above commercial or other active use at the ground floor level. This type of "transit-oriented development" will occur in areas closest to the light rail station over the long-term. Potentially, buildings in this zone that provide a greater level of green building and affordability (among other requirements) could achieve a height of 140 feet, following a public process requiring notification, a hearing, and Council approval.

Existing single-family houses could be expanded by 50 percent or 1,000 square feet, whichever is less.

POLICIES SUPPORTING LIGHT RAIL STATION AREA PLANS**City of Shoreline Vision 2029**

FG14: Designate specific areas for high-density development, especially along major transportation corridors.

Goal LU III: Create plans and strategies that implement the City's Vision 2029 and Light Rail Station Area Planning Framework Goals for transit supportive development to occur within a ½ mile radius of future light rail stations.

LU11: The Station Area 1 (SA1) designation encourages Transit Oriented Development (TOD) in close proximity of the future light rail stations at I-5 and 185th Street and I-5 and 145th Street. The SA1 designation is intended to support high density residential, a mix of uses, reduced parking standards, public amenities, commercial and office uses that support the stations and residents of the light rail station areas. The MUR-70' Zone is considered conforming to this designation.

LU23: Collaborate with regional transit providers to design transit stations and facilities that further the City's vision by employing superior design techniques, such as use of sustainable materials; inclusion of public amenities, open space, and art; and substantial landscaping and retention of significant trees.

LU24: Work with Metro Transit, Sound Transit, and Community Transit to develop a transit service plan for the light rail stations. The plan should focus on connecting residents from all neighborhoods in Shoreline to the stations in a reliable, convenient, and efficient manner.

LU25: Encourage regional transit providers to work closely with affected neighborhoods in the design of any light rail transit facilities.

LU26: Work with neighborhood groups, business owners, regional transit providers, public entities, and other stakeholders to identify and fund additional improvements that can be efficiently constructed in conjunction with light rail and other transit facilities.

LU27: Maintain and enhance the safety of Shoreline's streets when incorporating light rail, through the use of street design features, materials, street signage, and lane markings that provide clear, unambiguous direction to drivers, pedestrians, and bicyclists.

LU28: Evaluate property within a ½ mile radius of a light rail station for multi-family residential choices (R-18 or greater) that support light rail transit service, non-residential uses, non-motorized transportation improvements, and traffic and parking mitigation.

LU29: Evaluate property within a ¼ mile radius of a light rail station for multi-family residential housing choices (R-48 or greater) that support light rail transit service, non-

residential uses, non-motorized transportation improvements, and traffic and parking mitigation.

LU30: Evaluate property along transportation corridors that connects light rail stations and other commercial nodes in the city, including Town Center, North City, Fircrest, and Ridgecrest for multi-family, mixed use, and non-residential uses.

LU31: Implement a robust community involvement process that develops tools and plans to create vibrant, livable, and sustainable light rail station areas.

LU32: Create and apply innovative methods and tools to address land use transitions in order to manage impacts on residents and businesses in a way that respects individual property rights. Develop mechanisms to provide timely information so residents can plan for and respond to changes.

LU33: Encourage and solicit the input of stakeholders, including residents; property and business owners; non-motorized transportation advocates; environmental preservation organizations; and transit, affordable housing, and public health agencies.

LU34: Create a strategy in partnership with the adjoining neighborhoods for phasing redevelopment of current land uses to those suited for Transit-Oriented Communities (TOCs), taking into account when the city's development needs and market demands are ready for change.

LU35: Allow and encourage uses in station areas that will foster the creation of communities that are socially, environmentally, and economically sustainable.

LU36: Regulate design of station areas to serve the greatest number of people traveling to and from Shoreline. Combine appropriate residential densities with a mix of commercial and office uses, and multi-modal transportation facilities.

LU37: Pursue market studies to determine the feasibility of developing any of Shoreline's station areas as destinations (example: regional job, shopping, or entertainment centers).

LU38: Identify the market and potential for redevelopment of public properties located in station and study areas.

LU39: Encourage development of station areas as inclusive neighborhoods in Shoreline with connections to other transit systems, commercial nodes, and neighborhoods.

LU40: Regulate station area design to provide transition from high-density multi-family residential and commercial development to single-family residential development.

LU41: Through redevelopment opportunities in station areas, promote restoration of adjacent streams, creeks, and other environmentally sensitive areas; improve public

access to these areas; and provide public education about the functions and values of adjacent natural areas.

LU42: Use the investment in light rail as a foundation for other community enhancements.

LU43: Explore and promote a reduced dependence upon automobiles by developing transportation alternatives and determining the appropriate number of parking stalls required for TOCs. These alternatives may include: ride-sharing or vanpooling, car-sharing (i.e. Zipcar), bike-sharing, and walking and bicycle safety programs.

LU44: Consider a flexible approach in design of parking facilities that serve light rail stations, which could be converted to other uses if demands for parking are reduced over time.

LU45: Transit Oriented Communities should include non-motorized corridors, including undeveloped rights-of-way, which are accessible to the public, and provide shortcuts for bicyclists and pedestrians to destinations and transit. These corridors should be connected with the surrounding bicycle and sidewalk networks.

LU46: Employ design techniques and effective technologies that deter crime and protect the safety of transit users and neighbors.

LU55: Parking requirements should be designed for average need, not full capacity. Include regulatory provisions to reduce parking standards, especially for those uses located within ¼ mile of high-capacity transit, or serving a population characterized by low rates of car ownership. Other parking reductions may be based on results of the King County Right-Sized Parking Initiative.

LU61: Support regional and state Transfer of Development Rights (TDR) programs throughout the city where infrastructure improvements are needed, and where additional density, height and bulk standards can be accommodated.

King County Countywide Planning Policies

DP-2: Promote a pattern of compact development within the Urban Growth Area that includes housing at a range of urban densities, commercial and industrial development, and other urban facilities, including medical, governmental, institutional, and educational uses and parks and open space. The Urban Growth Area will include a mix of uses that are convenient to and support public transportation in order to reduce reliance on single occupancy vehicle travel for most daily activities.

DP-5: Decrease greenhouse gas emissions through land use strategies that promote a mix of housing, employment, and services at densities sufficient to promote walking, bicycling, transit, and other alternatives to auto travel.

H-10: Promote housing affordability in coordination with transit, bicycle, and pedestrian plans and investments and in proximity to transit hubs and corridors, such as through transit oriented development and planning for mixed uses in transit station areas.

T-4: Develop station area plans for high capacity transit stations and transit hubs. Plans should reflect the unique characteristics and local vision for each station area including transit supportive land uses, transit rights-of-way, stations and related facilities, multimodal linkages, and place-making elements.