



AGENDA

SHORELINE CITY COUNCIL WORKSHOP DINNER MEETING

Monday, March 24, 2008
6:00 p.m.

Shoreline Conference Center
Highlander Room

TOPICS/GUESTS: 1. Intergovernmental Relations Program Update
2. Council Goal-setting Retreat

SHORELINE CITY COUNCIL BUSINESS MEETING (V.2)

Monday, March 24, 2008
7:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

	<u>Page</u>	<u>Estimated Time</u>
1. CALL TO ORDER		7:30
2. FLAG SALUTE/ROLL CALL		
3. REPORT OF THE CITY MANAGER		
4. REPORTS OF BOARDS AND COMMISSIONS		
5. GENERAL PUBLIC COMMENT		7:40
<i>This is an opportunity for the public to address the Council on topics other than those listed on the agenda and which are not of a quasi-judicial nature. Speakers may address Council for up to three minutes, depending on the number of people wishing to speak. If more than 15 people are signed up to speak each speaker will be allocated 2 minutes. When representing the official position of a State registered non-profit organization or agency or a City-recognized organization, a speaker will be given 5 minutes and it will be recorded as the official position of that organization. Each organization shall have only one, five-minute presentation. The total public comment period under Agenda Item 5 will be no more than 30 minutes. Individuals will be required to sign up prior to the start of the Public Comment period and will be called upon to speak generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.</i>		
6. APPROVAL OF THE AGENDA		8:00
7. CONSENT CALENDAR		
(a) Minutes of Workshop Dinner Meeting of January 28, 2008	<u>1</u>	
Minutes of Study Session of February 19, 2008	<u>5</u>	
Minutes of Business Meeting of February 25, 2008	<u>17</u>	
(b) Approval of expenses and payroll as of March 11, 2008 in the amount of \$1,722,664.70	<u>31</u>	
(c) Motion to Amend the Interlocal Cooperation Agreement with King County for Acquisition of Open Space through the Conservation	<u>33</u>	

Futures Tax Levy Grant Program

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|--|---|------------|------|
| (d) | Motion to Authorize the City Manager to Execute a Construction Contract Change Order with Precision Earthworks, Inc. and a Contract Amendment with W&H Pacific for Construction Management Services for the 2007 Sidewalk Priority Routes | <u>35</u> | |
| (e) | Motion to Authorize the City Manager to Enter into Agreements with King County and Public Safety Support Services to Provide Planner Services for Emergency Management Zone 1 | <u>39</u> | |
| (f) | Motion to Approve a Memorandum of Understanding Establishing a Pooled Human Services Fund | <u>41</u> | |
| (g) | Motion to Authorize the City Manager to Enter into the 2060 Low-Income Housing Fund Interlocal Cooperation Agreement for Regional Affordable Housing | <u>45</u> | |
| (h) | Motion to Adopt the Council Subcommittee's Recommendation for the Planning Commission Appointments for Four-Year Terms running from April 1, 2008 through March 31, 2012 | <u>49</u> | |
| (i) | Motion to Adopt the Council Subcommittee's Recommendation for the Library Board Appointments | <u>61</u> | |
| (j) | Resolution No. 274 amending Resolution No. 266 authorizing a Civic Center/City Hall Development Agreement with OPUS Northwest LLC | <u>71</u> | |
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8. ACTION ITEM: PUBLIC HEARING | | | |
| (a) | Public Hearing to receive Citizens' Comments on the Citizen Advisory Committee Comprehensive Housing Strategy; and Motion to Adopt the Comprehensive Housing Strategy | <u>105</u> | 8:00 |
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9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS | | | |
| (a) | Ordinance No. 493, Rezoning the Properties located at 14549, 14551, 14709, 14721, 14723, and 14727 32 nd Avenue NE and 3124 NE 146 th from R-12 and R-18 to R-18 and R-24
(note: this is a quasi-judicial matter for which the Council does not take public comment) | <u>149</u> | 8:40 |
|
10. UNFINISHED BUSINESS | | | |
| (a) | Ordinance No. 492, Planned Area 2 Legislative Rezone for the Ridgcrest Commercial Area - Review of Pro-forma Financial Analyses | <u>199</u> | 9:20 |
|
11. ADJOURNMENT | | | |

10:00

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CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF WORKSHOP DINNER MEETING

Monday, January 28, 2008
6:00 p.m.

Shoreline Conference Center
Highlander Room

PRESENT: Mayor Cindy Ryu, Deputy Mayor Terry Scott, and Councilmembers Keith McGlashan, Chris Eggen, Janet Way, Doris McConnell, and Ron Hansen

ABSENT: none

STAFF: Bob Olander, City Manager; Julie Modrzejewski, Assistant City Manager; Mark Relph, Public Works Director; Scott MacColl, Intergovernmental Program Manager

GUESTS: Bob Ferguson, King County Councilmember (District 1); Shari Tracey, Chief of Staff

Mayor Ryu called the meeting to order at 6:08 p.m.

King County Councilmember Bob Ferguson started a discussion of the King County Flood Control District. Mr. Ferguson stated that he worked to set aside 10% for cities to compete for grants. He encouraged the City to work with the City of Seattle on joint projects that would address the Thornton Creek Basin. He noted that he sees great value in projects that are oriented toward waterways than to specific cities. He added that the formal criteria are currently being developed.

Mark Relph stated that staff is coordinating with Seattle and that the development of a basin plan would help us judge to what level of flood protection FEMA will approve. Bob Olander added that we don't even have flow measurement data on the streams.

Councilmember Way asked if the criteria would include acquisition of property and Councilmember Ferguson responded that it could.

Councilmember Ferguson stated that he was meeting with Snohomish County Councilmember Mike Cooper to discuss Point Wells and to express how important this issue is to Shoreline.

Councilmember Ferguson shared that he continues to be chair of the Operating Budget, Fiscal Management, and Select Issues Committee. Bob Olander mentioned that he has asked City staff to track issues from Mr. Ferguson's committees. Shari Tracey stated that there are items on the King County agenda that their office may not be aware of and

asked the City to bring issues to their attention. Mr. Ferguson stated that if an issue is urgent, it's most effective to make a call to his office, through Shari Tracey; if there is an item that's coming, it would be helpful to alert him by email. He noted that for instance, Shoreline has done well with Future Conservation Trust Funds.

Councilmember Way thanked Mr. Ferguson for funding the Chamber's green business and asked if the new Shoreline Transfer and Recycling Station could recycle waste materials for biodiesel.

Councilmember McGlashan stated that he sits on the 10-year Plan to End Homelessness Committee and asked if the two houses that King County purchased adjacent to the Shoreline Transfer and Recycling Station could be made available for transitional housing. Ms. Tracey stated that the County plans to keep the houses. Mr. Ferguson noted that it is possible to make the housing transitional and the Veterans Human Service Funds could possibly purchase the homes at fair market value.

Mayor Ryu asked that if the Solid Waste Division determines that they will not need the property, maybe the City could use it. For instance, Shoreline Solar would like it for educational programs.

Mr. Olander stated that long-term funding for public health clinics continues to be a concern. Mr. Ferguson stated that the County is operating these clinics at a loss. He noted that a few years ago King County Public Health proposed closing two facilities: N. Seattle Community College at 50,000 visits per year and Bothell, which are both in his district. This engaged a lot of people and so funding was restored and they are funded through 2008; however, it is stop gap funding. He added that King County Public Health is developing a master plan, which is expected to address how we can better provide this service; is there other means? He summarized that there has not been a final recommendation yet.

Deputy Mayor Scott asked if the County has looked at mid-level providers to off-set costs? He strongly advocates that we support this vulnerable population. Mr. Ferguson did not know if this was being considered in the master plan.

Councilmember Way asked if a clinic could be located on the Fircrest campus. She stated that it has been brought up with various master plan options since it would be a good location.

Councilmember Eggen asked about funding for Center for Human Services. Mr. Ferguson stated his strong support for CHS and that King County has met a large portion of their funding requests.

Councilmember Way asked when the mental health levy would start. Mr. Ferguson stated that the 1/10th of a cent of sales tax, which is projected to generate \$50 million annually, will last seven years and becomes effective on April 1, 2008. He added that he

is personally tracking this and no decision on allocation of dollars has been determined yet.

Julie Modrzejewski asked Mr. Ferguson if he was tracking the Department of Justice letter that the County received in December 2007 claiming that the Department of Adult and Juvenile Detention violating the constitutional rights of inmates. Mr. Ferguson insisted that this issue fall under his committee of Law, Justice and Human Services. Ms. Tracey said that she will let the City know when the County has a briefing on this item.

Mayor Ryu asked if there is a growing concern with graffiti. Mr. Ferguson said that it is something they've studied to see if it was related to gang activity. He continued by stating that he supported adding funding in the 2008 budget for the gang suppression unit, which the County had six years ago. Deputy Mayor Scott asked what the County was doing to ensure that kids who are involved in tagging do not move onto more serious crimes. Mr. Ferguson said that the County's human service funding does not fund direct services, but provides funds to agencies. He added that we need to prioritize mental health funds for youth and that these agencies are being evaluated and their progress is being measured.

Mr. Olander stated that the County should be mindful of the impact of the County's accumulative taxes and in fact, all agencies need to be cognizant of the accumulate impact. To mitigate this, it would be helpful to coordinate our priorities.

The meeting adjourned at 7:20 p.m.

Julie Modrzejewski, Assistant City Manager

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CITY OF SHORELINE

**SHORELINE CITY COUNCIL
SUMMARY MINUTES OF STUDY SESSION**

Tuesday, February 19, 2008 - 6:30 p.m.
Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ryu, Deputy Mayor Scott, Councilmember Eggen, Councilmember Hansen, Councilmember McConnell, Councilmember McGlashan, and Councilmember Way.

ABSENT: None.

1. CALL TO ORDER

At 6:35 p.m. the meeting was called to order by Mayor Ryu, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Ryu led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present, with the exceptions of Councilmember McConnell and Councilmember Hansen.

Councilmember McGlashan moved to excuse Councilmember McConnell. Councilmember Way seconded the motion, which carried 5-0.

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS

Bob Olander, City Manager, reported on past and future City meetings, projects, and events.

4. COUNCIL REPORTS

Councilmember Eggen attended the Suburban Cities Association (SCA) Public Issues Committee. He reported that Councilmember Hansen was confirmed to the Hazardous Waste Board and there was a discussion about Metro route revisions. He added that there was an attempt to take the City of Shoreline out of the Seattle Metro area and put us in the eastside area. He also stated there is some conflict over the number of seats on the growth management and transportation boards.

Councilmember Ryu stated that the Shoreline Recycling & Transfer Station is open and it is the first certified LEED Gold industrial site in the United States. Mr. Olander clarified that the freeway ramps off of I-5 will only handle the large transfer truck traffic.

5. GENERAL PUBLIC COMMENT

a) Virginia Paulsen, Shoreline, commented that oil is more than \$100 per barrel, gas prices have increased, and the economic situation is worsening. She added that the population is increasing beyond the earth's capacity which is leading to global warming. She discussed the mortgage crisis and that everyone has to make economic adjustments, including the City as it establishes its priorities.

b) Les Nelson, Shoreline, stated that the Planning Commission has the community business (CB) zoning item on their agenda this week. He said the Commission is working on making unlimited density apply to CB zones as well as regional business zones.

Councilmember Hansen arrived at 6:46 p.m.

6. STUDY ITEMS

(a) Comprehensive Housing Strategy Committee Recommendation

Rob Beem, Community Service Division, introduced Comprehensive Housing Strategy Committee members Sid Kuboi, Janne Kaje, Kierdwyn Cataldo, John Behrens, Maria Walsh, Harry Sloan, and Chakorn Phisuthikul.

Mr. Kuboi presented the report of the Comprehensive Housing Strategy. He stated that affordability, housing choice, and neighborhood character were three key elements of the study. He noted that the demographics show that family sizes are getting smaller, and that based on the community assumptions the committee debate and deliberation of the three focus areas was further distilled into findings and strategies. These findings and strategies are items that the committee feels are the best ideas that could be successfully implemented in Shoreline.

Mr. Kaje highlighted that households are changing and families with children only make up 30% of Shoreline households with seniors, single parents/adults, and starters looking for different types of housing. He said there is a mismatch between today's demographics and the housing alternatives available. Neighborhoods have different characters and the preservation of neighborhood character is important to the residents. However, he said the push for higher density housing seems concentrated in a limited number of neighborhoods. Additionally, he said there is very little affordable housing in Shoreline. He said he hoped to see an "intelligent blend of diverse housing" in the future.

Ms. Cataldo gave an overview of the operating assumptions and strategies. The list of assumptions and strategies were defined in a list which encompassed the City's values of housing affordability, choice, and neighborhood character. The committee, she stated, wants the City's housing stock to be accessible to current and future residents. Shoreline is diverse and there needs to be viable alternatives for people with all needs. She explained that when Shoreline was incorporated the housing need was for nuclear families; however, now these houses no longer meet the need or are even affordable to a broad range of the City's residents. She stated that community gathering places provide a public benefit and there aren't many third places in Shoreline. She said the City needs to influence the market forces to shape new development to

strengthen the communities. She commented that residents were interviewed concerning multi-family units or townhouses were built in their neighborhoods. Most responded that multi-family units would be fine, but there needs to be transitions between larger structures and single family properties. The committee suggested the Council direct staff to initiate a community education program to promote dialogue with citizens before implementing strategies. Regarding affordability, there are many people who commute from other cities to attend Shoreline Community College (SCC) because of the lack of affordable rental units in Shoreline. She encouraged having affordable housing for students, SCC employees and for surrounding businesses to help to alleviate commuter traffic and enhance the community. She reviewed the committee's strategies to find land and funding for affordable housing. She concluded that there are several other assumptions, conclusions, and strategies in the report and urged everyone to review the document in detail.

Mr. Behrens stated that the City trying to encourage an intelligent mix of housing options focused on infrastructure needs, subarea plans, and pilot projects. He felt the hardest issue is the infrastructure challenges since this City is made up of a scattered pattern of development inherited from King County; without consideration of infrastructure needs there will be significant traffic and surface drainage issues. The next issue is the subarea planning process, which allows citizen control over development in their neighborhoods. He added that the usage of pilot projects will allow the City to start slowly in targeted areas with the support of the community. Finally, he stated that the committee determined that design standards are important in determining whether certain types of development fit into certain neighborhoods.

Mr. Kuboi commented that it is essential for the City and neighborhood leaders to work together to understand what the community benefits would be based on a more enhanced housing policy. The benefits, he stated, would include a more vibrant and diverse population, having people who work and learn in Shoreline actually live in Shoreline, having children and elderly living in same neighborhoods, and home ownership. Figuring out the City's housing challenges should be about getting people and ideas together and the key is bringing the entire community along. He added that the Comprehensive Housing Strategy Report could be the start of an outreach program.

Mayor Ryu called for public comment.

a) Dennis Lee, Shoreline, used the term "market-rate affordable housing" which he defined as more affordable housing. He noted that the neighbors have been asking for a Briarcrest Neighborhood Subarea Plan for five years, but the City has to be genuine in its approach. He commented that his daughter is not able to buy a house in Shoreline, and he requested that the City explore opportunities available through infill development.

Councilmember McGlashan thanked the Committee for their work and verified that in October 2007 there was not one house for sale in Shoreline priced under \$250,000.

Mr. Behrens concluded that the only way the City can have affordable housing is to preserve some of the existing housing stock.

Councilmember Eggen questioned if the numerous proposals to build small apartments would fit into the City's vision for affordable housing.

Mr. Kuboi replied that the committee has advocated for expanding housing choices and what is right for one person might not be right for someone else.

Mr. Kaje submitted that affordability and affordable housing are just terms, and that even a person with income high above the median still wouldn't be able to afford a home. He said this report isn't just about strategies for putting units somewhere for the most needy.

Councilmember Way said the idea of remodeling homes is good. She felt the City has a tremendous stock of housing and wanted to know if there is available funding for people to remodel their homes.

Mr. Kuboi stated that one of the public sector developers from A Regional Coalition for Housing (ARCH) said existing housing stock is your affordable housing stock and new construction is not the way to obtain affordable housing. Therefore, the City needs to have incentives to improve what's already here. He said this will take some direct financial incentives and code requirements for improving existing housing.

Councilmember Way noted that on page 20 the topic of "mega-homes" was raised and the City should address the issue. She liked the idea of incentives, subarea plans, design standards, and transition zones.

Mr. Kaje explained that the committee wanted to make clear the committee and the City are developing something forward-looking and proactive. The goal, he said, is to focus on what steps City can take to move in the right direction and to not be sidetracked by focusing on specific developments.

Councilmember Hansen commented that this is a daunting challenge and there are lots of competing issues and expectations to balance. He highlighted that the City code can be a problem for remodels and that the committee has done a good job.

Deputy Mayor Scott supported the findings of the report and it demonstrates that people are the greatest resource of any community. He asked Mr. Kuboi to address how the committee arrived at the process of developing operating assumptions from community values.

Mr. Kuboi responded that the committee had an open house, heard public comment, and held a "dot" exercise. He added that the Council did a very good job selecting the committee because he felt they were a representative subset of the community. Ms. Cataldo added that the diversity of the group was instrumental to their success.

Deputy Mayor Scott commented that "third places" was an important piece of this and said the final document from the committee should be taken in its entirety.

Mr. Behrens summarized that the idea is to have place to work and live with third places. He added that it is critical that new developments take into account that people need more than 400 - 500 square feet of space to live.

Councilmember Way asked for an explanation of the recommendation to conduct inventories. Mr. Behrens responded that the committee didn't do them, but recommended that the infrastructure be inventoried so all the things that might limit the City's future options are identified.

Mayor Ryu commented that she hoped the committee is open to the Council expanding the work, especially with subarea planning, housing inventory, housing development funding, and property tax exemptions for housing.

Deputy Mayor Scott said the intent of the committee is to have this go through a public review.

Mr. Olander said the Council should have a formal public hearing on the document on March 24, adopt it and then look at recommendations and priorities in the Council goal-setting retreat. Mr. Olander conveyed that the neighborhoods have to be involved for this to be successful.

Mr. Kuboi asked the Council to consider the fact that issues brought up in the report are in the interest of people who aren't Shoreline residents yet.

Deputy Mayor Scott move to accept the recommendations contained in the Comprehensive Housing Strategy Committee Report. Councilmember Eggen seconded the motion, which carried 6-0.

RECESS

At 8:04 p.m., Mayor Ryu called for a ten minute recess. At 8:16 p.m. the Council meeting reconvened.

(b) Continued Deliberation on Ridgecrest Commercial Area Planned Area 2 Legislative Rezone

Mr. Olander stated that this item is a continuation in order to respond to Council questions. He stated that Planning and Development Services Director, Joe Tovar and City Planner, Steve Cohn have organized comments and Council suggestions into categories.

Mr. Tovar outlined the entire notification process for the project which included public notices, public flyers, email notices, website notices, articles written in the *Currents*, the *It's Happening in Shoreline* flyer, legal notices and *Enterprise* articles, the City Manager's public reminders at the City Council meetings, and the slides that were on Cable Channel 21. He concluded that these efforts demonstrate that the City has been doing everything publicly and has made a reasonable effort to inform the citizenry. He discussed the handout which formatted the major issues as "Big Picture Questions" which came from the Council and the public. He noted that the Planning Commission recommended a new zone called Planned Area 2 (PLA2). He commented

that the department tried to capture the larger questions like building heights, mitigations, and who will conduct the design review.

Councilmember Eggen said the parking requirements seem to go under the parking section at some point in time. He asked staff to clarify if the intent is to pass a motion at this meeting.

Mr. Olander stated that the Council should make a motion which will lead to possible revisions in the height, density, and design specifications. Those revisions, he stated, would tend to move into other discussions. He noted that this is an opportunity to bring forth general conclusions and amendments to the next meeting for formal debate and adoption.

Councilmember Eggen recommended that the Council outline the amendments before public comment occurs.

For the sake of discussion, Councilmember Eggen moved to accept the staff recommendation for the Ridgecrest Planned Area 2. Deputy Mayor Scott seconded the motion.

Councilmember Eggen discussed the need for transition zones in areas where a large buildings abut a single family neighborhood. Mr. Cohn stated it is in the staff report, the 3rd bullet under item B.

Mr. Olander asked Mr. Cohn to start the discussion by referring to the Commission's recommendation on building size and design. Mr. Cohn displayed the sketches in a narrative format and explained the maximum heights when located next to a single-family building.

Councilmember Eggen stated that he is comfortable with adding a transition zone between single family and multi-family developments. He recommended creating an R-24 zone between single family neighborhoods and tall buildings as an intermediate stage. He dictated his recommended language for the proposed legislation.

Mr. Olander noted that this is a departure from the Commission's recommendation, and if a transition zone is recommended this item would have to go back for consideration. He said it represents changing the existing neighborhood business (NB) zone to something similar to an R-24 zone with increased setbacks and other restrictions.

Mr. Tovar commented that with many of these suggested edits the City will have to determine if they are within the scope of what was reviewed. The revisions would convert this to an R-24 zone for the first 100 feet, he explained.

Councilmember McGlashan clarified the setback requirements on 163rd Street.

Councilmember Way commented that the Commission assumed both sides of the street at 165th Street and 5th Avenue would be retail; she asked if 163rd Street is planned for retail as well.

Mr. Tovar stated that the Commission recommended limited access and didn't explicitly prohibit retail. He added that the sketches are an attempt to show building mass, not represent the type of building that will be on the site.

Mr. Olander discussed the various transitions and setbacks, reminding the Council that they should focus their discussion on those two items.

Deputy Mayor Scott commented that Councilmember Eggen is trying to decide whether he could support a six-story structure or not. He said he felt a four-story structure was appropriate for the site, but now he feels a five-story is a reasonable compromise, with a maximum height of 55 feet.

Deputy Mayor Scott wished to change the recommendation to include a maximum height in the Ridgecrest Planned Area 2 zone of five-stories with a maximum height of 55 feet. Councilmember Way seconded the motion.

Mr. Olander stated that there may be competing amendments and suggested the Council discuss the west side first.

Councilmember McGlashan commented that the neighbor that lives to the west favors the proposal. He added that when he looks at the proposal the transition and setbacks make a difference and are acceptable.

Mr. Szafran responded that the current limit is four stories or 50 feet.

Councilmember Hansen added that a builder can fit five stories if they restrict their floor heights to ten feet, which is what has been done in the past.

Mr. Olander suggested that instead of going up 50 feet and stepping back maybe the Council would consider moving the third, fourth, or fifth floor to a different slope; either way it's better than what is in the neighborhood business zone. Mr. Tovar suggested that the step back could be on a 30 degree angle instead of 45 degrees.

Mayor Ryu wondered if dictating changes might trigger different scoping. Mr. Tovar replied that it deals with mass and if you change the zone things get complicated. He said it is simpler to use step backs and different angles.

Councilmember Eggen stated that his suggestions are based on similar regulations in Bellevue and that the details would have to be worked out. He urged the Council to consider and allow neighbors to have transition zones.

Mr. Olander responded that this would really need to go back to the Commission and would impact the Comprehensive Plan. He added that it would amount to less density and produce a change in the zoning. He said the compromise could be changes to step-backs and setbacks.

Mr. Tovar stated there are ways to deal with this question. The first is to push the building envelope farther away from 163rd, and that is within the scope. The second is to change the zone

to R-24; this option raises other issues that were never discussed. He stated that it is also within Council's discretion to go to a 2:1 slope or start with a 1:1 slope later.

Mr. Olander commented that Deputy Mayor Scott is not comfortable with the drawing on page 72 that displays six-stories and the setbacks on the west side. He added that Councilmember Eggen suggested some revised language.

Councilmember Hansen said he is comfortable with west side.

Mayor Ryu expressed concerns that the setback is only five feet, which isn't equal with other properties in the area. She also added that she didn't want solid five foot setbacks all the way down the street.

Mr. Cohn responded that the fire marshal said that there is no difference between a five or ten foot setback, because a ladder truck wouldn't work at that location. He communicated, however, that the fire department could run hoses to fight any fire. He stated that the facility needed an extensive sprinkler system and the developer would have to resolve any water pressure issues.

Mayor Ryu was not comfortable with having six stories with transitional setbacks. However, she said she would be more comfortable with transitional setbacks, getting the structure at 2:1, and having the setbacks start farther in.

Councilmember McGlashan reflected on the large packet the Council read, including the letters and statements from residents. He commented that there were some who opposed it at first, then changed their minds after the Planning Commission review. He looked at this as a trade-off, because five stories can be built now and if the City revises this too much a developer will build something based on current regulations. He felt any revisions should be brought back for community review and comment.

Deputy Mayor Scott stated that up until this meeting the Council has been discussing four or five stories and in order to get to five or six stories there would need to be incentives. He said he wasn't clear until tonight that five stories is allowed under current zoning. He said he didn't want to make a decision based on a developer and not decide with favor toward the developer instead of what's best for the community. Mass and impact is still a concern, he said. He felt that five stories or 55 feet is a reasonable compromise.

Councilmember Eggen stated that there is a fundamental difference between the two zones and it is with the density. He commented that now the proposal is for unlimited density.

Mayor Ryu commented that the Council should consider all the amendments and looked forward to continued discussion.

Mr. Olander summarized that there were four competing proposals and Councilmember Eggen's substantive changes would require that this return to the Commission for a total revision to add a transition zone. He highlighted the Councilmember's individual opinions and concerns on the issue.

Mayor Ryu wanted to move forward with Councilmember Eggen's proposal and consider it for other planned areas too.

Councilmember Hansen commented that there have been extensive meetings, staff review, and public comments. With that, he felt the Commission came up with a very reasonable recommendation and he is supporting it.

Councilmember Way suggested having a 35-foot height limit on 163rd Street, a 2:1 stepback ratio, and a variable setback from the street on the west side.

Mr. Olander responded that the City staff can draw out a 2:1 sketch, but the same effect could be attained by setting back the 4th floor then going up, then setting back the 3rd floor. He thought there is a compromise that can be achieved if there is some modification to the upper floors.

Deputy Mayor Scott said that if there is going to be a compromise of six stories, then the Council should consider how far down that block there should be six stories.

Mr. Olander stated that he looked at the 5th Avenue side and restated Deputy Mayor Scott's suggestion on how far from the south boundary that the six story requirement could be pushed. He said the area of concern is at the corner.

Councilmember McGlashan departed the meeting at 9:49 p.m.

Councilmember Way stated that she would like to see a plaza at the intersection of 5th Avenue and 165th Street to make it a welcoming space. She discussed a terrace treatment on stepbacks and potentially a third place on the top floor.

Mr. Tovar stated that a plaza has been discussed by the Commission on the ground floor and the City staff discussed having a public meeting space on an upper floor. He said both are within the realm of what we could be proposed. However, both suggestions raise some issues such as security, liability, and functionality in the building.

Mr. Olander voiced serious concerns about the suggestions. He said it is difficult to create a public space inside this building because it isn't inviting. He said this may work if the facility is a restaurant, but this facility doesn't show the ease and flow of a public space. He felt there would be too many security and functionality issues. He said the City would be asking too much of the developer to do this. He suggested that ground floor retail or coffee shops work well.

Councilmember Way stated that a courtyard could be where retail opens up and the businesses could be accessed from either side. She suggested research be done to see if there are any other developments that use this top-floor type of amenity.

MEETING EXTENSION

At 10:00 p.m., Councilmember Eggen moved to extend the meeting until 10:30 p.m., Councilmember Way seconded the motion, which carried 4-1, with Councilmember Hansen dissenting.

Mr. Tovar responded that these suggestions can be written as standards into the proposal, but not into the design and some research can be done on a rooftop terrace.

Councilmember Eggen suggested that the minimum unit size be changed to 600 square feet.

Councilmember Way stated that there was a staff memorandum on January 25 with suggested language for low-impact development techniques for all new development in Planned Area 2. She read the techniques and wanted to add bike racks, Metro bus passes for residents, the use of native plants whenever possible, and prohibition of invasive plants.

Deputy Mayor Scott supported the requirement for 95% of parking for the facility being on-site parking.

Mr. Olander explained that the normal allocation for a condominium or apartment complex would be 1.5 parking spaces for each 2 bedrooms unit, and 1 space for studios. He said 1.5 to 1.6 per would be normal parking standards. The City estimated there would be 1.25 which could be increased to get 1.35 or 1.4. He noted that the Director has discretion to reduce the parking ratio up to 50% and increase the parking ratio and requirement for Metro bus passes.

Mr. Tovar noted that even making the parking ratio 1.4 or 1.5 would be more than other urban communities.

Deputy Mayor Scott said that comparisons to the City of Seattle are unrealistic because they are more urban than Shoreline because their transit system is better than it is here. The staff can't assume that people won't have cars, but there can't be overflow parking into a neighborhood that already has parking issues.

Councilmember Eggen said the parking requirements are important. He asked about including parking costs in rent. Mr. Cohn clarified that the suggested parking ratios are 1.0 per studio, 1.5 per one bedroom, and 1.8 – 2.0 per two bedroom unit. Deputy Mayor Scott agreed that the parking ratio should be 1.8 or 2.0 per two-bedroom unit.

Councilmember Hansen concurred with Deputy Mayor Scott and said whatever the parking is, it should be on-site. He commented that he has seen more projects suffer from parking problems than anything else.

Mr. Cohn said the proposal is stated that a majority of parking has to be on-site.

Councilmember Way suggested having the City staff work on a parking management plan for the area to include on-street parking on 5th Avenue and 165th Street. Mayor Ryu concurred.

Deputy Mayor Scott said the aesthetics for the building are severely reduced if there is parking on the corner. The street and the corner should be beautiful and walkable, he said. He felt the main features of the building shouldn't be visually deterred by having cars parked on the corner.

Councilmember Eggen stated that the developer has asked that the codes be modified to allow residents to store vehicles on-site.

Mr. Cohn highlighted that the intent of "no vehicle storage on-site" means long-term storage. He stated that tandem parking could be allowed if there were two people in the same unit parking together.

Mr. Olander expressed concerns about the time and asked if Council wishes to continue the item at the February 25th meeting.

MEETING EXTENSION

At 10:30 p.m., Deputy Mayor Scott moved to extend the meeting until 10:40 p.m. Mayor Ryu seconded the motion, which carried 4-0, with Councilmember Hansen abstaining. Councilmember Hansen departed at 10:31 p.m.

Mayor Ryu suggested there be more intimate lighting. She wanted to have at least two corners developed and liked the idea of some designed streetscape. She suggested the City impose some type of impact fees so the project can get done. Additionally, she wanted language from the City staff on solar homes and more sustainable features in this area and the City.

Councilmember Way suggested that the staff work toward landmark status for the Crest Theater.

(c) Community Priorities/Long Range Financial Planning Advisory Committee Appointments

Councilmember Way, Councilmember Eggen, and Deputy Mayor Scott were appointed to the Community Priorities/Long-Term Financial Planning Advisory Committee.

7. ADJOURNMENT

At 10:38 p.m., Mayor Ryu declared the meeting adjourned.

Scott Passey, City Clerk

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CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, February 25, 2008 - 7:30 p.m.
Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ryu, Deputy Mayor Scott, Councilmember Eggen, Councilmember Hansen, Councilmember McConnell, Councilmember McGlashan, and Councilmember Way.

ABSENT: None

1. CALL TO ORDER

At 7:36 p.m., the meeting was called to order by Mayor Ryu, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Ryu led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. REPORT OF THE CITY MANAGER

Bob Olander, City Manager, reported on various City meetings, events, and projects. He stated that Comcast has formally requested to renew their franchise agreement with the City. Therefore, the City has placed a survey on its website in order to collect public input for the proposed franchise agreement.

4. REPORTS OF BOARDS AND COMMISSIONS

Councilmember Way reported on her trip to Olympia and that she testified on the Evergreen Cities bill. She said that 102.5 FM KZOK held a contest for the best Puget Sound High School Band, with Shorewood High School placing second and Shorecrest winning first place.

Councilmember Eggen attended the SeaShore Transportation Forum as an alternate member. He said the group presented the Sound Transit 2 (ST2) Plan. The plan explains what Sound Transit will do now that Proposition 1 has failed. He said an item of concern is that there is no service to Shoreline in the current plan. He also said there was also an update on HOV tolls in the future.

5. GENERAL PUBLIC COMMENT

a) Laethan Wene, Shoreline, invited everyone to the Shoreline Community Church's annual "Eggstravaganza" Easter Egg Hunt on March 22 at Shoreline Stadium.

b) LaNita Wacker, Shoreline, applauded the Housing Strategy Committee. She said that the committee emphasized the needs of seniors, students, singles, and starters in their report. She said the City has grown in size, but smaller apartments and condominiums are needed, too. She stated that the City needs to provide more housing choices.

c) Dennis Lee, Shoreline, said he is passionate about the Briarcrest Neighborhood Subarea Plan. He said he feels as if he has an adversarial relationship with the City staff because there are issues of control and trust. He said he would like to have Deputy Mayor Scott oversee this process and focus on the spirit of the process. He stated that the notification process is flawed and he would like to discuss this issue further.

d) Jim DiPeso, Shoreline, stated that Jack Bradley, the "Maverick Man" passed away a week ago and he lived in his Ford Maverick that was parked by Schuck's Auto Parts on Aurora Avenue. He noted that there is a memorial service on Saturday.

e) Les Nelson, Shoreline, said that since the moratorium was created for developments on Aurora Avenue the residents haven't been able to meet with the City staff. He said something needs to be worked out regarding a transition zone and that an R-24 zone seems to be a reasonable choice among the options.

f) Gary Batch, Shoreline, stated that North City is beautifully done and the idea was to revitalize the area. Unfortunately, there was an ugly box apartment building and a gas station added. He also stated that there is a proposed 440-unit apartment building at the old YMCA site and wondered why Ridgecrest is being micromanaged. He felt that the North City area is overlooked.

g) John Behrens, Shoreline, stated that a lot of the development going on is based on having a transit system. He discussed traffic increases and stated that the City should address population issues. He noted that the transit system won't be done for another twenty years.

Mr. Olander stated that the groundwork on the Briarcrest Neighborhood Plan will begin in March. He added that Ridgecrest needs to be finished before the City can address the moratorium, however, the City staff will begin working on it as soon as they can.

Councilmember Way asked for a response concerning Mr. Batch's question about Ridgecrest.

Mr. Olander responded that the North City did have a Subarea Plan and it was a major plan adopted by Council which included apartment densities. He said the City has invested \$9 million in North City and it was an intense project.

6. APPROVAL OF THE AGENDA

Councilmember Way pulled Item 7(i) and suggested making it Item 8(c).

Deputy Mayor Scott moved approval of the agenda as amended. Councilmember Eggen seconded the motion, which carried 7-0, and the agenda was approved.

7. CONSENT CALENDAR

Councilmember McGlashan moved approval of the Consent Calendar. Councilmember Hansen seconded the motion, which carried 7-0, and the following items were approved:

- (a) Minutes of Study Session of January 22, 2008
Minutes of Business Meeting of January 28, 2008

- (b) Approval of expenses and payroll as of February 13, 2008 in the amount of \$1,269,499.49 as specified in the following detail:

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT	Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
01/13/08-01/26/08	2/1/2008		22535-22729	7306-7343	35371-35379	\$389,761.39
						<u>\$389,761.39</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
2/1/2008	35334	35359	\$46,196.75
2/4/2008	35360	35361	\$1,417.93
2/5/2008	35362	35369	\$216,932.09
2/5/2008	35370		\$684.00
2/6/2008	35380	35388	\$104,686.22
2/6/2008	35389	35391	\$26,044.13
2/6/2008	35392	35394	\$145,887.00
2/7/2008	35395	35410	\$238,301.75
2/8/2008	35411	35421	\$72,895.35
2/8/2008	35422	35445	\$25,687.06
2/11/2008	35446		\$725.82
2/13/2008	35447		\$280.00
			<u>\$879,738.10</u>

- (c) Motion to Authorize the City Manager to Execute the 2008 Public Health & King County Local Hazardous Waste Management Program Grant Contract for \$26,810.44

- (d) Motion to Authorize the City Manager to Execute the 2008/2009 Washington State Coordinated Prevention Grant Agreement for \$59,689

(e) Motion to Authorize the City Manager to Execute the 2008/2009 King County Solid Waste Division Waste Reduction and Recycling Grant Interlocal Agreement for \$40,596 in 2008 and \$40,596 in 2009

(f) Motion to Authorize the City Manager to Execute the King County Green Building Grant Agreement for \$20,000 to Support Environmental Certification of the New City Hall

(g) Ordinance No. 494 Vacating a Portion of Midvale Avenue North between N 175th Street and N 178th Street

(h) Motion to Authorize the City Manager to award a construction contract to Precision Earthworks Inc. for \$553,873 for field preparation and a purchase order to King County Directors Association (KCDA) for \$377,065 for Synthetic Field Turf including installation for Twin Ponds Soccer Field

8. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS

(a) Resolution No. 272 Expressing Concern Regarding Sound Transit's Revised Phase II Preliminary Corridor Service Concepts Proposal and Resolution No. 273 Regarding Promoting a Single, Integrated, Continuous Bus Rapid Transit System Along the Aurora Avenue/State Route 99 Corridor

Mr. Olander introduced Kirk McKinley, Aurora and Interurban Trail Project Manager, and Alicia McIntyre, Aurora Corridor Project Planner, who then provided the staff report regarding the Sound Transit (ST) Phase 2 proposal.

Ms. McIntyre stated the two resolutions are separate but related. She stated that the first resolution is the Sound Transit revised Phase II Preliminary Corridor Concept proposal. She explained what the proposal consisted of and stated that the City staff recommendation was to adopt Resolution 272 and the Planning Commission and City staff recommended Resolution 273.

Mr. McKinley explained that the draft resolution was very general and it is the City staff intent to revise it based on Council direction.

Mr. Olander discussed the financial details and stated that the ST Board is considering an additional sales tax of up to .5 cent.

Councilmember Eggen commented that Shoreline is only getting a small amount of service and that would be phased out as the Bus Rapid Transit (BRT) system evolves.

Councilmember McGlashan stated that \$3 to \$4 million for this is a large spread. He questioned if there are more accurate figures. Mr. Olander stated that he can ask Finance to come up with a more accurate number.

Mr. McKinley then discussed Resolution. 273 concerning the Aurora Avenue transit service. He stated that the Commission struggled with having cross-county transit service on Aurora Avenue.

Rocky Piro, Planning Commission Chair, noted that the Commission resolution asks for a more singular, integrated bus rapid transit system in King and Snohomish Counties that interfaces at Aurora Village. He added that residents patronize businesses in Shoreline, North Seattle, and South Snohomish County. Additionally, there is a lot of high density development along Highway 99 which lends itself to transit. He then summarized the resolutions.

Ms. McIntyre displayed the ST proposal for the Aurora Corridor. She outlined the Commission recommendation and the current City staff efforts and recommendations. She explained that the Transit Now initiative included a BRT system and that Aurora Avenue will receive an additional 5,000 hours of service. Additionally, Metro held a competitive process for service "partnerships" and there were 90,000 hours budgeted.

Mr. McKinley highlighted that the City did meet the criteria for a Speed and Reliability partnership with the City of Seattle, but other partnerships such as a financial partnership were more competitive. He stated that the County Council will make the final decision on where the allocations go and the Metro staff has made the preliminary recommendation.

Councilmember Eggen asked if the City staff has an idea where a new transit station would be.

Mr. McKinley said the City is interested in starting a dialogue with the transit agencies and they have talked about locating it at the State Route 104 overcrossing, Costco plaza, or at the Shoreline Park-n-Ride.

Mayor Ryu called for public comment.

a) Wendy DiPeso, Shoreline, wanted the Council to ask ST specific questions regarding the Sounder and bus rapid transit. She said it would be nice to get input from BRT systems around the country. She stated that ST never compared a light rail surface system with BRT. She noted that fatalities should be taken into account, too.

b) Les Nelson, Shoreline, did not believe the City will get viable transit on Aurora Avenue. He added that he takes the 304 Metro bus and there need to be bus schedule improvements. He said he would like to see the full plan come together. He urged the Council to try riding a bus to get across Shoreline.

c) John Behrens, Shoreline, commented that he rides the 358 bus downtown, and it is not rapid transit. He discussed putting in a light rail system on the county line that stops in Shoreline. He pointed out that a light rail system doesn't address the east-west traffic needs and that this \$140 billion solution will leave the City with the same problems it has now. He suggested that the City tell Metro and the transit authorities to put the investment into buses to increase the system.

d) Carl Otterstrom, Corridor Lead of the King County Aurora Rapid Ride project with King County Metro, thanked the City staff for their work and the residents for their interest. He stated that the rapid ride buses are from the same bus manufacturer as those which are used by Community Transit (CT) and will not present platform problems when transferring. He noted that CT is looking at ticket vending machines for cash purchases and having the ORCA card compatible with all the systems. He concluded that Aurora Avenue is dense and it is a multi-purpose corridor that carries over 10,000 people daily.

Mayor Ryu commented that the City has CT, which is different from Metro. She added that because the services work together people don't see a boundary between Shoreline, Seattle, and Edmonds. Now, she stated, ST is operating and they want more money but are giving us less service. Therefore, there are three different agencies that need to work together. She wondered if the funding that ST wants can be given to Metro and CT to address the City's problems.

Mr. Otterstrom responded that the difference is in what ST sees as their mission. He said ST is focused on inter-county connections and high-capacity transit (light rail). He said the dialogue about the agendas needs to be about what needs to be accomplished with this money to ensure cities get the best "bang for their bucks."

Councilmember Hansen commented that ST has been very forthright with the City in the past. He explained that they promised the City that they'd get nothing out of it and have kept their word. He said the Finance department calculated that the citizens of Shoreline have paid over \$3 million into ST from 1998-99 and there have been several different formulas involved but the funds cannot be redirected. He supported the Commission resolution but has reservations about the second one. He added that he was not in favor of ST, but people voted for it. He warned that once the City gets into the project the ground rules cannot be changed.

Councilmember Way said the resolutions are linked and it seems as if the City will have to keep reminding these transportation agencies about our issues. She said the resolutions express the City's concern.

Councilmember Way moved to adopt Resolution No. 272 expressing concern regarding Sound Transit's Revised Phase II Preliminary Corridor Service Concepts Proposal, and to adopt Resolution No. 273 regarding promoting a single, integrated, continuous bus rapid transit system along the Aurora Avenue/State Route 99 Corridor. Councilmember Eggen seconded the motion.

Councilmember Hansen moved to divide the question. Deputy Mayor Scott seconded the motion, which carried 5-2, with Mayor Ryu and Councilmember Way dissenting.

Councilmember Way stated that the City staff can go back and make recommendations to the item later.

Mr. Olander commented that it is better to add a suggestion on what the City proposes to the resolution.

Councilmember McGlashan asked if it would be a benefit to include other counties in this discussion.

Mr. McKinley responded that the first step is to speak with ST, other regional transit providers, and transit committees.

Councilmember McGlashan highlighted that he agreed with Mr. Olander to create legislation that will propose a solution instead of communicating negativity.

Councilmember Eggen wanted the City staff to identify the consequences of the Council decision and clearly understand what is and isn't possible.

Mr. McKinley reminded the Council that Councilmember McGlashan is desirous of more regional information from other counties.

Rocky Piro, on behalf of Puget Sound Regional Council (PRSC) stated that this item has generated some interest with other jurisdictions and it is moving into a regional arena.

Councilmember Way suggested amending the resolution to add the terms "and the six transit agencies" to make it a regional effort.

Mr. Olander felt that this didn't have to be put in resolution form and that the City staff would work with the other agencies as appropriate. He added the City should support PSRC and all inter-county efforts.

Mayor Ryu agreed that the City needs to insist that more service is received with ST Phase II. She commented that the way to ensure success of regional system funding is to determine what cities are paying and what are they getting in return.

Councilmember Way withdrew the amended language and directed the City staff make note of Wendy DiPeso's questions.

A vote was taken on the motion to adopt Resolution No. 273 regarding promoting a single, integrated, continuous bus rapid transit system along the Aurora Avenue/State Route 99 Corridor, which carried 7-0 and Resolution No. 273 was adopted.

There was Council consensus to postpone discussion on Resolution No. 272 until the Council meeting of March 3, 2008.

RECESS

At 9:29 p.m., Mayor Ryu called for a five minute recess. At 9:34 p.m. the Council meeting reconvened.

(b) Continued Deliberation of Ridgecrest Commercial Area Planned Area 2
Legislative Rezone

Mr. Olander noted that the item is a continuation of Council discussion. He urged the Council to look at each option and ask questions.

Mr. Cohn went through the slide show presentation and discussed several options concerning corner treatments, materials, colors, shapes, and the carved-out spaces in the area. He explained the matrix and displayed pictures of the various features.

Councilmember McGlashan reminded the Council that the picture is only a massing study and the building represented is larger than it will be.

Councilmember Way clarified that the hybrid 1:1 stepbacks are ten feet further back and asked why Option 4 presented a reduction in economic viability.

Mr. Cohn responded that the hybrid is different from the Planning Commission recommendation because it adds another ten foot setback above 35 feet. He added that some of the building mass is taken out when you reduce the setback, thus the economic viability is reduced.

Mr. Tovar stated that the reduced economic viability would be minimal.

Councilmember Way suggested adding terraces on the stepbacks to make them economically viable. She added that 2:1 would reduce unit count.

Mr. Olander said the building would have the same visual effect regardless of which option is chosen.

Councilmember McGlashan expressed concern that if deck space is given the rents will be increased. Councilmember Way responded that the proposal is not to make every unit "affordable."

Deputy Mayor Scott discussed proposal #3 and suggested lowering the floor area ratio (FAR) to 3.75 and determine what 20% moderate income means.

Mr. Cohn stated that 20% moderate income is defined in the state statute and in King County it represents 100% of the median.

Deputy Mayor Scott asked if the City can legislate 20% moderate income indefinitely.

Mr. Cohn replied that there is a limit on the length of time the definition can be used and it relates to the tax exemption.

Mr. Tovar stated that the property tax exemption has time limitations, but this is addressing the zoning code. He added that maybe a covenant should be recorded on the property.

Deputy Mayor Scott questioned why the City can't require 3-Star Built-Green on five story developments.

Mr. Cohn responded that it is possible, but the City staff believes it wouldn't be viable because the reduction from six to five stories throws the balance off.

Deputy Mayor Scott asked if that would be the same case for a public plaza. Mr. Tovar replied that it is less of a cost issue for the applicant.

Deputy Mayor Scott wondered if these assumptions are based on this particular developer.

Mr. Tovar responded that they are based on the current market. He added that they haven't asked anyone to build to these standards or asked anyone to build to 3-star Green. He noted that this isn't an empirical science.

Deputy Mayor Scott asked if it was reasonable to expect that the City can get these three items in one space or if they should be spread out among another development site in PLA2. If the City is looking at a five-story structure it may lose some community benefits, but possibly gain benefits with the other sites/developments.

Mr. Cohn responded that the moderate income part might be the hardest to develop. He stated that it would require a certain amount of total units to be built for this to occur.

Mr. Tovar added that all things are possible, however, the regulations would need to be reworked.

MEETING EXTENSION

At 10:00 p.m., Councilmember Eggen moved to extend the meeting until 10:30 p.m. Councilmember Way seconded the motion, which carried 6-1, with Councilmember McGlashan dissenting.

Councilmember McGlashan questioned if allowing different types of development on different corners opens the City to discrimination issues. Mr. Tovar replied that the City would need to adjust and craft regulations.

Councilmember Eggen discussed Option #6 which states that moderate income levels will mainly be achieved by building 20% of the units as studios. He asked if there would be any low income family housing at all.

Mr. Cohn stated that it would be very difficult to achieve low income family housing; these would more than likely be one-bedroom units at a moderate level.

Mayor Ryu asked if City staff would recommend removing the R-24 restriction if the developer wanted to build three stories. She stated that under that zoning they could have three stories of solid block-type housing. Mr. Cohn replied that the Commission recommended four stories and the structure has to be mixed use. Mr. Olander added that the current zoning is Neighborhood Business (NB).

Mayor Ryu said that under the hybrid option the density is about R-100 and Option #4 is between that. She said Councilmember Eggen's suggestion is for R-60. She pointed out that the major concern brought forth by the community is that this property is located next to R-6 and R-8 zones and would increase the density in the area. She commented the Councilmember Eggen's proposal is not that much less than what the current zoning would allow. Mr. Cohn responded that it is very difficult to estimate what the densities are.

Councilmember Way noted that one of the four-story examples conceptualized by staff is "Built Green." She added that five story structures seem more viable in Seattle. Mr. Tovar stated that Shoreline is not comparable to Greenlake, and location is everything.

Deputy Mayor Scott asked about the parking issues and when they would be discussed. Mr. Olander stated that this direction is for the City staff to put the package together for the final ordinance.

Councilmember Hansen said the Council should consider item #5 as the recommended option before the straw vote. He stated that it doesn't add anything but it could restrict the developer's ability to design the project by having overregulation.

Mr. Olander summarized the Council consensus concerning amendments to the Proposed Ridgecrest Planned Area 2 Legislative Rezone, Building Size and Design/Transition Issues and stated that Option #6 is not favored, Option #7 is also not favored, Option #1 received three votes, Option #4 received the most votes, and Options #2, 3, & 5 had four votes. He concluded that Option #4 was most preferred by the Council.

Councilmember Way felt that the concave style would be much more preferable.

Mayor Ryu discussed amenities and site design issues and suggested that the Council accept all of the recommendations of the City staff.

Councilmember McGlashan expressed concerned about creating a public space on the corner, as Councilmember Way suggested.

Councilmember Way said that the focal point of Ridgecrest is Crest Theater and a good designer can do it. She said she wants that corner to be the focal point.

Councilmember Eggen stated that he is concerned that the Council is moving towards managing contractor decisions.

Councilmember McConnell said she isn't sure recommending all of these would restrict the project.

Mr. Tovar stated that the City staff doesn't think the recommendations are unreasonable conditions to impose.

Councilmember McGlashan felt that having a covered portion of the plaza is getting too much into the design and development of this project.

Councilmember Way said that a covering provides protection for pedestrians and brings extra value to the plaza.

Mr. Tovar stated that the Commission wanted retail here but they know there is no guarantee. The Commission concluded that it must be designed so there can be retail and this is an attempt to find middle-ground.

Mayor Ryu summarized the Council consensus to limit the maximum percentage of non-retail use in the storefronts facing 5th Avenue NE to 50%.

MEETING EXTENSION

At 10:36 p.m., Councilmember Way moved to extend the meeting until 11:00 p.m. Deputy Mayor Scott seconded the motion, which carried 4-3, with Councilmembers Hansen, McGlashan, and McConnell dissenting.

Mr. Olander stated that the City staff concern was that the neighbors wanted retail, and it takes a while to fill retail space. He said the City staff went beyond what the Commission recommended to at least recommend 50% retail. Mr. Tovar commented that it may be difficult to fill the commercial space if the percentages are increased.

Councilmember Eggen felt the space will command rents higher than the commercial space across the street until the clientele and demand develops. He felt 50% was reasonable.

Councilmember McGlashan pointed out that Option #13b requires indoor access. Therefore, he said he could see that location being a service side.

Councilmember Way commented that the only reason she suggested this option is because Mr. Tovar said the City could require residential only on 163rd Avenue and it seems appropriate to have residential there.

Deputy Mayor Scott agreed, noting that there needs to be some separation between the commercial and residential to soften the impact.

Councilmember Eggen stated that the ground floor units will have higher ceilings to be consistent with commercial ground floor and it isn't clear what the impact is on project viability.

Mr. Tovar was not convinced there will be a single building on this site, nor is he sure it will affect viability. He highlighted that at one point the Commission recommendation did include residential along 163rd Street.

Councilmember McGlashan stated that he thought form-based code said building facing south would have a townhouse facade, but not to limit it to residential. He said he would like to still keep the townhouse look.

Councilmember Way stated that the look and design is important, but it could have more of an impact if commercial is allowed on that side.

There was Council consensus to direct the staff to create amendments to the Proposed Ridgecrest Planned Area 2 Legislative Rezone based on Options #8, #10, #12, and #13b under Amenities and Site Design Issues. There was also consensus to direct the City staff to create amendments to the Proposed Ridgecrest Planned Area 2 Legislative Rezone based on Options #14 under Parking Issues.

Mr. Cohn explained the City staff recommendation because it would set a limit on the amount of on-street parking or have the owner restrict occupancy if they can't find parking opportunities for their tenants. He noted that this is done in Lynnwood.

Councilmember Eggen expressed his concerns with requiring on-site parking for 95% of the units. He added that it would be hard to distinguish between resident and non-resident cars. He said this doesn't seem practical.

Mr. Cohn responded that it would be tied to a parking management plan which could include stickers and keeping track of license plate numbers. He said the City staff feels it is a feasible solution.

Councilmember Hansen agreed with Councilmember Eggen. He stated that he owns a commercial building in Edmonds and he has called 911 probably 15 to 20 times this year and nothing has been done. He said it is extremely difficult for cities to enforce parking.

Deputy Mayor Scott added that there needs to be a permanent on-site solution.

Councilmember Eggen felt that the site can conceivably wind up with 50% pushed to an off-site location temporarily, then the problem comes back and the vehicles begin parking back on the street again.

Mr. Tovar further explained that a parking management plan is the owner's responsibility and it would be recorded as an ongoing obligation through a covenant.

Councilmember Way expressed concern about how this compares to the parking management plan that was created by the developer in North City.

Mr. Tovar commented that the parking management plan in North City wasn't designed by the City staff and doesn't have any developer restrictions. He added that this language came from Lynnwood and they have experience with parking management.

MEETING EXTENSION

At 11:03 p.m., Councilmember Hansen moved to extend the meeting to 12:00 p.m. Councilmember Eggen seconded the motion, which failed 3-4, with Councilmember Hansen, McGlashan, and McConnell voting in the affirmative.

(c) Ordinance No. 495 Amending the Economic Development Advisory Committee Membership by Adding Five Additional At-Large Members; and amending SMC 2.65.020

This item was rescheduled to the March 3, 2008 City Council Meeting.

9. ADJOURNMENT


At 11:04 p.m., Mayor Ryu declared the meeting adjourned.

Scott Passey, City Clerk

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CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Expenses and Payroll as of March 11, 2008
DEPARTMENT:	Finance
PRESENTED BY:	Debra S. Tarry, Finance Director 

EXECUTIVE / COUNCIL SUMMARY

It is necessary for the Council to formally approve expenses at the City Council meetings. The following claims/expenses have been reviewed pursuant to Chapter 42.24 RCW (Revised Code of Washington) "Payment of claims for expenses, material, purchases-advancements."

RECOMMENDATION

Motion: I move to approve Payroll and Claims in the amount of \$1,722,664.70 specified in the following detail:

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
1/27/08-2/9/08	2/15/2008	22730-22925	7344-7380	35510-35518	\$386,689.77
2/10/08-2/23/08	2/29/2008	22926-23118	7381-7415	35596-35603	\$474,866.92
					<u>\$861,556.69</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
2/14/2008	35448	35462	\$54,458.83
2/19/2008	35463	35496	\$27,948.69
2/20/2008	35497		\$840.41
2/20/2008	35498	35508	\$93,046.53
2/20/2008	35509		\$6,716.08
2/27/2008	35519		\$1,240.00
2/27/2008	35520	35525	\$2,255.08
2/27/2008	35526	35534	\$76,999.83
2/28/2008	35535	35556	\$69,960.83
2/29/2008	35557	35567	\$34,073.70
3/4/2008	35568	35569	\$4,630.19
3/5/2008	35570	35592	\$9,473.12
3/5/2008	35593	35595	\$26,684.51
3/6/2008	35604	35634	\$113,808.16
3/6/2008	35635	35639	\$7,271.28
3/6/2008	35640	35646	\$90,887.39

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
3/6/2008	35647	35669	\$101,073.83
3/6/2008	35670	35671	\$139,263.84
3/11/2008	35672		\$475.71
			<u>\$861,108.01</u>

Approved By: City Manager _____ City Attorney _____

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of an Interlocal Cooperation Agreement Between King County and the City of Shoreline for the Acquisition of Open Space Through the Conservation Futures Tax Levy Collections Grant Program
DEPARTMENT:	Parks, Recreation and Cultural Services
PRESENTED BY:	Dick Deal, Director Bethany Wolbrecht-Dunn, Grants Specialist

PROBLEM/ISSUE STATEMENT:

The City's Parks, Recreation and Open Space Plan and Capital Improvement Plan (CIP) outlines potential properties for acquisition and inclusion into the City's park system. In May of 2006, City residents approved the Shoreline Parks and Open Space Bond. Open space acquisition accounts for over half of the \$18.5 million bond to assist the City in purchasing three park sites.

In addition to the bond proceeds, the City has worked to obtain grant funds to maximize the impact of the bond funds. These additional funds help offset any increase in purchase price or additional improvements.

Conservation Futures Tax (CFT) funds are King County tax levy funds of which approximately \$8-9 million is available each year through this funding process to projects in cities and towns as well as the unincorporated areas of King County. This program was created in the late 1980s with the goal to maintain, preserve, conserve and otherwise continue in existence adequate open space lands. Typically, applications for funding are taken in March of each year. CFT funding may only be requested for 50% of the appraised value for the property and related project costs and the project sponsors are responsible for obtaining the remaining 50%. The City of Shoreline applied to the CFT program every year since 2001 and has successfully obtained multiple awards for acquiring properties, totaling more than \$2.2 million. City Council approved the initial Interlocal agreement with King County and approval for the amendment is required due to the City's purchasing requirements.

FINANCIAL IMPACT:

The breakdown of the funding is as follows. The shaded amounts still must be approved by the King County Council. Once that occurs, City staff will bring an additional amendment forth for the City Council's approval.

	Original Contract	Amendment #1	Amendment #2	Current Amendment #3	Additional (to be amended)	Total
Property	April 2003	October 2003	July 2006	March 2008	Summer 2008	
Hamlin Park Open Space			\$550,000	\$400,000		\$950,000
South Woods			\$450,000	\$302,991	\$100,000	\$852,991
Paramount Park Open Space	\$50,000	\$50,000		\$21,500		\$121,500
Kruckeberg Botanic Gardens					\$300,000	\$300,000
					CFT Total	\$2,224,491

These grant funds are listed with their respective projects in the City's 2008-2013 Capital Improvement Plan. The City completed the purchase of the South Woods combined properties in March 2007. The Hamlin Park Open Space was purchased in November 2007 and the Kruckeberg Botanic Garden property was purchased in January 2008. A Paramount Park Open Space acquisition took place in 2004 and we are currently pursuing additional acquisitions adjacent to Paramount Park. The approval of this amendment (and subsequent amendments) will enable the City to be reimbursed for these purchases.

RECOMMENDATION

Staff recommends that Council approve a motion to enter into an Amendment to the Interlocal Cooperation Agreement with King County for the acquisition of open space through the Conservation Futures Tax Levy Collections Grant Program as indicated above in Amendment #3.

Approved By: City Manager  City Attorney ____

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manger to Execute: 1) Construction Contract Change Order with Precision Earthworks, Inc.; and 2) a Contract Amendment with W&H Pacific for Construction Management Services, for the 2007 Sidewalk Priority Routes
DEPARTMENT:	Public Works
PRESENTED BY:	Tricia Juhnke, Capital Projects Administrator Jon Jordan, Capital Projects Manager

BACKGROUND

This construction Change Order #3 for \$13,724 is the final adjustment of quantities and cost for the 2007 Sidewalk Priority Routes Construction Contract with Precision Earthworks, Inc. The Contract Amendment #2 for \$3,265 is the final amount for construction management services for this project with W&H Pacific.

In 2005 the Council funded the Sidewalk Priority Program to improve and enhance pedestrian facilities based on the Priority Routes identified in the Transportation Master Plan. In 2006, pedestrian improvements were made along three sections of roadway totaling 5250 linear feet.

On June 4th, 2007, Council authorized a construction contract with Precision Earthworks, Inc., for construction of the 25th Avenue NE sidewalk project and on July 23rd, 2007 authorized a contract change order for adding sidewalk construction to Dayton Avenue N, together with a construction management services supplement with W&H Pacific for this additional work.

PROBLEM/ISSUE STATEMENT:

The completion of these two projects added 5600 linear feet (just over a mile) of sidewalk priority routes. The final cost of construction exceeded the contract amount of \$565,578.75 by \$63,724 or 11.3%, but all costs remain within the revised budget for the project.

The City Manager has administratively approved construction Change Order #2 up to his authority limit of \$50,000. Staff is requesting Council authorize the City Manager to execute construction contract Change Order #3 with Precision Earthworks, Inc., in the amount of \$13,724, to cover the final costs.

The increased costs were due to a variety of reasons including upgrading surfaces from asphalt to concrete, additional minor changes to accommodate property owners, and

quantity overruns on some materials caused by field conditions and low initial estimates. In the case of changing surface materials, the cost of the upgrade was paid by the property owners and the funds accrued to the project budget; however, the upgrade still increased the construction cost and amount owed to the contractor.

Staff is also requesting that Council authorize the City Manager to execute a construction management services supplement with W&H Pacific, in the amount of \$3,265, for additional construction management services associated with construction of these projects.

FINANCIAL IMPACT:

The 2007 budget for the Priority Sidewalk Program is \$943,979 from the Roads Capital Fund. The following table shows a more detailed breakdown of project expenditures.

Project Costs

Engineering	
KPFF Design	\$ 20,035
W&H Pacific Const. Mgmt.	\$ 43,526
W&H Amendment #1 (a)	\$ 50,000
W&H Amendment #2 (b)	\$ 3,265
Direct City Costs	\$ 61,970
Subtotal	\$ 178,796
Construction	
Original Contract Amount	\$ 274,738
Change Order #1 (c)	\$ 290,841
Change Order #2 (d)	\$ 50,000
Change Order #3 (e)	\$ 13,724
1% for Arts	\$ 5,656
Subtotal	\$ 634,959
Total Project Costs	\$ 813,755

Project Revenue

Roads Capital Fund	\$ 943,379
Transfer to Dayton Wall	
Project for sidewalk	\$ (29,000)
Total Project Revenue	\$ 914,379

Project Balance (Revenue-Cost)	\$ 100,624
---------------------------------------	-------------------

(a) for construction management of Dayton Avenue N by Council action on July 23, 2007

(b) for construction management to complete the sidewalk projects. Scheduled for Council authorization March 24.

(c) for construction of Dayton Avenue N by Council action on July 23, 2007

(d) authorized contingency based on Council action June 4

(e) for additional overruns and minor changes to complete the sidewalk projects. Scheduled for Council authorization March 24

Even with these changes, there will be an estimated \$100,624 for carryover into 2008 that will be used for additional priority sidewalk design and construction.

RECOMMENDATION

Staff recommends that Council Authorize the City Manger to Execute: 1) a Construction Contract Change Order with Precision Earthworks, Inc., in the amount of \$13,724; and 2) a Supplement with W&H Pacific, in the amount of \$3,265, for construction management services.

Approved By:

City Manager  City Attorney ____

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CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of the King County Zone 1 Planner Grant Authorizing the City Manager to Enter into Agreements to Implement the Grant
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Manager

PROBLEM/ISSUE STATEMENT:

King County is currently divided into three response zones for emergency management purposes. Predetermined geographic divisions of the county have facilitated efficient preplanning efforts as well as the sharing of information and coordination of priorities, operations, and resources during an event. The three Regional Emergency Coordination Zones correlate to the existing King County Fire Zones and are as follows:

- Emergency Coordination Zone 1 – North and East King County was created from former Fire Zones 1 and 2
- Emergency Coordination Zone 3 – South King County was created from a merger of Fire Zones 3 and 4
- Emergency Coordination Zone 5 - City of Seattle

Each Zone, through the facilitation of King County Office of Emergency Management and Zone Emergency Planners, develops protocols and procedures for carrying out inter- and intra-zone coordination and response functions. During the response to an event, these zone coordination functions may operate from the King County Emergency Coordination Center (ECC), or a dedicated Zone Coordination Center in the appropriate location, or in a decentralized manner.

In 2004, the jurisdictions that create Zone 1 added a Zone Planner 1 to assist in working with all of the cities to assure compliance with all the mandates from Homeland Security, National Incident Management System (NIMS), Emergency Operations Plan updates, exercises, etc. Zone 3 added a Planner modeled after our program in 2006.

The funding for the Zone 1 Planner is provided by the United States Department of Homeland Security's State Homeland Security Program (SHSP) through King County's Office of Emergency Management. A participating Zone 1 city holds the funding contract with King County. That city then contracts with an agency to provide the Zone 1 Planner services. Since the conception of the Zone 1 Planner concept, the 501(c)3 non-profit, Public Safety Support Services, has been contracted to provide this service. Bellevue and Issaquah previously managed these contracts. This will be the second year that the City of Shoreline will provide this oversight service before it is passed to another Zone 1 City.

The City of Shoreline participates in and benefits from Zone 1 emergency management activities. Zone 1 emergency management representatives meet on a regular basis to share information and plan activities that benefit Zone 1 cities and improve regional emergency preparedness. Additionally, these representatives monitor and discuss the performance of the Zone 1 Planner. The City has been asked by Zone 1 representatives to administer this grant. This is a 100% reimbursement grant in that all grant eligible expenses are reimbursed through King County to the city up to the maximum amount of the grant, or actual expenses, whichever is less. The City of Shoreline benefits from the Zone 1 Planner position and we believe administering the grant has value and is a worthwhile effort.

ALTERNATIVES ANALYZED:

- Authorize the City Manager to enter into agreements implementing the Zone 1 Planner program. *(recommended)*
- Do not authorize the Administration to enter into an agreement with King County to administer the Zone 1 Planner grant and leave Zone 1 to find another administering agency.

FINANCIAL IMPACT:

This is a 100% reimbursable grant; there is no direct financial impact to the city. Our experience in the first year of administering the grant showed us there was little impact on staff to process and receive payments. The grant funding period is March 1, 2008 to March 31, 2009 in the amount of \$100,000. Staff will add the revenues and expenditures to the 2008 budget when staff brings forward the 2008 budget amendment in April. The revenues and expenditures for the 2009 portion of the grant period will be brought forward during the 2009 budget planning process.

RECOMMENDATION

Staff recommends that council authorize the City Manager to enter into agreements with King County and Public Safety Support Services in order to provide Planner services for Emergency Management Zone 1.

Approved By: City Manager  City Attorney ____

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of a Memorandum of Understanding Between the Cities of Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, Sammamish, Shoreline, and Woodinville establishing the Human Services Pooled Fund
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Manager

PROBLEM/ISSUE STATEMENT:

The City of Shoreline works collaboratively with other suburban cities in north and east King County on human service issues through an organization called the North and East Funders Group (NE Funders). Having tested a pooled funding program which allows for more efficient administration of human services agency contracts, the cities involved now wish to establish this program through 2013.

This Memorandum allows the seven cities to jointly administer their funding of an agency through one contract. Each city will continue to make independent choices regarding funding of programs, including setting the amount of funding, and performance measures. The City of Bellevue will act as the contracting and fiscal agent. Bellevue and the agencies will provide reimbursement requests and reports to Shoreline on a quarterly basis. Cities will have the option of approving their portion of the quarterly payment, based on the agency's performance in their community.

FINANCIAL IMPACT:

The participation in this Memorandum of Understanding has no financial impact for the City.

RECOMMENDATION

Staff recommends that Council approve a motion to enter into a Memorandum of Understanding between the Cities of Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, Sammamish, Shoreline, and Woodinville establishing a human services pooled fund.

Approved By: City Manager  City Attorney ____

INTRODUCTION

The City of Shoreline participates in a sub-regional human services planning group called the North and East Funders Group (NE Funders). The cities work collaboratively on mutual human service issues, including the development of common funding applications for the cities' human service funding (both Community Development Block Grant and general fund). A main goal of the group is to provide the local human service agencies with streamlined application and contracting activities. This is mainly accomplished with common funding applications and workshops.

The City of Shoreline has the opportunity to enter into a Memorandum of Understanding with other suburban cities that outlines a system regarding the planning, funding, and implementation of a joint human services application and funding program.

BACKGROUND

Cities in North and East King County often contract for human services funding with the same agency for the same program. Senior Services Meals on Wheels program receives funding from Hopelink, for example, is under contract from six of ten of the NE Funder cities. Beginning in 2003, these cities established a pooled fund to administer our contracts that multiple cities had for similar programs. This program has proven to be more efficient for cities and for agencies.

The Pooled Fund allows the human service agency to contract with one city, versus the six to ten that may provide funding. The City of Bellevue will continue in its role as the contracting city for the duration of the agreement. Bellevue does not assess a separate administrative fee for this service.

In terms of local city control over the project, each participating city will receive quarterly performance measure reports and be able to approve (or not approve) payment for services in their city. In this way, cities will not lose any reporting or oversight capacity for the program.

Specifically, the City's participation in the Memorandum of Understanding will affect ten of our human service projects with a total value of \$51024.00:

Children's Response Center	\$ 5,082
Child Care Resources	\$ 4,958
Community Health Centers	\$ 4,958
Crisis Clinic - 24-Hour Crisis Line	\$ 3,830
Crisis Clinic - Teen Link	\$ 4,958
Crisis Clinic - 211	\$ 3,470
KSARC - Comprehensive Sexual Assault Service	\$ 5,206
North and East Healthy Start	\$ 9,876
Senior Services - Meals On Wheels	\$ 4,958
Senior Services - Volunteer Transportation	\$ 3,728

Consistent with past practice, the Memorandum of Understanding allows each city to negotiate with each agency regarding the number of city residents to be served and other performance measures as they relate specifically to each city. In this way, the City of Shoreline retains control over the level of services in our City. This agreement does not bind the City to provide funding to any specific agency or program. Additionally, each quarter the agency will submit separate billing and performance reports for each city, and each city will be allowed to review and approve payment relating to services provided in their city. In this way, each city retains the ability to control service levels within their city. This process of negotiation and quarterly review and approval mirrors our current process in Shoreline.

ALTERNATIVES ANALYSIS

- The preferred alternative is to enter into the Memorandum of Understanding. The benefits are as follows:
 1. Potential cost savings for the City, as we do not have to contract with the agency or process payments.
 2. The aggregate savings for the agency involved is great. They will have one contract in place, rather than seven. In this time of narrowing resources for human service agencies, building efficiencies for agencies can help them continue to provide services.
- The second alternative is for the City to return to contracting individually with the affected agencies.

RECOMMENDATION

Staff recommends that Council approve a motion to enter into a Memorandum of Understanding between the Cities of Bellevue, Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, Sammamish, Shoreline, and Woodinville establishing a human services pooled fund.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of the Regional Affordable Housing Interlocal Cooperation Agreement with King County
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Division Manager

PROBLEM/ISSUE STATEMENT:

Beginning 2002, SHB 2060 allows the county auditor to add a \$10.00 surcharge for each eligible document recorded to create the Regional Affordable Housing Program (RAHP). The revenues generated must be dedicated to increasing the supply of housing available to low income residents at or below 50% of median income.

This new Interlocal Agreement provides for the operation of the RAHP through 2011 and replaces an Interlocal which expired the end of 2007. Adoption of this Interlocal allows Shoreline to continue its participation on the RAHP Advisory Committee and to be able to participate in any decisions or actions regarding the distribution or administration of RAHP funds.

ALTERNATIVES ANALYZED:

- The preferred alternative is to enter into the 2060 RAHP Interlocal Cooperation Agreement because it provides an efficient, cost effective method for allocating and administering a modest county-wide fund.
- The 2nd alternative is to not enter into the 2060 RAHP Interlocal Cooperation Agreement. This is not preferred as it would exclude the city from participating in decisions about the policies and allocations of these housing development funds.

FINANCIAL IMPACT:

There is no direct financial impact for the City of Shoreline if the preferred alternative is adopted.

RECOMMENDATION

Staff recommends that Council approve a motion to enter into the 2060 Low-Income Housing Fund Interlocal Cooperation Agreement and to adopt the Administrative Guidelines

Approved By: City Manager  City Attorney _____

INTRODUCTION

Substitute House Bill 2060 (SHB 2060) created a document recording fee of \$10.00 on certain documents the proceeds of which are dedicated for low-income housing. Administration of the fund is shared between local governments and the State. The local portion of funds, approximately \$3.0 Million per year in King County, has been administered by King County pursuant to an Interlocal agreement which expired at the end of 2007. This agreement continues the operation of the RAHP and establishes priorities and administrative guidelines through the end of 2011.

BACKGROUND

The City of Shoreline has participated in the RAHP since its inception in 2003. During this time the City has been a part of the review and decision making on project funding for housing developed using RAHP funds. Typically this involves city staff reviewing applications and the city's representative to the Joint Recommendations Committee participating in final action to award funding.

There are no major changes in the new Interlocal Agreement. Updates to the Administrative Guidelines make the program more responsive to the *Ten-Year Plan to End Homelessness*, and increase the flexibility of the program to address a variety of affordable housing needs. Examples include making transition-in-place housing units eligible for funding and allow a portion of capital funds to buy down rent for utilities serving low income households that are homeless or at risk of homelessness.

Major points in the Interlocal Agreement include the following.

- The Joint Recommendations Committee (JRC) is responsible for approving allocation of funds. The JRC is the inter-jurisdictional policy and decision making body for King County and the suburban cities on a wide range of housing and community development issues. It was created through the interlocal cooperation agreements that formed the King County Community Development Block Grant (CDBG) Consortium and the King County HOME Investment Partnerships (HOME) Consortium. The majority of JRC members are elected officials.
- The King County Housing and Community Development Program will administer and distribute the local portion of the SHB 2060 revenue through its Housing Finance Program, which also manages HOME funds and the Housing Opportunity Fund.

- The RAHP continues to have sub-regional targets to reach of the three sub- regions.

Subregion	Percent of Funds	Approximate Annual Amount
City of Seattle	37.9	\$1.22M
North/East	32.7	\$1.05M
South	29.44%	\$0.95M

- RAHP funds will continue to be used to meet regional housing priorities for households at or below 50% of the area median income (\$40,700 for a family of

four). Priorities for the use of RAHP funds in King County are established in the RAHP Administrative Guidelines

RECOMMENDATION

Staff recommends that Council approve a motion to enter into the 2060 Low-Income Housing Fund Interlocal Cooperation Agreement and to adopt the Administrative Guidelines.

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CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Planning Commission Appointments
DEPARTMENT: Planning and Development Services
PRESENTED BY: Joseph W. Tovar, FAICP, Director

PROBLEM/ISSUE STATEMENT:

The terms of five of the nine positions on the Planning Commission expire at the end of March 2008. The City notified the public of these openings through an article in *Currents* and an announcement on the City's webpage. Seventeen applications were submitted. From this group, a subcommittee of the Council interviewed 10 candidates on March 19 and 20. The names of all the applicants are listed below; those who were interviewed are denoted with an asterisk.

- John Behrens*
- Michael Broili*
- Cynthia Coronel
- Mario Crociata
- Erin Gallagher
- Richard Gilbert
- Trudi Grimes*
- Will Hall*
- Janne Kaje*
- Bronston Kenney*
- Carolyn Mayer*
- Lee Michaelis
- Howard Pat Murray
- Harry Obedin
- Ben Perkowski*
- Chakorn Phisuthikul*
- Tom Spader*

Following the interviews, the Council subcommittee recommends that the following five Shoreline residents as appointees to the Planning Commission: Their applications are attached.

- John Behrens
- Michael Broili
- Will Hall
- Janne Kaje
- Ben Perkowski

RECOMMENDATION

Staff recommends that the Council accept a motion to appoint the 5 applicants recommended by to subcommittee to the Planning Commission for a 4-year term that will run from April 1, 2008 through March 31, 2012.

Approved By: City Manager  City Attorney _____



RECEIVED
FEB 22 2008
CITY CLERK
CITY OF SHORELINE
1:50 pm
RPM

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE

Planning Commission

City Board or Commission

(Please type or print)

Name: John E. Behrens

Are you a Shoreline resident or property owner? Yes

Length of residence: 15 years

1. List your educational background:

BE Ed. Ohio University

2. Please state your occupational background, beginning with your current occupation and employer.

US Postal service since April, 1980. Former President American Postal Workers Union Bothell, Washington, Washington State American Postal Workers Union State Treasurer, Cascade Area Local American Postal Workers Union Associate Office Co-Ordinator, Trained Arbitration Advocate as certified by the American Arbitration Association, further training as Arbitration Advocate through the National American Postal Workers Union.

3. Describe your involvement in the Shoreline community.

Active member of my political party

Start-up Member of Shoreline Citizens Coalition (non-profit corporation)

Member of the Comprehensive Housing Strategy Citizen Advisory Committee

4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying:

Multiple leadership positions through my affiliation with the American Postal Workers Union. Expertise developed in writing and interpreting contract language and subsequent implementation of that language.

5. List the addresses of property you own in Shoreline and the type of property (residential or commercial):

[REDACTED]
Shoreline, WA

EXEMPT FROM DISCLOSURE

Exemption: *RCW 42.56.250(3)*

6. Are you an official representative of a homeowners' association or other group? If so, please name the group:

Board of Directors of Shoreline Citizens Coalition

7. Describe why you are interested in serving in this position.

If the city of Shoreline is to develop to its potential a consistent well thought and worded conception of what the city should become needs to be articulated and then supported by a consensus of the citizens of our city. Processes must be transparent and include the input of the average citizens who are confronted with the changes that occur from the never stagnate process that any city goes through. I would like to try and bring to the arena a concept of community connectivity with the process. What is needed is a system that encourages the input of as many citizens to the process of decision making as possible. By sharing responsibility we share the context within which we all live.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? Yes Daytime meetings? No

Please return this application by the deadline to: City of Shoreline, City Clerk
17544 Midvale Avenue North
Shoreline, WA 98133
(206) 546-8919

Disclosure Notice: Please note that your responses to the above application questions may be disclosed to the public under Washington State Law. The Personal Information form (page 3), however, is not subject to public disclosure.

Thank you for taking the time to fill out this application.

RECEIVED
FEB 13 2008 JNW
CITY CLERK
CITY OF SHORELINE



COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE

Shoreline Planning Commission
City Board or Commission

(Please type or print)

Name Michael Broili

Are you a Shoreline resident or property owner? Yes

Length of residence 19 years

1. List your educational background.

AA degree Forestry, Certified Permaculture Designer, Sustainable Building
Advisor, King County Forest Advisor, Horticulture, Compost Facility
Operations, Mapping and Photography

2. Please state your occupational background, beginning with your current occupation and employer.

Well Home Program Director, Phinney Neighborhood Association;

Self employed as an Environmental Consultant and Designer;

Project Manager, Steward & Associates;

Third Mate, Exxon Shipping and Foss Maritime;

Project & Marketing Director, Alaska Fisheries Development Foundation;

Self-employed as Building Contractor;

Importer/distributor of commercial fishing gear in Alaska.

3. Describe your involvement in the Shoreline community.

Current City of Shoreline Planning Commissioner, ABC Team, Past member
of City of Shoreline Parks, Recreation & Cultural Services Board, Bond
Advisory Committee and Arts Jury. Past member of Comprehensive Planning
Advisory Committee and Aurora Corridor Advisory Committee.

4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying.

Founder and past president of the Kruckeberg Botanic Garden Foundation;

Cascade People's Center Eco-Renovation Steering Committee;

Habitat for Humanity Low Impact Design Team;

Environmental design services, consultant and trainer;

Washington Native Plant Steward;

King County Forest Advisor;

Seattle Tree Steward;

5. List the addresses of property you own in Shoreline and the type of property (residential or commercial).

EXEMPT FROM DISCLOSURE

option: RCW 42.56.250(3)

6. Are you an official representative of a homeowners' association or other group? If so, please name the group.

NA

7. Describe why you are interested in serving in this position.

I believe that a thoughtful, holistic approach to planning and development makes for exciting and functional cities in which people want to work, live and play; cities that attract business and residents because they are functional and progressive. I have a background in community development, environmental design and the construction trades and would like to bring these experiences to bear on and to play a part in this important role. I have enjoyed the process of hearing the citizens and making carefully considered recommendations to the council for decision. Progress is being made toward Shoreline becoming one of the most livable cities in the Puget Basin and I wish to continue to contribute to that process. I would like to continue advocating for code and regulation that require zero impact design strategies in all new and redevelopment.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? YES Daytime meetings? YES

Please return this application by the deadline to:

City of Shoreline
Planning Commission
17544 Midvale Avenue North
Shoreline, WA 98133
(206) 546-1508

*Thank you for taking the time to fill out this application.
Volunteers play a vital role in the Shoreline government. We appreciate your interest.*



RECEIVED
FEB 14 2008
CITY CLERK
CITY OF SHORELINE

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE PLANNING COMMISSION

(Please type or print)

Name William W. Hall

Are you a Shoreline resident or property owner? Yes, a resident

Length of residence 8 years

1. List your educational background. Diploma, Hazen High School, Renton, 6/1981
Bachelor of Arts with Honors in Physics, University of Chicago, 6/1985
Master of Arts in Mathematics, Johns Hopkins University, 11/1988
Certificate in Environmental Management, University of Washington, 6/1998
Master of Marine Affairs, University of Washington, 6/2000
2. Please state your occupational background, beginning with your current occupation and employer. 12/2004 - present, Planning Manager, Snohomish County
10/2003 - 11/2004, Senior Natural Resource Planner, Golder Associates
4/1999 - 10/2003, Principal Planner, Snohomish County Surface Water Management
9/1998 - 4/1999, Research Assistant, University of Washington
9/1994 - 6/1998, Manager, University of Washington
5/1989 - 8/1994, Manager, Accenture (formerly Andersen Consulting)
6/1985 - 7/1987, High School Math and Science Teacher, Hawken School
3. Describe your involvement in the Shoreline community. I have served the community on the planning commission for four years.
I am involved in adult recreation and education activities in Shoreline.
I routinely attend local events such as city festivals and ribbon-cuttings.
I bring the perspectives of the Shoreline community to regional planning events.
My wife and I are both active in our Richmond Beach neighborhood.

4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying. I am a certified professional planner (AICP) and a member of the American Planning Association (APA). I am a past officer the Society for Ecological Restoration and The Coastal Society, two nonprofit organizations dedicated to environmental protection and restoration. I serve on several regional committees related to planning issues, including the Puget Sound Regional Council staff committee. My work has won planning awards.
5. List the addresses of property you own in Shoreline and the type of property (residential or commercial).
[REDACTED]

EXEMPT FROM DISCLOSURE
 Exemption: RCW 42.56.250(3)
6. Are you an official representative of a homeowners' association or other group? If so, please name the group. _____
 No. _____
7. Describe why you are interested in serving in this position.
I am committed to public service. While I serve the region as a planner working for Snohomish County, I greatly enjoy serving my own Shoreline community on the planning commission. I strongly believe in listening to the community interests and basing my recommendations on what I hear from the community, not on my own personal values. I value the work and recommendations of city staff, then I make up my own mind. Examples include voting against cottage housing three times, introducing amendments to the critical areas regulations to protect the Puget Sound shoreline and to protect piped stream segments, and pressing for transit across the county line. I am also already expert in GMA, SEPA, SMA and related requirements.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? Yes Daytime meetings? Usually

Please return this application by the deadline to: City of Shoreline, City Clerk
 17544 Midvale Avenue North
 Shoreline, WA 98133
 (206) 546-8919

Disclosure Notice: Please note that your responses to the above application questions may be disclosed to the public under Washington State Law. The Personal Information form (page 3), however, is not subject to public disclosure.

*Thank you for taking the time to fill out this application.
 Volunteers play a vital role in the Shoreline government. We appreciate your interest.*



RECEIVED

FEB 19 2008

CITY CLERK
CITY OF SHORELINE

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE PLANNING COMMISSION
--

(Please type or print)

Name Janne Kaie

Are you a Shoreline resident or property owner? Property owner and resident

Length of residence 7 Years

1. List your educational background.

Master of Marine Affairs (MMA) – Natural Resource Management Emphasis.
University of Washington, School of Marine Affairs, 1998.

B.A. Biology – Ecology Emphasis. U.C. San Diego, 1991.

2. Please state your occupational background, beginning with your current occupation and employer.

King County, Department of Natural Resources & Parks, Water and Land Resources Division. Position: Program Manager in Regional Services Unit (2006 – present). I work directly with other local governments, tribes, non-profit organizations and landowners to plan and implement salmon recovery strategies and actions, primarily in the Snoqualmie Watershed. I also work on a variety of natural resource related initiatives for King County, such as the current effort to update portions of the County's Comprehensive Plan, participation in regional forums to address Puget Sound impairment, and multi-watershed efforts to improve the application of science to salmon recovery planning. During each State legislative session, I review and comment on proposed legislation relating to environmental matters as part of a multi-disciplinary team within the Water and Land Resources Division.

Steward & Associates (2001-2006). Environmental Consultant. During my tenure with Steward & Associates, I worked on a variety of projects that combined environmental science and policy, land-use planning, technical analysis, public speaking, meeting facilitation and extensive report preparation. Most of my work

centered on salmon recovery, water resource management and environmental planning. Key clients included the City of Bothell, Tulalip Indian Tribes, Skagit County, Cowlitz Indian Tribe, City of Snohomish, Friends of the Hylebos Wetlands, Ocean Conservancy, the Port Townsend Paper Company and the Washington State Department of Ecology.

3. Describe your involvement in the Shoreline community.

For the past year, I have served on the Citizen Advisory Committee (CAC) to develop a Comprehensive Housing Strategy for the City of Shoreline. I have been an actively engaged participant in the committee throughout its tenure and participated in the presentation of the final report to the City Council. I also volunteer as a parent leader in the YMCA Adventure Guides & Princesses program that works to enrich relationships between dads and kids, and to foster a commitment to community engagement and service in the next generation.

4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying.

A core element of my professional work requires leading and participating in multi-stakeholder decision making processes, often in the context of contentious issues, such as environmental regulations and their effects on existing or proposed land-uses. I currently co-chair the Salmon Recovery Technical Committee for the Snohomish Basin, where we regularly wrestle with difficult issues related to the respective roles of population growth, land use, fishing and hatcheries in the decline of salmon. My job is to shepherd stakeholders from the State, Tribes, local governments and environmental groups toward consensus-based decisions about recovery strategies, research priorities, funding decisions and policy issues, while also representing the interests of King County. Through this effort and many others before it, I have developed the knowledge base and leadership skills to participate effectively in collaborative decision making, planning and negotiation.

I also have direct experience in the development and interpretation of land-use policies and regulations at the city, county and state levels. I am currently taking part in the development of new King County Comprehensive Plan language regarding management challenges specific to agricultural and rural-residential areas, and in the review of proposed changes to the County's Transfer of Development Rights program.

Finally, my experience on the Comprehensive Housing Strategy CAC has helped me to develop a strong understanding of the City's assets and challenges related to demands for housing, changing demographics, economic development and the many attendant issues related to infrastructure, affordability and the need for community buy-in.

5. List the addresses of property you own in Shoreline and the type of property (residential or commercial).

[REDACTED] Shoreline, WA 98155

EXEMPT FROM DISCLOSURE

Exemption: RCW 42.56.250(3)

6. Are you an official representative of a homeowners' association or other group?
If so, please name the group.

No.

7. Describe why you are interested in serving in this position.

On a personal level, my wife and I are committed to making Shoreline our home for the long-term. I care very much about the community in which we live and believe that I have a lot to offer to the Planning Commission and the community at large through my personal life experiences and expertise.

Working on the Comprehensive Housing Strategy CAC has also compelled me to get more involved in serving my community. A part of that is an interest in seeing the Committee's recommendations come to fruition over time, but I also have a much deeper appreciation for both the City's unique characteristics and of the challenges it shares with many other communities in the region. I believe the next ten years will be pivotal in shaping the future of Shoreline, for us and for our children, and that the City has an important role to play in that process. I am confident that through my skills, experience and commitment, I can contribute meaningfully to that task.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? Yes Daytime meetings? No

Please return this application by the deadline to:

City of Shoreline, City Clerk
17544 Midvale Avenue North
Shoreline, WA 98133
(206) 546-8919

Disclosure Notice: Please note that your responses to the above application questions may be disclosed to the public under Washington State Law. The Personal Information form (page 3), however, is not subject to public disclosure.

*Thank you for taking the time to fill out this application.
Volunteers play a vital role in the Shoreline government. We appreciate your interest.*



RECEIVED
FEB 22 2008
CITY CLERK
CITY OF SHORELINE
7:58am
RFM

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE PLANNING COMMISSION

(Please type or print)

Name Ben Perkowski

Are you a Shoreline resident or property owner? Yes

Length of residence 4.5 YEARS

1. List your educational background. BA - UNC-Chapel Hill
Master's of Environmental Management - Duke
University; also graduate of Sustainable Building
Advisor program - Seattle Central Community College
2. Please state your occupational background, beginning with your current occupation and employer.
Fisheries Biologist / Land Use Planner for City of
Seattle - current
Action Agenda Coordinator - Sustainable Seattle - 1 year
Technical Coordinator - Skagit Watershed Council - 7 years
Ecologist - EUS Consultants - 5 years
3. Describe your involvement in the Shoreline community.
Volunteer at Shoreline Children's Center and
Meridian Park Elementary
Participated in recent planning event for sustainability
plan for City of Shoreline
4. Describe your leadership roles and/or any special expertise you have which would be

applicable to the position for which you are applying. I led consensus-based watershed restoration & protection planning activities for multi-stakeholder watershed council for 7 years - very diverse group with often conflicting interests and agendas

5. List the addresses of property you own in Shoreline and the type of property (residential or commercial).

[REDACTED]

EXEMPT FROM DISCLOSURE

Exemption: RCW 42.56.250(3)

6. Are you an official representative of a homeowners' association or other group? If so, please name the group. No

7. Describe why you are interested in serving in this position. I'm interested in using my skills and experience to help make Shoreline a more livable, sustainable and interesting place to live, particularly with regard to my two young children.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? Yes Daytime meetings? Maybe

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Shoreline, WA 98133
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CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Library Board Appointments
DEPARTMENT:	Parks, Recreation and Cultural Services Department
PRESENTED BY:	Dick Deal, Director of Parks, Recreation and Cultural Services Department

PROBLEM/ISSUE STATEMENT:

Of the five-member Library Board, the terms of two members will expire on March 31, 2008. To promote and solicit applications, staff advertised the vacancies in the February 8th *Enterprise*, on the City's website, in the "It's Happening" flyer, and in the February issue of *Currents*. The City received eight applications and a Council Subcommittee interviewed all eight applicants.

The Councilmembers who volunteered to serve on the Council Subcommittee to make recommendations on the appointments were Mayor Cindy Ryu and Councilmembers Chris Eggen and Keith McGlashan. In addition to recommending two applicants to fill the soon to be vacant positions, the Subcommittee is also recommending one applicant to fill the position of a member that has forfeited her position on the Board.

BACKGROUND:

The Shoreline Library Board was formed by the City Council in the spring of 1996 to act as a liaison to the King County Library Board of Trustees, the City Council and the Shoreline community. It provides information, makes recommendations relating to the Shoreline and Richmond Beach Libraries, promotes programs, and reviews library policies.

The terms of two Library Board members will expire on March 31, 2008. One of those members, Mary Lynn Potter, is seeking re-appointment. Other members of the Board include Thomas Petersen, Jane Hinton, and Susan Hoyne. Their terms will expire in 2010.

The Subcommittee decided to interview all eight applicants and those interviews took place on Tuesday, March 4, and Monday, March 17. The Subcommittee recommendation includes appointing two applicants to fill the two soon to be vacant positions for four-year terms.

The Subcommittee also recommended appointing one applicant to fill the position of board member Jane Hinton, who has failed to attend four consecutive board meetings without being excused. Under Shoreline Municipal Code 2.25.20, a member forfeits

his/her position on the board and the member's position becomes vacant if the member misses three consecutive board meetings and a majority of the members on the board does not excuse such absence. The applicant filling the forfeited position will serve the remaining two years of Jane Hinton's term.

In an effort to foster institutional memory and to ensure there will be enough members to conduct business, the Subcommittee is recommending that the Council expand the Library Board membership in the future to include seven members instead of the current five.

Because the Library Board meets every other month, the new Library Board members will be sworn in at the May 8th meeting.

RECOMMENDATION

Adopt the Council Subcommittee's recommendations for the Library Board appointments, which are: Mary Lynn Potter and Karen Easterly-Behrens for four-year terms and Lori Lynass for a two-year term.

Approved By: City Manager  City Attorney _____

ATTACHMENTS

Attachment A – Recommended appointees' applications
Attachment B – List of all applicants



RECEIVED

FEB 08 2008

PRCS DEPT.

RECEIVED

FEB 08 2008

CITY CLERK
CITY OF SHORELINE

4PM
2:13pm

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE

Shoreline Library Board
City Board or Commission

(Please type or print)

Name Mary Lynn Potter

Are you a Shoreline resident or property owner? yes

Length of residence 11+ years

1. List your educational background.

BA - Whitman College

MA - Univ. of Washington

Admin Credential - U of Wash.

2. Please state your occupational background, beginning with your current occupation and employer.

Currently retired. Worked in Shoreline School District for 37 years as Elem. Teacher and Elem Librarian (27 yr). Taught in England & Japan for DOD schools. (3 years) Taught 3 years for Edmonds Sch. Dist.

3. Describe your involvement in the Shoreline community. Served on a short Budget Adv. Comm for city of Shoreline about 2 years ago. Served on Shoreline Library Board for 4 years, am currently the chairman. Served on Shoreline Parade judge group. For past 18 years have volunteered at Seattle Crisis Clinic which serves all of King County. Am currently mentoring a sch. librarian in another Sch. Dist. Serve on Board of The Friends of the Richmond Beach Library who conduct the RB Art Show in

4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying.
- Current Chairperson of Shoreline Library Board.
Parade judge
Am a former Librarian with Shoreline School District.

5. List the addresses of property you own in Shoreline and the type of property (residential or commercial).

EXEMPT FROM DISCLOSURE

Exemption: RCW 42.56.250(3)

6. Are you an official representative of a homeowners' association or other group? If so, please name the group.

NO

7. Describe why you are interested in serving in this position. Having served on the Library Board for past 4 years, I found the responsibility rewarding and would like to continue for another term as I believe libraries are strategic to a strong, educated community and people.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? yes Daytime meetings? yes

Please return this application by the deadline to:

City of Shoreline, City Clerk
17544 Midvale Avenue North
Shoreline, WA 98133
(206) 546-8919

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FEB 22 2008
CITY CLERK
CITY OF SHORELINE
1:50pm
RFM

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE

Library

City Board or Commission

(Please type or print)

Name: Karen Easterly-Behrens

Are you a Shoreline resident or property owner? Yes

Length of residence: 13 years

1. List your educational background:

Masters in Business Administration, Catholic University,
BA Journalism, Catholic University,
AS Registered Nursing, Largo Community College

2. Please state your occupational background, beginning with your current occupation and employer.

Senior Case Management Specialist Supervisor for 20 western states including Alaska, Hawaii and Guam. Manage 31 Professionals. Budget > 1 million per year. Strengths and Competencies in Building effective teams, Leadership Courage, Decision Quality, Developing and mentoring others, Innovation Management and Organizational Agility. Employed by large international corporation. Six Sigma Green Belt. High level organizational skills focused on productivity and ROI.

1987-1999 Small business owner, Developed 3 successful start up businesses, negotiating among numerous regulatory bodies to bring to fruition. Developed strong customer base through the identification of specific needs and developing services to fill that niche.

1974-1987 ER/Trauma Nurse at Harborview Medical Center, Seattle, Washington and Baltimore Shock Trauma in Baltimore Maryland. Extensive ICU hospital experience including management roles.

3. Describe your involvement in the Shoreline community.

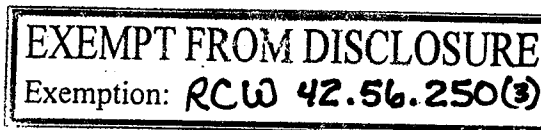
Active member of my political party
Start-up Member of Shoreline Citizens Coalition (non-profit corporation)
Life Time Member of Girl Scouts of America, former leader

4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying:

Developed, monitored and documented metrics and ROI.
Developed and implemented Corporate wide initiative.... "Increase/Improve Employee Rewards and Recognition"
Coordinated complex relationships and situations to achieve superior outcomes for our members
Identify and coordinate multiple stakeholders to negotiate positive outcomes.

5. List the addresses of property you own in Shoreline and the type of property (residential or commercial):

[REDACTED]
[REDACTED]



6. Are you an official representative of a homeowners' association or other group? If so, please name the group:

Board of Directors of Shoreline Citizens Coalition

7. Describe why you are interested in serving in this position.

I hold a strong belief that learning is a life long adventure. Libraries provide a significant resource to our community for all the generations that live here. I also feel that intergenerational mixing is an important element in a successful vibrant society. Libraries serve a significant role as a "Third Space" in our community. New research has demonstrated an increase in the use of libraries by the younger adults in our society that grew up with the internet a presence in their entire learning career. I believe that libraries will continue to be an important and valued commodity by our community.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? Yes Daytime meetings? No

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Shoreline, WA 98133
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FEB 19 2008
CITY CLERK
CITY OF SHORELINE

COMMUNITY SERVICE APPLICATION

FOR MEMBERSHIP ON THE

Shoreline Library Board
City Board or Commission

(Please type or print)

Name Lori Lynass

Are you a Shoreline resident or property owner? Yes

Length of residence 5 years

1. List your educational background. Doctorate in Education Leadership, Masters in Special Education, Bachelors in Recreation Therapy.
2. Please state your occupational background, beginning with your current occupation and employer?
Program Manager, University of Washington's Behavioral Research Center 2006-Present.
Special Education Teacher, Edmonds School District, 2001-2006.
Special Education Teacher, Missoula Montana, 2000-2001.
Teacher, Boulder Montana 1998-2000.
3. Describe your involvement in the Shoreline community. Having young children and a full time career, time has been limited to donating to the food bank. I would like to become more involved in the community and thus I am seeking this position.
4. Describe your leadership roles and/or any special expertise you have which would be applicable to the position for which you are applying. With a doctorate focusing on leadership and overseeing the Behavioral Research Center at the UW, I believe I bring strong leadership abilities to this position. In addition I was department chair and served on several committee in the K-12 sector. I taught literacy for special needs children for 8 years and feel passionate about our libraries. I also serve as the regional president for the Council for Children with Behavior Disorders.
5. List the addresses of property you own in Shoreline and the type of property (residential or commercial): [REDACTED]

6. Are you an official representative of a homeowners' association or other group? If so, please name the group? No
7. Describe why you are interested in serving in this position. I believe in the power of literacy and believe it is the key to a strong education. Libraries make the world of literacy open to all. I like to collaborate with others and discuss how to solve problems and build upon the strengths already in place at our libraries. I also desire to become more involved in the Shoreline community and this position seems like a perfect fit.

Appointment to this board or commission will require your consistent attendance at regularly scheduled meetings.

Are you available for evening meetings? Yes Daytime meetings? Yes

Please return this application by the deadline to: City of Shoreline, City Clerk
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ATTACHMENT B

APPLICANTS TO THE LIBRARY BOARD

(Those with an asterisk are recommended for appointment.)

*Karen Easterly-Behrens

Gayle Harris

*Lori Lynass

Tom Moran

Maria Peterson

*Mary Lynn Potter (seeking re-appointment)

Robert Smith

Sidney Strong

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Resolution No. 274 amending Resolution No. 266 authorizing a Civic Center/City Hall Development Agreement with OPUS Northwest LLC, and Associated Leases
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Ian Sievers, City Attorney Debbie Tarry, Finance Director

ISSUE:

The City Council unanimously authorized the City Manager to sign a development agreement with Opus Northwest, LLC in December 2007 by adopting Resolution No. 266. Since that time staff has finalized the negotiations with Opus resulting in the need to make technical corrections to the adopted resolution. Resolution No. 274 (Attachment A) reflects these corrections. The finalized development agreement is within the authorization given by the City Council in December 2007 in the amount of \$30,550,000.

Additionally, Resolution No. 274 formalizes the funding resources Council authorized in December 2007 to complete the City Hall project. This resolution will be provided to Opus as part of their Request for Proposal (RFP) for construction financing to lenders.

FINANCIAL IMPACT:

The development agreement negotiated with Opus Northwest LLC is for \$30.55 million. In addition to the cost of the development agreement, there was prior Council authorization to conduct a space study analysis, fund legal and professional services, and conduct a site review with costs totaling approximately \$420,000. Likewise, the Council had unanimously authorized the purchase of the Highland Professional Center and the Kimm Property for the site of City Hall. These properties totaled \$9.1 million and were purchased with cash. The Highland Professional Center acquisition has historically been included in the Civic Center/City Hall costs within the City's adopted Capital Improvement Plan (CIP). These costs are reflected in the updated 2008-2014 CIP project detail sheet (Exhibit B to Resolution No. 274).

RECOMMENDATION

Staff recommends that Council pass Resolution No. 274 which incorporates technical corrections to Resolution No. 266, formalizes the funding sources to complete the City Hall project, and provides an updated CIP project detail sheet for the City Hall project.

Approved By: City Manager  City Attorney _____

BACKGROUND:

On December 17, 2007, the City Council adopted Resolution No. 266 authorizing the City Manager to enter into a Ground Lease, Building Lease and Development Agreement with Opus Northwest, LLC for the construction of the new Shoreline Civic Center/City Hall. The development agreement was in the amount of \$30.55 million.

The December 17, 2007 staff report and Resolution No. 266 are included with this staff report as Attachment B and C.

DISCUSSION:

City staff has completed negotiations of the development agreement with Opus Northwest LLC in an amount of \$30.55 million. Included in the \$30.55 million are design and survey costs. The City paid \$494,590 of the development costs in July 2007 in the form of a pre-development agreement that produced 30% design documents. As part of the negotiation process since December 2007, the City agreed to pay the remaining design and survey costs of the development, \$1,651,977, as this work is completed. This leaves a balance of \$28,403,433 (\$30.55 million less the \$494,590 pre-development agreement and less \$1,651,977 of additional design and survey costs) which will be executed in the form of a "lease transfer" at the completion of two project phases: building and garage.

Exhibit B to Resolution No. 274 is an updated CIP project sheet for the City Hall project. Prior to Council's approval of the \$30.55 million development agreement, Council had unanimously authorized the purchase of the Highland Plaza property (\$5.77 million), and other costs such as previously completed space analysis, legal and professional services, and site review (\$420,000). The City Council has authorized the following resources to fund the development agreement obligations:

Source	Amount
King County Green Building Grant	\$ 20,000
Cash Resources:	
Surface Water Utility Contribution	300,000
General Fund Contribution	4,961,401
Annex Lease Savings	738,000
Annex/Kimm Property Lease Revenue	75,000
Real Estate Excise Tax	3,334,709
Investment Interest	480,000
Municipal Financing - Certificates of Participation	20,640,890
Total	<u>\$ 30,550,000</u>

As a result of prior general fund budget savings and a higher than expected level of Real Estate Excise Tax (REET) collections from 2004 through 2007, the City will have contributed \$16.1 million, 44% of total cost, in cash towards this project when including the acquisition of the Highland Professional Center. Additionally the City purchased the Kimm property in 2006, of which a portion will be used for the parking garage and connecting landscape to the City Hall building. This property was purchased using \$3,291,289 in cash. This property purchase was accounted for in previous CIP documents as property for future City Hall expansion.

The Certificates of Participation (COPS) that are issued at the time of the "lease transfer" will be repaid over a 30 year period. The City Council has authorized \$775,000 of REET annually, starting in 2009, to go towards the repayment of the COPS along with the amounts that were previously budgeted in the general fund for the lease of City offices in the current City Hall and the Annex. The 2008 budgeted amount for these leases is \$605,000. Amounts in excess of those needed for debt repayment will be used of the maintenance and operations of the Civic Center facility.

RECOMMENDATION

Staff recommends that Council pass Resolution No. 274 which incorporates technical corrections to Resolution No. 266, formalizes the funding sources to complete the City Hall project, and provides an updated CIP project detail sheet for the City Hall project.

ATTACHMENTS

Attachment A – Resolution No. 274

Exhibit A – Project Ground Lease

Exhibit B – Updated CIP Project Sheet

Attachment B – Adopted Resolution No. 266

Attachment C – December 17, 2007, Staff Report

RESOLUTION NO. 274

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, AMENDING RESOLUTION NO. 266 AUTHORIZING A GROUND LEASE, BUILDING LEASE AND DEVELOPMENT AGREEMENT WITH OPUS NORTHWEST LLC FOR CONSTRUCTION OF THE SHORELINE CIVIC CENTER AT N 175TH AND MIDVALE AVE N.

WHEREAS, the City purchased the Highland Plaza and Kimm properties in 2006 for the future site of a Civic Center/City Hall facility; and

WHEREAS, the City held a bid process for a lease and leaseback agreement requiring the lessee to build on a Civic Center for the City's offices and operations upon terms most favorable to the City; and

WHEREAS, Opus Northwest, LLC was selected as the best developer based on experience, quality of proposal and price and was awarded a Pre-Development Agreement for 30 percent design in July 2007; and

WHEREAS, the City Council passed Resolution No. 266 authorizing a ground Lease and Development Agreement with Opus Northwest, LLC for construction and lease back of the Civic Center at a negotiated guaranteed maximum price; and

WHEREAS, staff has negotiated changes in certain payments to Opus to reduce construction financing and city financing for the project which require a revision to the expenditures authorized in Resolution No. 266; and WHEREAS, an Mitigated Determination of Non Significance was issued for the Development Agreement and ground lease for the Civic Center and the Development Agreement pursuant to Chapter 43.21 RCW on March 13, 2008; and

WHEREAS, the Council should adopt an updated Capital Improvement Program project sheet for the Civic Center Project which will document City revenue commitments and general fund investments in the Project which will assist in obtaining construction financing; and

WHEREAS, the Council has authorized the accumulation of \$9,909,110 of cash from various revenue sources and general fund budget savings to be reserved and used exclusively towards the Lease Transfer provisions of the development agreement; and

WHEREAS, the Council has committed \$1,380,000 in annual revenues starting in 2009 for the purpose of retiring any debt that the City incurs in order to fulfill the City's obligations within the executed development agreement with OPUS Northwest LLC; now therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

Section 1. Amendment- Ground Lease Authorized. The City Manager is authorized to execute the Project Ground Lease with Opus Northwest, LLC attached hereto as Exhibit A, for a portion of City property at 1110 N. 175th Shoreline, WA for the purpose of constructing the Shoreline Civic Center. This lease replaces the Ground Lease authorized in Section 1 of Resolution No. 266 in its entirety.

Section 2. Amendment- Development Agreement Authorized. The City Manager or designee is authorized to execute the Shoreline Civic Center Development Agreement, and the Building Lease attached thereto, filed under Clerk's Receiving No. 4728, with Opus Northwest, LLC for the construction and lease of the Shoreline Civic Center to the City of Shoreline for its governmental offices and operations for a Base Project Cost of \$30,550,000 less a credit of \$494,590 for design fees paid with the Pre-Development Agreement authorized by the City Council on July 9, 2007.. This amount includes a Guaranteed Maximum Price for Project design and construction (\$28,000,000); allowances for Opus' construction financing; a City contingency; and furniture, fixtures and equipment (\$2,550,000). The City Manager is authorized to execute the Building and Project Leases incorporated in the Development Agreement, with lease payments in an amount sufficient to amortize \$28,403,433. This Section replaces the authorization of Resolution No. 266 Section 2.

Section 3. Amendment- Financing Authorized. The City Manager or designee is authorized to enter into contracts for consultant, underwriting, legal and other fees necessary to acquire financing and to issue the required debt to fulfill the obligation of the Development Agreement. This Section replaces the authorization of Resolution No. 266 Section 3.

Section 4. The Civic Center/City Hall Project sheets, 2008-2013 Adopted Capital Improvement Plan, pages 48-49, are amended as set forth in Exhibit B attached hereto.

ADOPTED BY THE CITY COUNCIL ON MARCH 24, 2008.

Mayor Cindy Ryu

ATTEST:

Scott Passey
City Clerk

PROJECT GROUND LEASE AGREEMENT

THIS PROJECT GROUND LEASE AGREEMENT ("Project Ground Lease") is made as of _____, 2008, by and between **CITY OF SHORELINE**, a municipal corporation of the State of Washington ("Lessor"), and **OPUS NORTHWEST, L.L.C.**, a Delaware limited liability company ("Lessee").

RECITALS

A. Lessor is the owner of the real estate described on **EXHIBIT A** attached hereto ("Building Land") located in Shoreline, King County, Washington.

B. Lessor intends to lease the Building Land to Lessee pursuant to this Project Ground Lease, and Lessee intends to construct and equip thereon an office building to serve as government offices for Lessor ("Building") containing approximately 67,000 square feet of rentable area as more fully described in the Preliminary Plans and Specifications, including all HVAC, electrical and other building systems, and Tenant Improvements, and a parking garage ("Garage") as described in the Development Agreement between Lessor and Lessee (the "Development Agreement"), collectively referred to as the "Project". The design and construction of the Project shall be as more particularly described in the Development Agreement between the parties.

C. Lessee intends to lease the Building Land, including the Building and Garage, back to Lessor in accordance with the Municipal Leasing Act, RCW ch. 35.42, and pursuant to that certain Building Lease and that certain Project Lease described in the Development Agreement ("Two Project Leases"). The parties intend that concurrently with their execution of the Building Lease Lessee shall assign its landlord's interest in the Building Lease to the trustee holding the bond proceeds from the issuance of Certificates of Participation unless Lessor has exercised the Option to purchase included in the Building Lease prior to commencement of the Building Lease, in which case this Project Ground Lease shall be partially transferred by special warranty deed on the Closing Date for the Building if Lessor has segregated the Building Land for the Building from the remainder of the Building Land for the Garage prior to the Payment Date for the Building. The parties intend that concurrently with their execution of the Project Lease Lessee shall assign its landlord's interest in the Project Lease to the trustee holding the bond proceeds from the issuance of Certificates of Participation unless Lessor has exercised the Option to purchase included in the Project Lease prior to commencement of the Project Lease, in which case this Project Ground Lease shall be entirely transferred by special warranty deed on the Closing Date for the Project.

D. All capitalized terms used in this Project Ground Lease but not otherwise defined herein (including these Recitals hereto) shall have the meanings given to such terms in the Development Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the parties hereto agree as follows:

1. The Demise.

1.1 Demise. In consideration of the rents, covenants and agreements contained in this Project Ground Lease, Lessor hereby leases the Building Land to Lessee, and Lessee hereby leases the Building Land from Lessor upon and subject to the conditions set forth in this Project Ground Lease, and subject to all encumbrances and matters of record as of the date of this Project Ground Lease.

1.2 Use of the Building Land. The Building Land shall be used and occupied only for the purpose of the development, operation, use, repair and maintenance of the Project. Until Lessee commences such use, Lessor reserves the right to continue to use and occupy the Pre-existing Buildings and the Building Land for its purposes at no cost. Lessee shall not use or permit the Building Land to be used for any other purpose without the prior written approval of Lessor. Lessee is hereby authorized to lease back to Lessor the Building Land as improved by the Project pursuant to the Two Project Leases.

1.3 Access and Utilities. Lessor and Lessee agree to mutually cooperate regarding the provision of reciprocal temporary and permanent pedestrian and vehicular access and utilities to, from and over the Building Land to, from and over adjacent lands of Lessor. Lessor and Lessee further agree to mutually cooperate regarding the use of parking on the Building Land and the adjacent lands of Lessor during and after construction of the Project. Lessor and Lessee agree to execute such instruments as may be necessary to provide for such pedestrian and vehicular access, parking and utilities and agree to cooperate in the location thereof.

1.4 Construction Activity. Lessor hereby grants permission to Lessee to perform construction activity related to the Project on adjacent lands of Lessor. Lessee and Lessor agree to mutually cooperate as to the timing, use and location of such construction activity in order to ensure completion of the Project in a timely manner while maintaining Lessor's ability to utilize the adjacent lands for Lessor's ongoing operations and that of its lessees of adjacent lands.

2. Term.

2.1 Commencement. Subject to the terms and conditions of this Project Ground Lease, the term of this Project Ground Lease shall commence on the date that this Project Ground Lease is fully executed, acknowledged and delivered by Lessor and Lessee ("Effective Date").

2.2 Duration. This Project Ground Lease shall terminate on the termination date of the Project Lease to be executed by the parties under the Development Agreement unless sooner terminated hereunder ("Term").

3. Rent. Lessee shall pay to Lessor as rent for the Term the sum of \$100.00 payable in whole in advance on or before the first day of the Term.

4. Development of Project.

4.1 Construction. Lessor agrees that Lessee shall cause the Project to be constructed and developed pursuant to the Development Agreement. Lessee shall not permit any

development or construction on the Building Land except as contemplated by the Development Agreement or as otherwise specifically approved in writing by Lessor.

4.2 Ownership of Improvements. During the Term, the Project and all other improvements on the Building Land paid for by Lessee shall be owned by Lessee. Upon the expiration or earlier termination of this Project Ground Lease, the Project and all other improvements on the Building Land shall become the property of Lessor.

5. Taxes and Utilities.

5.1 Lessee's Responsibility. Lessee shall be solely responsible for the payment of and shall pay and discharge all utility charges which are incurred as part of Project Costs as defined in the Development Agreement.

5.2 Lessor's Responsibility. Lessor shall pay all utility charges that are not part of Project Costs and all real estate taxes and assessments, if any, that are imposed upon the Building Land. In accordance with RCW 35.42.090, this Project Ground Lease shall be exempt from any taxes imposed under the authority of RCW ch. 82.45, RCW 82.04.040, or RCW 82.08.090.

5.3 Lessor's Taxes. Nothing in this Project Ground Lease shall require Lessee to pay any franchise, estate, inheritance, succession, capital levy (measured on the capital stock of Lessor), income, or transfer tax of Lessor.

6. Condition of the Building Land.

6.1 Condition of the Building Land and Pre-existing Buildings. The Parties have prepared the Project Budget having considered studies and surveys of soil conditions and the presence of hazardous substance in the Building Land soils and Pre-Existing Building. Lessor hereby warrants the condition of the Pre-existing Buildings for demolition and the condition of the Building Land for construction of the Project. Should the cost of Project excavation exceed the amount provided in the approved Project Budget due to Environmental Remediation, Lessor shall pay the excess cost caused by the presence of Hazardous Substances to Lessee upon completion of the excavation work. Should the cost of demolition of the Pre-existing Buildings, together with the removal costs of asbestos or other Hazardous Substances being present in the Pre-existing Buildings or costs due to other unknown conditions, exceed the amount of \$275,000 provided in the approved Project Budget, Lessor shall pay such excess costs to Lessee upon completion of the demolition.

6.2 Environmental Indemnification. Lessor shall be solely responsible for all claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release, migration or disposal of Hazardous Substances that were present in the soil, groundwater or soil vapor on or under the Building Land or any adjacent or nearby property or within the Pre-existing Buildings as of the Effective Date of this Project Ground Lease or that which may migrate to or from the Building Land during the term of this Project Ground Lease, including any costs of investigation or remediation of such toxic or hazard substances that may be required by any federal, state or local government agency. Except as set forth in the last sentence of this

Section 6.2, Lessor hereby releases and will indemnify, defend (with counsel reasonably acceptable to Lessee), protect and hold harmless Lessee from and against any and all claims, actions, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including, without limitation, reasonable attorneys' fees and the costs and expenses of enforcing any indemnification, defense or hold harmless obligation under this Project Ground Lease ("Claims") whatsoever to the extent arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release, migration or management of hazardous substances in, on, under, upon, to or from the Building Land (including water tables and atmosphere) and the Pre-existing Buildings that existed on, or migrates or migrated to or from, the Building Land or the Pre-existing Buildings. Lessor's obligations under this Section 6.2 include, without limitation and whether foreseeable or unforeseeable, (a) all of Lessee's costs, except as covered by the approved Project Budget, of any required or necessary repair, clean-up, detoxification or decontamination of the Building Land and the Pre-existing Buildings; (b) all of Lessee's costs of implementing any closure, remediation or other required action in connection therewith; (c) the value of any loss of use and any diminution in value of the Building Land, and (d) consultants' fees, experts' fees and response costs. Lessor's obligations under this Section 6.2 shall survive the expiration or termination of this Project Ground Lease. Notwithstanding the foregoing, Lessor shall not be responsible for any claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the release or disposal by Lessee of Hazardous Substances brought onto the Building Land by Lessee during construction of the Project and the responsibility for the same shall remain with Lessee.

6.3 Lessor's Right to Inspect. Lessor shall have the right to inspect the Building Land at any time.

7. Liens; Security Interest.

7.1 Lessee's Duty. Except for the use of this Project Ground Lease as security to finance or refinance the Project or as specifically approved in writing by Lessor, Lessee will not directly or indirectly create or permit to be created or to remain, and will discharge any mortgage, lien, security interest, encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to the Building Land, any part thereof, the Project, Lessee's interest therein, or any equipment, fixtures or personalty on the Building Land that is imposed by or as a result of the actions of Lessee.

Need Leasehold Financing Provisions Inserted Here 7.2 Leasehold Mortgage Provisions.

(a) Right to Encumber. Notwithstanding the provisions set forth in this Project Ground Lease regarding any assignment of this Project Ground Lease, Lessee shall have the right at any time and from time to time to encumber its interest in this Project Ground Lease (the "Leasehold Estate") by one or more mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits, which constitutes a lien on the Leasehold Estate and on the fee interest of Lessee in any improvements located on the Building Land during the term of this Project Ground Lease, including any modification or extension thereof ("Leasehold Mortgages"). Any mortgagee or beneficiary of a mortgage or deed of trust (a "Leasehold Mortgagee")

shall have the unrestricted right to assign, sell, participate, securitize and otherwise deal with its interest in the Leasehold Mortgage as it sees fit and without the necessity of obtaining any consent from Lessor. Lessor shall not in any way subordinate any of its rights under this Project Ground Lease to any Leasehold Mortgagee and any Leasehold Mortgagee who forecloses on its Leasehold Mortgage shall agree to abide by and be bound by all the terms of this Project Ground Lease during the term of its ownership of the Lessee's Leasehold Estate. Lessee shall deliver to Lessor promptly after execution by Lessee a true and verified copy of any Leasehold Mortgage and any amendment, modification or extension thereof, together with the name and address of the Leasehold Mortgagee and shall pay or reimburse Lessor for all fees and costs, including reasonable attorneys' fees, incurred by Lessor in connection with review of said documents to insure compliance with this Project Ground Lease.

(b) Covenants of Lessor. During the continuance of any Leasehold Mortgage until such time as the lien of any Leasehold Mortgage has been extinguished, and if a true and verified copy of such Leasehold Mortgage shall have been delivered to Lessor together with a written notice of the name and address of the owner and holder thereof:

(i) Lessor shall not agree to any mutual termination nor accept any surrender of this Project Ground Lease (except upon the expiration of the Term as provided herein) nor shall Lessor consent to any material amendment or modification of this Project Ground Lease, without the prior written consent of the Leasehold Mortgagee, which consent shall not be unreasonably withheld or delayed and shall be deemed to have been given if Lessor has received no written objection from the Leasehold Mortgagee within twenty (20) days after delivery to the Leasehold Mortgagee of notice of such amendment or modification.

(ii) Notwithstanding any default by Lessee in the performance or observance of any covenant, condition or agreement of this Project Ground Lease on the part of Lessee to be performed or observed ("Event of Default"), Lessor shall have no right to terminate this Project Ground Lease even though an Event of Default under this Project Ground Lease shall have occurred and be continuing, unless and until Lessor shall have given the Leasehold Mortgagee written notice of such Event of Default and the Leasehold Mortgagee shall have failed to remedy such default or to acquire Lessee's Leasehold Estate or to commence foreclosure or other appropriate proceedings in the nature thereof, all as set forth in, and within the time specified by, this Section 7.2.

(iii) The Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of this Project Ground Lease, to pay all of the Rents due hereunder, to provide any insurance, to pay any taxes and make any other payments, to make any repairs and improvements and do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the covenants, conditions and agreements hereof to prevent the termination of this

Project Ground Lease. All payments so made and all things so done and performed by the Leasehold Mortgagee shall be as effective to prevent a termination of this Project Ground Lease as the same would have been if made, done and performed by Lessee instead of by the Leasehold Mortgagee.

(iv) Should any Event of Default under this Project Ground Lease occur, the Leasehold Mortgagee shall have thirty (30) days after receipt of notice from Lessor setting forth the nature of such Event of Default, and, if the default is such that possession of the Property may be reasonably necessary to remedy the default, a reasonable time after the expiration of such thirty (30) day period, within which to remedy such default; provided that (i) the Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Project Ground Lease within such thirty (30) day period and shall continue to pay currently such monetary obligations as and when the same are due, and (ii) the Leasehold Mortgagee shall have acquired Lessee's Leasehold Estate or commenced foreclosure or other appropriate proceedings in the nature thereof within such thirty (30) day period or prior thereto, and shall be diligently and continuously prosecuting any such proceedings to completion. All rights of Lessor to terminate this Project Ground Lease as the result of the occurrence of any such Event of Default shall be subject to and conditioned upon Lessor having first given the Leasehold Mortgagee written notice of such Event of Default and the Leasehold Mortgagee having failed to remedy such default or acquire Lessee's Leasehold Estate or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time period specified by this subparagraph (iv). If an Event of Default is cured by the Leasehold Mortgagee, this Project Ground Lease shall continue in full force and effect as if such Event of Default had not occurred. No Leasehold Mortgagee shall have any obligation to cure or attempt to cure any Event of Default and may abandon or discontinue its efforts to cure at any time.

(v) An Event of Default under this Project Ground Lease which in the nature thereof cannot be remedied by the Leasehold Mortgagee shall be deemed to be remedied if (A) within sixty (60) days after receiving written notice from Lessor setting forth the nature of such Event of Default, the Leasehold Mortgagee shall have acquired Lessee's Leasehold Estate or commenced foreclosure or other appropriate proceedings in the nature thereof, (B) the Leasehold Mortgagee shall diligently and continuously prosecute any such proceedings to completion, (C) the Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Project Ground Lease which do not require possession of the Property within such thirty (30) days after receipt of such written notice and shall thereafter continue to faithfully perform all such monetary obligations which do not require possession of the Property, and (D) after gaining possession of the Property, the Leasehold Mortgagee shall perform all of the obligations of Lessee hereunder as and when the same are due.

(vi) If the Leasehold Mortgagee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy, debtor rehabilitation or insolvency proceedings involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in subparagraphs (iv) and (v) above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided, that the Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Project Ground Lease and shall continue to pay currently such monetary obligations as and when the same fall due, and provided, further, that the Leasehold Mortgagee shall diligently attempt to remove any such prohibition.

(vii) Foreclosure of a Leasehold Mortgage, whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage, or any conveyance of the Leasehold Estate from Lessee to the Leasehold Mortgagee by virtue or in lieu of foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of Lessor or constitute a breach of any provision of or a default under this Project Ground Lease. Upon such foreclosure, Lessor shall recognize the Leasehold Mortgagee, or any other foreclosure sale purchaser, as Lessee hereunder so long as the Leasehold Mortgagee or the foreclosure purchaser agrees in writing to abide by all of the provisions of the Lease and so long as there is no monetary default under this Project Ground Lease. If there are two or more Leasehold Mortgages or foreclosure sale purchasers (whether of the same or different Leasehold Mortgages), Lessor shall have no duty or obligation whatsoever to determine the relative priorities of such Leasehold Mortgages or the rights of the different holders thereof and/or foreclosure sale purchasers. If the Leasehold Mortgagee becomes the Lessee under this Project Ground Lease or under any new lease obtained pursuant to subparagraph (viii) below, the Leasehold Mortgagee shall be liable for the obligations of Lessee under this Project Ground Lease or such new lease only for the period of time that the Leasehold Mortgagee is the tenant hereunder or thereunder. If the Leasehold Mortgagee subsequently assigns or transfers its interest under this Project Ground Lease after acquiring the same by foreclosure or by an acceptance of a deed in lieu of foreclosure or subsequently assigns or transfers its interest under any such new lease, and in connection with any such assignment or transfer the Leasehold Mortgagee takes back a mortgage or deed of trust encumbering such leasehold interest to secure a portion of the purchase price given to the Leasehold Mortgagee for such assignment or transfer, then such mortgage or deed of trust shall be considered a Leasehold Mortgage as contemplated under this Section 7.2 and the Leasehold Mortgagee shall be entitled to receive the benefit of and shall be bound by the provisions of this Section 7.2 and any other provisions of this Project Ground Lease intended for the benefit or burden of the holder of a Leasehold Mortgage.

(viii) Should Lessor terminate this Project Ground Lease by reason of any Event of Default by Lessee hereunder or if this Project Ground Lease is rejected in any bankruptcy proceedings with respect to Lessee, Lessor shall, upon written request by the Leasehold Mortgagee to Lessor received within sixty (60) days after such termination, execute and deliver a new lease of the Building Land to the Leasehold Mortgagee for the remainder of the term of this Project Ground Lease with the same covenants, conditions and agreements (except for any requirements which have been satisfied by Lessee prior to termination) as are contained herein. Together with the execution and delivery of such new lease of the Building Land, Lessor shall convey to the Leasehold Mortgagee title to any Improvements constructed by Lessee by quitclaim deed for the term of such new lease. Lessor's delivery of any Improvements to the Leasehold Mortgagee pursuant to such new lease shall be made without representation or warranty of any kind or nature whatsoever, either express or implied; and the Leasehold Mortgagee shall take any Improvements "as-is" in their then current condition. Upon execution and delivery of such new lease, the Leasehold Mortgagee, at its sole cost and expense, shall be responsible for taking such action as shall be necessary to cancel and discharge this Project Ground Lease and to remove Lessee named herein and any other occupant from the Property. Lessor's obligation to enter into such new lease of the Building Land with the Leasehold Mortgagee shall be conditioned as follows: (A) the Leasehold Mortgagee has remedied and cured all monetary defaults hereunder and has remedied and cured or has commenced and is diligently completing the cure of all non-monetary defaults of Lessee susceptible to cure by any party other than by the original Lessee, and (B) that the Leasehold Mortgagee pays all costs and expenses of Lessor, including, without limitation, reasonable attorneys' fees, real property transfer taxes and any escrow fees and recording charges, incurred in connection with the preparation and execution of such new lease and any conveyances related thereto. If more than one Leasehold Mortgagee requests such new lease Lessor shall have no duty or obligation whatsoever to determine the relative priority of such Leasehold Mortgages, and, in the event of any dispute between or among the holders thereof, Lessor shall have no obligation to enter into any such new lease if such dispute is not resolved to the sole satisfaction of Lessor within ninety (90) days after the date of termination of this Project Ground Lease.

(ix) Lessor and Lessee shall cooperate in including in this Project Ground Lease by suitable amendment from time to time any provision which may be requested by any proposed the Leasehold Mortgagee, or may otherwise be reasonably necessary, to implement the provisions of this Section 7.2; provided, however, that any such amendment shall not in any way affect the Term hereby demised nor affect adversely in any material respect any rights of Lessor under this Project Ground Lease, and the Leasehold Mortgagee shall pay or reimburse Lessor for all costs and expenses incurred by it in connection with any such amendment, including reasonable attorneys' fees.

(x) Any Leasehold Mortgagee shall be given notice of any arbitration or appraisal proceedings arising out of or in connection with this Project Ground Lease and will have the right to intervene in the proceedings. If a Leasehold Mortgagee elects not to intervene it will nonetheless be given notice and a copy of any award or decision made in such proceedings.

(xi) Lessor and Lessee agree to execute, acknowledge and deliver to any Leasehold Mortgagee, an agreement in form reasonably acceptable to Lessor prepared at the sole expense of Lessee, reaffirming the applicability of the provisions of this Section 7.2 to a particular Leasehold Mortgage.

(c) **Obligations of Lessee.** Nothing contained herein or in any Leasehold Mortgage shall be deemed or construed to relieve Lessee from the full and faithful observance and performance of its covenants, conditions and agreements contained herein, or from any liability for the non-observance or non-performance thereof, or to require or provide for the subordination to the lien of such Leasehold Mortgage of any estate, right, title or interest of Lessor in or to the Building Land or this Project Ground Lease.

8. Indemnity and Insurance.

8.1 Indemnity. Lessor and Lessee mutually agree that in any and all causes of action and/or claims or third-party claims arising out of or in connection with the terms, activities, use and/or operations of this Project Ground Lease, including the Building Land and the Project, each party shall be responsible to the other only to the extent of each other's comparative fault in causing the alleged damage or injuries. As to any and all causes of action and/or claims or third-party claims arising from the sole fault of a party to this Project Ground Lease ("Indemnifying Party"), the Indemnifying Party shall have the duty to defend, save and hold the other party harmless and upon failure to do so, the Indemnifying Party shall pay the reasonable attorneys' fees, costs and expenses incurred by the other party to this Project Ground Lease in defense of such claims and/or actions. Nothing contained within this Section 8.1 shall affect and/or alter the application of any other provision contained within this Project Ground Lease.

8.2 Property Insurance. At all times during the Term of this Project Ground Lease, in the event that Lessor is not maintaining property insurance with respect to all improvements constructed on the Building Land, Lessee shall maintain property insurance fully insuring, at 100% of replacement cost value subject to a reasonable deductible, all improvements constructed on the Building Land against loss or damage by fire and other perils currently covered by a special causes of loss commercial property insurance form. Lessee shall also cause the Premises to be insured against the perils of earthquake and flood (if applicable) either as part of the aforementioned property insurance or under a separate policy or policies. The property insurance policy shall meet the requirements set forth in this section and in the Development Agreement.

8.3 Waiver of Subrogation. Lessee shall cause its property insurance carrier(s) to release and waive all rights of subrogation against Lessor to the extent a loss is

covered by property insurance in force; provided, however, that this Section 8.3 shall be inapplicable if it would have the effect of invalidating any insurance coverage of Lessee.

8.4 Minimum Scope of Insurance Coverage for Lessee.

8.4.1 Lessee's Coverages. During the Term of this Lease, Lessee shall at a minimum maintain: Commercial General Liability insurance (Insurance Services Office form number (CG00 001), covering Commercial General Liability with a limit of not less than \$1,000,000 combined single limit per occurrence; \$2,000,000 aggregate. In addition, Lessee shall maintain workers' compensation coverage as required by the Industrial Insurance Act of the State of Washington, statutory limits.

8.4.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in insurance coverage maintained by Lessee must be declared to and approved by Lessor. The deductible and/or self-insured retention of the policies shall not limit or apply to Lessor and shall be the sole responsibility of Lessee.

8.4.3 Other Insurance Provisions. The insurance policies required by this Project Ground Lease are also to contain or be endorsed to contain the following provisions where applicable:

(a) Liability Policies:

(1) Lessor, its officers, officials, employees and agents are to be covered as an additional insured as respects liability arising out of activities performed by or on behalf of Lessee in connection with this Lease.

(2) Lessee's insurance coverage shall be primary insurance as respects Lessor, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by Lessor its officers, officials, employees and agents shall not contribute with Lessee's insurance or benefit Lessee in any way.

(3) Lessee's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

(b) All Policies. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except by the reduction of the applicable aggregate limits by claims paid, until after forty-five (45) days' prior written notice has been given to Lessor.

(c) Acceptability of Insurers. Unless otherwise approved by Lessor:

(1) Insurance is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated by Best's with a rating in one of the two highest categories maintained by Standard & Poor's Rating Group and Moody's Investors Service.

(2) If at any time any of the foregoing policies shall fail to meet the above minimum standards, Lessee shall, upon notice to that effect from Lessor, promptly obtain a new policy and shall submit the same to Lessor with certificates and endorsements for approval.

9. Eminent Domain.

9.1 Award. In the event of any taking, partial or whole, Lessor shall be entitled to the entire award judgment or settlement from the condemning authority for the value of the Building Land taken by the condemning authority.

10. Events of Default by Lessee and Lessor's Remedies.

10.1 Events of Default. The following occurrences or acts shall constitute an event of default under this Project Ground Lease:

(a) **Failure to Perform.** If Lessee shall (i) default in making payment when due of any rent or any other amount payable by Lessee hereunder; or (ii) default in the observance or performance of any other substantial provision of this Project Ground Lease to be observed or performed by Lessee hereunder; and, in either case, if such default shall continue for thirty (30) days, in each case after Lessor shall have given to Lessee notice specifying such default and demanding that the same be cured, or, with respect to a default under subsection (ii), if by reason of the nature thereof such default cannot be cured by the payment of money and cannot with due diligence be wholly cured within such period of thirty (30) days, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default and with all due diligence, it being intended in connection with a default not susceptible of being wholly cured with due diligence within such period that the time within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence; or

(b) **Lessee's Financial Condition.** If Lessee shall make a general assignment for the benefit of creditors, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or shall fail seasonably to contest the material allegations of a petition filed against it in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its properties.

10.2 Remedies Upon Lessee's Default. In the event of any default by Lessee as defined hereinabove which default remains uncured after the expiration of the respective period set forth above, Lessor may exercise any remedy which may be available to Lessor at law or equity, including but not limited to actions for damages, and/or injunctive relief; provided, that, unless the Leasehold Mortgage and the Bonds have been paid in full and the Bond Insurer, if any, has consented, Lessor may not terminate this Project Ground Lease prior to the end of the Term.

10.3 Cumulative Rights and Remedies. The rights and remedies reserved to Lessor herein, including those not specifically described, shall be cumulative, and except as provided by Washington statutory law in effect at the time, Lessor may pursue any and all such rights and remedies at the same time or independently.

10.4 No Waiver. No delay or omission of Lessor to exercise any right or remedy shall, except as expressly provided herein, be construed as a waiver of any such right or remedy or of any default by Lessee hereunder. The acceptance by Lessor of rent or any additional rent hereunder shall not be a waiver of any preceding breach or default by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent accepted, regardless of Lessor's knowledge of such preceding breach or default at the time of acceptance of such rent, or, except as expressly set forth herein, a waiver of Lessor's right to exercise any remedy available to Lessor by virtue of such breach or default.

10.5 Attorneys' Fees. If either party incurs any expenses, including but not limited to reasonable attorneys' fees, consultant and expert witness fees, in connection with any action or proceeding instituted by any party by reason of any default or alleged default of a party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses from the other party hereof. For purposes of this provision, in any action or proceeding instituted pertaining to the Lease, a party shall be deemed the prevailing party if (i) judgment is entered substantially in favor of said party or (ii) before trial or judgment the other party shall pay all or any portion of the charges claimed by said party, or the other party shall eliminate the condition(s), cease the act(s) or otherwise cure the omissions(s) claimed by said party to constitute a default by the other party hereunder.

11. Quiet Enjoyment.

11.1 Lessee's Occupation of the Building Land. If and so long as Lessee shall pay all rent and all other amounts payable by Lessee hereunder whenever the same shall become due and shall keep all of the covenants and conditions required by it to be kept during this Project Ground Lease and shall perform all of its other obligations hereunder, Lessor covenants and agrees that, except as may otherwise be provided in the Development Agreement, Lessor will not interfere with the peaceful and quiet occupation and enjoyment of the Building Land by Lessee, which occupation and enjoyment shall be without hindrance, ejection or molestation by Lessor.

12. Lessee to Comply with Applicable Laws and Agreements.

12.1 Compliance with Laws. Lessee shall not use the Building Land or permit anything to be done in or about the Building Land which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Except as set forth in Section 6.1 above, Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and obtain all permits, licenses or other approvals required by governmental agencies or bodies. Lessee shall further comply with the requirements of any board or fire insurance underwriters or other similar

bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Building Land.

12.2 Compliance with Agreements. Lessee shall comply with all insurance policies and applicable agreements to which Lessee is a party or by which it is bound, now or hereafter in effect, and all agreements of which Lessee has notice and which are now in effect and applicable to the Building Land.

13. Waiver Limitations.

13.1 Waiver Limitations. The waiver by either party of any term, covenant or condition herein contained on the part of the other party to be performed shall not be deemed a waiver of such term, covenant or condition for any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Project Ground Lease, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

14. Notices.

14.1 Addresses. All notices, requests, demands, instructions or other documents to be given hereunder to any party shall be in writing and shall either be personally delivered to the party at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) or delivered by mail, sent by registered or certified mail, return receipt requested, as follows:

If to Lessor: City of Shoreline
 City Clerk
 17544 Midvale Ave. N.
 Shoreline, WA 98133-4921
 Facsimile: (206) 546-0780

If to Lessee: Opus Northwest, L.L.C.
 13920 SE Eastgate Way, Suite 250
 Bellevue, WA 98005
 Attn: Thomas B. Parsons
 Phone (425) 467-2700
 Fax (425) 467-2701

Copy to: Opus Northwest, L.L.C.
 10350 Bren Road West
 Minnetonka, MN 55343
 Attn: Brad J. Osmundson, General Counsel
 Phone (952) 656-4606
 Fax (952) 656-4814

Notices so mailed shall be deemed to have been given forty-eight (48) hours after the deposit of the same in any United States Mail post office box in the state to which the notice is addressed or seventy-two (72) hours after deposit in any such post office box other than the state to which the notice is addressed, postage prepaid, addressed as set forth above. For the purpose of this Section, addresses for notice may be changed by giving written notice of such change in the manner herein provided for giving notice.

15. Assignment and Subleasing.

15.1 Subleasing. Lessor and Lessee intend that Lessee shall enter into the Two Project Leases with Lessor. Any other proposed subleases of the Building Land shall be subject to the review and approval of Lessor.

15.2 Assignment. Except for the assignment to the Leasehold Mortgagee pursuant to Section 7.2 above and to the Trustee to secure the Bonds for the Project, Lessee shall not assign, mortgage, or encumber this Project Ground Lease or delegate the duties of Lessee under this Project Ground Lease without the prior written consent of Lessor. A consent to one assignment shall not be deemed to be a consent by Lessor to any subsequent assignment by another person. This Project Ground Lease shall not, nor shall any interest of Lessee herein, be assignable by operation of law, without prior written consent of Lessor.

16. Miscellaneous.

16.1 Time of Essence. Time is of the essence in regard to performance of the covenants and agreements stated herein.

16.2 No Joint Venture or Agency. Nothing contained in this Project Ground Lease nor any of the acts of the parties hereto shall be construed nor is it the intent of the parties, to create a joint venture or partnership between Lessor and Lessee, nor is either party the agent or representative of the other, and nothing in this Project Ground Lease shall be construed to create any such agency relationship or to hold either party liable to anyone for goods delivered or services performed at the request of the other party.

16.3 Amendments. No change in or addition to or waiver or termination of this Project Ground Lease any part hereof, shall be valid unless made in writing and signed by or on behalf of the party charged therewith. Lessor and Lessee agree to negotiate in good faith any amendments to this Project Ground Lease that may be requested or required in connection with the issuance of the Bonds to finance the Project.

16.4 Governing Law. This Project Ground Lease shall be construed in accordance with and governed by the laws of the State of Washington.

16.5 Headings. The article, section and paragraph headings herein contained are for the purposes of identification and reference convenience only and shall not be considered in construing this Project Ground Lease.

16.6 Successors and Assigns. Subject to the provisions hereof restricting the sublease or assignment by Lessee, all the terms and provisions of this Lease shall be binding

upon and to the benefit of and be enforceable by the parties and the successors and assigns of the parties.

16.7 No Merger. In no event shall the leasehold interest of Lessee hereunder merge with any estate of Lessor in or to the Building Land or the leasehold interest of Lessor under the Two Project Leases, provided, however, in the event that Lessor acquires the leasehold interest of Lessee, such leasehold interest shall merge with Lessor's fee interest in the Building Land or the leasehold interest of Lessor under the Two Project Leases, and this Project Ground Lease and the Two Project Leases shall terminate..

16.8 Counterparts; Recording of Memorandum. This Project Ground Lease may be executed in several counterparts, each of which shall be deemed an original for all purposes. Either Lessor or Lessee shall have the right to record a memorandum of this Project Ground Lease in a form comparable to that provided in the Two Project Leases and the parties shall cooperate in execution of such memorandum.

16.9 Schedule of Exhibits. This Project Ground Lease includes the following exhibits attached hereto and incorporated herein by this reference.

EXHIBIT A Building Land Legal Description

IN WITNESS WHEREOF, Lessor and Lessee have executed this Project Ground Lease as of the date set forth in the first paragraph of this Project Ground Lease to evidence their agreement to the terms of this Project Ground Lease.

DATED the date first above written.

LESSOR:

CITY OF SHORELINE,
a municipal corporation of the
State of Washington

APPROVED AS TO FORM:

By _____
Ian Sievers, City Attorney

By _____
Robert Olander, City Manager
Date: _____

LESSEE:

OPUS NORTHWEST, L.L.C.,
a Delaware limited liability company

By _____

Name: _____
Title: _____
Date: _____

STATE OF WASHINGTON }
COUNTY OF KING } ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that [he/she] signed this instrument, on oath stated that [he/she] was authorized to execute the instrument and acknowledged it as the _____ of THE CITY OF SHORELINE, a political subdivision of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2005.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

STATE OF WASHINGTON

COUNTY OF KING



ss.

I certify that I know or have satisfactory evidence that Thomas B. Parsons is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Senior Vice President of **OPUS NORTHWEST, L.L.C.**, a Delaware limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2005.

Printed Name _____

NOTARY PUBLIC in and for the State of Washington,
residing at _____

My Commission Expires _____

EXHIBIT A
BUILDING LAND LEGAL DESCRIPTION

Tax Parcels 031810046, 031810036, 031810055 and a portion of 031810040 consisting of approximately 2.93 acres described as :

AUTOMOBILE ADD UNREC BAAP ON NLY MGN OF N 175TH ST-50 FT NLY OF C/L OF SD ST - SD PT BEING N 89-06-00 W 377.00 FT FR W LN OF PLAT OF RONALD TERRACE TH N 00-53-00 E 100 FT TO TPOB TH N 89-06-00 W 112.35 FT TO W LN BLK 9 SD UNREC PLAT TH N 12-04-00 W 186.52 FT TO N LN S 1/2 OF S 1/2 OF SW 1/4 OF NE 1/4 STR 07-26-04 TH S 89-06-00 E 214.20 FT TH S 00-53-00 W 126.78 FT TH N 89-06-00 W 60 FT TH S 00-53-00 W 55 FT TO TPOB

AUTOMOBILE ADD UNREC E 37.18 FT OF 3 ALL 4 & W 74.82 FT OF 7 & POR OF 8-9 NLY & ELY OF LN BEG ON N OF 8 DIST 214.20 FT E OF NW COR TH S 00-53-00 W 126.78 FT TH E TO W LN OF 7 TGW E 77.18 FT OF S 88.15 FT OF 9

AUTOMOBILE ADD UNREC ALL 1-2 & 3 LESS E 37.18 FT & S 33.15 FT OF TR 9 LESS E 77.18 FT LESS CO RDS

AUTOMOBILE ADD UNREC E 225 FT LESS S 120 FT OF W 100 FT LESS CO RD

INCLUDING a vacated portion of Midvale Ave North consisting of 6,423 square feet lying Easterly of the following described line:

Beginning at a point on the South line of the North half of said subdivision, said point being 39.49 feet Easterly of the Easterly Margin of Old Seattle-Everett Interurban Railway Right of way as measured perpendicular to said Easterly Margin;

Thence South 12°04'15" East, parallel with the tangent portion of said Easterly Margin, for a distance of 289.11 feet to North Margin of North 175th Street and the end of said line description.

LESS the area of Tax Parcel 031810040 depicted as "Excluded from Project Land" in Exhibit A-1 attached hereto.

An aerial photograph of an industrial area. The image is oriented horizontally on the page. In the upper right, a large building is labeled 'A'. Below it, a long, rectangular building is labeled 'B'. To the right of building B, a smaller building is labeled 'C'. The area is divided by streets: 'MIDVALE AVENUE' runs horizontally across the middle, and 'STONE AVENUE' runs vertically on the left. Various other buildings and structures are visible, some with labels like '1737', '1738', '1739', '1740', '1741', '1742', '1743', '1744', '1745', '1746', '1747', '1748', '1749', '1750', '1751', '1752', '1753', '1754', '1755', '1756', '1757', '1758', '1759', '1760', '1761', '1762', '1763', '1764', '1765', '1766', '1767', '1768', '1769', '1770', '1771', '1772', '1773', '1774', '1775', '1776', '1777', '1778', '1779', '1780', '1781', '1782', '1783', '1784', '1785', '1786', '1787', '1788', '1789', '1790', '1791', '1792', '1793', '1794', '1795', '1796', '1797', '1798', '1799', '1800'. The image is in black and white and has a grainy, high-contrast appearance.

B – Existing Building (temporary offices)

THE

Exhibit B

Civic Center/City Hall

Project
Org Key
Job Ledger

2819148
GN107900

Expenditures By Project Phase	Prior Year Expenditures	2008 Amended Budget	Projected 2008	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	Total Project Cost
Project Administration	195,903	173,674	173,674	-	-	-	-	-	369,577
Real Estate Acquisition	5,772,342	-	-	-	-	-	-	-	5,772,342
Construction	494,590	1,701,977	1,701,977	28,403,433	-	-	-	-	30,600,000
Total Project	\$ 6,462,835	\$ 1,875,651	\$ 1,875,651	\$ 28,403,433	\$ -	\$ -	\$ -	\$ -	\$ 36,741,919

Project Revenue Sources	Prior Year Revenue	2008 Amended Budget	Projected 2008	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	Total Project Revenue
King County Green Building Grant				20,000	-	-	-	-	20,000
Surface Water Utility Contribution				300,000	-	-	-	-	300,000
General Fund Cont. - Budget Savings 2006-2008	2,882,961	1,261,649	1,261,649	-	-	-	-	-	4,144,610
General Fund Cont. - Prior to 12/31/2005	7,008,711	-	-	-	-	-	-	-	7,008,711
General Fund Cont. - Annex Lease Savings	288,000	300,000	300,000	150,000	-	-	-	-	738,000
General Fund Cont. - Annex Lease Revenue	50,410	24,590	24,590	-	-	-	-	-	75,000
Real Estate Excise Tax	1,273,708	400,000	400,000	1,661,000	-	-	-	-	3,334,708
Investment Interest		480,000	480,000	-	-	-	-	-	480,000
Municipal Financing		-	-	20,640,890	-	-	-	-	20,640,890
Total Revenue	11,503,790	\$ 2,466,239	\$ 2,466,239	\$ 22,771,890	\$ -	\$ -	\$ -	\$ -	\$ 36,741,919

Project Time Line:	2008	2009	2010	2011	2012	2013
Project Administration						
Real Estate Acquisition	Q1					
Construction	Q2 Q3 Q4	Q1 Q2 Q3 Q4				

ORIGINAL

RESOLUTION NO. 266

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING A GROUND LEASE, BUILDING LEASE AND DEVELOPMENT AGREEMENT WITH OPUS NORTHWEST LLC FOR CONSTRUCTION OF THE SHORELINE CIVIC CENTER AT N 175TH AND MIDVALE AVE N. AND AUTHORIZING FINANCING EXPENSES FOR DEVELOPMENT COSTS

WHEREAS, the City entered into a Predevelopment Agreement with OPUS Northwest, LLC for preliminary design of the City's Civic Center; and

WHEREAS, a series of community workshops, and meetings with staff and the City Council has brought the project to a 30% design concept; and

WHEREAS, City staff has negotiated a maximum guaranteed price and delivery date with OPUS Northwest as part of a Development Agreement to complete final design and construct the Civic Center; and

WHEREAS, the Development Agreement anticipates a ground lease and lease back of the completed project subject to an option for the City to purchase the civic center facilities at any time during the lease; now therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

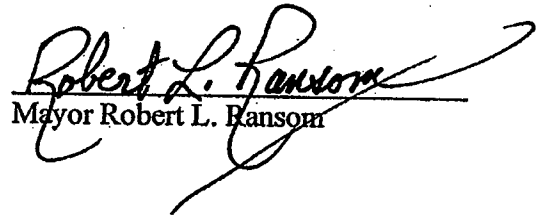
Section 1. Ground Lease Authorized. The City Manager is authorized to execute the Ground Lease with Opus Northwest, LLC attached hereto as Exhibit A, for a portion of City property at 1110 N. 175th Shoreline, WA for the purpose of constructing the Shoreline Civic Center.

Section 2. Development Agreement Authorized. The City Manager is authorized to execute a development agreement and building lease materially the same as the Shoreline Civic Center Development Agreement and attached Building Lease filed under Clerk's Receiving No. 4617, with Opus Northwest, LLC for the construction and lease of the Shoreline Civic Center to the City of Shoreline for its governmental offices and operations. Building Lease payments are authorized in an amount sufficient to amortize the actual Lease Transfer Amount of the Development Agreement and finance expenses authorized in Section 3 together with interest on these amounts not to exceed 5%.

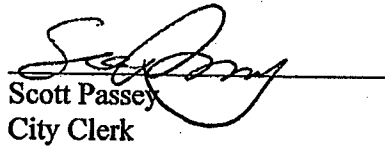
Section 3. Financing Authorized. The City Manager is authorized to enter into contracts for consultant, underwriting, legal and other fees necessary to acquire financing for the total development costs of the Shoreline Civic Center up to an aggregate total of \$2.55 million. Actual financing costs, together with development costs, shall be amortized through lease payment under the Building Lease.

120
ORIGINAL

ADOPTED BY THE CITY COUNCIL ON DECEMBER 17, 2007.


Mayor Robert L. Ransom

ATTEST:


Scott Passey
City Clerk

Council Meeting Date: December 17, 2007**Agenda Item: 8(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Resolution No. 266 authorizing a City Hall/Civic Center Development Agreement with OPUS Northwest LLC, and Associated Leases
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Robert L. Olander, City Manager Jesus Sanchez, Civic Center Project Manager

In July 2007, the Council authorized the City Manager to enter into a Predevelopment Agreement with OPUS Northwest, L.L.C. (Developer) for the design of the Civic Center Project.

The Predevelopment Agreement authorized Opus to proceed with certain predevelopment activities required for the Civic Center Project to meet the project development schedule. Predevelopment activities for the Civic Center included four community public workshops on March 20, July 30, August 21, and October 25 inviting public comment and participation in each phase of the building design framework to include functional layout; massing and composition; materials; features; sustainability; architectural strategies; full schematics and design concepts with landscape renderings; and design options associated with alternate costs. Opus has also conducted meetings with city staff and made presentations before Council to review various site, building design, and sustainability options.

On November 5, 2007, staff presented to Council three design options for the Civic Center Building with associated cost projections. Design Option I was considered as the base option with a footprint of 77,000 sq. ft. Design Option II was similar in design, but was designed with a higher level of architectural detail and a footprint of 70,000 sq. ft. Design Option III had yet a higher level of design detail, more glass features, and a footprint of 77,000 sq. ft. Design Option III was highly supported by the community in the feedback we received at the community public forums. Council was generally agreeable to proceed with Design Option III, requesting that a final design and associated costs be brought back to Council for final review and approval.

30% design development of the building meeting the space requirements and design parameters of the City, has now been completed. Design documents have been delivered to the City (architectural drawings, structural drawings, mechanical-HVAC drawings, plumbing drawings, fire protection drawings, fire alarm drawings, electrical drawings, landscape & irrigation/hardscape drawings, civic drawings and other drawings as required). A master schedule has been developed through construction identifying each milestone on the schedule.

The Predevelopment Agreement has now been completed and through a collaborative effort, the City of Shoreline and the Developer have negotiated a lease/leaseback development agreement (Development Agreement) for the Civic Center Project which includes a "guaranteed maximum price" and a detailed budget. The Development Agreement for the new Shoreline Civic Center is now being presented to Council for approval. Staff has analyzed and assessed the value and cost benefits of Certificates of Participation (COP) or 63/20 financing options for tax exempt financing. Each method was evaluated for minimizing risk to the City, inclusion of inherent cost controls, and minimizing financing costs. The proposed Development Agreement proposes a Certificates of Participation financing.

FINANCIAL IMPACT:

Staff is recommending that Council authorize a total project budget of \$30.55 million for the City Hall building. This would include all costs related to the building including construction, developer costs, construction financing, contingencies, and furnishings. The current CIP had a cost of \$19.3 million. The change in project cost is primarily related to the desire to include a parking garage instead of on-grade parking, the increased size in building, and increased civic design elements. To fund the total project staff has currently identified \$9.5 million in cash and anticipates issuing up to \$21.5 million in debt (to net \$21.05 for the project). The debt will be repaid over a period of 30 years. Staff is continuing to look for opportunities to allocate more cash towards the project to reduce the amount of debt that will need to be issued, but at this time our financial assumptions assume the previous funding scenario.

The annual occupational costs (debt service, operations & maintenance), net of anticipated lease revenues, are projected to average \$1.630 million for years 2010 through 2013, \$375,000 greater than was previously estimated. In large part, this is attributable to changes in the project scope initiated, authorized, or approved by the City Council, such as additional land acquisition, a parking garage, additional building space, added landscaping and environmental features. Staff recommends that Council increase the authorized annual allocation of Real Estate Excise Tax towards the debt service of City Hall from \$400,000 annually to \$775,000. The six year CIP projects annual REET at approximately \$900,000 annually. The remaining \$854,000 in occupational costs will be funded with the monies currently allocated for lease payments and facility maintenance within the General Fund.

If additional cash is identified to allocate towards the project or if the actual project costs are less than the projected \$30.55 million then the level of debt issued will be reduced, thus reducing the annual debt service payments and the amount of REET allocated towards the repayment.

The Development Agreement includes a "Lease Transfer Amount". The Lease Transfer Amount differs slightly from the total project budget because it does not include financing related costs, owner's contingency, or the furnishings and fixtures allowance. These costs are estimated at \$2.55 million. Based on a project budget of \$30.55 million and deducting the estimated financing related costs of \$2.55 million we arrive at a Lease Transfer Amount of \$28 million. The financing costs are estimated at this time based on assumed construction draw down schedules and estimated construction loan

interest rates. The development agreement does not require that the developer assume risk related to possible changes in the financing costs as changes in the interest rate market, which could go up or down, are beyond the control of the developer. This is the reason why these costs are not included in the Lease Transfer within the development agreement.

RECOMMENDATION

Staff recommends that Council pass Resolution No. 266 authorizing the City Manager to enter into a Ground Lease, Building Lease and Development Agreement with Opus Northwest, L.L.C. for the construction of the new Shoreline Civic Center Building with a "lease transfer amount" of \$28 million; and authorizing the City Manager to incur other expenses up to \$2.55 million to finance this development cost and complete the project.

Approved By: City Manager _____ City Attorney _____

INTRODUCTION

The Predevelopment Agreement between the City of Shoreline and OPUS Northwest, L.L.C. has now been satisfied and through a collaborative effort, the City of Shoreline and the Developer have now agreed to a lease/leaseback development agreement for the Civic Center Project at a "guaranteed maximum price" or Lease Transfer Payment. This negotiation and 30% design are the final tasks under the Predevelopment Agreement.

The Lease/Leaseback Development Agreement at the "Guaranteed Maximum Price" for the construction of the new Shoreline Civic Center Building is now being presented to Council for approval. We are also seeking Council authorization for the City Manager to pursue Certificates of Participation as the financing approach that will give the City optimal value.

BACKGROUND

Council approval for the Civic Center Project began with the acquisition of the Highland Plaza property and the Kimm property in 2006. In January 2007, authorization was given to move forward with a design-build, build-to-suite/lease-to-own delivery method to develop the Civic Center and OPUS Northwest, L.L.C. was selected through the RFQ and RFP processes as the developer of the project in June 2007. A Predevelopment Agreement was executed with OPUS in July 2007.

In September 2007, the Council adopted Civic Center/City Hall Guiding Principles to provide direction for the Civic Center Project design, with a strong emphasis on securing the corner of N. 175th and Midvale Ave. North as the prominent location of the civic center with a city hall, council chambers and a two-story structure parking garage. Total floor area was to be planned to accommodate future growth. Option III was authorization for 30% design in November 2007. These milestones all represent the significant support and direction Council has provided throughout the Civic Center Project process.

The proposed final Development Agreement is an important milestone of the Project and culminates years of effort.

DISCUSSION

DEVELOPMENT AGREEMENT: State law allows the City to have a building erected on land owned by the City through the lease of the land with a leaseback of the building for the same term (RCW ch. 35.42). This leaseback must include terms that do not allow the cost of construction of the building to become an obligation of the city, provide the city with the right to occupy upon payment of rent not exceeding prevailing rates, the right to lease unneeded portions to tenants approved by the city and the right to own the building upon termination of the lease.

The proposed Development Agreement with OPUS Northwest, L.L.C. is a 45 page document with nine attachments. The agreement is available in the Council Office and has been assigned Clerk's Receiving # 4617 for reference. The key terms are summarized here.

- Ground Lease. The proposed development approach under RCW ch 35.42 calls for the City to execute a thirty- year Ground Lease of most of the property acquired for the civic center for the sole purpose of demolishing existing structures and designing and constructing the new civic center according to the 30% design plans. Some land and offices in the southeast corner of the City property that will not be used for the civic center are excluded from the ground lease. The Ground Lease is attached to Resolution No. 266 (Attachment A, Exhibit A).
- Building Lease. The Development Agreement calls for a lease back of the completed center to the City for the same 30-year term as the Ground Lease. This Building Lease includes an exclusive irrevocable option to purchase the civic center (and remaining term of the Ground Lease) for the total construction cost less a credit for principal components of lease payments made during the lease. The lease is terminable by prepayment of the principal component of the remaining lease payments. The City assumes all responsibility for operation and maintenance except for rights under the two-year construction warranties. Upon completion of the project Opus will transfer its rights as lessor to a trustee for payment of a guaranteed maximum lease transfer amount negotiated at \$28 million. Opus warrants completion of the civic center by June 30, 2009. The form of the Building Lease is attached to the Development Agreement.
- Development Agreement. The Development Agreement requires OPUS to guarantee delivery of the civic center project for the lease transfer amount. This amount includes all design services, permits, project management, developer fees, developer overhead, construction costs, a project contingency and a tenant improvement allowance not to exceed \$28 million. Project costs exceeding the transfer amount shall be paid by Opus. The Development Agreement provides an incentive to Opus for cost savings equal to one third of the final contingency balance not to exceed \$200,000.

Financial Impact

Staff is recommending that Council authorize a total project cost of \$30.55 million for the City Hall building. This cost includes estimated financing costs, owner's contingency, and furnishings and fixtures of \$2.55 million, and therefore the gross maximum price (GMP) staff is recommending that Council authorize within the development agreement be \$28 million. The majority of the \$2.55 million represents the construction and other financing costs. At this level of funding the project includes a building with 67,000 square feet, parking garage, and some enhanced civic design elements for the building and landscaping. Staff will continue to work with OPUS to finalize the design of the project, which may result in some modifications, but the cost of the building could not exceed the GMP but, could ultimately be lower. Based on these assumptions staff is assuming that the City would lease approximately 4,000 square feet of space.

The annual City Hall occupational costs (debt service, operations & maintenance), net of anticipated lease revenues, are projected to average \$1.630 million for years 2010 through 2013, approximately \$375,000 greater than was previously estimated. In large part, this is attributable to changes in the project scope initiated, authorized, or approved by the City Council, such as additional land acquisition, a parking garage, additional building space added landscaping and environmental features.

The Council has the following options available to address the difference in annual costs:

- Reduce the overall project budget and in turn the "Gross Maximum Price": The City Council could choose to reduce the GMP to a lower number than \$28 million. This could require elimination of the parking garage, a smaller building, or reduced civic design, all of which the Council has stated that they desire. Staff is continuing to work with OPUS to refine the design and evaluate the cost of the building. There is a possibility that the final cost will be less than the projected \$28 million, but staff does not anticipate that it will be significantly lower without the elimination of one of these elements.
- Increase the amount of cash allocated towards the project to reduce the long-term debt service payments: Staff has identified \$9.5 million in cash to allocate towards the City Hall building. At this time Staff is continuing to look for opportunities to increase the cash allocation, but at this time has not identified specific sources. Once we close the books for 2007 we will see if there are additional savings from the current year budget that could be allocated. Also as certain contracts are finalized for 2008 we may have an opportunity to have one-time savings that can be allocated towards City Hall.
- Reduce the amount of the general fund transfer made to the Roads Capital Fund annually. Currently this transfer is made as part of the Council's policy on gambling tax collections that are in excess to a 7% tax rate. In 2008 the amount budgeted to be transferred is \$637,500. These funds are currently used to help provide funding for the City's pavement management program. In 2007 the State Legislature approved an optional funding source, a \$20 per vehicle license fee that can be adopted to use for transportation/road improvements. If this revenue source were implemented staff projects that it would generate approximately

\$600,000 annually that could be used to back-fill a reduction to the general fund transfer.

- Council could increase the annual amount of Real Estate Excise Tax (REET) allocated towards the annual debt service payments for City Hall. Council has authorized the allocation of \$400,000 annually for this purpose starting in 2009. The adopted 2008-2013 CIP includes this allocation. Annual REET collections are estimated at approximately \$900,000, therefore, there is still \$500,000 that is programmed for future park and facility projects. Council could authorize an increase in the annual amount allocated for City Hall debt service to cover the additional \$375,000 in projected annual cost. This option does not affect transportation/road related projects.

Staff recommends that the Council authorize an increase in the allocation of REET to \$775,000 in order to meet the anticipated financing needs to complete the City Hall project. As staff finalizes the design and cost of the project the actual annual occupational costs (debt service, operations & maintenance) will be determined. If the project costs are lower than \$30.55 million, then the annual occupational costs are anticipated to be lower and the amount of additional REET may be less than is currently projected.

RECOMMENDATION

Staff recommends that Council pass Resolution No. 266 authorizing the City Manager to enter into a Ground Lease, Building Lease and Development Agreement with Opus Northwest, L.L.C. for the construction of the new Shoreline Civic Center Building with a "lease transfer amount" of \$28 million; and authorizing the City Manager to incur other expenses up to \$2.55 million to finance this development cost and complete the project.

ATTACHMENTS

Attachment A – Proposed Resolution 266

Exhibit A- Ground Lease

Exhibit B- Development Agreement

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Comprehensive Housing Strategy Adoption
DEPARTMENTS: Planning and Development Services, Community Services
PRESENTED BY: Rob Beem, Community Services Division Manager
Steven Cohn, Senior Planner

ISSUE STATEMENT:

At the February 19th meeting, Council unanimously accepted the Citizen Advisory Committee's Comprehensive Housing Strategy. The Council heard a presentation from Sid Kuboi, Janne Kaje, Kyrie Cataldo, and John Behrens, focusing on the Committee's assumptions, conclusions, and strategies. These strategies call for:

- Engaging and educating the community about ways to promote housing choice while respecting neighborhood character;
- Exploring the development of new homes which are sized appropriately for the number of people who will be living in them, in both single- and multi-family configurations;
- Expanding the supply of housing accessible to families with limited incomes through partnerships that will fund, develop, and/or preserve this housing;
- Creating more "third places" that can serve as both neighborhood and commercial social hubs; and
- Developing the political will to address the often contentious debates surrounding housing development.

Following its discussion, the Council set March 24, 2008 as the date for a public hearing and adoption of the Committee's report.

Tonight the Council will hold its hearing to provide an opportunity for the public to comment on the Committee's recommendations. Following the hearing, the Council will consider a motion to adopt the report.

This completes the initial work on Council Goal #5. It is anticipated that this comprehensive strategy will inform the Council's goal setting process scheduled to occur in April.

RECOMMENDATION

I move that Council adopt the CAC's Comprehensive Housing Strategy.

ATTACHMENT:

Staff report from February 19th, 2008 meeting

Approved By: City Manager  City Attorney _____

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Comprehensive Housing Strategy Committee Recommendations
DEPARTMENT:	Planning and Development Services
PRESENTED BY:	Citizen Advisory Committee Chair Sid Kuboi, and members Janne Kaje, Keirdwyn Cataldo, and John Behrens; Project Managers, Steve Cohn and Rob Beem

ISSUE STATEMENT:

In the fall of 2006, the Shoreline City Council convened a Citizen's Advisory Committee (CAC) to develop a Comprehensive Housing Strategy to serve as an overall framework for the many large and small decisions the City makes that affect the type, design, location and cost of housing. After a year of studying and debating complex issues involving demographic shifts and the housing market, the CAC completed their report in January of 2008 (Attachment A).

This evening, committee Chair Sid Kuboi and members Janne Kaje, Keirdwyn Cataldo, and John Behrens will present the findings and discuss existing trends and proposed implementation options. The strategies fall into three categories:

1. Choice - creating a more diverse blend of housing options;
2. Character - guiding development so that it is consistent with existing neighborhood character; and
3. Affordability - increasing the supply of housing attainable for low and moderate-income households.

The report also includes staff's perspective on a range of implementation options to pursue in order to move these strategies forward (Appendix 1). A review of these options provides an overview of the types of activities which would logically flow from these strategies. It is worth noting that as the Committee's work progressed, the City initiated activities, which advanced some of the strategies recommended by the CAC. These specific activities responded to pressing housing issues or opportunities which arose in 2007.

The Committee recommends a total of 15 strategies for the City to implement. However, with limited staff and financial resources, the staff recommends initially implementing the following four strategies:

- a) Sub-Area Planning: Under the "Next Steps" section on page 8 of the report, #4 is to "use the neighborhood subarea process to identify areas that could support innovative projects and articulate specific compatibility criteria." This process is already underway for the Ridgecrest neighborhood and Town

Center areas, and slated to begin for southeast Shoreline (Briarcrest and Paramount neighborhoods). This approach will provide an opportunity for many of the strategies which target housing choice and neighborhood compatibility to be examined and, if appropriate, enacted.

- b) Inventory of Housing: In terms of increasing local housing affordability, there are several initiatives currently being pursued by the Community Services Division. Housing Affordability Strategy #3 (pages 7 & 25) is to "identify and develop relationships with owners of the approximately 100 units of privately owned and federally assisted multi-family housing which will lead to the retention of the long-term affordability of this housing stock." Staff is working to identify all units currently receiving federal or state funding and has initiated contact with property owners.
- c) Funding for Housing Development: Housing Affordability Strategy #4 recommends using "locally controlled CDBG (Community Development Block Grant) funds to support housing acquisition, rehabilitation and/or development." The City currently has such funds available at its discretion, and staff is investigating how best to leverage the money for maximum impact and will return to Council for further direction.
- d) Property Tax Exemption for Housing: Housing Affordability Strategy #7 recommends the City "use the Property Tax Exemption (PTE) to encourage the provision of affordable units and/or community amenities." This option for areas in North City and Ridgecrest is currently scheduled for Council discussion for the March 3rd study session.

Council is scheduled to consider adoption of the Comprehensive Housing Strategy Citizen's Advisory Committee's recommendations on March 24th. We also anticipate that this may be a topic of consideration when the City Council establishes its goals and priorities during Council's Goal Setting Retreat in April.

FINANCIAL IMPACT:

Implementation of the recommended strategies will have budget implications yet to be determined.

RECOMMENDATION

Staff recommends adoption of the Citizen Advisory Committee's Comprehensive Housing Strategy Report, which is scheduled for Council action at the March 24th Business Meeting.

ATTACHMENT A:

Comprehensive Housing Strategy Citizen's Advisory Committee Report

Approved By: City Manager  City Attorney ____



January 2, 2008

Honorable Members of the Shoreline City Council:

We are pleased to transmit the Comprehensive Housing Strategy to the City Council. This report is the result of nearly 13 months of research and discussion on the part of your Comprehensive Housing Strategy Citizens Advisory Committee. This Strategy summarizes what we feel are the major housing issues and choices that will shape the future of our City and its neighborhoods. We are proud to have had the opportunity to serve the Council and citizens of Shoreline. We now pass along our report to City leadership so that they may chart the best course forward, guided by the committee's recommendations.

Our work is intended to be viewed as a "strategy" as compared to a "plan." A strategy captures priorities, goals and desired outcomes. A plan is a detailed program of action. Because this document is a strategy, it is meant to clarify issues, provide information about current conditions, and recommend potential actions. The CAC made a conscious decision to avoid specific ordinance language, policy decisions or funding details. These logistics will require additional time and research, which the committee felt were outside of our purview and areas of expertise. We encourage the Council to prioritize and direct staff to develop specific plans for implementing the strategy.

With limited time, and a charge to focus on developing a broad strategy, not all topics could be covered with the level of detail that some committee members would have preferred. These topics include the impact of megahouses on existing neighborhoods, consideration of impact fees for new development, guidance for ensuring appropriate transitions between different zoning classifications, the potential need for design guidelines, and infrastructure assessments. The committee's recommended strategy strongly urges Council to direct staff to perform additional research into these areas and to develop plans to mitigate negative impacts that might occur when new housing forms are constructed in or near existing neighborhoods.

There was substantial discussion about the format of this final document. We debated how to best condense the information into a structure that would convey divergent opinions and present a holistic picture of all subjects to audiences with different learning styles or perspectives. As with all other items adopted by the committee, the supermajority vote of two-thirds prevailed, and we made the decision to adopt the recommended strategy. The resulting document may not have received unanimous support of the committee for every word, but as a whole, it is representative of our work and recommendations.

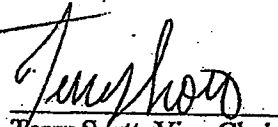
We've completed our task, but there is still more to do. The community and the Council will confront many choices, decisions and controversies as Shoreline addresses the range of complex issues inherent to housing policy. We believe that our strategy will provide you with background, insight, and recommendations to provide a solid foundation for decision-making and community outreach.

We strongly recommend that Council undertake this effort through a carefully-crafted public process. To be successful, this process should emphasize the need for a proactive stance and describe the options available to deal with areas of concern. This outreach process should include substantial public input as one of the touch points for any proposed change. Revisions to the development code and other guiding documents should be made in a broad context where all potential impacts are considered and stakeholder voices are heard. Council must also consider the needs and act as the "voice" of future citizens, who would hope to call Shoreline home in the years to come.

Thank you for the opportunity to be involved in this exciting and meaningful project and for your consideration of our work. Good luck with implementation of these recommendations and strategies. We look forward to continued participation in the process, and to witnessing the outcomes of our effort.

Sincerely,


Sid Kuboi, Chair


Terry Scott, Vice-Chair

On behalf of the Comprehensive Housing Strategy Citizen Advisory Committee:

John Behrens
Keirdwyn Cataldo
Chris Eggen
Darlene Feikema
Jay Helfrich
Nimo Hussein
Janne Kaje
Chakorn Phisuthikul
Jeanne Roxby
Karen Russell
Harry Sloan
Michelle Wagner
Maria Walsh
Malyn White

Comprehensive Housing Strategy

Prepared by the
Citizen Advisory Committee

January 2008



With Assistance and Support of the City of Shoreline
Planning and Development Services Department and Community Services Division



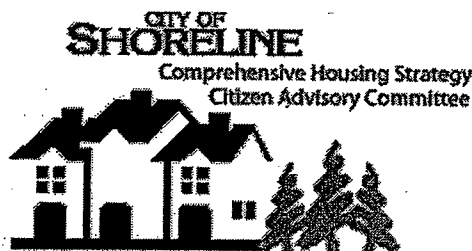
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Special Thanks to...

Citizen Advisory Committee Members:

- Sid Kuboi* (Chair)
- Terry Scott (Vice-Chair)
- Chris Eggen
- Nimo Hussein
- Michelle Wagner*
- Maria Walsh
- Malyn White
- Keirdwyn Cataldo
- Karen Russell
- John Behrens
- Jeanne Roxby
- Jay Helfrich
- Janne Kaje
- Harry Sloan
- Darlene Feikema, and
- Chakorn Phisuthikul*



*Members also serving terms on the Shoreline Planning Commission

With the Support of...

City of Shoreline Staff:

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Introduction

Regional and national demographic changes over the last two decades that have affected the housing market are also changing the face of Shoreline. Shoreline's desirable location and amenities continue to make it an attractive community for all types of households.

In existing single-family neighborhoods, homes are being built or remodeled to respond to the demands of today's buyers – buyers that are looking for different amenities than are available in 1950s and 1960s era houses. New houses are bigger and typically more expensive. At the same time, a growing segment of the public wants smaller, more compact, well-designed and less expensive homes. Seniors, singles, starters and single parents are looking for an affordable alternative to the typical single-family house on an individual lot.

If the demand for housing stays relatively strong, our community will continue to change. The empty lot down the block will soon contain a home for a new family. The former store front may be replaced by a mixed-used building with retail below and apartments above. A new addition to the two-bedroom house will double its size. Our community will look and feel more built up.

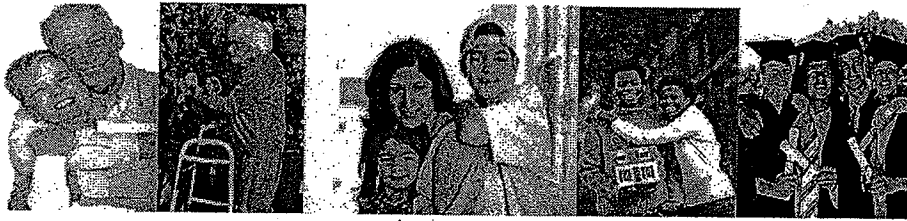
Housing choices are limited and more expensive. Today the average wage earner is barely able to afford a condominium and is priced out of the single-family home market. Long-term residents looking to downsize find very limited choices in Shoreline no matter what the cost. Housing options for those new to the market are very limited to buy and increasingly expensive to rent. These issues put Shoreline's rich diversity at risk.

After a year's study, the Comprehensive Housing Strategy Committee recommends that the City Council work towards expanding housing choice, increasing the number of affordable housing options and maintaining desirable neighborhood character. Our strategy calls for:

1. Engaging and educating the community about ways to promote housing choice while respecting neighborhood character.
2. Exploring the development of new homes, which are sized appropriately for the number of people who will be living in them, in both single- and multi-family configurations.
3. Expanding the supply of housing accessible to families with limited incomes through partnerships that will fund, develop and/or preserve this housing.
4. Creating more "Third Places" that can serve as neighborhood commercial and social hubs.
5. Developing the political will to address the often contentious debates surrounding housing development.

These strategies call for Shoreline to influence the market forces that will shape new development in ways that strengthen the community. Although some of the options may be unfamiliar, we believe Shoreline residents will embrace new housing development if it is based on public understanding and sensitivity to the existing community.

Who might benefit from a comprehensive housing strategy?



The *Baby Boomer* couple, in their late 50's, have lived in Shoreline for 20 years. They have two grown married children, three grandchildren, and three aging parents. When their children found they could not afford the housing prices in Shoreline, they bought elsewhere, but would still be interested in moving back so their kids could attend school here and be close to their grandparents. The couple is also concerned about how emerging development trends in the neighborhood will affect the existing character.

One of the couple's aging parents is an *elderly* woman in her early 80's who has been widowed for a decade. She has never worked and is living off of her late husband's retirement. She owns the home where her kids grew up, but even without a mortgage, has a hard time paying all bills and medical expenses. She wants to remain in Shoreline, but is concerned about her financial security, and finding a housing style that will accommodate her changing needs in close proximity to family and services.

A woman in her early 40's is a *single parent* of two children, one of which is in middle school and the other in high school. When she got divorced and sold their house, she was disappointed to find her buying power cut due to splitting the equity, and now lives in a cramped rental townhouse. Many months she has trouble paying all of the bills because of the disproportionate percentage of her income spent on housing and transportation.

A *childless* couple in their early 30's would like to buy a house in Shoreline so they may stop renting and build equity, but can't find anything available that they like in their price range. She is a teacher and he is a firefighter and they would like to live where they work and be less automobile dependent, but are worried they may have to "drive to qualify," by living in a different locality with more affordable options, and commuting to work.

Four friends in their early 20's, who grew up in Shoreline and remained local or recently moved back, represent the *multiple-income-low-wage-earner* household. They are a student, a health care worker, a mechanic, and a waiter and rent a house in need of substantial renovation. They spend a disproportionate percentage of their incomes on housing and transportation, but communal living helps with the other bills. They wish to continue renting, but would like more options with proximity to social activities and employment opportunities.

The concerns and characters depicted above do not represent the full spectrum of issues or citizens in Shoreline, yet developing solutions for these very real housing challenges was a major focus of committee goals described herein. Appendix IV (Staff Perspective on Strategy Implementation) shows how proposed committee strategies could affect these fictional representatives.

Executive Summary

City Council's Charge to the Committee

In fall 2006, Shoreline City Council convened a Citizen's Advisory Committee (CAC) to develop a Comprehensive Housing Strategy to serve as an overall framework for the many large and small decisions the City makes that affect the type, design, location and cost of housing. In developing this strategy, the committee responded to the following questions:

How can the housing needs of Shoreline's changing demographics be met?

Who should we plan for?

Does Shoreline want to attract new families (with and without children), younger singles, and older residents who may want to stay in Shoreline but want an alternative to their current home?

What do we want to happen with housing supply? What type of housing mix do we want?

Shoreline has a preponderance of single-family homes, largely built in the 1950s and 1960s. Is there a market for this housing type? Is the demand for different housing types shifting in Shoreline and other close-in suburbs? What other housing types are being constructed in nearby cities?

How active should the City be in implementing new housing?

What are tools that Shoreline can use to encourage new housing in specifically designated areas? Should the City try to encourage housing that is more affordable? What tools are or could be made available to do this? What strategies that encourage construction of affordable housing have worked in cities like Shoreline?

The Housing Challenge

The lack of housing that is affordable to average working people is nearing a tipping point from which it will be extremely difficult to return. While it is a national problem, the effects are keenly felt at the local level. An important factor is that Shoreline is basically built out. As available sites have become more rare, expensive, and difficult to develop, housing affordability has become an increasingly elusive goal. Many citizens are now faced with the arduous task of finding a place to call home without going beyond their means or spending an inordinate amount of time in their daily commute.

Housing variety is also an important consideration that can be linked to affordability, although it does not inherently imply it. Choice is an important factor for people deciding where to locate. In order to maintain its diversity, Shoreline will need to provide housing that is a viable option for those with a wide range of income levels, ages, ethnic backgrounds, family compositions, religious affiliations and tastes. Market forces in Shoreline and most of the Puget Sound area are making it difficult for this wide range of people to find the type of home that fits their lifestyle in a price range they can afford.

The housing market is transitioning from one that provided a narrow range of housing options aimed at families with children to one where multiple market segments demand a wider range of housing choices than currently available. Families with children, the original major market in Shoreline, now constitute less than one third of all households. The "new" housing market is aimed at meeting the demand for housing types which appeal to couples with no children, single person households and older adults, many of whom prefer to live near services. Many in these groups are priced out of the market and those that can afford to live in Shoreline are demanding a broader range of choices in terms of style of housing, as well as proximity to community amenities.

Currently Shoreline has a large number (72%, 2000 US Census) of single-family homes on individual lots and a relatively small number of stacked flats (apartments or condominiums), small homes on small lots and townhouses (attached homes, usually two to three stories tall). Existing zoning supports the development of stacked flats (in mixed-use structures of four to six stories) generally in commercial areas, and a limited number of sites for townhouse development.

Prices for housing of all types in Shoreline and elsewhere in the region have increased at a faster pace than incomes, making the typical detached single-family home on a larger lot unaffordable to many young families. If Shoreline wishes to remain competitive in attracting these families, thereby maintaining levels of funding and services for the school system, increasing affordability and choice for this market segment will have to become a priority.

The rental housing market has long provided a smaller but significant portion of the housing stock for Shoreline. Today rental units account for roughly 30% of total housing. As costs increase and the desire for more choice expands, people seeking housing in Shoreline are more often going to find solutions in the single-family rental and multi-family segments of the market.

Shoreline has many well-established neighborhoods with unique character and style. These neighborhoods will be impacted by change with or without modifications to existing City regulations. The City can choose to take a more proactive stance in guiding change by creating incentives for affordability components, design standards or regulatory tools that encourage choice. Any such government initiatives will only be successful if the community at the heart of these neighborhoods is involved in developing them.

Committee Recommendations

The following strategies for Housing Choice, Neighborhood Character, and Housing Affordability are the primary product of committee work. Additional background and conclusions will be provided in the body of the document before they are discussed in greater depth, but they are listed as a component of the introduction to highlight their significance in the overall strategy.

Housing Choice and Neighborhood Character Strategies

1. *The City should initiate a community education and outreach program to promote an open dialogue with citizens before implementation of the following strategies.*
2. *Test changes in the comprehensive plan and/or development regulations designed to encourage housing choice through pilot projects in select and limited sites or on a broader scale as a result of a defined neighborhood subarea planning and design process.*
3. *Institute regulatory change, design guidelines, or design review processes to attain neighborhood compatibility.*
4. *Explore the possibility of creating an urban density residential zoning category that would permit small lot development or attached single-family home or townhouse developments with a design component.*
5. *Undertake an inventory and identify areas where density could be reasonably accommodated through examination of available water, sewer, and transportation infrastructure capacity.*
6. *Evaluate capacity of current infrastructure to handle development anticipated given current zoning & Comprehensive Plan through the subarea planning process.*
7. *Whenever land use changes are permitted as part of a pilot project or subarea plan, such increases must be coupled with clearly articulated requirements designed to promote compatibility with existing neighborhood character.*

Housing Affordability Strategies

1. *Focus efforts to attract funding for development of affordable housing for households earning less than 60% of the County median income because that is the current focus of effort for many grant-making institutions.*
2. *Provide and advocate for direct funding and financial assistance from local, state, federal, private and/or non-profit sources for affordable housing projects serving all income levels up to 120% of median.*
3. *Identify and develop relationships with owners of the approximately 100 units of privately owned and federally assisted multi-family housing which will lead to the retention of the long-term affordability of this housing stock.*
4. *Use locally controlled CDBG (Community Development Block Grant) funds to support housing acquisition, rehabilitation and/or development. (Applies principally to not-for profit developers.)*
5. *Identify and promote use of surplus public and quasi publicly owned land for housing that is affordable to households at or below 80% of Area Median Income (AMI).*
6. *Investigate opportunities to use increased density in single and multi-family zones to encourage the creation of more affordable housing.*

7. *Use the Property Tax Exemption (PTE) to encourage the provision of affordable units and/or community amenities. (Applies principally to for profit developers.)*
8. *Engage in dialogue with the community about the requirements under which affordable housing can be successfully integrated within Shoreline's many neighborhoods.*

Next Steps

The range of housing types and styles which will be needed to accommodate the mix of residents we anticipate wishing to live in Shoreline will be somewhat different from the housing choices that predominate today. After a year of study and discussion of these topics, the Citizen Advisory Committee determined that to best ensure future vitality of the community, housing choice and affordability must be expanded.

The committee concluded that the best way to achieve this is to define and retain important elements of neighborhood character and to engage the community in understanding the need for broader housing choice and in defining how to accommodate new or different housing styles within the community. If these criteria are met, the committee believes that well-designed projects can add density, enhance affordability and foster amenities, while still complementing existing neighborhood character.

We assert that if done so that the community understands what will be built and has the opportunity to affect how development fits with their neighborhood, that more diverse housing choice will be supported. We see this as embodying seven key concepts:

1. Initiate an open dialogue with the community to discuss concerns and expectations;
2. Identify a timeline for implementation of adopted strategies which delineates low-hanging fruit as well as longer-term options;
3. Examine citywide infrastructure capacity with regard to traffic, water, and sewer;
4. Use the neighborhood subarea process to identify areas that could support innovative projects and articulate specific compatibility criteria;
5. Create design guidelines to promote consistency with established neighborhood character;
6. Implement pilot projects on a small scale to test potential changes to citywide code; and
7. Retain an emphasis on affordability and choice.

Report of the Comprehensive Housing Strategy Citizen Advisory Committee

Background

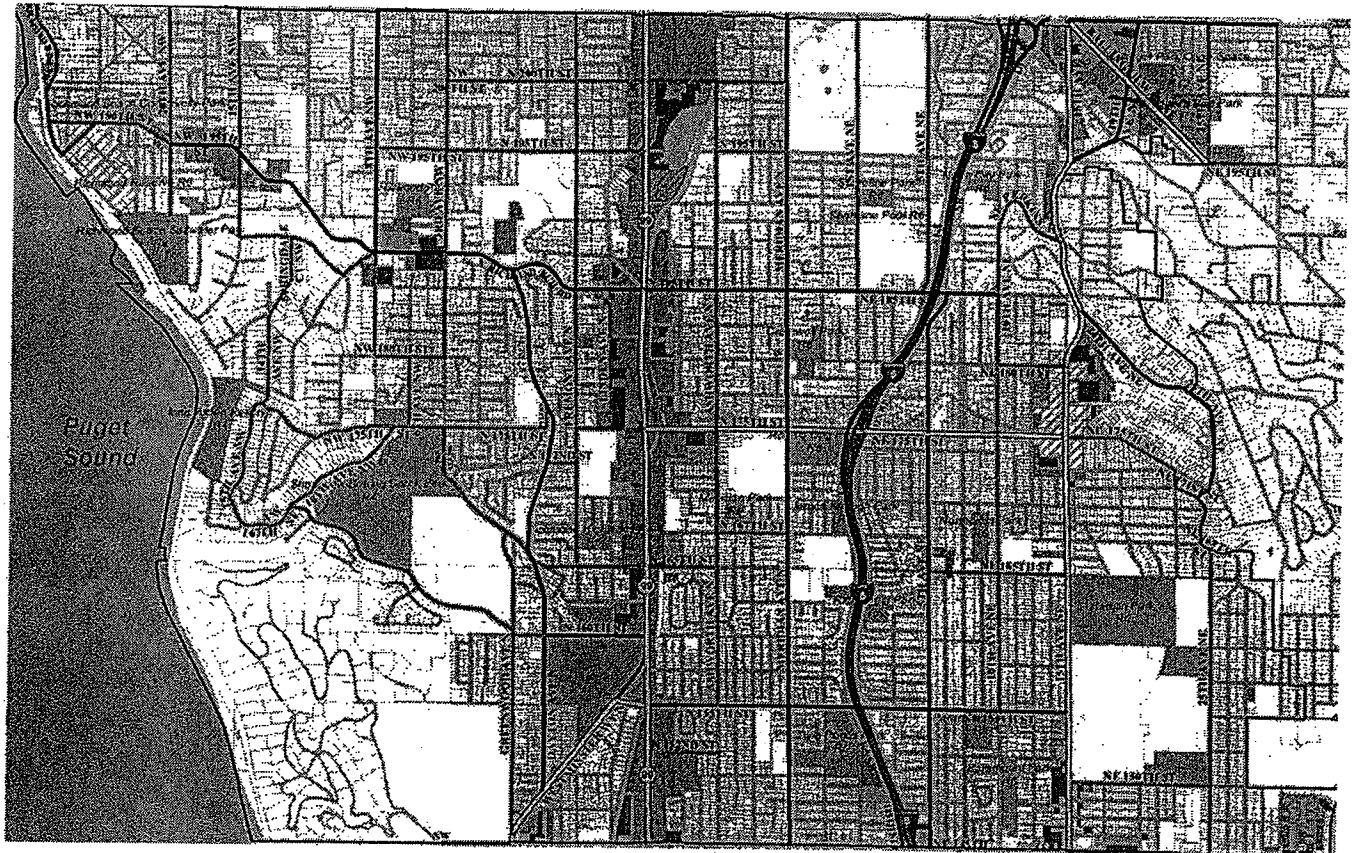
Shoreline's neighborhoods developed in response to the market at the time of their initial growth. In the post WWII era small single-family homes and subdivisions began to fill in what was once open land. Later as the Baby Boomers hit the labor force and the housing market, somewhat larger homes began to fill in the spaces left. By the late 1970s Shoreline was virtually "built out" as a community of single-family houses. Development of this type served the population well at the time. However, those same homeowners are aging, and the new buyers have different tastes and needs, which will change the housing market and demand for homes on existing lots. In the same way that Shoreline grew in response to the post-war market, Shoreline will be challenged to respond to the emerging housing markets of today and the future.

Under Shoreline's current zoning and development codes, land zoned for multifamily use (all parcels shown on the following map designated R18 and higher) is limited.

Other than smaller lots scattered throughout the City, Aurora and North City are the primary areas which will currently accommodate this type of housing. Extrapolating from current development patterns, it is reasonable to assume that properties in those areas are likely to develop as four to six story mixed-use buildings with retail businesses or offices on the ground floor and residences above.

ZONING

Representation of Official
Zoning Map Adopted By
City Ordinance No. 292.



Shows amendments through
April 3, 2007.

Zoning Designation

R-4; Residential, 4 units/acre	O; Office
R-6; Residential, 6 units/acre	NB; Neighborhood Business
R-8; Residential, 8 units/acre	CB; Community Business
R-12; Residential, 12 units/acre	NCBD; North City Business District
R-18; Residential, 18 units/acre	RB; Regional Business
R-24; Residential, 24 units/acre	I; Industrial
R-48; Residential, 48 units/acre	CZ; Contract Zone
	Regional Business-Contract Zone

Other Map Features

	City Boundary
	Open Water
	Outside Shoreline
	Interstate
	Principal Arterial
	Minor Arterial
	Collector Arterial
	Neighborhood Collector
	Local Street
	Park
	Tax Parcel Boundary
	Unclassified Right of Way

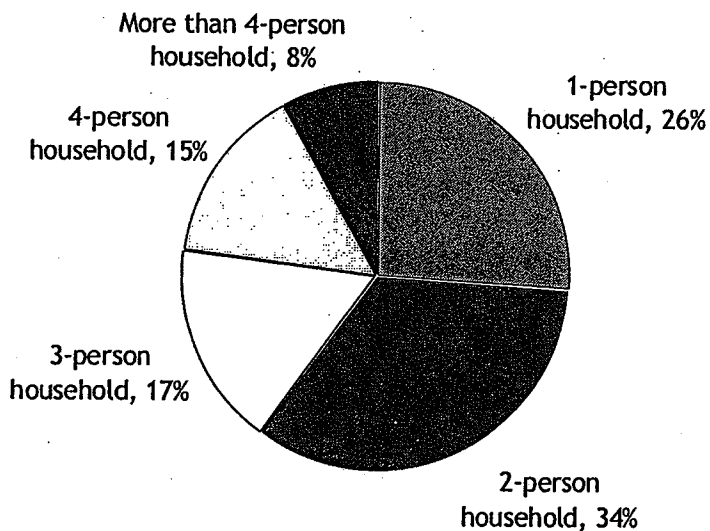
In addition, the supply of housing for other segments of the population, whose presence adds to the diversity of the community, is not likely to be adequate. These groups include:

1. Young adults who grew up in Shoreline, want to continue to live here and are looking to rent or buy a starter home;
2. Baby Boomers who have lived here for decades and are ready to downsize to a smaller house and/or lot now that their children have left home;
3. Elderly persons who want to live closer to services in accessible housing units;
4. People who work in Shoreline who cannot afford to buy a home on a typical lot, but would like to own their own place locally; and
5. Single parents, who cannot afford the standard housing options, but want their children to remain in the Shoreline School District or close to the non-custodial parent.

The housing market is shifting. Presentations from nationally renowned housing development and planning professionals emphasized that demand in the future housing market will be determined by the growing numbers of these groups. The traditional nuclear family will become an increasingly less significant segment of the market. Mark Hinshaw, AICP, FAIA, an urban planner, architect, author and presenter at the 2010 Speaker's Series noted that fully 50% of the housing market is currently serving groups of people he dubbed the Four S's: singles, single-parents, seniors and starters. These groups are more likely to desire housing other than the traditional single-family detached home, and so will provide impetus for the creation of more diverse housing styles.

The figure on the right represents data on household size in Shoreline from the most recent Census reports, which show that 60% of local housing units were occupied by only one or two people.

Household Size (Census 2000)



Walkability, Connectivity, and "Third Places"

Another commonality between these demographically diverse groups, aside from the need for stable housing, is that they all place a high value on access to services, preferably without having to travel long-distances in their vehicles. Grocery stores, coffee shops, restaurants, retail, laundry facilities, childcare, recreational and social opportunities, and access to parks and trails would be assets in their community and increase their quality of life.

From the outset of committee discussion, members emphasized that vibrant community gathering spaces are elements of intriguing and successful places that they would like to see emulated locally. One key to making such neighborhood centers work is locating them within the zone of convenience where individuals will choose to walk instead of drive to meet their needs, usually within a quarter mile of their house. Neighborhood amenities are important for successful communities, and the more that exist within walking distance, the less traffic produced in running errands and engaging in social activities. Residents also benefit from time saved, exercise granted, increased route safety and more opportunity to bond with their neighbors.

Another key to making these "third places" work is to locate housing in a more compact fashion to create a critical mass of consumers wherein local business can be profitable enough to flourish. Yet such density is a concept which often engenders misconception and skepticism. Within the committee there were a number of strong and divergent opinions regarding this topic. Some felt that dense housing, likely along major arterials, was a good way to promote establishment of gathering places as well as protect the core of the single-family neighborhoods from encroaching development. Others expressed concerns about infrastructure capacity, most notably traffic congestion, and urged further study of the matter before any recommendations could be made as to which areas may be able to accommodate additional density. If the Council chooses to pursue a strategy that incorporates density, it should strive to assure that negative impacts are mitigated to the greatest extent possible.

Operating Assumptions

Because there are so many assumptions about what makes a successful neighborhood, what ground rules exist and what are the most important characteristics to protect, the committee defined and classified their assumptions before they began formulating the specific conclusions and strategies. Comments from the community and from experts the committee consulted, such as Arthur Sullivan of a Regional Coalition for Housing (ARCH), showed that successful housing strategies rested on residents' clear understanding that the City acknowledged and honored their values and expectations regarding their homes and neighborhood. The Operating Assumptions represent the committee's collective understanding of these norms and ideals in Shoreline. The list below contains assumptions about the community's values, housing affordability and choice, and neighborhood character. It is based on beliefs which the committee felt represent the cultural standards and goals of the community at large.

- 1. We want housing to be accessible to current and future residents across the income spectrum. Ensuring that a broad mix of people can live in Shoreline will enhance the City's ongoing vibrancy and quality of life.*
- 2. Affordable housing should be integrated into the community or neighborhood.*
- 3. Community gathering places provide a public benefit. Encouraging them through possible incentives should be part of a larger comprehensive housing strategy.*
- 4. Development regulations should reflect clearly articulated community goals. The permitting process should be predictable, with regulations written in a manner that reduces uncertainty for developers, City staff and the community.*
- 5. Home ownership opportunities should be encouraged through education and counseling for those pursuing it.*
- 6. In Shoreline as in the regional housing market, single-family detached houses are priced too high for many entry-level first-time homebuyers, which makes providing affordable alternatives necessary.*
- 7. Specific emphasis should be on households that are most at risk of being priced out of the Shoreline housing market, including both rental and home ownership options.*
- 8. Neighborhood character can be preserved and even improved with quality infill development. New housing development happening in the center of established neighborhoods should be consistent with neighborhood character; lot size to structure ratios and the scale of building are important.*
- 9. Housing growth should be distributed throughout the City; one or two neighborhoods should not have to absorb it all.*
- 10. We should encourage green building practices in housing construction.*
- 11. There will continue to be demand for single-family housing in Shoreline due to its proximity to Seattle as well as other regional employment centers and amenities.*
- 12. Increased demand for housing will put pressure on single-family neighborhoods to change.*
- 13. Most of Shoreline's new single-family development will be on infill lots. Some new development will occur when older homes are torn down and replaced by newer homes.*
- 14. Demographic changes (aging population, fewer couples with children, more singles, etc.) and rising costs will increase demand for housing alternatives that are not the traditional single-family home.*
- 15. Housing variety is desirable because it facilitates housing choice.*
- 16. New development can be compatible with neighborhood character. This could be accomplished through a variety of methods including: design review, prescriptive regulations and/or bulk and height restrictions.*
- 17. New development that responds to current market demand is likely to be of different density and scale than exists in Shoreline, and this could be perceived as incompatible.*

18. Shoreline has the capacity to accommodate the current GMA 20-year target. However, we expect that housing demand for areas in and near Seattle will increase, and the current housing growth targets will rise as population change is evaluated every seven to ten years.

19. Property owners have a reasonable expectation that they will be able to use their property to the extent allowed by current development and zoning regulations.

Housing Choice and Neighborhood Character Recommendations

Background and Issues

A common theme in committee discussions was that maintaining the status quo in City regulations and zoning does not mean neighborhoods will be unaffected by change. This concept is of paramount importance, and was demonstrated through committee discussion on future housing scenarios if they chose to take no action. As this area continues to enjoy a thriving economy and because we expect that people will continue to want to live near the region's largest city, it is probable that Shoreline will maintain its status as a desirable place to locate and there will be further demand to accommodate an increasing number and variety of households.

Shoreline is mostly built out, with very few large tracts of vacant developable land remaining. That means that expected growth will have to occur as infill and/or redevelopment. This type of development can be perceived to have a significant impact on the surrounding neighbors and community. Even where one single-family house replaces another, the change in style and bulk can be significant enough to be a source of apprehension. Many existing parcels are zoned for more capacity than is currently built. Some are large lots which can be subdivided and others may allow for multi-family or mixed-use structures in an area that now contains single-family houses. Because this type of development can occur "by right" under current codes, there is limited opportunity for the public to review or affect the changes that come to their neighborhood. The committee understands that this can be a cause for concern.

Shoreline's residents and property owners are not alone in facing this challenge. For most communities, the evolution in land use causes some dislocation and distress. The prospect of piecemeal development worried some committee members because while individual developments would not trigger the environmental impact or infrastructure assessments required for larger projects, city-wide the cumulative impacts could be significant. Construction could also occur in an unfocused, haphazard manner and potentially place disproportionate burdens on certain areas that may or may not have the capacity to support it.

New and infill housing comes in a wide range of styles and can be done well or poorly. How this housing fits with the surrounding community posed one of the greatest challenges to the committee. The CAC looked at examples of new and infill housing in Shoreline and surrounding communities, some of which are included on the following page.



Positive aspects of this development that the committee identified include:

- Warm and inviting appearance
- Good color palate
- Ability to “fit into” most neighborhoods
- Invites walking
- Good floor plan for seniors

Negatives included:

- Lack of trees
- Unaffordable



Positive:

- Open space
- Sense of community
- Feels like a traditional single-family home
- Variety of color and design elements
- Nice landscaping
- Attractive architecture
- Individual personal entries

Negative:

- Would be preferable if garage entrance was through back alley



Positive:

- Appealing architecture and detailing
- Unique lines
- Nice roofs and window treatments
- Nostalgic
- Underground wiring
- Front yard setback
- Balcony and porch

Negative:

- Extra traffic

In contrast, this development received predominately negative comments, including:

- Too many units packed together
- Block is too large and uniform
- Need to create diversity by breaking up lines and color
- Density for density's sake
- Garages are difficult to get into
- No landscaping

Other observations:

- Potentially affordable to moderate income households
- Need to make more visually attractive design while keeping cost low



Architect Bill Kreager, of the Mithun Partnership, made a presentation to the committee which showcased a range of design solutions that worked in other communities. These experiences convinced the committee that design matters a great deal because compatibility can be enhanced or diminished by the quality of architectural features. As the committee's recommended strategy indicates, while the City can and should be sensitive to how new and infill housing fits with the neighborhood, the specific standards and rules are best developed in partnership with affected communities and those that produce the housing.

The topic of "mega-houses" was raised in the committee's work, and was also a popular topic of discussion during opportunities for public comment. In keeping with the general recommendations on strategy which call for expanding affordability and choice options rather than restricting existing development potential, the committee did not feel it had the requisite charge or time to fully consider the questions of whether or how to regulate these homes. Their silence on the matter should not be seen as condoning the practice, merely as recognition that other Puget Sound localities, such as Kirkland, are actively examining the issue and drafting and implementing ordinances meant to deal with the problem. The committee strongly urges elected and appointed officials and staff to examine the work done by others in the region and be vigilant in addressing neighborhood concerns at the earliest possible opportunity.

Growth in Shoreline under existing codes and zoning will likely not be able to keep up with demand. The market will not produce the variety nor the quantity of housing required. Such a shortfall is anticipated to keep upward pressure on local housing prices and to limit the choices offered. The City has the opportunity and the challenge to make changes that will allow the development of a more varied mix of housing types and variety of housing available in different price ranges.

The City's recent attempts to provide opportunities to develop "cottage housing" provided the committee with a great lesson. This experience clearly indicated that introducing changes in housing style, size and choice, should include helping the community to understand the proposal and engaging citizens in a dialogue about the ways in which such a change can be made to fit into its surroundings. It should also include safeguards in the code language that standards will be established and upheld so that variations in the styles of different developers will not translate to drastic disparity in the quality of built housing. We have laid out a strategy in which this goal is a major component.

Choice and Character Conclusions

The best way to manage anticipated growth is to plan for it. By doing so, development can be guided to areas where the community and the infrastructure can best accommodate it. A key consideration in this planning is an assessment of neighborhood and infrastructure capacity. Committee members recognized that areas located along major corridors, near public transit, employment and commercial districts represent opportunities to reasonably accept new or innovative housing. With the additions of a design component and requirements for local input, they felt that this was the most effective way to preserve existing neighborhood character and to ensure continued community vitality and a diverse population base.

1. *Market forces will continue to spur development under our current zoning and land use regulations. Such development may not address issues of neighborhood compatibility or housing choice absent additional guidance from the City. Because new projects could continue to impact neighborhood character, maintaining the status quo in city regulations and zoning does not mean neighborhoods will be unaffected by change.*
2. *Variety of housing choice and open space can be positive elements of a neighborhood.*
3. *Shoreline should institute provisions for a range of housing design and affordability because we feel it is in the best interest of the community, not because of GMA requirements.*
4. *Community understanding and acceptance of new housing styles and types is enhanced when community members are informed and engaged in decisions about what and where new housing is developed.*
5. *Shoreline should take measured steps to allow increased densities in parts of the city, but only under certain conditions, and in areas that can reasonably accept it. Conditions should include proximity to transit and amenities, and suitable infrastructure capacity, which would be determined through a defined neighborhood subarea planning process.*
6. *The City should understand cumulative impacts on infrastructure (e.g. sewer, water, and transportation) of development under the existing Comprehensive Plan, including effects on capacity.*
7. *Housing choice in neighborhoods is limited by current zoning/ density; one way to increase variety is to allow changes in zoning.*

8. *New housing choices need to recognize existing neighborhood character. In that sense, housing choice and neighborhood character are tied together. They do not represent an either/or choice.*
9. *The City should encourage development of neighborhood gathering places in all of Shoreline's already defined neighborhoods.*

Choice and Character Strategies

Whatever range or combination of strategies the City Council chooses to investigate or pursue, the committee stressed the importance of transparency and community involvement in decision-making. Changes to regulatory codes, zoning categories, permitted densities, or design standards must be crafted through processes that both educate citizens on the need for proposed revisions and incorporate their vision for the neighborhoods in which they make their homes and have invested much time, money, energy and sentiment.

1. *The City should initiate a community education and outreach program to promote an open dialogue with citizens before implementation of the following strategies.*

This theme was repeated time and again, and while it is relatively self-explanatory, the committee's emphasis that it be included as a priority to increase certainty and understanding can not be overstated. The CAC urges Council to direct staff to begin drafting an outreach program at the earliest possible opportunity.

2. *Test changes in the comprehensive plan and/or development regulations designed to encourage housing choice through pilot projects in select and limited sites or on a broader scale as a result of a defined neighborhood subarea planning and design process.*

This strategy is a result of lessons learned from cottage housing regulations, which were repealed because of a lack of community buy-in and strict standards to ensure city-wide consistency, as well as a gulf between planners' expectations and the built reality. The committee wanted to avoid these pitfalls with other housing strategies, so that proposed changes would meet the needs of the community by delivering anticipated benefits and through pilot projects wherein planners could close regulatory loopholes before a city-wide code was adopted. This proposal represents a longer-term commitment by the City, which could be accomplished with existing staffing levels and incorporated into neighborhood subarea plans slated to commence in early 2008.

3. *Institute regulatory change, design guidelines, or design review processes to attain neighborhood compatibility.*

After listening to multiple presentations and viewing dozens of images, the committee came to believe that the quality of design is the key to integrating new housing choices and affordability into existing neighborhoods without negatively affecting the character. Such standards must be based on the input of individual neighborhoods and be clearly defined so that staff could implement them in a fair and predictable manner.

4. *Explore the possibility of creating an urban density residential zoning category that would permit small lot development or attached single-family home or townhouse developments with a design component.*

The CAC felt that this strategy would be a viable means of increasing the variety of housing styles, but cautioned against making such development possible throughout the city. Appropriate locations for this potential zoning designation would be identified through the neighborhood subarea process, and implementation would follow the standard procedure for modifying zoning regulations.

5. *Undertake an inventory and identify areas where density could be reasonably accommodated through examination of available water, sewer, and transportation infrastructure capacity.*

There was much discussion about how to properly ensure that any increases in density could be absorbed without straining infrastructure capacity. The CAC felt the only way to thoroughly understand development potential was to perform an inventory and identify areas with available water and sewer and levels of service for roadways that could accommodate growth.

6. *Evaluate capacity of current infrastructure to handle development anticipated given current zoning & Comprehensive Plan through the subarea planning process.*

As with the above strategy, the committee felt that an analysis should be done to examine existing conditions as well as those proposed by the Comprehensive Plan before any zoning changes are made.

7. *Whenever land use changes are permitted as part of a pilot project or subarea plan, such increases must be coupled with clearly articulated requirements designed to promote compatibility with existing neighborhood character.*

This issue is related to the creation of design standards and other safeguards that will help neighbors of proposed projects feel more at ease about coming change. It was even suggested that to encourage development of such pilot projects, the City could dedicate funds for neighborhood improvement in areas where innovative developments would locate, although this would be heavily dependent on the scale of proposed projects and availability of capital improvement funds.

Housing Affordability Recommendations

Background and Issues

As the committee began its deliberations on housing affordability, they acknowledged that virtually all such discussions rest on the assumption and popular experience that housing is increasingly, and for some, prohibitively expensive. The current high cost of housing relative to earnings and wages limits choices and imposes burdens on renters and owners alike.

In Shoreline, a two-person household earning the median family income of \$59,600 (HUD AMI Seattle/Everett 2007) is able to afford some, but not all apartments, some but not all townhouses/condos and virtually none of the single-family detached homes. The median price of a single-family home in King County in 2006 was \$425,000, and the average rent for an apartment was \$880. From 2000-2006, King County median income increased on average 2.6% annually, while the median price of a single-family home increased 9.2% annually. Shoreline's numbers are not quite as drastic with median home prices ranging from \$223,500 to \$340,000 (depending on the neighborhood) according to 2003 data. These price ranges represent an increase of between 7.5 and 8.3 percent annually, and the yearly income required to buy such a home is between \$54,473 and \$82,988.

From a more local perspective, in October 2007, staff took a snapshot of currently available housing. The information is represented in the graph below, but it is interesting to note that there were more houses available for over \$700,000 than below \$300,000.

In October 2007, there were no homes available in Shoreline for less than \$250,000

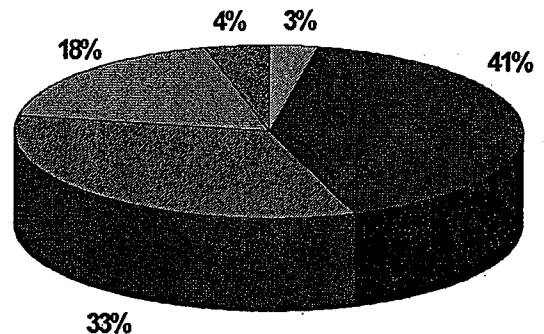
3% of Shoreline's housing stock was priced below \$300,000

41% was priced between \$300,000 and \$400,000

33% was priced between \$400,000 and \$500,000

18% was priced between \$500,000 and \$700,000

4% was priced over \$700,000



■ \$0-299K ■ \$300K-399K ■ \$400K-499K ■ \$500K-699K ■ \$700K+

The committee was concerned that if trends were left to perpetuate unabated, this disparity would threaten to dislocate or place undue financial burden on a significant percentage of our citizenry. If this scenario came to pass, Shoreline would likely lose its status as a community where a variety of households could find a safe, stable and supportive place to live and to raise families. This variety is important for diversity, which promotes vitality through a range of economic, social and cultural opportunities.

Affordable housing, like all housing, is produced by the private sector. Some homes are built by for-profit developers and some by not-for-profit developers. Either group can and does produce housing that is affordable to households with limited incomes. As experts who briefed the committee noted, housing is made more affordable by reducing costs for development. These cost reductions or subsidies, come in many forms and frequently include: low cost financing (largely subsidized by the federal government), donations of land or funding, specific grants from governments or foundations and/or the reduction in development costs and requirements. While there are a variety of sources of funding and support there is competition for what is a scarce resource. Communities across the country and in King County have successfully worked to attract, control and support the development of affordable housing by working with another government or entity that can focus solely on supporting housing development.

Affordability Conclusions

The following conclusions are drawn from an assessment of market conditions, a review of demographic data and trends in Shoreline and from an understanding of the community's values.

Federal guidelines define housing affordability as the proportion of household income required for monthly rent or mortgage. This guideline recommends households not spend more than 30 percent of their gross income for housing costs because if they exceed this amount they may not have enough money for other essentials such as food, medical care and transportation. The CAC adopted this 30% guideline for use in Shoreline.

1. *Paying attention to and considering community concerns is the key to garnering community support for affordable housing initiatives/projects.*
2. *The City values the diversity of families and households.*
3. *Community and economic vitality are directly related to the availability of affordable housing for all income levels.*
4. *Rents are affordable for two thirds of rental households in Shoreline. An estimated 37% of renter households (2,445 households) spend more than 30% of their incomes on rent. Mortgage payments are affordable to roughly the same proportion of households (69%) with 31% (2,878 households) spending more than 30% of gross income on mortgage payments. Slightly more than one quarter (26.2%) of owned housing is not mortgaged. (Census 2000)*
5. *For approximately one out of four Shoreline households (5,000 households), current and future housing options are not affordable. Of these, approximately 4,000 are earning less than 80% (\$48,600) of King County's median income. (Based on 2005 Average Household's Area Median Income)*
6. *Affordable ownership opportunities for a detached single-family home are exceedingly rare for households with incomes less than 120% of median (\$72,800 for a 2.4 person household in 2005). Households at 120% of median income in 2005 could afford to buy a home that costs about*

\$274,000, based on a 5% down payment with a 30 year amortizing loan at a 5.75% interest rate. (Based on 2005 Average Household's Area Median Income.)

7. *The need for less-than-market rate housing exceeds the supply of housing that is economically accessible throughout the greater Seattle area and King County.*
8. *Due to market conditions, most development of below-market-rate housing will be through the private sector. Creative developers may be able to provide below-market-rate housing in developments where costs can be spread among a larger number of units.*
9. *There are a range of effective tools available to cities which can assist in the development and retention of affordable housing. These can be separated into two categories: direct assistance and incentive through land use regulations.*
 - a. *Direct assistance examples*
 - i. *Financing through grants, loans or tax credits*
 - ii. *Fee waivers*
 - iii. *Securing land*
 - b. *Incentives through land use regulations examples*
 - i. *Increase density*
 - ii. *Allow accessory dwelling unit*

Incentives are not direct subsidies; rather, they reduce the cost of development. Reduced costs must be passed along to the future homeowner or renter, resulting in a product that is more affordable than other housing choices. These incentives must be tied to affordability requirements and/or design guidelines to make higher density development more reflective of neighborhood character.

10. *Cities in King County that are most effective in supporting the development of affordable housing make a specific commitment and make it a political and funding priority.*
11. *Over time, cities in King County that have made a commitment to engage in affordable housing activities develop the capacity, skill and reputation in the market which enable these cities to use increasingly sophisticated development tools.*

From the basis of these conclusions, the CAC began to identify strategies that could be implemented to mitigate some of the consequences of market force development, which threatens local diversity by potentially eliminating large segments of the population from being eligible to purchase or rent. To further illustrate this point, the following graph (on page 24) delineates housing options based on income. The analysis relies on percentage of area median income (AMI) earned by the household. This term means that if all households were lined up from least to highest income, the household in the exact middle would be the median.

According to 2007 Department of Housing and Urban Development (HUD) data, the median market-rate home is priced at \$415,000. In order to purchase this home without spending more than 30% of its income, a household would need to make \$94,500 annually, which is 160% of the area median income. This is clearly out of reach for many. The chart,

Housing Options Based on Income, illustrates the situation facing households today. Those with a very low income have especially limited choices and either find a source of housing that receives significant subsidy for construction and operation, pay more than 30% of their income for housing or find housing in another community. At progressively higher incomes the need for subsidy and assistance decreases and choice increases. Yet to even enter the current single-family market at the low end, a household must earn more than the area-wide median income of \$59,600.

HOUSING OPTIONS BASED ON INCOME



CITY OF
SHORELINE

INCOME
(% OF MEDIAN)

\$94,500
(160%)

MARKET

Able to afford the median priced home (\$415,000).

\$71,500
(120%+)

MARKET

Can purchase the lowest priced single-family house or have a choice in condo/townhouse market.

\$59,600
(MEDIAN)

\$47,700
(80%)

ENTRY TO MARKET

Predominantly rental housing. May be able to purchase if they have savings or gifts for a down payment or are willing to pay more than 30% of income for housing. Limited First Time Home Buyer assistance available.

\$35,775
(60%)

WORKFORCE HOUSING

Exclusively rental housing. Construction requires subsidy usually from federal, state and/or local governments.

\$17,977
(30%)

VERY LOW INCOME

Exclusively multi-family rental operated by non-profits or housing authorities. Needs subsidy for capital and operating costs. Construction subsidized through federal low-income tax credits, WA State Housing Trust Funds, other state and local programs. Operating costs subsidized by Section 8 Vouchers, other public resources or private foundations/organizations.

HUD 2007 Median Income
Two-Person Household

Affordability Strategies

1. *Focus efforts to attract funding for development of affordable housing for households earning less than 60% of the County median income because that is the current focus of effort for many grant-making institutions.*

This strategy addresses the housing needs of individuals and families who fall below the 60% of median income threshold and are otherwise entirely priced out of the Shoreline home-ownership and rental markets. Federally-subsidized housing is in short supply and the creation of new housing in this category is a much more complex and time consuming process that involves the development of partnerships with governmental and non-governmental organizations and multi-faceted funding sources. Gaining site control and grant-writing for such projects would be beyond the scope of work for current City staff, which makes partnerships with non-profit entities particularly valuable.

2. *Provide and advocate for direct funding and financial assistance from local, state, federal, private and/or non-profit sources for affordable housing projects serving all income levels up to 120% of median.*

Most grant-making institutions focus their funding resources on the target population of households making less than 60% AMI, yet stagnant wages and increasing home prices threaten to displace those with higher incomes as well. The need to advocate for funding for this expanded population should be a City priority that is exercised whenever the opportunity presents itself and could be accomplished with current staffing levels.

3. *Identify and develop relationships with owners of the approximately 100 units of privately owned and federally assisted multi-family housing which will lead to the retention of the long-term affordability of this housing stock.*

This strategy could insure the long-term availability of an important housing niche that will be difficult to replace, but would require comparatively less effort to rehabilitate and retain. The target properties can be readily identified and the first step of initiating contact with property owners can be undertaken with current staffing levels.

4. *Use locally controlled CDBG (Community Development Block Grant) funds to support housing acquisition, rehabilitation and/or development. (Applies principally to not-for profit developers.)* CDBG funds are federal pass-through dollars, which the City is tasked with distributing, and could place caveats on for dedication to affordable housing projects, sustainable development endeavors, or pre-development costs for grant-funded initiatives. Such funding criteria could be adopted by Council with a minimal amount of staff research, and would increase the pool of incentives available for desirable projects.

5. *Identify and promote use of surplus public and quasi publicly owned land for housing that is affordable to households at or below 80% of area median income.*

Acquiring site control is often the most difficult hurdle for those in the business of creating affordable housing. Therefore, any excess property which is owned by the City, School Board, or any other amenable entity could be held for an affordable housing provider until they could capture grant funding for its purchase or even given to them outright. This would greatly reduce the cost of any housing built on the site by removing the cost of the land from the equation. Identification of excess property could begin immediately with existing staff, who could also initiate conversations with property owners and affordable housing developers.

6. *Investigate opportunities to use increased density in single and multi-family zones to encourage the creation of more affordable housing.*

Because for-profit developers can often subsidize the cost of affordable units by the sale of additional market-rate units allowed by a density bonus, this would be an effective way to increase the local stock of housing affordable to target populations. Such code revision could be undertaken immediately and with existing staffing levels, but would require neighborhood acceptance of additional densities and an evaluation of infrastructure capacity.

7. *Use the Property Tax Exemption (PTE) to encourage the provision of affordable units and/or community amenities. (Applies principally to for profit developers.)*

Any cost savings provided to the developer of a project with an affordability component must be passed along to future residents, but the committee felt that the use of PTE should be investigated. If it proved feasible, this could be a relatively near-term implementation option.

8. *Engage in dialogue with the community about the requirements under which affordable housing can be successfully integrated within Shoreline's many neighborhoods.*

To combat negative stereotypes about the impacts of affordable housing initiatives, it is important to engage the community in a discussion so that they are well-informed and supportive of welcoming greater economic diversity into their neighborhoods. This recommendation should be part of the outreach program discussed under housing choice strategies.

Final Thoughts

Shoreline was founded on the basis of strong neighborhoods, the School District, and the desire for more responsive, localized government. This cohesive identity is still a high priority for its citizenry, reflected in the expressed desire that preservation of residential neighborhood character be a consideration of vital importance. There is unease about redevelopment in residential areas, and two of the biggest perceived threats are that new construction will not be aesthetically compatible with existing style and that future generations will not be able to afford to live in Shoreline due to increasing home prices. The City has limited control over these trends, but can lessen effects to a certain extent by allowing a wider range of development choices that encourage modestly-sized housing units.

Emerging demographic trends show that family structure and tastes of buyers and renters are changing. The existing housing stock, given its age and composition, may not be the most appropriate type to accommodate their preferences. Because community vibrancy is enhanced by having a diverse population, if it wants to maintain a thriving community, Shoreline will find it advantageous to develop viable alternatives to the predominant single-family home option.

A housing strategy is a commitment that must be carried forth through many years and must be a long-term political and funding priority. Overarching strategies identified included:

- Taking a proactive stance and communicating with citizens about the need to take action before looming clouds create a deluge of problems;
- Action is appropriate, but must occur incrementally at first and in conjunction with active citizen participation;
- No single neighborhood or geographic region should bear the brunt of redevelopment or shifting paradigms;
- Regulatory change can encourage development of more attainable housing which results in a range of choices;
- Objective standards dealing with neighborhood consistency can be added as review elements for developments that propose alternative housing styles.

Overcoming the obstacles presented when attempting to shape housing choice and affordability on a municipal level can be likened to accommodating any significant societal change. Magic bullets do not exist. It will take the cooperation of citizens, non-profits, businesses and government entities on every level to realize significant progress. Such partnerships will require levels of trust and understanding that are difficult to achieve, but the first step is to widely acknowledge that a problem exists, and articulate a commitment to seek out and implement solutions which will lead to desired change. This strategy is the first step in such an approach.

Housing is interconnected with transportation, economic development, resource constraints, and social mobility. It is the center of family life, a place to find privacy, an investment for the future, a source of pride, and a hallmark of accomplishment. However, the committee strongly believes that it should not be an exclusive privilege of the wealthy or

of those who have already managed to gain entrance into the system. Future Shoreline residents, many of whom will be the children and grandchildren of those that live here today, must be considered in the decision-making process. In crafting its assumptions, conclusions, and strategies, the Community Advisory Committee struck a balance between the needs of these future residents of Shoreline and the expressed desires of the current population. The committee encourages the City Council to do the same in their deliberations and actions.

Appendix I: Perspective on Strategy Implementation

The following scenarios are an attempt to interpret how committee recommendations could be implemented. They are not comprehensive, nor have they been through any holistic analysis that would need to be completed before they could be brought before the City Council for adoption. At this point, they are hypothetical examples of regulations, incentives, or other legislation that could be used as tools to increase housing affordability and choice options, should Council deem them potentially effective and appropriate.

Recommendations for increasing housing choice while safeguarding neighborhood character suggest expanding permitted uses, increasing density, and creating design standards. Those which target increased affordability focus on the three areas where local government can have the most influence, namely through instigating funding initiatives, partnerships, and regulatory change.

One committee strategy for increasing housing options as well as affordability was the creation of an urban residential zoning classification. Such a zoning district could include as **permitted uses** the creation of small lot developments, attached single-family homes, or townhouse development. Scale, placement and design would have to be carefully considered, and such districts (to the extent possible) would need to be spread equitably throughout the City to avoid saturation in any geographic area. The City could also consider allowing a greater unit count in mixed-use buildings in commercial areas near neighborhoods or permitting higher density on larger pieces of land (more than ½ acre) so that design standards could be applied.

In discussing options for **controlling design** as a means of regulating compatibility with neighborhood character, the committee was in favor of developing subarea specific standards, but not of instituting a review board or other more intensive processes. Through visual preference surveys, we identified particular elements which created a relationship with the neighborhood rather than isolated individual houses. This included fencing that was not opaque and landscaping that would also aid in stormwater retention. Another desirable element was being able to see the front door of a house, instead of having the garage as the predominant feature. Given that these preferences are often subjective in nature, individual neighborhoods would be integral in the creation of specific standards so that staff could work with a code that was easily quantifiable and enforceable, and that balanced rights and freedoms of individual property owners with the aesthetic appeal and character of the neighborhood.

Another way to achieve greater density and neighborhood compatibility is to expand or publicize the current codes relating to **Accessory Dwelling Units**. Since these are created on the same lot as an existing house, by the property owners, these additional structures are usually made from the same materials and mimic the architectural style of the existing house. Such units have great potential to promote variety of detached dwelling options for a range of demographic categories, including aging parents needing a greater

degree of care or grown children unable to live on their own due to financial constraint. They can also increase the supply of rental options that are usually more affordable than single-family counterparts, thereby providing an additional income stream for the property owners that could reimburse the cost of development. Overall, ADU's have great potential for individual households to meet the needs of their nuclear and extended families while providing density which is easily absorbed and contributes to neighborhood character.

For the goal of increasing housing affordability, the committee recognized that it will be difficult to realize significant change without a local entity specifically dedicated to such an endeavor. The City would therefore need to partner with, recruit, or form a land trust, Community Development Corporation, or other **non-profit housing developer**, with the ability and tax-exempt status to apply for grants, amass land, contract designers and builders, provide homeownership education, qualify residents, and preserve affordability in perpetuity.

In partnership with a local or regional housing development agency that would create the actual structures, there are a number of options for the City to encourage a greater range of affordability. It could **identify surplus lands** to be used for affordable housing. Given that the escalating price of land is the greatest factor in prohibitively expensive housing, taking the land cost out of the equation would allow mainstream building industry professionals to maintain their profit margin (and therefore assume the risk of development), while making quality housing options available to the community for a reduced price.

The City of Shoreline could explore the creation of or participation in a **housing trust fund**. Money could be pooled from a regional partnership with a greater tax base, or directly for community projects through a local funding source, such as development fees, or another dedicated stream. They could also allocate **Community Development Block Grant** monies to the creation of affordable housing.

Aside from direct contribution, the City could lobby the **County, State, and federal governments** to provide grant and trust **monies and tax credits** to bridge the affordability gap. Another change that would make it easier for non-profits to get housing on the ground would be to allow existing monies to be used for predevelopment costs, not just brick and mortar construction. The City, through the Association of Washington Cities and other membership organizations should continue to advocate for additional funding, programs, and incentives that promote the creation of affordable housing.

Governing bodies are also in a position to form effective **partnerships** at all levels and through a wide array of community organizations. Dialogues could be undertaken with the owners of the approximately 100 units of private and federally assisted multi-family housing, which could lead to the retention of the long-term affordability of this stock. With all existing housing, renovation should be encouraged instead of demolition because the most affordable housing is that which is already built. Discussion could also be initiated with major employers and landowners, such as the Fircrest School, the Shoreline School District, the YMCA, and Shoreline Community College, to leverage their commitment to create housing affordable to their employees.

Various City departments also have the ability to change their **process and regulations** to be more conducive to the development of affordable housing. Property Tax

Exemption could be utilized, as well as expedited permitting or reduced fees for projects with an affordability component. An inclusionary zoning ordinance could be adopted, or an impact fee introduced. Density bonuses could be expanded, and the City could also consider the creation of an urban density residential zoning category, which would tie more compact development and creation of additional units to reduced price on a certain percentage of them.

A **zoning category** which encourages density could also help advance several strategies for increasing housing choice and compatibility with neighborhood character. The more new housing that can be directed into areas located near transit and within walking distance to amenities, the more the cores of the single-family neighborhoods are insulated from additional development and traffic. It could also help to create a critical mass which would allow community businesses to achieve or maintain economic viability, thereby establishing “third places” which would facilitate neighborly fellowship and provide additional options for goods and services.

Whatever range or combination of strategies the City Council chooses to investigate or pursue, the committee stressed the importance of transparency and community involvement in decision-making. Changes to regulatory codes, zoning categories, permitted densities, or design standards must be crafted through a process that both educates citizens on the need for proposed revisions and incorporates their vision for their individual neighborhoods.

In order to provide direction for specific tasks that could be undertaken upon adoption of this Comprehensive Housing Strategy, staff created a short list of prioritized items from the universe of potential implementation strategies discussed above:

1. Develop an education and outreach plan to communicate the need for potential City intervention into market forces and to address neighborhood concerns.
2. Select appropriate areas for pilot projects to be built which encourage alternative housing choices and utilize trial design standards. These areas should be identified through a subarea process, beginning with the studies of Town Center and southeast Shoreline that will occur in 2008.
3. Work with King County, non-profit organizations, and regional affordable housing developers to identify one or more properties already planned for multifamily use to be developed as an affordable housing demonstration project.
4. Allocate portions of CDBG (Community Development Block Grant) funding to support development of housing affordable to households with limited incomes.
5. Identify existing privately owned multi-family development that is currently under contract to HUD to provide affordable housing.
6. Work with cities in north King and south Snohomish Counties to establish whether there is viable support to create a regional housing coalition to support affordable housing projects in these areas.
7. Examine City Development Code regulations regarding Accessory Dwelling Units to see if there are additional ways to encourage their creation.
8. Identify surplus property throughout the City and initiate discussion which could lead to its development as workforce housing.

9. Consider crafting neighborhood-specific design standards so that new projects which showcase alternatives to the single-family home reflect established neighborhood character.
10. Investigate how changes in current Planning and Development Services policies and regulations could be adjusted to create incentives for affordability components.

This list delineates several avenues to further the goals of increasing housing affordability and choice throughout Shoreline while retaining and protecting the character of established neighborhoods. Change will occur and neighborhoods will be impacted even if Council chooses to take no action. However, the Citizen Advisory Committee believed that a more positive outcome could be achieved through a proactive approach that educates citizens on the need for guidance and incorporates their input into development regulations, design standards and neighborhood planning initiatives. We anticipate that this strategy will enhance the vibrancy of the communities which are the heart and soul of the city, and will allow it to remain a place where a diverse variety of people are proud to call home.

Archetypes Revisited:



To illustrate how the above strategies could affect local residents and conclude the strategy, it is pertinent to revisit the archetypal characters introduced at the beginning of the document.

Suppose that the City rewrote its current code for Accessory Dwelling Units to encourage more widespread use. The baby boomer couple could build a “mother-in-law” cottage adjacent to their home, which would provide a safe, one-story abode for the elderly woman. With the security of a stable place to live that was more suited to her needs and close to family, she could then rent her house out to the multiple-income-low-wage-earner household. The young men could take responsibility for lawn care and other basic maintenance in exchange for reduced rent.

Another option for the student, health care worker, mechanic and waiter would be to individually qualify for income-restricted rental housing which was hypothetically created when the City partnered with a regional land trust. In conversations with the Shoreline School District, an old elementary school had been identified as surplus property. The land trust, having been given site control, received grant money from the State through a newly created trust fund to build workforce housing. The City supplemented State funds through their Community Development Block Grant monies to provide additional site upgrades that improve ecological function, manage stormwater, and utilize native landscaping based on a resolution that such funding would be tied to sustainable development initiatives.

If the City also changed its development regulations to allow for an urban density residential zoning category, or provided an additional density bonus for the inclusion of affordable housing in targeted areas, it could spur the creation of multiple options for the single mother of the middle- and high-school students. Such projects could also benefit from expedited permitting and reduced fees, the savings from which would need to be passed on to the residents. The density created in such locations, that are adjacent to major arterials with access to transit, would help to achieve a critical mass and bring in amenities that would be beneficial to the mother and her children. Bookstores, coffee shops, restaurants, arcades, laundry facilities, and other local businesses within walking distance from the family’s home could provide recreational and eventual employment opportunities for the young teens, as well as shopping convenience and a social outlet for the single woman. If such areas also created open space, community gardens, and access to parks and trails, the family could experience nature in a more urban setting, and be healthier as a result.

While the single-parent household would likely choose a homeownership opportunity that would maximize square footage for the least cost, such as a townhome or condo, the childless couple might prefer a reduced building footprint on a smaller lot. If the City revisited previous codes regarding construction of such housing styles, this option could be reintroduced into neighborhoods with a design component to promote compatibility with existing character.

When all is said and done, the housing market, development of options, and municipal strategies are all subject to individual choice. What truly shapes the landscape of neighborhoods are housing options in which people are willing to invest and live. The expectation of the CAC and staff is that with a comprehensive strategy, more options will be created which will help individuals find that special place in Shoreline.

Appendix II:

Comprehensive Plan Policies

Goal LU III: Encourage a variety of quality housing opportunities and appropriate infrastructure suitable for the needs of Shoreline's present and future residents.

Goal LU IV: Encourage attractive, stable, quality residential and commercial neighborhoods that provide a variety of housing, shopping, employment and services.

LU10: Review and update infill standards for single-family houses that promote quality development and reflect the character of the existing neighborhood...

Goal H II: Pursue opportunities to preserve and develop housing throughout the city to address the needs of all economic segments of the community.

Goal H III: Maintain and enhance single-family and multi-family residential neighborhoods, so that they provide attractive living environments, with new development that is compatible in quality, design and scale within neighborhoods and that provides effective transitions between different uses and scales.

Goal H IV: Encourage and support a variety of housing opportunities for those with special needs, particularly relating to age, health or disability.

H1: Encourage a variety of residential design alternatives that increase housing opportunities in a manner that is compatible with the character of existing residential and commercial development throughout the city.

H6: Encourage infill development on vacant or underutilized sites to be compatible with existing housing types.

H10: Provide opportunities and incentives through the Planned Unit Development (PUD) or Master Plan process for a variety of housing types and site plan concepts that can achieve the maximum housing potential of a large site.

H15: Ensure that a proportion of housing created through an increase in permitted density is priced to accommodate low and moderate income households.

H17: Encourage the dispersal of affordable housing opportunities throughout the City.

H18: Provide incentives and work cooperatively with for-profit and non-profit housing developers to provide affordable housing.

H32: Encourage the dispersal of special needs housing throughout the City, using a siting process which includes citizen input and is consistent with State regulations.

Appendix III:

Schedule and Content of CAC Meetings

12/6/2006- The first meeting of the Committee provided the members an opportunity to discuss their range of housing experiences and to explain what the terms “housing”, “neighborhood”, and “neighborhood character” meant to them.

12/12/2006- The committee met in an Open House forum for the purpose of gathering ideas and identifying housing issues from the community at large.

1/9/2007- The CAC heard presentations about Shoreline’s demographics as well as local, state, and national housing trends, including a discussion of housing cost and affordability. The committee then began to develop its work program by listing the issues, community values, and questions that are important to the community in regard to a housing strategy. They discussed Needs and Issues framed by the following questions:

- *How can we increase the variety and choice of different kinds of housing to be developed in Shoreline?*
- *How can we accommodate the anticipated level of redevelopment and change into our neighborhoods?*
- *How can we increase affordability of housing for households of limited income (renters and first-time homebuyers)?*

1/23/2007- The CAC reviewed the Needs and Issues draft, as well as adopted a Charter, which defined their deliverables as follows:

- 1) A description of present and future housing needs and demand, based on the changing demographics of the community, to include a subjective assessment of housing needs based on demographics and community values.
- 2) A general assessment of drivers affecting the housing market in Shoreline and the general region.
- 3) Community values statements and preferred futures for housing.
- 4) Community goals for housing.
- 5) Strategies/recommendations (near term and longer term), with two or three strategies to achieve the goals, with at least one designed to achieve a short-term goal.

2/13/2007- The CAC worked through a discussion guide on defining affordable housing and a summary of High Impact State and Local Solutions, including tax increment financing, stimulating construction/rehabilitation through tax abatements, creating or expanding dedicated housing trust funds, establishing inclusionary zoning requirements and incentives, cross-subsidies, 4% tax credits, pre-development and acquisition financing, supporting housing bond issues, leveraging employers’ commitment, preserving affordable rental units, recycling down-payment assistance, shared equity to create mixed-income communities, expanding homeowner education and counseling, and helping moderate income homeowners avoid foreclosure and equity loss.

2/27/2007- Arthur Sullivan of A Regional Housing Coalition (ARCH) presented “Making Affordability Happen”, and the CAC worked on formulating Operating Assumptions.

3/13/2007- The CAC heard from a local developer to understand that perspective and discussed Findings and Strategies for housing affordability.

3/27/2007- The CAC participated in a dot exercise, which helped them determine consensus or need for additional discussion with regard to their affordability Findings and Strategies, and the Planning and Development Services Director Joseph Tovar, FAICP gave a presentation on zoning.

4/10/2007- William Kreager, AIA, of the Mithun Partnership presented “Honey, I Shrunk the Lots”, an introduction to housing choice, which included photo examples within the local area.

4/24/2007- The CAC reviewed their Operating Assumptions, as well as Affordable Housing Conclusions and Strategies.

5/8/2007- The CAC participated in a Visual Preference Survey where they rated different housing types in terms of the development’s consistency with neighborhood character and discussed what they liked and disliked about the selected set of options and whether they felt the choices would be a good fit for Shoreline &/or their own neighborhood.

5/22/2007- The CAC revisited their Operating Assumptions.

6/26/2007- The CAC participated in another dot exercise, this time for Housing Choice and Neighborhood Character Findings, Conclusions, and Strategies.

7/24/2007- Tour of existing housing options in Shoreline.

8/14/2007- Tour of housing options in the surrounding municipalities.

9/12/2007 and 9/25/2007- The CAC reviewed and revised the draft assumptions, conclusions and strategies and prepared for a second Open House.

10/9/2007- The CAC hosted an Open House to share their findings and collect comment on the draft assumptions, conclusions and strategies.

10/23/2007- The CAC reviewed public comment from the Open House, discussed observations and logistic functioning of the event, and further refined the draft.

11/20/2007- The committee discussed the first draft of the Comprehensive Housing Strategy and determined that additional revisions needed to be made before it would be ready to present to the City Council.

1/2/2008- The committee reviewed and approved the second draft of the Comprehensive Housing Strategy and discussed their upcoming presentation to Council. Then they celebrated with cookies.

Appendix IV: Glossary of Terms

- 1) **Affordable Housing-** Federal guidelines define housing affordability as the proportion of household income required for rent or home purchase. The affordability guideline applies to all but wealthy households and recommends households not spend more than 30 percent of their gross income for housing costs. For renter households, this also includes utilities. Households that spend more than this amount may not have enough money for other essentials such as food, medical care and transportation. The CAC adopted this guideline for use in Shoreline.
- 2) **Area Median Income-** The median divides the household income distribution into two equal parts: one-half of the cases falling below the median household income and one-half above the median. (In other words, if we lined up all the household incomes from the smallest to the largest household income for this area, the median for this area would be the number right smack in the middle of that line-up of numbers. For households, the median income is based on the distribution of the total number of households including those with no income.)
- 3) **Comprehensive Plan-** Required under the Growth Management Act, a comprehensive plan is a generalized, coordinated land use policy statement of the governing body of a county or city. It consists of maps and descriptive text covering objectives, principles, and standards as well as a scheme for land use, housing, capital facilities, utilities, transportation, and the natural environment. Optional components include elements relating to economic development, community design, conservation, solar energy, recreation, and subarea plans.
- 4) **Green Building-** Building design which incorporates the following elements: functionality, energy and water efficiency, quality of the indoor environment (air quality, thermal comfort, lighting), waste management and air emissions, site disturbance and storm water management, transportation options for occupants, longevity (durability, adaptability to changing building user needs)...without necessarily increasing capital costs. Some strategies that are typically used to achieve high performance include: thermally efficient roofs, walls and windows that reduce heating loads and enhance thermal comfort; building shape and orientation, thermal mass and daylighting strategies that reduce cooling loads; significantly smaller HVAC systems and efficient electrical lighting strategies that capitalize on daylighting; water efficient supply and waste fixtures; adaptable interior designs, providing visual access to the outdoors and access to daylight; interior finishes and installation methods having lower VOC emissions; landscaping strategies that require little or no irrigation, permit groundwater replenishment and provide on-site stormwater management; siting to minimize stress on natural systems either by building on previously contaminated sites or avoiding ecologically sensitive areas.
- 5) **Infill-** The development of vacant areas between existing buildings, especially as part of a planned growth or urban renewal program. It is the opposite of "greenfield" development which occurs on previously undeveloped land. Essentially, because Shoreline is basically "built-out", almost all new construction will be infill.

6) **Market Rate-** The price at which a bonafide seller is willing to sell and an able and willing buyer is willing to buy. Generally speaking, the value is close to what similar homes have sold for within the past six months.

7) **Subarea Plan-** Meant to provide detailed land use plans for local geographic areas, and bring the policy direction of the Comprehensive Plan to a smaller, well-defined zone. The process requires extensive community involvement to determine neighborhood-specific issues and goals.

8) **Pilot Project-** A project actively planned within a specified and limited scope as a test or trial to demonstrate its feasibility, quantify intended benefits and identify unintended consequences. Its purpose is to verify that some concept or practice is probably capable of exploitation in a useful manner, or in the case of land use options, permitted implementation on a broader scale.

Appendix V: Links for further reference

1. <http://www.mrsc.org/Subjects/Planning/impact.aspx>
Municipal Research and Services Center of Washington site which lists jurisdictions with Impact Fee Provisions
2. www.wshfc.org/conf/presentations/M8RightSize.pdf
Right sized housing, a source advocating the creation of a more modest scale for housing
3. http://www.nhc.org/pdf/pub/landscape2007_08_07.pdf
A new report from the Center for Housing Policy, "The Housing Landscape for America's Working Families, 2007," updates national trends on the number of working families paying more of their income for housing and/or living in dilapidated conditions.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 493, rezoning the properties located at 14549, 14551, 14709, 14721, 14723, and 14727 32 nd Avenue NE and 3124 NE 147 th to from R-12 and R-18 to R-24 File No. 201599 and 301436
DEPARTMENT:	Planning and Development Services
PRESENTED BY:	Joseph W. Tovar, FAICP, Director Steven Szafran, AICP, Associate Planner

PROBLEM/ISSUE STATEMENT:

The issue before the City Council is a Site Specific Rezone for seven parcels located at 14727, 14723, 14721, 14709, 14551 and 14549 32nd Avenue NE and 3124 NE 147th Street. The Planning Commission recommends that the parcels be rezoned from R-12 (Residential 12 dwelling units per acre) and R-18 (Residential 18 dwelling units per acre) to R-24 (Residential 24 dwelling units per acre).

A rezone of property in single ownership is a Quasi-Judicial decision of the Council. An open record public hearing was conducted before the Planning Commission on January 17, 2008 and the Planning Commission entered its Findings, Conclusion and Recommendation in support of the rezone after receiving public testimony. Council's review must be based upon the Planning Commission's written record and no new testimony may be accepted.

ALTERNATIVES ANALYZED: The following options are within Council's discretion and have been analyzed by staff:

- The Council could adopt the zoning recommended by the Planning Commission and Staff and supported by the applicant (a rezone from R-12 and R-18 to R-24).
- The Council could deny the request, leaving the zoning at R-12 and R-18 (as it currently exists)
- The Council could remand the request back to the Planning Commission for additional review and analysis on specified criteria.

FINANCIAL IMPACTS:

- There are no direct financial impacts to the City.

RECOMMENDATION

The Planning Commission and Staff recommend that Council adopt Ordinance No.493, (Attachment A) thereby approving the rezoning from R-12 and R-18 to R-24 of seven

parcels located at 14727, 14723, 14721, 14709, 14551, and 14549 32nd Ave NE and 3124 NE 147th Street.

Approved By:

City Manager 

City Attorney 

INTRODUCTION

The quasi-judicial action item before the Council is a request to change the zoning of seven parcels at 14727, 14723, 14721, 14709, 14551 and 14549 32nd Avenue NE and 3124 NE 147th Street from R-12 and R-18 to R-24. (The address of the parcel noted as 14707 32nd Avenue NE in the Planning Commission's Findings, Conclusion and Recommendation is actually 3124 NE 147th Street. 14707 32nd Avenue NE does not actually exist. The parcel was correctly identified in the maps attached to the findings.)

A public hearing before the Planning Commission occurred on January 17, 2008. The Planning Commission unanimously voted in approval of the rezone to R-24. The Planning Commission Findings, Conclusion and Recommendation are attached as **Attachment B**.

BACKGROUND

In 1998 the City of Shoreline adopted its first Comprehensive Plan. This document includes a map that identifies future land use patterns by assigning each area a land use designation. The seven subject parcels have a land use designation of High Density Residential (5 of the parcels) and Mixed Use (the other two parcels). All of the surrounding parcels to the north, south, east and west have a land use designation of High Density Residential or Mixed Use. Parcels further to the west, west of 31st Ave NE, have a land use designation of Briarcrest Special Study Area.

The subject parcels are zoned R-12 and R-18. Appropriate zoning designations for the parcels' current land use designations of High Density Residential and Mixed Use include R-18 through R-48. Mixed Use also allows for all commercial and industrial zoning categories.

The parcels to the west of 31st Ave NE have current zoning designations ranging from R-6 to R-48; this area has been designated as the "Briarcrest Special Study Area," which is intended to keep existing zoning in place until a special study is conducted. Parcels to the north are zoned R-12, parcels to the east are zoned R-18 and R-24, and parcels to the south are zoned R-18 and R-24.

Five of the parcels subject to the rezone are developed with single-family homes with one of the parcels being developed as a duplex and another as a four-plex. Most of the structures on the seven parcels are used as rental housing with three of the properties being owner-occupied. One of the applicants owns three of the subject parcels.

APPLICATION PROCESS

The application process for this project began on July 27, 2007, when the applicant held a pre-application meeting with city staff. A neighborhood meeting was held on August 9, 2007 with property owners within 500 feet of the proposed rezone. The formal

application was submitted to the city on August 23, 2007 and was determined complete on September 18, 2007.

The requisite public hearing was held before the Planning Commission on January 17, 2008. After deliberation, the Planning Commission voted 7-0 to recommend approval of the rezone to R-24.

PUBLIC COMMENT

The City received 12 comment letters during the required comment period regarding the rezone: 11 in support, 1 in opposition. At the public hearing before the Planning Commission 15 people commented on the rezoning proposal: 10 in support, 3 in opposition and 2 had questions or comments that were addressed at the meeting. Public comment letters are included as **Attachment B4**.

PLANNING COMMISSION RECOMMENDATION: Rezone seven parcels from R-12 and R-18 to R-24

The applicant has requested that the subject parcels be rezoned to R-24. The Planning Commission in its Findings and Determination found that a rezone to R-24 has been evaluated and found to be consistent with the rezone decision criteria, listed below, provided in Section 20.30.320(B) of the Development Code.

- Criteria 1: The rezone is consistent with the Comprehensive Plan.*
- Criteria 2: The rezone will not adversely affect the public health, safety or general welfare.*
- Criteria 3: The rezone is warranted in order to achieve consistency with the Comprehensive Plan.*
- Criteria 4: The rezone will not be materially detrimental to uses or property in the immediate vicinity of the subject rezone.*
- Criteria 5: The rezone has merit and value for the community.*

The above zoning decision criteria was evaluated at length in the Planning Commission Findings and Determinations included as **Attachment B**.

OPTIONS FOR CITY COUNCIL

The options available to the City Council are:

- 1) Adoption of the Planning Commission and Staff's recommendation to R-24.
- 2) Remand the rezone back to the Planning Commission for additional review on specified criteria.
- 3) Denial of the rezone request. The Council may review the written record and determine that the existing designation of R-12 and R-18 zoning is the most appropriate designation for the subject parcels.

RECOMMENDATION

The Planning Commission and Staff recommend that Council adopt Ordinance No. 493, (**Attachment A**) thereby approving the rezone from R-12 and R-18 to R-24 of seven parcel located at 14727, 14723, 14721, 14709, 14551 and 14549 32nd Avenue NE and 3124 NE 147th Street.

ATTACHMENTS

Attachment A: Ordinance No. 493

Attachment B: Planning Commission Findings and Determination- January 17, 2008

B1: Findings and Determination for application #201639

B2: Vicinity Map with Comprehensive Plan Land Use Designations

B3: Vicinity Map with Zoning Designations

B4: Public Comment Letters

Attachment C: Planning Commission Minutes- January 17, 2008

ORDINANCE NO. 493

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON AMENDING THE CITY'S ZONING MAP TO CHANGE THE ZONING FROM R-12 (RESIDENTIAL, 12 UNITS PER ACRE) AND R-18 (RESIDENTIAL, 18 UNITS PER ACRE) TO R-24 (RESIDENTIAL, 24 UNITS PER ACRE) FOR THE PROPERTIES LOCATED 14727, 14723, 14721, 14709, 14551 AND 14549 32ND AVENUE NE AND 3124 NE 147TH STREET, PARCEL NOS. 1568100415, 1568100420, 1568100425, 1568100430, 1568100315, 1568100320, 1568100435

WHEREAS, the subject properties, located at 14727, 14723, 14721, 14709 32nd Avenue NE and 3124 NE 147th Street are zoned R-12, Residential, 12 units per acre; and

WHEREAS, the subject properties located at 14551 and 14549 32nd Avenue NE are zoned R-18, 18 units per acre; and

WHEREAS, the owners of the seven properties have applied to rezone the properties to R-24, Residential, 24 units per acre; and

WHEREAS, the rezone of the properties is consistent with the Comprehensive Plan land use designations of High Density Residential and Mixed Use; and

WHEREAS, the Planning Commission considered the applications for zone change at a public hearing on January 17, 2008, and has recommended approval of the rezones; and

WHEREAS, a Determination of Non-Significance has been issued for the proposal pursuant to the State Environmental Policy Act; and

WHEREAS, the City Council concurs with the Findings and Recommendation of the Planning Commission and determines that the rezone of the seven properties should be approved to provide for a mix of predominately apartment and townhouse dwelling units and other compatible uses consistent with the goals and policies of the City's Comprehensive Plan;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Findings. The Planning Commission's Findings and Recommendation to approve rezone of the parcels, attached hereto as Exhibit A, are hereby adopted.

Section 2. Amendment to Zoning Map. The Official Zoning Map of the City of Shoreline is hereby amended to change the zoning classification of those certain properties depicted

in Exhibit B attached hereto, from R-12, Residential, 12 units per acre, and R-18, Residential, 18 units per acre, to R-24, Residential, 24 units per acre.

Section 3. Effective Date and Reversion. This ordinance shall go into effect five days after passage and publication of the title as a summary of this ordinance.

PASSED BY THE CITY COUNCIL ON March 24, 2008.

Cindy Ryu, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Date of Publication:
Effective Date:

CITY OF SHORELINE
PLANNING COMMISSION

FINDINGS, CONCLUSIONS AND RECOMMENDATION

PROJECT INFORMATION SUMMARY

Project Description: Change the zoning of seven parcels from R-12 and R-18 to R-24 for future development.

Project File Number: 201677

Project Address: 14727, 14723, 14721, 14709, 14707, 14551 and 14549 32nd Avenue NE, Shoreline, WA 98155

Property Owner: Catalina Company (authorized agent).

SEPA Threshold: Determination of Non-Significance (DNS)

Staff Recommendation: Recommend approval of the rezone of seven parcels to R-24.

INTRODUCTION

A rezone of one parcel (14727 32nd Avenue NE) from R-12 to R-24 was previously considered by the Planning Commission on June 7, 2007. The Planning Commission denied that rezone because they concluded that the rezone did not meet the decision criteria for a rezone from R-12 to R-24. See Commission Findings dated November 1, 2007 attached as **Attachment 1**. The rezone from R-12/R-18 to R-24 that is under consideration tonight is for seven parcels (14727, 14723, 14721, 14709, 14707, 14551 and 14549 32nd Avenue NE). The concerns raised by the Commissioners in the denial of the 14727 32nd Avenue NE rezone are addressed in detail under the Conclusion section below.

FINDINGS OF FACT

Current Development

1. The parcels at issue are located at 14727, 14723, 14721, 14709, 14707, 14551 and 14549 32nd Avenue NE.
2. The subject parcels range in size from 7,387 to 8,504 square feet and are developed with a 6 single-family homes and one four-plex. Five of the parcels are zoned R-12 and two of the parcels are zoned R-18. The five parcels north of NE 147th Street have a Comprehensive Plan Land Use designation of High Density Residential ("HDR"). The two parcels south of NE 147th Street have a Comprehensive Plan Land use designation of Mixed-Use ("MU"). See **Attachment 2** for surrounding Comprehensive Plan designations and **Attachment 3** for surrounding zoning designations.

3. If the request is approved, the combined development potential of the 7 sites is 35 dwelling units.
4. There are no existing sidewalks along 32nd Avenue NE adjacent to the subject properties. Right-of-way improvements are required when the applicant applies for building permits and include sidewalk, street lighting and curb and gutters.

Proposal

5. The applicant proposes to rezone the parcels from R-12 and R-18 to R-24.
6. A pre-application meeting was held with the applicant and City staff on July 27, 2007, the applicant held the requisite neighborhood meeting on August 9, 2007, and a Public Notice of Application was posted at the site.
7. Comments received at the neighborhood meeting included:
 - "I'm in support of the rezone",
 - increased property values,
 - older single-family homes should be preserved,
 - (concerns about) high water table.
8. Advertisements were placed in the Seattle Times and Shoreline Enterprise, and notices were mailed to property owners within 500 feet of the site on August 30, 2007. A revised Notice of Application was issued September 27, 2007. The Notice of Public Hearing and SEPA Determination were posted at the site, advertisements were placed in the Seattle Times and Shoreline Enterprise, and notices were mailed to property owners within 500 feet of the site on October 16, 2007. Public comment letters can be found in **Attachment 4**.
9. The Planning Department issued a SEPA Determination of Non-Significance and notice of public hearing on the proposal on October 16, 2007. The DNS was not appealed.
10. An open record public hearing was held by the Planning Commission for the City of Shoreline on January 17, 2008.
11. The City's Long Range Planner, Steven Cohn, and Associate Planner, Steve Szafran, have reviewed the proposal and recommend that the parcels be rezoned to R-24.

Comprehensive Plan Land Use Designations.

12. Parcels to the north have a Comprehensive Plan Land Use designation of High Density Residential, Low Density Residential and Private Open Space (cemetery).

(See Attachment 2). Parcels to the south, west and directly east have a designation of High Density Residential and Mixed Use. Parcels further to the east, across 31st Avenue NE, are designated Briarcrest Special Study Area Mixed Use and zoned R-24, R-18, R-12 and R-6.

13. The Comprehensive Plan describes High Density Residential as "intended for areas near employment and commercial areas; where high levels of transit service are present or likely; and areas currently zoned high density residential. This designation creates a transition between high intensity uses, including commercial uses, to lower intensity residential uses. All residential housing types are permitted".
14. The Comprehensive Plan describes Mixed Use as "intended to encourage the development of pedestrian oriented places, with architectural interest, that integrate a wide variety of retail, office and service uses with residential uses.
15. The Comprehensive Plan describes Special Study Areas as "areas designated for future subarea planning, watershed planning, special districts, neighborhood planning, or other study. It is anticipated that the underlying zoning for this designation shall remain." The Briarcrest area will be the subject of a subarea planning study beginning in the 1st quarter 2008.

Current Zoning

16. A majority of the parcels in the immediate area are zoned R-12 with parcels zoned R-18 and R-24 scattered throughout the area (see Attachment 2). The parcels at issue are zoned both R-12 and R-18. R-48 and Neighborhood Business zoning is located along and adjacent to Bothell Way and NE 145th Street. The area is developed with older single-family homes, duplexes, triplexes, apartment buildings, condos and newer townhome developments. There are older commercial developments along Bothell Way.
17. The purpose of R-12 zones, as set forth in Shoreline Municipal Code 20.40.030, is to "provide for a mix of single-family homes, duplexes, triplexes, townhouses, and community facilities, in a manner that provides for additional density at a modest scale."
18. The purpose of R-18 and R-24 zones, as set forth in Shoreline Municipal Code 20.40.030, is to "provide for a mix of predominately apartment and townhouse dwelling units and other compatible uses."

Proposed Zoning

19. Under SMC 20.30.060, a rezone is Type C action, decided by the City Council upon recommendation by the Planning Commission. The decision criteria for deciding a rezone, as set forth in SMC 20.30.320, are:

- The rezone is consistent with the Comprehensive Plan; and
 - The rezone will not adversely affect the public health, safety or general welfare; and
 - The rezone is warranted in order to achieve consistency with the Comprehensive Plan; and
 - The rezone will not be materially detrimental to uses or property in the immediate vicinity of the subject rezone; and
 - The rezone has merit and value for the community.
20. The purpose of an R-24 zoning district, as set forth in the Shoreline Municipal Code 20.40.030, is to "provide for a mix of predominately apartment and townhouse dwelling units and other compatible uses." The R-24 zoning category allows all residential land uses, including detached single-family dwelling units (if a Conditional Use Permit is secured).

Impacts of the Zone Change

21. The following table outlines the development standards for the current zoning (R-12), (optional zoning) R-18 and the requested zoning (R-24):

	R-12 (Current)	R-18 (Possible)	R-24 (Proposed)
Front Yard Setback	10'	10'	10'
Side Yard Setback	5'	5'	5'
Rear Yard Setback	5'	5'	5'
Building Coverage	55%	60%	70%
Max. Impervious Surface	75%	85%	85%
Height	35'	35'(40' with pitched roof)	35'(40' with pitched roof)
Density (residential development)	12 du/ac	18 du/ac	24 du/ac

CONCLUSIONS

1. The purpose of a rezone is to provide a mechanism to make changes to a zoning classification, conditions or concomitant agreement applicable to property. Rezone criteria must be established by substantial evidence.
2. The notice and meeting requirements set out in SMC 20.30 for a Type C action have all been met in this case.

Rezone criteria

REZONE CRITERIA 1: Is the rezone consistent with the Comprehensive Plan?

3. The rezone complies with the following Comprehensive Plan Goals and Policies:

Land Use

- Land Use Element Goal I - ensure that the land use pattern of the City encourages needed, diverse, and creative development, protects existing uses, safeguards the environment, reduces sprawl, promotes efficient use of land, encourages alternative modes of transportation and helps maintain Shoreline's sense of community.
- Land Use Element Goal III - Encourage a variety of quality housing opportunities and appropriate infrastructure suitable for the needs of Shoreline's present and future residents.
- Land Use Element Goal XVII – Manage the storm and surface water system through a combination of engineering solutions and the preservation of natural systems.
- LU14 – The High Density Residential designation creates a transition between high intensity uses (commercial) to lower intensity residential uses.
- LU99 and LU102 – Enforcement of construction and erosion control standards and allowing land alteration only if plans adequately prevent environmental impacts.
- LU152 – Seek opportunities for on-site water quality systems to support economic development and the efficient use of land.

Housing Goals

- Goals HI, HII, and HIII – Provide sufficient development capacity, pursue opportunities to develop housing for all economic segments of the community, and maintain and enhance multi-family residential neighborhoods with new development that is compatible with the neighborhood and provides effective transitions between different uses.
- H1 and H5 – Increase housing opportunities that is compatible with the character of existing residential and require new residential development to meet the minimum density as allowed in each zone.
- H24, H27 and H28 – Promote first time home ownership, anticipate future restoration needs of older neighborhoods and assure that design guidelines create effective transitions.

Transportation Goals

- TI, TIII, TIV, TVI, and TVII – All of the transportation goals speak to safe and friendly streets, access to transit, livability and safety of residential neighborhoods, and encouragement of use of alternative modes of transportation.
- T17, T26, T27, and T29- These transportation policies speak to minimizing traffic on local streets and installing sidewalks for new construction projects to improve pedestrian safety.
- T45 – Reduce speeds and cut-through traffic on local streets while maintaining connectivity to the transportation system.

The R-24 rezone proposal is consistent with all of the above Comprehensive Plan Land Use Element Goals and Policies because more intense residential zoning should be encouraged in areas designated for both Mixed Use and High Density Residential land uses, as these parcels are designated.

The R-24 zoning would allow greater development intensity and be compatible with the already approved townhome development to the south and west. Although the current R-12 and R-18 zoning category is consistent with the HDR and Mixed Use designation, the existing detached single-family homes on this site and in the surrounding neighborhood are not consistent with the vision of development in the HDR designation, because although all housing types are permitted under HDR and MU, more intense residential zoning is encouraged in this area.

Rezoning the parcels to R-24 is consistent with the Comprehensive Plan as it would allow more intense residential uses, and is supported by land use, housing, clean air, transportation and community design goals of the Comprehensive Plan. R-24 zoning would allow for infill development that is compatible with recently built and planned housing types and provide densities that are envisioned for the HDR and MU land use designations.

Other Considerations

The Planning Commission previously recommended denial of the rezone of one of the parcels (14727 32nd Avenue NE) from R-12 to R-24. The concerns raised by the Commissioners associated with criteria number 1 are set forth below. The applicant has gathered information to address the Commissioners' concerns. Staff reviewed the information and offers our analysis based on the new information that has been submitted:

Concern #1: Consistency with Goal #1, specifically whether there is a high water table on the site. In the discussion of the previous rezone request, a

Commissioner suggested that Goal #1 requires the City to preserve environmental quality by taking into account the land's suitability for development. He noted that the public believes that a high water table exists in the area, and that when the water table is very high, a developer's options are very limited because they can't get infiltration on site.

The applicant has submitted a preliminary geotechnical evaluation for three of the subject parcels, 14709, 14721, and 14723 32nd Avenue NE. Three test pits were dug at a depth of 6 feet. No ground water was observed in any of the three pits. Additionally, geotechnical reports were submitted with a new 5 unit townhome development at 14539 32nd Ave NE. Those reports are consistent with the applicant's reports showing no groundwater problems. Because of this additional information, the staff concludes that there is not a high water table in the rezone area.

Concern #2: Consistency with Land Use Policy 149, specifically whether there is there a reason to restrict development on the site in order to maintain the current amount of pervious surface. One of the Commissioners cited Comprehensive Plan Land Use Policy 139 and suggested that this policy calls for restricting the water runoff rate and restoring water quality to predevelopment levels for all new development and redevelopment. He concluded that because of the high water table in this area, allowing 80% of the site to be developed as impervious surface would make it very difficult to meet the requirement of this policy.

Again, geotechnical reports show no high water table in the immediate area. Managing runoff will be considered once building permits are submitted. Given the current development regulations, staff believes that a rezone allowing for an increase in the maximum impervious surface is appropriate.

Concern #3: Consistency with Community Design Goal #1, specifically whether this rezone encourages community development and redevelopment that is consistent with the City's vision. The Commissioners suggested that they would be more likely to support upzoning the subject property if it were done in the context of a subarea plan that was carefully considered to balance the neighborhood goals.

Staff does not believe that a subarea plan is necessary to develop a vision for this portion of Briarcrest because it already has a Comprehensive Plan Designation of Mixed Use and High Density Residential. In that sense, it is different from the area west of 31st Avenue NE, which does not have a Comprehensive Plan Designation.

Both the Mixed Use and High Density Residential designations allow a wide range of zoning choices. They offer a way to transition between more intense

uses and single family zones. In the case of the subject parcels, the transition could occur in two directions:

1. From 145th north to the cemetery.
2. From Bothell Way west to 30th Avenue NE.

Since the Comprehensive Plan does not directly set forth transition options and what was envisioned for the area, we look at the policy options that were available to choose from at the time of Comprehensive Plan designation. For the lower half of this area, i.e., south of 147th, the comprehensive plan could have called for commercial uses, but didn't. Or it could have designated the area as HDR. But that wasn't chosen either. Choosing Mixed Use suggest that the plan envisions commercial uses along 145th, and transitioning north to multifamily uses.

When we look at the upper half (north of 147th), the plan could have called for MDR (R8 and R12) as a transitional use. But it didn't. It calls for HDR. This suggests that the plan contemplates zoning of R-18 and above. One can imagine some combination of R-48, R-24, and R-18 as you transition from east to west.

Therefore, staff concludes that the Comprehensive Plan does offer concrete ideas re transition areas and overall future development of the area.

REZONE CRITERIA 2: Will the rezone adversely affect the public health, safety or general welfare?

4. Staff believes the rezone and associated future development will positively affect the neighborhoods general welfare. Codes have been revised and offer greater protection of downstream effects of development (drainage, in-street improvements, safer building codes, environmental quality, etc...) Both the GMA planning process of developing Comprehensive Plan designations which allows this level of development and the City's development standards in its zoning regulations for the R-24 zone protect against uses that would be contrary to the public health, safety or general welfare. New development requires improvements to access and circulation through curb and gutters, sidewalks and street frontage landscaping. Allowing this rezone and new development in general improves public health, safety and general welfare.

New development will look different than the existing one-story single-family homes that were built decades ago. However, these homes will be in place indefinitely. All of the adjacent zoning currently allows for more density, it will only be a matter of time before the sites are redeveloped.

REZONE CRITERIA 3: Is the rezone warranted in order to achieve consistency with the Comprehensive Plan? The Commission previously concluded that the rezone was not

warranted in order to achieve consistency with the Comprehensive Plan because both the existing R12 and the proposed R-24 zoning would be consistent with the Comprehensive Plan... There is no preference in the Comprehensive Plan for preserving one zoning designation over another.

5. Both R-12 and R-18 (current) and R-24 (proposed) zoning maintains consistency with the Comprehensive Plan. However, the Comprehensive Plan designation calls for High Density Residential on five of the seven parcels at issue. As noted above, R-24 is appropriate in the High Density Residential land use category and more closely meets the intent of the district than does the current R-12 zoning. R-24 zoning also provides a better transition from more intense uses to the east along Bothell Way and between existing R-12 zoning directly to the west.

This area is envisioned to transition from high intensity commercial zoning along Bothell Way to lower densities as you approach 30th Ave NE to the west. The proposal for R-24 meets this long term vision for the area as higher densities are expected within this area.

REZONE CRITERIA 4: Will the rezone be materially detrimental to uses or property in the immediate vicinity of the subject rezone?

In discussion of an earlier rezone proposal for one parcel in June 2007, a Commission expressed a concern with criteria #4.

Concern #1: The Commissioner indicated the City doesn't have a clear idea of the existing drainage conditions and what facilities are available. The existing zoning allows up to 75% impervious surface, and the proposed R-24 zone would allow 85%. The Commissioner believed that it would be inappropriate to allow more impervious surface without addressing the drainage issues in a more comprehensive fashion.

6. After reviewing the information submitted by the applicant, staff concludes that the proposed rezone will not have an impact to the existing single-family properties in terms of traffic or drainage. As noted under the discussion for criteria # 1, the applicant submitted a soils/drainage report that explains there is not a "high water table" in the immediate area and civil plans from recent develops also highlight this fact (14515 and 14539 32nd Ave NE).

The traffic report submitted explains traffic around the proposed rezone is relatively light. Adding traffic associated with 25 additional units is minor and will not cause additional delays in the area.

Under the current codes, townhomes as well as single-family homes may be 35 feet in height (40 feet with pitched roof). This rezone could potentially add 25 additional units (10 units exist now, current zoning will allow 16 units;

rezone would permit up to 35 units). This increase in additional units is not detrimental to the property in the vicinity because appropriate infrastructure is in place, multi-family zoning is currently in place for all of the seven parcels, traffic study indicates little impact to existing traffic patterns, and new development triggers public amenities such as curb, gutter, sidewalks and updated drainage facilities.

A DNS has been issued, and no environmental issues remain.

REZONE CRITERIA #5: Will the rezone have merit and value for the community?

In discussion of an earlier rezone proposal in this area, the following concerns were raised:

- *The City should adopt a "vision" for the area and stop "piecemeal zoning" of the area;*
- *a comprehensive drainage plan for the Briarcrest Neighborhood should be addressed before more density can be built;*
- *a traffic analysis should be performed around the area of the rezone to address cut-through traffic;*
- *Small houses and seemingly affordable housing will be demolished for new development.*

Staff has reviewed the applicant's materials and believes that the issues raised in the past have been adequately addressed.

- By rezoning 7 lots the Commission will be implementing the vision that has been adopted and avoid the site by site rezoning that has occurred in the past;
- Drainage and traffic issues have been analyzed—there are no drainage issues and traffic impacts can be handled by the existing infrastructure.
- This rezone will encourage redevelopment of the area, but, given the adopted Comprehensive Plan designation of MU and HDR and current multi-family zoning, redevelopment of this area is to be expected.

RECOMMENDATION

The Planning Commission recommends that the City Council approve a rezone of seven parcels at 14727, 14723, 14721, 14709, 14707, 14551 and 14549 32nd Avenue NE from R-12 and R-18 to R-24.

Date: 11 FEB 2008

By: 
Planning Commission Chair

ATTACHMENTS

Attachment 1- November 1, 2007 Findings and Conclusions for application #201639

Attachment 2 - Comprehensive Plan Map

Attachment 3- Zoning Map

Attachment 4- Public Comment letter and email.

CITY OF SHORELINE
PLANNING COMMISSION

FINDINGS, CONCLUSIONS AND RECOMMENDATION

PROJECT INFORMATION SUMMARY

Project Description: Change the zoning of one parcel from Residential 12 dwelling units per acre (R-12) to Residential 24 dwelling units per acre (R-24).

Project File Number: 201639

Project Address: 14727 32nd Avenue NE, Shoreline, WA 98155

Property Owner: Cascade Real Estate Investments.

SEPA Threshold: Determination of Non-Significance (DNS)

Staff Recommendation: Recommend approval of the rezone of one parcel to R-24.

FINDINGS OF FACT

Current Development

1. The parcel at issue is located at 14727 32nd Avenue NE.
2. The parcel (tax ID # 1568100415) is 8,460 square feet and is developed with a single-family home. The site is zoned Residential 12 dwelling units per acre ("R-12") and has a Comprehensive Plan Land Use designation of High Density Residential ("HDR"). See Attachment 1 for surrounding Comprehensive Plan designations and Attachment 2 for surrounding zoning designations.
3. If the current application is approved, the parcel will be able to develop with a maximum of 5 dwelling units.
4. There are no existing sidewalks along 32nd Avenue NE adjacent to the applicant's property. Street improvements will be required when the applicant applies for building permits and include sidewalk, street lighting and curb and gutters.

Proposal

5. The applicant proposes to rezone the parcel from R-12 to R-24.
6. A pre-application meeting was held with the applicant and City staff on April 10, 2007, the applicant held the requisite neighborhood meeting on April 16, 2007, and a Public Notice of Application was posted at the site.

7. Comments received at the neighborhood meeting included "increased traffic and increased density" and "it might adversely affect surrounding property values". The applicant indicated these were the only negative comments received.
8. Advertisements were placed in the Seattle Times and Shoreline Enterprise, and notices were mailed to property owners within 500 feet of the site on April 26, 2007. The Notice of Public Hearing and SEPA Determination were posted at the site, advertisements were placed in the Seattle Times and Shoreline Enterprise, and notices were mailed to property owners within 500 feet of the site on May 10, 2007.
9. The Planning Department issued a SEPA Determination of Non-Significance and notice of public hearing on the proposal on May 10, 2007. The DNS was not appealed.
10. An open record public hearing was held by the Planning Commission for the City of Shoreline on June 7, 2007.
11. The City's Long Range Planner, Steven Cohn, and Planner II, Steve Szafran, have reviewed the proposal and recommend that the parcels be rezoned to R-24.

Comprehensive Plan Land Use Designations.

12. Parcels to the north, south and west have a Comprehensive Plan Land Use designation of High Density Residential, which allows R-12 through R-48; parcels to the east, across 32nd Avenue NE, are designated Mixed Use, which allows R-8 through R-48 and all commercial and industrial zoning categories.
13. The Comprehensive Plan describes High Density Residential as "intended for areas near employment and commercial areas; where high levels of transit service are present or likely; and areas currently zoned high density residential. This designation creates a transition between high intensity uses, including commercial uses, to lower intensity residential uses. All residential housing types are permitted".

Current Zoning

14. Parcels immediately north and west of the subject parcel are zoned R-12 and developed with single-family homes; the parcel to the south is zoned R-18 and developed with single-family home; and parcels to the east are zoned R-18 and developed with single-family homes and duplexes.
15. The purpose of R-12 zones, as set forth in Shoreline Municipal Code 20.40.030, is to "provide for a mix of single-family homes, duplexes, triplexes, townhouses,

and community facilities, in a manner that provides for additional density at a modest scale.”

Proposed Zoning

16. Under SMC 20.30.060, a rezone is Type C action, decided by the City Council upon recommendation by the Planning Commission. The decision criteria for deciding a rezone, as set forth in SMC 20.30.320, are:
- The rezone is consistent with the Comprehensive Plan; and
 - The rezone will not adversely affect the public health, safety or general welfare; and
 - The rezone is warranted in order to achieve consistency with the Comprehensive Plan; and
 - The rezone will not be materially detrimental to uses or property in the immediate vicinity of the subject rezone; and
 - The rezone has merit and value for the community.
17. The purpose of an R-24 zoning district, as set forth in the Shoreline Municipal Code 20.40.030, is to “provide for a mix of predominately apartment and townhouse dwelling units and other compatible uses.” The R-24 zoning category allows all residential land uses, including detached single-family dwelling units, if a Conditional Use Permit is secured.

Impacts of the Zone Change

18. The following table outlines the development standards for the current zoning (R-12) and the requested zoning (R-24):

	R-12 (Current)	R-24 (Proposed)
Front Yard Setback	10'	10'
Side Yard Setback	5'	5'
Rear Yard Setback	5'	5'
Building Coverage	55%	70%
Max. Impervious Surface	75%	85%
Height	35'	35'(40' with pitched roof)
Density (residential development)	12 du/ac	24 du/ac

CONCLUSIONS

1. The purpose of a rezone is to provide a mechanism to make changes to a zoning classification, conditions or concomitant agreement applicable to property. Rezone criteria must be established by substantial evidence.
2. The notice and meeting requirements set out in SMC 20.30 for a Type C action have all been met in this case.

Rezone criteria

Is the rezone consistent with the Comprehensive Plan?

3. The Commission's conclusion is that the facts are inclusive as to whether the rezone is consistent with the Plan:

The following facts show consistency with the Plan:

- Land Use Element Goal I of the Comprehensive Plan is to "ensure that the land use pattern of the City encourages needed, diverse, and creative development, protects existing uses, safeguards the environment, reduces sprawl, promotes efficient use of land, encourages alternative modes of transportation and helps maintain Shoreline's sense of community."
- Land Use Element Goal III of the Comprehensive Plan is to "Encourage a variety of quality housing opportunities and appropriate infrastructure suitable for the needs of Shoreline's present and future residents."

The R-24 rezone proposal is consistent with Land Use Element Goal I and III because more intense residential zoning should be encouraged in areas designated for High Density Residential land uses.

The R-24 zoning would allow greater development intensity and be compatible with some of the already approved townhome development to the south and west. Although the current R-12 zoning category is consistent with the HDR designation, the existing detached single-family homes on this site and in the surrounding neighborhood do not comply with the goals and policies of the HDR designation since more intense residential zoning is encouraged in HDR areas.

The following facts show inconsistency with the Plan:

- **Comprehensive Plan Land Use Policy 1:** Commissioner Hall believes that this goal requires the City to preserve environmental quality by taking into account the land's suitability for development and directing intense development away from natural hazards and important natural resources. He noted concerns raised by the public about the high water table that exists in the area. He noted that when the water

table is very high, a developer's options are very limited because they can't get infiltration on site.

- **Comprehensive Plan Land Use Policy 139:** Commissioner Hall reviewed that this policy calls for restricting the water runoff rate and restoring water quality to predevelopment levels for all new development and redevelopment. Because of the high water table in this area, allowing 80% of the site to be developed as impervious surface would make it very difficult to meet the requirement of this policy.
- **Community Design Goal 1:** The Commission noted that this goal encourages the promotion of community development and redevelopment that is carefully considered, aesthetically pleasing, functional, and consistent with the City's vision. The Commissioners suggested that they would be more likely to support upzoning the subject property if it were done in the context of a subarea plan that was carefully considered to balance the neighborhood goals.
- **Community Design Goals 2 and 4:** These goals talk about ensuring that development proposals contribute to the community and compliment adjacent development. In the past, the Commission has looked unfavorably at rezone proposals that propose significantly greater density than that permitted by the zoning of any of the adjacent parcels. Though there is a scattering of R-18 and R-24 zones in the vicinity, rezoning the subject property to R-24 would make it a higher density than any of the immediately adjacent parcels, including those across the street. The Commission was not convinced this would complement the adjacent development.

Will the rezone adversely affect the public health, safety or general welfare?

4. The GMA planning process of developing Comprehensive Plan designations which allows this level of development and the City's development standards in its zoning regulations for the R-24 zone protect against uses that would be contrary to the public health, safety or general welfare. New development requires improvements to access and circulation through curb and gutters, sidewalks and street frontage landscaping. Allowing this rezone and new development in general improves public health, safety and general welfare.

Is the rezone warranted in order to achieve consistency with the Comprehensive Plan?

5. Both R-12 (current zoning) and R-24 (proposed zoning) zoning maintains consistency with the Comprehensive Plan.

The area in question (145th to the south, Bothell Way to the east, 30th Ave NE to the west and NE 149th to the north) has seen significant development interest in the last few years. Attachment 3 shows parcels that have been involved in pre-application meetings with staff, are new developments or have recently been rezoned to a higher density.

This area, as described above, is an area envisioned to transition from commercial zoning along Bothell Way to lower densities as you approach 30th Ave NE to the west.

The Commission concludes that a rezone is not warranted in order to achieve consistency with the Comprehensive Plan because both the existing R12 and the proposed R-24 zoning would be consistent with the Comprehensive Plan... There is no preference in the Comprehensive Plan for preserving one zoning designation over another.

Will the rezone be materially detrimental to uses or property in the immediate vicinity of the subject rezone?

6. The Planning Commission believes the rezone will be materially detrimental to uses or property in the immediate vicinity for the following reason:

Commissioner Broili expressed his concern that the City doesn't have a clear idea of the existing drainage conditions and what facilities are available. The existing zoning allows up to 75% impervious surface, and the proposed R-24 zone would allow 85%. He expressed his belief that it would be inappropriate to allow more impervious surface without addressing the drainage issues in a more comprehensive fashion.

Will the rezone have merit and value for the community?

7. The Planning Commission believes the rezone will not have merit and value for the community based on the following reasons:

The City should adopt a "vision" for the area and stop "piecemeal zoning" of the area; a comprehensive drainage plan for the Briarcrest Neighborhood should be addressed before more density can be built; a traffic analysis should be performed around the area of the rezone to address cut-through traffic; Small houses and seemingly affordable housing will be demolished for new development.

RECOMMENDATION

The Planning Commission recommends that the City Council deny a rezone of one parcel at 14727 32nd Ave NE to R-24.

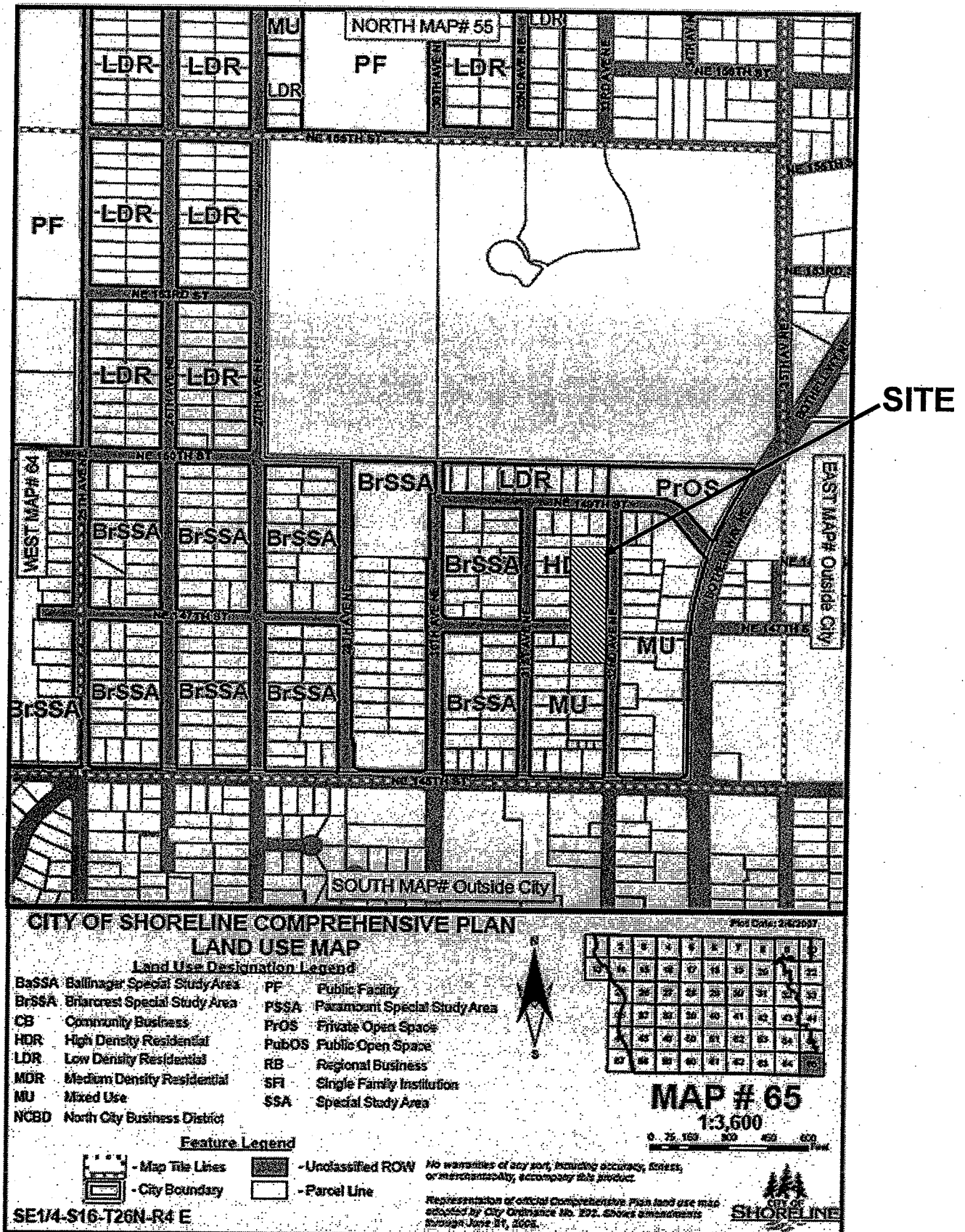
Date: 1 NOVEMBER 2007

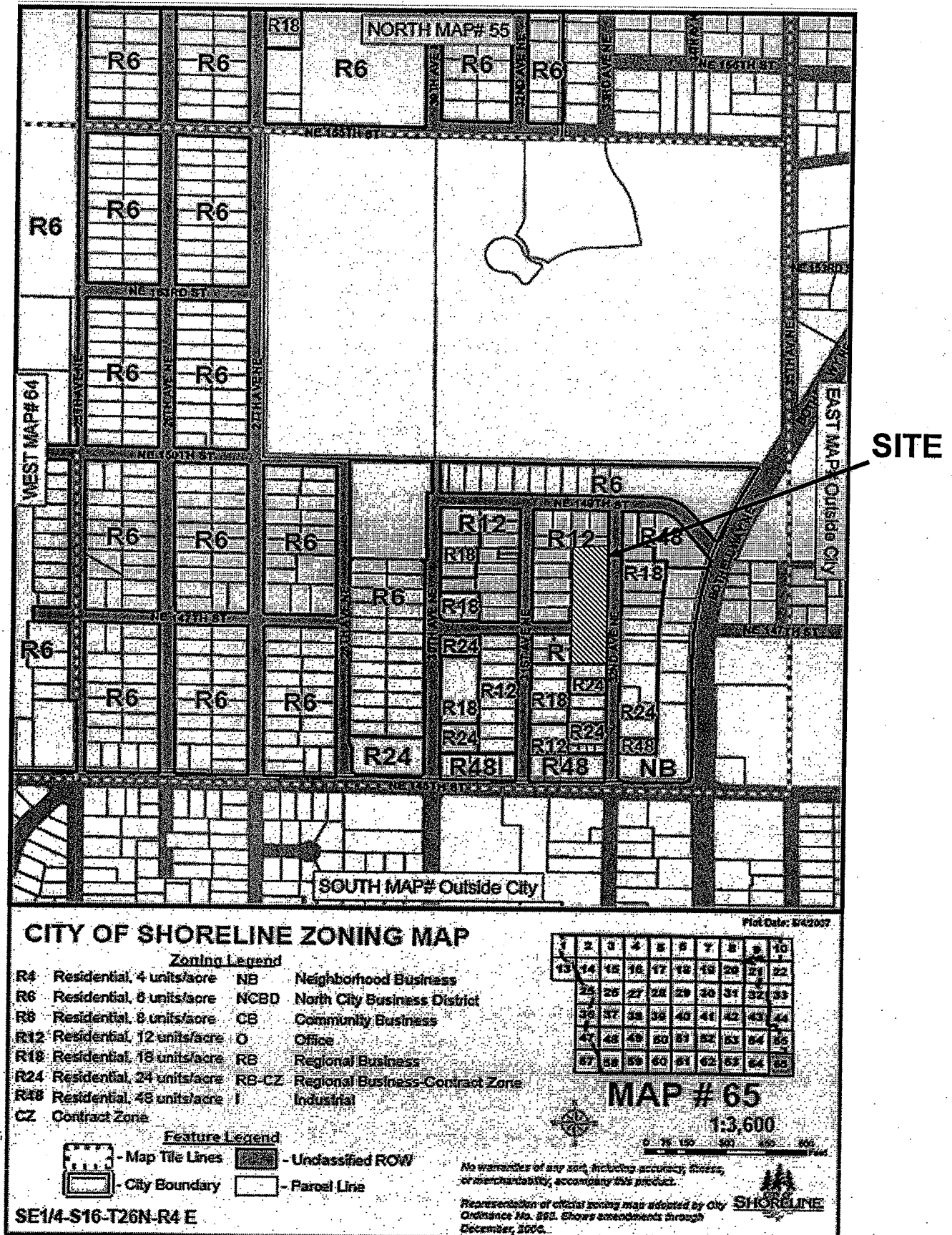
By: Wesley Howard

Planning Commission Chair

ATTACHMENTS

- Attachment 1- Comprehensive Plan Map
- Attachment 2- Zoning Map
- Attachment 3- Recent Development Map
- Attachment 4- Public Comment





Dear Mr. Szafran,

I wanted to write you to express my concerns about the proposed rezoning of 32nd Avenue (proposal #201677). We purchased our home in Briarcrest over 4 years ago specifically because we wanted a neighborhood that wasn't congested with townhomes crammed onto a lot that previously occupied a single home. We moved away from Greenwood, in Seattle, to get away from just this type of development. In our experience, townhomes do NOT add to the quality of life in a neighborhood. In Greenwood, we saw crime go up, and congestion increase as more and more single family, detached homes on a single lot were torn down to make way for townhomes and condos.

Those of us who have recently purchased homes (within the last 5 years) in Briarcrest intend to stay here for the long haul. We do NOT want our neighborhood made into a random patchwork of tall, close to zero lot line attached "family homes." Many of us chose to buy homes and live here because of the character of the neighborhood--single family detached homes/1 per lot. There is nothing more frustrating than going out into your backyard, only to have a wall of townhome windows staring down onto you. The loss of privacy that tall townhomes would bring is not something I would welcome in Briarcrest.

I am very concerned that this type of rezoning will greatly diminish the quality of our neighborhood by bringing increased congestion. We love the quiet in Briarcrest. Adding 4 attached homes per lot will only increase the number of cars, traffic and people throughout our neighborhood. There are 3 schools in our area, and many children who walk to/from school. We already have traffic congestion issues without adding more people and cars to the area. I recognize the concern of some neighbors who feel that crime is already an issue, and therefore, they believe that this type of development could bring more homeowners to the area, and in their minds, less crime. Yet, I do not agree that this proposed rezoning and development would decrease crime. Townhomes and condos can be rented out just as easily as a single family (detached) home--this isn't the solution for mitigating crime!

Instead, why not continue to work on a traffic flow plan with the neighbors and city? Why can't we partner with the police to create a more active police and community presence along 32nd Ave? Again, if our experience in Greenwood is any indication, building townhomes isn't going to make crime or congestion go away! In our experience, it made both worse! I do not want Briarcrest to become the "townhome/condo capital" of Shoreline. This frustrates me, as I doubt this type of rezoning would be proposed in the area of single family, detached homes in Richmond Beach. We moved here specifically because we are close to the Burke Gilman trail, close to schools, close to 522 and I-5 for commuting purposes, close to Third Place and a short drive to Central Market. We love the fact that our neighborhood is dominated by owner occupied detached single family homes, with a range of ages, and tenure in the area from 50+ years to less than 1 year. We love the fact that we have a quiet, friendly, and fairly uncongested neighborhood. The benefits purported by some neighbors and the developers who back this project are, in my opinion, falsehoods, and in reality, would take away from the quiet area we enjoy.

I appreciate you taking the time to review my concerns, and I hope to attend the November 15th Planning Commission meeting. If you have further information about this proposal, I would appreciate receiving (either in print or electronic form) a copy of the proposal and any other supporting documentation about the proposed project.

Thank you again!

Sincerely,

Jennifer Gallison
Home Owner
Briarcrest Neighborhood
Shoreline, WA

Attachment 4

Hello Steve,

I need to know what specific addresses are being discussed on this proposal #201677. I live on 32nd Ave NE and want to comment.

Can you please send me the proposal document and list the specific addresses being discussed?

Thanks,
David Antieau
Resident on 32nd Ave NE

E-mail: dantieau@korry.com

To: City of Shoreline Planning Department/ Planning Commission

It has come to my attention via a mailing I received that 3 different property owners totaling 5 properties are requesting a re-zone from R-12/R18 to R-24. I am in favor of this re-zone.

The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

The mailing I received was due to my property being within a 500 foot radius of the proposed re-zoning properties.

I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name

Keith Foe

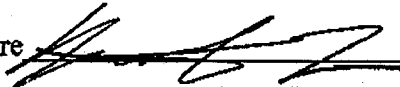
Date

8/3/2007

Address

14554 31st Ave NE
Shoreline, WA 98155

Signature



Happy for
Re-Zone!

To: City of Shoreline Planning Department/ Planning Commission

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The mailing I received was due to my property being within a 500 foot radius of the proposed re-zoning properties.

I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name Gary Watts

Date 8/7/07

Address 1326 Bacon Way S.
Rainier WA 98057

Neighboring property address:

14722 32nd Ave NE
Shoreline, WA 98155

Signature Gary Watts

To: City of Shoreline Planning Department/ Planning Commission

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The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

The mailing I received was due to my property being within a 500 foot radius of the proposed re-zoning properties.

I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name Briza LLC

Date 8/7/07

Address PO Box 1754
Renton, WA 98057

Neighboring address:
14727 Bothell Way NE
Shoreline WA 98155

Signature 

To: City of Shoreline Planning Department/ Planning Commission

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The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

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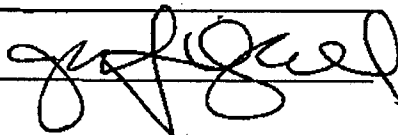
I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name JENNIFER KRIBBEL

Date 8/8/07

Address 14721 32ND AVE NE .
SHORELINE 98155

Signature 

To: City of Shoreline Planning Department/ Planning Commission

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The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

The mailing I received was due to my property being within a 500 foot radius of the proposed re-zoning properties.

I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name

GREG SANKEY

Date

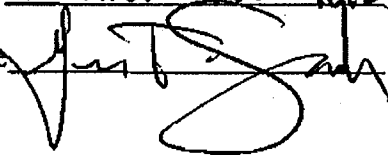
08/09/07

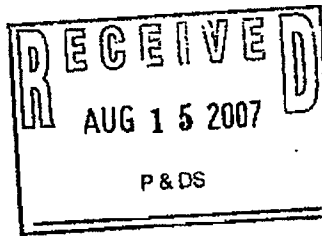
Address

10212 5th AVE NE #20

SEATTLE WA 98125

Signature





To: City of Shoreline Planning Department/ Planning Commission

It has come to my attention via a mailing I received that 3 different property owners totaling 5 properties are requesting a re-zone from R-12/R18 to R-24. I am in favor of this re-zone.

The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

The mailing I received was due to my property being within a 500 foot radius of the proposed re-zoning properties.

I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name JAY FINNEY

Date 8/13/07

Address 14539 32nd AVE NE
SHORELINE, WA
98155

Signature Jay H. Finney

To: City of Shoreline Planning Department/ Planning Commission

It has come to my attention via a mailing I received that 3 different property owners totaling 5 properties are requesting a re-zone from R-12/R18 to R-24. I am in favor of this re-zone.

The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

The mailing I received was due to my property being within a 500 foot radius of the proposed re-zoning properties.

I would like to be considered in favor of this re-zone as evidenced by my signature below.

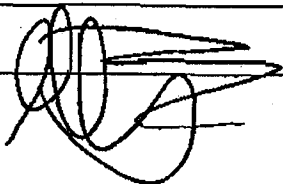
Thank you.

Print Name Anthony R. Johnson

Date 8/9/07

Address 14555 - 31st Ave NE
Shoreline, WA 98155

Signature



To: City of Shoreline Planning Department/ Planning Commission

It has come to my attention via a mailing I received that 3 different property owners totaling 5 properties are requesting a re-zone from R-12/R18 to R-24. I am in favor of this re-zone.

The property addresses are: 3124 NE 147th St; 14709 32nd Ave NE; 14721 32nd Ave NE; 14723 32nd Ave NE; and 14707 32nd Ave NE, all in Shoreline, Wa.

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I would like to be considered in favor of this re-zone as evidenced by my signature below.

Thank you.

Print Name

SHIGERU HAYASHI

Date

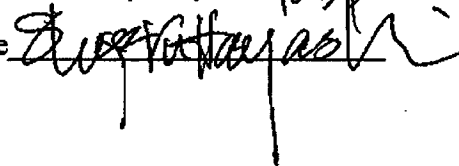
08-01-2007

Address

14714 31ST AVE NE

SEATTLE WA 98147

Signature



9-7-07

To: City of Shoreline Planning Department

It has come to my attention that several property owners have applied to the city of Shoreline to rezone up to 8 properties along the north side of 32nd Ave N.E. between N.E. 145th and N.E. 148th to a zone of R-24.

Let it be known that I am in favor of this rezone as evidenced by my signature below.

Thank you.

Name Scott Selberg

Address PO Box 65044
Shoreline WA
98155

Phone _____

Signed 

Date 8/1/07

Re: ^{owner}
14709 - 14721 -
14723 properties
32nd NE

9-7-07

To: City of Shoreline Planning Department

It has come to my attention that several property owners have applied to the city of Shoreline to rezone up to 8 properties along the north side of 32nd Ave N.E. between N.E. 145th and N.E. 148th to a zone of R-24.

Let it be known that I am in favor of this rezone as evidenced by my signature below.

Thank you.

Name

James Salley OWNER 14709, 14721, 14723

Address

P.O. Box 65049
Shoreline, WA
(2020 NE 177th St)

Phone

206-769-7958

Signed

James Salley

Date

8-1-07

These Minutes Approved
February 7th, 2008

CITY OF SHORELINE

SHORELINE PLANNING COMMISSION SUMMARY MINUTES OF REGULAR MEETING

January 17, 2008
7:00 P.M.

Shoreline Conference Center
Mt. Rainier Room

COMMISSIONERS PRESENT

Chair Piro
Commissioner Broili
Commissioner Phisuthikul
Commissioner McClelland
Commissioner Harris
Commissioner Hall
Commissioner Pyle

STAFF PRESENT

Joe Tovar, Director, Planning & Development Services
Steve Cohn, Senior Planner, Planning & Development Services
Steve Szafran, Associate Planner, Planning & Development Services
David Levitan, Associate Planner, Planning & Development Services
Flannary Collins, City Attorney
Jessica Simulcik Smith, Planning Commission Clerk

COMMISSIONERS ABSENT

Vice Chair Kuboi
Commissioner Wagner

CALL TO ORDER

Chair Piro called the regular meeting of the Shoreline Planning Commission to order at 7:08 p.m. He announced that Commission conducted an informal dinner meeting to review their work program. In addition, they discussed items that were part of the Director's Report.

ROLL CALL

Upon roll call by the Commission Clerk, the following Commissioners were present: Chair Piro and Commissioners Broili, Phisuthikul, McClelland, Harris, Hall and Pyle. Vice Chair Kuboi and Commissioner Wagner were excused. Commissioner Hall left the meeting at 8:00 p.m.

APPROVAL OF AGENDA

The agenda was approved as presented.

APPROVAL OF MINUTES

The minutes of January 3, 2008 minutes were approved as corrected. Chair Piro announced that the City Council has started their review of the Planning Commission's recommendation related to the Ridgcrest Commercial Neighborhood zoning.

GENERAL PUBLIC COMMENT

Les Nelson, Shoreline, questioned the City's plan for doing the 2008 Comprehensive Plan amendments. He reminded the Commission that the amendments must be packaged into a once-a-year amendment process that includes extensive public involvement. He pointed out there was only one Comprehensive Plan amendment in 2007. He said that although he has studied the State's Growth Management Act, he is unclear about the Comprehensive Plan amendment process. He suggested there are so many changes being considered at this time that it is difficult for the public to keep track of what is going on.

Chair Piro explained that the Growth Management Act requires Comprehensive Plan updates every seven years, and limits amendments to not more than once a year. The City would be required to update their Comprehensive Plan in 2011. However, the Planning Commission is in the process of preparing a Comprehensive Plan amendment docket, and they plan to conduct an initial study session on this issue on February 7th. Mr. Cohn added that the 2008 Comprehensive Plan amendment docket would not include any privately initiated amendments. The Commission would review the docket list of amendments and then forward a recommendation to the City Council, who would be responsible for making the final decision.

PUBLIC HEARING ON REZONE REQUEST FROM CATALINA COMPANY FOR PROPERTY LOCATED AT 14727 - 24549 32ND AVENUE NORTHEAST (FILE NUMBER 201677)

Chair Piro reviewed the rules and procedures for the quasi-judicial public hearing. He swore in all those who wanted to provide testimony during the public hearing. He reminded the Commissioners of the Appearance of Fairness Rules and invited them to disclose any discussions they might have had regarding the subject of the hearing outside of the hearing. Commissioner Pyle disclosed that he has been involved in several community meetings regarding this particular area in Shoreline. While he has not had any specific conversations about this application, he has been involved in conversations about the future of the area. He indicated that none of his discussions have led him to make a decision on the subject application. None of the other Commissioners disclosed ex parte communications, and no one in the audience voiced a concern, either. Chair Piro opened the public hearing.

Staff Overview and Presentation of Preliminary Staff Recommendation

Mr. Szafran provided an overview of the proposed rezone application submitted by the Catalina Company. The proposal is to change the current zoning of seven parcels from R-12 and R-18 to R-24 for future development of the site. Using the zoning map, Mr. Szafran identified the subject parcels and

reviewed the current zoning of adjacent and surrounding properties. He noted the five parcels north of 147th Street have a Comprehensive Plan designation of High-Density Residential (HDR), and the two parcels south of 147th Street have been designated as Mixed-Use (MU). Properties to the west of 31st Avenue have been identified as part of the Briarcrest Special Study Area, and properties to the north have been designated as Low-Density Residential (LDR). He provided pictures to illustrate the existing development in the surrounding area, which includes older single-family homes, duplexes, triplexes, apartment buildings, condominiums, and newer town homes. There are also older commercial developments that front on Bothell Way.

Mr. Szafran reviewed how the proposed application would meet the zoning criteria as follows:

- Would increase the number of housing units.
- Would increase the choice of housing options.
- Would locate higher-density housing in an appropriate area directed by the Comprehensive Plan.
- Would locate higher-density housing adjacent to public transportation and major arterial streets.
- Would be consistent with the HDR and MU goals and policies.
- Would be consistent with the recent rezone request in the immediate area.
- Bulk and size would be consistent with what current zoning allows.

Mr. Szafran reviewed that the proposed application would comply with Comprehensive Plan Land Use (LU) Policies. He referred to LU14 and pointed out that the parcel's current HDR designation, which is consistent with R-18 through R-48 zoning, would create a transition between higher-intensity uses and lower-intensity uses. He also referred to the LU12, which states that appropriate zoning for the Medium-Density Residential (MDR) designation would be R-8 and R-12. He summarized that even though the applicant's parcels are currently zoned R-18 and R-12, they are actually identified in the Comprehensive Plan as HDR.

Next, Mr. Szafran reviewed the following public comments that were received regarding the application:

- The high water table in the area was voiced as a concern. The applicant conducted preliminary soils tests on the subject property, and no water was found.
- Concern was raised about cut-through traffic in the immediate area, but actual traffic counts done by the City's Traffic Engineer identified a decrease in traffic since improvements were completed on Bothell Way.
- Concern was voiced about town homes being constructed next to single-family residential homes. The Development Code has standards to lessen the impact, but current zoning would already allow the properties to be redeveloped with town home type development.
- It was suggested there is no community vision for the neighborhood. The Comprehensive Plan identifies the subject property as HDR and MU, which staff considers being the vision for the area.

Mr. Szafran advised that staff's preliminary recommendation is approval of the proposed R-24 zoning.

Applicant Testimony

Scott Solberg said he was present to represent the Catalina Company, as well as other property owners in the area who have been involved in the rezone request. He reviewed how the proposed application would meet the following rezone criteria.

- **The rezone must be consistent with the Comprehensive Plan Land Use Goals.** Mr. Solberg explained that the proposed rezone application would be consistent with the Comprehensive Plan because:
 - The Comprehensive Plan Land Use Map identifies five of the parcels as HDR and two as MU.
 - The proposed zoning is consistent with the Comprehensive Plan Land Use Map.
 - It would create an environment for diverse and creative development.
 - It would encourage quality housing for future residents.
 - It would reduce sprawl through the efficient use of land.
 - It would allow the City to effectively manage surface and storm water.
- **The rezone must positively affect the public health, safety or general welfare.** Mr. Solberg advised that the proposed rezone would positively impact on the public health, safety and general welfare by:
 - Promoting the redevelopment of the aging housing inventory.
 - Encouraging construction of new affordable, clean, quiet, energy-efficient town homes.
 - Improving infrastructure and public landscape.
 - Complementing and encouraging the improvement of immediate neighboring properties through example.
 - Improving the right-of-way through development.
 - Improving storm and surface water through engineering and natural alternatives.
 - Improving the quality of life through positive growth.
- **The rezone must be warranted to achieve consistency with the Comprehensive Plan.** Mr. Solberg pointed out that the proposed rezone would be warranted because it:
 - Provides higher density development near areas of employment and public transportation.
 - Makes it economically feasible to use the subject parcels as intended.
 - Provides an opportunity to construct smaller, more affordable homes.
 - Allows development to be consistent with other neighboring sites that have recently been rezoned.
 - Allows development to be consistent with SMC 20.40.030.C.
- **The rezone must not be detrimental to neighboring properties.** Mr. Solberg emphasized that the proposed rezone would actually improve the neighborhood character and increase neighboring property values.
- **The rezone must have merit and value to the community.** Mr. Solberg explained that the proposed rezone would provide merit and value to the community by:
 - Providing an opportunity to begin the necessary steps to improve a neighborhood that is currently in decline.

- o Providing examples to illustrate what is and what could be.

Mr. Solberg provided a picture of a development located on property that was rezoned from R-12 to R-24 in 2006. He referred to SMC 20.40.030.C, which states that the purpose of the HDR (R-18, R-24, R-36 and R-48) zones is to provide a mixture of predominantly apartment and town home dwelling units and other compatible uses.

Mr. Solberg also provided examples of the type of development that could occur on the site if the zoning were to remain R-12. He noted that all of the subject sites are nearly the same size at 8,460 square feet, which would yield 2.33 units per site. Because the City does not allow developers to round up, the only option would be to construct one house directly behind the existing one. This would result in piecemeal development that would be undesirable and economically unfeasible. The same would be true if the site were zoned R-18, which would allow 3.48 units per site. It would still not be economically feasible to remove the existing house, and people would not likely purchase a new unit behind an old house. Therefore, it is likely all properties would remain transient.

Next, Mr. Solberg provided an example of the type of density that could be developed if the site were rezoned to R-24, which would allow 4.66 units per site and offer the ability to round up to five units per site. The result of the rezone would be the removal of the older, non-energy-efficient, obsolete housing to make way for new sustainable housing. In addition, the new town homes would be affordable in comparison to the cost of the existing housing.

Mr. Solberg provided a graph to illustrate the differences between R-12, R-18 and R-24 zoning. He explained that R-18 and R-24 zones allow a maximum impervious surface coverage of 85%, and the R-12 zone would allow 75% lot coverage. The maximum building coverage allowed would be 70% for R-24 zoning, 60% for R-18 zoning, and 55% for R-12 zoning. The base height would be the same for all three zones. Therefore, all R-12 zones that abut R-24 zones allow the ability to develop to the same height as allowed in an R-24 zone.

Mr. Solberg pointed out that currently on the west side of the street from 145th Street to 149th Street, about 70% of the units are rentals and 30% are owner-occupied. On the east side of the street there are slightly more rentals. He provided graphs to illustrate the current property uses and current zoning on 32nd Avenue Northeast.

Mr. Solberg reported that several neighborhood meetings were conducted by the applicant, and the majority of the property owners along 32nd Avenue indicated their support of the increase in density from R-12 and R-18 to R-24. The rezone would make it economically feasible to improve all of the under developed properties in the area. He described the benefits of gentrification as follows:

- Reduction in crime and code violations.
- Reduction in the inventory of under developed land.
- Reduction in the inventory of economically obsolete housing.
- Increase in home ownership.
- Increase in sustainable housing.
- Increase in economically and environmentally efficient housing.

He further described the anticipated results of redevelopment as follows:

- Safer streets for children, pedestrians and cyclists.
- New sidewalks, curbs and gutters.
- New green ways and street trees.
- New energy efficient housing.
- Increase in off-street parking spaces.
- Better management of stormwater and surface waters.
- Improved visual streetscapes.

Mr. Solberg provided a satellite overview of the neighborhood, and specifically identified the areas where traffic counts were conducted at the behest of the City. He reported that, mostly due to mitigation that has already occurred along Bothell Way, the traffic counts identify a negative traffic impact associated with the proposed rezone.

Questions of the Applicant and Staff

Commissioner Hall pointed out that the chart on Page 40 of the staff report identifies an 80% maximum impervious surface coverage for R-18 zones, yet the applicant indicated the R-18 zone has an 85% impervious surface coverage requirement. Mr. Szafran answered the correct number is 80%.

Commissioner Broili asked the applicant to share his thoughts about what constitutes affordable housing. Mr. Solberg said he has researched median houses for King County, as well as the residences within the pocket of 30th Avenue between 145th and 149th Streets and Bothell Way that have sold within the past two to four years. It is his belief that the existing homes seem to be selling for more than the proposed town homes and the town homes that were recently completed off of 145th Street and 31st Avenue.

Commissioner McClelland questioned where the displaced residents would go. Mr. Solberg said most of the people he has talked to, including the applicants, plan on moving out of the neighborhood. Through his research, he has found that the existing single-family homes have more land than house. Therefore, they are more valuable regardless of the structure that's on them. He advised that he has data from a real estate broker that supports his comment that single-family homes with development potential in the neighborhood are selling in the \$400,000 range. The brand new town homes in the area that have more square footage and are energy efficient are selling for \$379,000. He said he estimates that the new units developed on the subject properties would probably sell for about \$350,000 compared to the cost of the dilapidated existing home (about \$400,000) that would require significant repair and maintenance.

Commissioner McClelland asked if Mr. Solberg is assembling the land himself. He said he does not own the parcel that is furthest to the north, nor the parcels to the south. The additional properties were added to the rezone application later during neighborhood meetings.

Diana Herbst, Shoreline, requested the applicant clarify his statement that there would be no negative traffic impact if the property were built out in its entirety. Mr. Solberg clarified that the traffic engineer compared the existing traffic situation to data that was collected by the City prior to the improvements

on Bothell Way, and then estimated the impact associated with the proposed new development. Mr. Cohn added that while more units in the neighborhood would increase traffic, the traffic analysis suggests there would be less traffic in the future than there was two years ago before the change to Bothell Way was made.

Public Testimony or Comment

Dennis Lee, Shoreline, said he has been appointed to represent the Briarcrest Neighborhood Association. He said he met with Mr. Solberg who indicated a desire to work with neighborhood. However, there are no tools in the City's Development Code that would allow this to occur. He recalled that the current zoning and Comprehensive Plan land use designation for the subject property was inherited from King County before Shoreline was incorporated. Because there is no neighborhood plan in place for this area, owners have speculatively purchased properties that have become so rundown that the citizens in the neighborhood are glad when they are redeveloped into something else. He cautioned that just because a neighborhood is run down does not mean a developer has to fix the problem. The neighborhood can do this for themselves by utilizing a neighborhood subarea plan concept. He noted the market is moving towards more affordable housing, and condominiums and town homes are more affordable. However, they are not real property. They are partnerships between people about common land and over a given length of time they can become quite volatile in the market. Real property, meaning a duplex with a zero lot line or small houses on small lots, has never gone down in value, even when the larger houses were not sellable.

Mr. Lee pointed out that the real traffic problem is not within the neighborhood, but the access to and from the neighborhood. Lake City Way and 145th Street provide nearly the only access to the subject properties, except for an easement on the church property. He said he suspects there will be traffic problems in the future.

Mr. Lee pointed out that drainage is also a problem in the neighborhood, although perhaps not on the subject property. He noted that a perc test does not identify where the water goes. He suggested further study must be done to identify the current drainage situation on the subject property. In addition, neighbors are concerned about the impact a three-story building would have on their neighborhood. They are also concerned about the parking requirements. He summarized that a neighborhood plan could resolve many of these concerns.

Elaine Solberg, Shoreline, said she is a real estate broker. She expressed her belief that the homes her husband builds are beautiful and energy efficient. She said they have a vested interest in the community and would like to improve the area and develop more affordable housing. She submitted a comparable market analysis showing that many of the homes in the Briarcrest Neighborhood that have sold within the last few years were built in the 1940's and 1950's. The analysis was identified as Exhibit 1. Ms. Solberg said their intent is to replace the existing dilapidated homes with new units that attract families to the neighborhood. She said she is in favor of the proposed rezone. She corrected Mr. Lee's remark by clarifying that their town home development would not become shared property. Each individual owner would own everything within their space, and there would be no shared property.

Russel Pearson, Shoreline, said he has no vested interest in the proposed rezone application. However, he has been trying for years to get the neighborhood cleaned up, but he has experienced very little success or support from others in the area. He said he supports Mr. Solberg's proposal to improve the neighborhood. He expressed disappointment that none of the people who are opposed to the rezone have every helped him pick up garbage and clean up the streets in the neighborhood. While he doesn't want to sell his home and move away, he is tired of the dilapidated properties that surround him. He suggested that if people care about the neighborhood, they should have done something years ago. Now it is too late. None of the property owners live on the 32nd Avenue; the units are all being used as rentals. He summarized that the proposed rezone would accommodate development that would clean up the neighborhood, stop the crime, etc. The development would provide sufficient parking so cars are not spilling out all over the street.

Commissioner Hall left the meeting at 8:00 p.m.

Jennifer Kriebel, Shoreline, said she purchased her home about five years ago with the understanding that the subject property would eventually be converted into a high-density residential area. She said that while she has taken pride in ownership and has cared for her home, the area has gone down hill. She pointed out that, other than the applicants, no one lives on 32nd Avenue. She suggested the residents recognize the neighborhood for what it is. Directly across the street from her home is a fourplex, a 24 plus unit apartment building, and multiple rentals. The unit across the street from her is currently occupied by six to eight people with five cars. They double park and no one on the property takes care of the garbage. The City does not respond when there are problems. In addition, multiple billboards are located above the apartment buildings, as well as abandoned cars and a recreational vehicle. She summarized that development of the subject properties would increase and improve the area. If people are concerned about the infrastructure, they should recognize the developer would be required to pay for curbs, sidewalks, gutters, improved lighting, etc. These are improvements that cannot be funded by the City budget.

Kevin Dwinelle, Shoreline, said he lives in and owns the fourplex that is located on 32nd Avenue. He said he is not interested in changing his property, but he wants to support his neighbors in an effort to clean up the neighborhood. He said he has spent time over the past years renovating his fourplex unit, and he has received numerous compliments. But he can only do so much. The only way to improve the rest of the neighborhood is to allow developers to make changes. He said he supports the proposed rezone application and believes it would result in the necessary improvements. He noted that 32nd Avenue is located within an urban environment that needs multi-family housing opportunities.

At the request of Commissioner Pyle, Mr. Dwinelle clarified that his property is located at the corner on 147th Street. Commissioner Pyle noted that Mr. Dwinelle's property fronts on a non-passable street. He asked Mr. Dwinelle if he or neighboring property owners have ever considered approaching the City with a street vacation request that would allow the property to be granted back to the property it originally came from. Mr. Dwinelle said he did not even know this was an option, but he noted the street is used frequently by pedestrians.

Les Nelson, Shoreline, said he assumes the rezone would be accomplished as part of a Comprehensive Plan amendment. He expressed his belief that it would be appropriate to delay the Comprehensive Plan

amendment for the subject properties until the special study area work has been completed. He suggested that perhaps people are most concerned that there is no plan or clear direction for the future of the neighborhood. Commissioner McClelland clarified that no Comprehensive Plan amendment would be required to implement the proposed rezone. The rezone would bring the zoning on the properties into compliance with the Comprehensive Plans current land use designation for the sites.

Mr. Cohn reported that the area north of 145th Street from Bothell Way to 15th Avenue would be part of the Southeast Shoreline Subarea Plan, which would occur over the next year. Staff anticipates public meetings within the next few months, with the formation of a citizens' advisory committee who would work throughout the summer to develop a plan for the special study area. However, the subject properties, though they are in the Subarea Plan boundaries, are not in the special study area. The subject properties have already been identified in the Comprehensive Plan as MU and HDR. While it is conceivable that one outcome of the subarea plan would be to re-designate the subject properties, the rezone criteria requires the Commission to consider the current Comprehensive Plan designation, and not what the designation might be changed to in the future.

Matthew Gallagher, Lake Forest Park, said he represents the developer of the property two parcels to the south of the southernmost part of the subject property. He voiced his strong support for the rezone application. He expressed his belief that the properties along 32nd Avenue have the potential to be redeveloped to become a buffer to the Briarcrest Neighborhood. The proposed rezone would meet the Comprehensive Plan's goal for high density residential development by providing a variety of housing opportunities. He referred to the development that was completed 2½ years ago at 14513 – 32nd Avenue, as well as the vacant parcel for which development plans have already been submitted to the City. He said there have not been any water table issues on either of these properties.

Dennis Bruce, Shoreline, licensed geotechnical professional engineer, said he was asked by the applicant to conduct a preliminary soils and drainage study for the subject properties. He referred to the report he prepared in September of 2007. He explained that test pits found extremely dense native sands, but no ground water. He explained that while new developments must comply with a lot of expensive and rigorous drainage requirements, the older homes are allowed to simply dump their storm water onto the ground. He concluded there are no geotechnical or drainage issues that would preclude the applicant's proposed project, and specific additional studies would be required once the plans are formalized.

Commissioner Broili asked if Mr. Bruce is familiar with low-impact development practices. If so, he asked if the subject property would be appropriate for low-impact development projects. Mr. Bruce said he is familiar with low-impact development practices such as infiltration, etc. He said the sandy soil on the property would accommodate a very high infiltration rate. However, this type of concept would have to be considered in conjunction with the total picture.

Commissioner Pyle asked Mr. Bruce if he is a licensed engineer or licensed geologist. Mr. Bruce said he is a PE, with a practice in geotechnical specialty.

Bud Bennion, Shoreline, said he lives in the area identified in the Comprehensive Plan as special study area, just two blocks away from the subject properties. He emphasized there is a water problem in his

area, and he questioned how the situation would be impacted by development on the subject properties. Mr. Cohn invited Mr. Bennion to provide information to the City's stormwater personnel so they could research his situation. Mr. Szafran recalled that during the significant flood event that occurred in December of 2007, he checked with the City's Surface Water Department and learned that only one complaint was filed related to property on the west side of 30th Avenue.

Erik Spicer, Shoreline, said he is also one of the applicants and lives at 14549 – 32nd Avenue. He recalled that the big floods that occurred in December did not impact his property. He said he has no plans for developing a fourplex on his property. He has one of only two owner-occupied houses on the entire street. He said he supports the rezone so that the neighborhood could be improved.

Commissioner McClelland said she was under the impression that all applicants were working together to rezone and then redevelop the property. Now she is hearing there are multiple applicants requesting rezones for their individual lots, but there is no proposal for wholesale redevelopment of the properties. Chair Piro clarified that Mr. Solberg, the lead application for the rezone, owns three of the seven parcels, and he is planning to redevelop his properties. The other four property owners are parties to the rezone and their properties have been included in the application. Commissioner McClelland clarified that, regardless of whether or not Mr. Spicer has plans to redevelop his property now, he would have the ability to construct a duplex on the site if the rezone is approved as proposed.

Commissioner Pyle emphasized that the application is for a non-project rezone. No development proposal has been attached to the proposed action. He noted the City no longer conditions rezones, so the Commission could not adjust the zone. They must either recommend approval of the proposed R-24 zoning or not. Mr. Cohn clarified that the Commission could modify the rezone by suggesting a different density, but they could not place conditions on the rezone. Commissioner Pyle summarized that the Commission must take action on the non-project rezone application and the potential outcome that could be built on the site as a result.

Monica Anderson, Shoreline, expressed her belief that the neighborhood is not beautiful right now. She said she owns the house at the corner of 32nd Avenue and 147th Street. She lived there for a while herself, but was too embarrassed to have her friends visit because she had to call police almost everyday about cars that were dumped across the street from her. The neighborhood will never be a nice residential neighborhood as long as there is a huge parking lot. She said she has a difficult time renting her home. Her 4-bedroom home should rent for about \$1,600, but she has only been able to charge \$1,100. She expressed her belief that if the property were rezoned and redeveloped, the street could become a nice, residential street.

Diana Herbst, Shoreline, said she lives on 30th Avenue. She disputed comments that the neighborhood was never nice. She emphasized that the neighborhood is much more than just 32nd Avenue. The other streets are nice and beautiful and animals and birds often visit. The houses on her street were built in the 1960's, and surface water has been a problem in the past. She expressed her belief that redeveloping 32nd Avenue without a comprehensive overview could negatively impact and influence the future sub area plan.

LaNita Wacker, Shoreline, clarified an earlier statement by saying that the Comprehensive Plan of Shoreline was not inherited from King County. She said she ran for City Council in 1995 and participated with other citizens in many public hearings to create and adopt a new Comprehensive Plan for the City, which reflects the citizens' wishes, as well as the growth and vision associated with the Growth Management Act. She clarified that the zoning map was inherited from King County and has not been brought into compliance with the Comprehensive Plan. The current proposal for R-24 zoning is a simple request to make the zoning fit the Comprehensive Plan that was adopted by the citizens of the City. She expressed her belief that the request is reasonable. The residences in the general vicinity of the subject properties have, in many instances, reached functional obsolescence. They are two-bedroom, single-bathroom homes with old wiring and plumbing. They are ready for redevelopment since the value of the property lies in the land. The applicant has talked about utilizing green and sustainable concepts, etc. All of this would result in revitalization for the City. There are many areas in the City that have functionally obsolete housing. She urged the Commission to keep in mind that young families will not likely purchase homes that are functionally obsolete and require \$50,000 to \$100,000 worth of repairs in order to make them livable.

A member of the audience asked Ms. Wacker to identify the obsolete homes she referenced in her statement. Ms. Wacker answered that houses built in the 1960's and prior have single-pane windows, and because they are mostly rental homes, it is likely they also have old wiring, heating systems, etc.

Claire Snyder, Shoreline, said she lives in the home at 14723, and they were once the owners of the property. While they try to keep the property up, most of the other neighbors do not. She said she is in favor of the proposed rezone.

Jennifer Kriebel, Shoreline, said her home was built in the 1940's, and the plumbing and wiring is very outdated. Most people cannot afford to purchase homes in the area, and still have enough money to do the necessary repairs to make the homes livable and functional.

Cecilia Navaluna, Shoreline, said she owns at house at 14545 - 32nd Avenue. She said she supports the rezone application. She agreed with Ms. Anderson and said that even if she improved her home, it would still be difficult to find a good renter. If the rezone application is approved, she plans to demolish the home and possibly redevelop the property with a fourplex. Commissioner Broili asked if Ms. Navaluna is one of the applicants for the proposed rezone. Ms. Navaluna answered she is not. She said if she had been invited to participate in the rezone application, she would have done so.

Elaine Solberg inquired if Ms. Navaluna has been able to charge a rent that covers the payment on her home. Ms. Navaluna answered that she has owned the house since 1999 and has had four different tenants. The house has been vacant for about 1/3 of the time. Not only did she not get the monthly rent, but she has not been able to charge a high enough rent to cover the cost of the payments. However, they kept the property because of the land's value.

Presentation of Final Staff Recommendation

Mr. Cohn summarized that staff believes the Staff Report addresses the concerns raised by the public. Staff continues to support their original recommendation to approve the rezone application as presented.

He said Mr. Lee makes a good point that merely because the neighborhood is run down isn't a reason to change the zoning. However, that's not what the Staff Report suggests. The Staff Report points out the neighborhood is designated for High Density Residential, which means it is envisioned for higher density assuming issues such as traffic, drainage, etc. can be addressed. He referred to the Staff Report which provides evidence that these are not issues of concern for the proposed rezone.

Mr. Cohn recalled that a member of the public also suggested that the rezone could become an issue of precedent for the special study area. However, staff does not believe this would be the case. The special study area would stand on its own. The subject properties have already been identified in the Comprehensive Plan as High-Density Residential.

Final Questions by the Commission

Commissioner Pyle clarified that Mr. Lee did not appear to contest whether or not high-density zoning would be appropriate for the subject properties. He simply had a concern over the tools available in the Development Code with regards to the form of development that could occur on the site. He said he hears this concern often. He expressed his fear that patches of development could occur in the area that could make it impossible to realize the vision established through the study. He suggested that if they could align the timing right, they might even see the site targeted for R-48 or something similar to what is being considered for the Ridgecrest Neighborhood. On the other hand, Commissioner Pyle expressed his belief that the application meets all the rezone criteria, as well as the Comprehensive Plan's vision of high density.

Commissioner Broili agreed with Mr. Lee about the form of development, and he has spoken often about the need to move forward rapidly to amend the Development Code to be more stringent in that regard. However, that is not the issue before the Commission at this time. The Commission must consider the rezone application, which is consistent with the Comprehensive Plan. He said he sees no reason to recommend denial of the application.

Commissioner McClelland recalled that when just one of the properties came before the Commission previously for a possible rezone, the Commission indicated it would not be appropriate to rezone just one lot. She expressed her belief that the effect of the current rezone proposal would be similar to the rezone proposal that was previously considered. Unless all the properties are aggregated, future development would be limited. She suggested there might be an opportunity to implement a form-based zoning concept similar to what was done for the Ridgecrest Neighborhood so the City could address the whole neighborhood at the same time. She said she is not confident the proposed rezone application implements the vision of the Comprehensive Plan.

Mr. Cohn agreed that redevelopment on the subject properties would not take place all at the same time, and this would also be true if a form-based zoning concept were implemented. He recalled that when a rezone proposal was submitted for just the one property, the Commission expressed a desire for staff to look at the area more cohesively and include more parcels. The current proposal includes seven parcels that would be rezoned to R-24. The intent is that, at some point in the future, the rezone action would set a very precise number for development on 32nd Avenue.

Commissioner McClelland questioned if there is a way to get all property owners together to create a neighborhood development plan. Although the City cannot require a subarea plan at this time, perhaps they could facilitate the use of the concept for the subject properties, as well.

Commissioner Broili asked if any attempt has been made to include other property owners as part of the rezone application. Mr. Cohn said it is too late to add additional properties to the application. The hearing was advertised as a rezone proposal for just the seven properties identified on the application. However, the City could advise other property owners along the street to join together in an effort to rezone the remainder of the street. The City should not place themselves in the position of approaching property owners, but this could be one option discussed as part of the Southeast Shoreline Subarea Planning Process. Commissioner Broili encouraged staff to invite future applicants to reach out to adjoining property owners. Mr. Szafran said the applicant did make an effort to contact property owners along the street.

Mr. Solberg explained how he inherited the responsibility of being the lead applicant. He emphasized that, at that point, the City's notice of meeting and procedure had already been started. If there had been an opportunity to include other neighbors, he would have done so.

Mr. Solberg referred to Commissioner McClelland's concern and indicated he intends to redevelop his properties one at a time, and the other applicants would likely follow in the future. He said he would be willing to participate in the Southeast Shoreline Subarea Plan, and within one year they could end up with designations that oversee the entire neighborhood. If the subarea plan results in a legislative rezone of adjacent properties, the zoning of the subject properties would be taken into consideration. The end result would likely be in harmony with the neighborhood's vision.

Commissioner Harris agreed with Mr. Solberg that in the development community, it takes a "pioneer" to plant the seed of redevelopment, and then others follow. However, unless the City initiates a rezone process, it is customary for a property owner to do so. He summarized Mr. Solberg's comment that R-12 and R-18 zoning would result in an additional unit behind the existing unit. He noted that an R-24 zoning designation would allow at least five units per site, which would eliminate this type of situation and make it economically feasible to demolish the existing structures and redevelop with more uniform zoning along the street.

Ms. Solberg indicated that she and her husband would redevelop their property regardless of whether or not the rezone is approved. They cannot afford to keep supplementing the rent in order to make their monthly payments. They would rather build nice fourplex units rather than piecemeal development.

Commissioner McClelland questioned the worst that would happen if the applicants withdrew their application and reapplied for a rezone that included more properties. Mr. Solberg asked if the Commission has the ability to waive the rezone fee to bring the same applicants in with more people on board. He reiterated that the subarea plan would start within the next few months and would be in place before the street is significantly developed. He expressed his belief that the subarea plan would likely identify the property the same as what they are asking for now. The applicants are asking for a jump on what is already to come.

Chair Piro recalled that spot zoning was a key issue when the earlier rezone application was considered for just one of the properties. The Commission agreed it would not be appropriate to deal with zoning on a parcel-by-parcel basis. He said envisioned dealing with the zoning on 32nd Avenue on a block-by-block basis, so the seven-parcel application does not really satisfy his concerns. However, he has been swayed by the testimony not only from the applicants on 32nd Avenue, but other property owners as well, about the value of moving forward with the rezone application. Since they are approaching their work on the special study area, it might be appropriate to advance the rezone as a precursor, recognizing it does not satisfy all of the issues that were raised by the Commission a year ago.

COMMISSIONER HARRIS MOVED THE COMMISSION RECOMMEND TO CITY COUNCIL APPROVAL OF STAFF'S RECOMMENDATION TO REZONE SEVEN PARCELS AT 32ND AVENUE NORTHEAST FROM R-12 AND R-18 TO R-24. COMMISSIONER PHISUTHIKUL SECONDED THE MOTION.

Commissioner Harris complimented Mr. Solberg for his well prepared presentation on behalf of the applicants. He pointed out that the testimony provided by property owners surrounding the subject parcels has been mostly in favor of the rezone. The rezone application meets the Comprehensive Plan Land Use Map zoning designations, as well. Commissioner Broili stated his belief that the rezone application is consistent with the Comprehensive Plan and makes sense for the neighborhood. He agreed with the comments provided earlier by Commissioner Harris.

Commissioner Pyle agreed the proposal meets the rezone criteria and is a step in the right direction. However, he expressed concern about the Southeast Shoreline Subarea Plan effort that is getting underway, especially in light of a comment made earlier by staff that the subarea planning effort might be pushed back later in the agenda for the year. Mr. Cohn said staff intends to start working with the public very soon. Commissioner Pyle reminded staff that while the subject properties are not part of the special study area, they are directly related. It is important to move ahead with the subarea planning effort as soon as possible. Perhaps they should consider postponing future rezone applications until the subarea planning process has been completed.

Closure of the Public Hearing and Commission Deliberation

COMMISSIONER MCCLELLAND MOVED THE COMMISSION CLOSE THE PUBLIC HEARING FOR THE CATALINA COMPANY 32ND AVENUE NORTHEAST REZONE REQUEST. COMMISSIONER BROILI SECONDED THE MOTION. THE MOTION WAS APPROVED UNANIMOUSLY.

Vote by Commission to Recommend Approval or Denial or Modification

Commissioner McClelland suggested that as part of the Southeast Shoreline Subarea Plan, the City should consider opportunities for providing a gateway to the City near the intersection of 145th Street and 32nd Avenue. They should look for opportunities to pull properties west of 32nd Avenue into the City of Shoreline as something they can enjoy and be proud of.

THE MOTION TO RECOMMEND APPROVAL OF THE STAFF RECOMMENDATION WAS APPROVED UNANIMOUSLY.

PUBLIC HEARING ON REVISED PROPOSAL FOR HOUSING DENSITY IN COMMUNITY BUSINESS (CB) ZONES

Chair Piro reviewed the rules and procedures for the Type L Legislative Public Hearing, then opened the hearing.

Staff Overview and Presentation of Preliminary Staff Recommendation

Mr. Cohn recalled that a proposal to allow additional housing density in CB zones was previously studied by the Commission in March and April of 2007. After a joint City Council/Planning Commission discussion on October 8, 2007, the City Council decided to send the item back to the Commission for additional review.

Mr. Cohn explained that the impetus behind the code revision was the realization that high-density residential development would not occur in CB zones because the current density limitation of 48 units per acre is too low a threshold to encourage residential development there. Staff believes the situation still exists. If the Development Code isn't modified, it is unlikely that CB zoned areas near Aurora Avenue and Ballinger Way would redevelop with residential uses even though they are logical areas for this type of use because they are close to retail stores and good transit service.

Mr. Cohn said the revised proposal would regulate density through height, bulk, setback and parking requirements rather than by an arbitrary density number. The proposed amendment would affect all CB zoned properties that are located:

- Within the Town Center Area or along Ballinger Way.
- At least 90 feet from single-family zoned properties.
- Within a 10 to 15-minute walk from Aurora Avenue North or Ballinger Way.

Mr. Cohn provided a map to illustrate the areas that would be affected by the proposal. Because the proposed changes would only apply to two specific areas, Mr. Cohn said staff believes they meet the intent of focusing increased residential densities in those areas with infrastructure to serve it. In addition, single-family zoned properties would be protected.

Questions by the Commission to Staff

Commissioner Pyle questioned how the areas would be measured. Mr. Cohn said his understanding is the areas would be measured the same way as the moratorium was measured: from the edge of the legal tax parcel boundary. Commissioner Pyle asked if the City's right-of-way is actually zoned. Mr. Cohn answered that, in most cases, the City's right-of-way is not zoned, but some pieces of the trail are zoned. Commissioner Pyle referred to Bellevue's transition areas, which are measured from the edge of the zone rather than the edge of the property boundary. Mr. Cohn said in most cases, the zone only goes to the property boundary, and not to the middle of the right-of-way. Commissioner Pyle asked if a property

would have to be located entirely within the green boundary in order to be eligible for the modified zoning. Mr. Cohn answered affirmatively.

Commissioner McClelland requested a map to identify the properties on Ballinger Way that would be eligible for the modified zoning. Mr. Cohn clarified that all properties that are adjacent to Ballinger Way would be eligible, and maps of Ballinger Way were included in the packet.

Public Testimony or Comment

Michelle Moyes, Shoreline, said she owns residential property in the area known as the Westminster Triangle, which would be very much impacted by the proposed new density. She asked the Commission to consider changing the eligibility criteria to be more than 90 feet away from the residential homes. Perhaps a better number would be 120 feet. She encouraged them to walk through the areas in question.

Mr. Cohn responded that the proposal would not apply to properties in or near the Westminster Triangle, It would only apply to the area on Aurora Avenue North that is located north of 170th Street. It would not apply to properties south of 170th Street.

LaNita Wacker, Shoreline, indicated her support for the proposal with some modifications. She emphasized that the proposal does not constitute a rezone. It is related to CB zoning that currently exists in the Comprehensive Plan. Utilization of the cubic space of the building would be up to the developer. She suggested that to avoid losing valuable commercial space to residential uses, it would be appropriate to require the first floor to be built to the commercial standards of the CB zone. This would create the potential for a mixture of retail and residential uses. Ms. Wacker disagreed with Ms. Moyes and suggested that 90 feet is too excessive. She pointed out that commercial properties are very expensive, and a 90-foot setback requirement would deny property owners the full use of their property and could constitute a taking situation. She expressed her belief that a 20-foot setback would be adequate. There are many good reasons to allow more residential development in the CB zone. Allowing density to be located near transportation service is good. Allowing the density to be controlled by development standards would also be appropriate.

Chair Piro asked if staff considered the option of requiring commercial development on the first floor in the CB zone. Mr. Cohn answered that staff did not consider this type of requirement.

Commissioner McClelland pointed out that the CB zone allows for development right up to the property line, with no setback. The 90-foot requirement means that the modified zoning would not be allowed within 90 feet of a single-family residential zone. Mr. Cohn agreed, noting that if a property is closer than 90 feet of a single-family residential zone, the modified zoning could not be applied.

Ms. Wacker expressed her concern that the bulk of a building in a CB zone would be the same whether it is next to a single-family home or Aurora Avenue North. The proposed code amendment would not change the outward appearance of development in the CB zone so it would have absolutely no visual impact to any of the surrounding residential property owners. However, the amendment would positively impact the City by creating the opportunity for more affordable housing.

Commissioner Pyle agreed that the visual impacts of the change would be negligible, but the community has indicated they are not comfortable with the number of parking spaces required and the opportunity for increased density. The community has expressed a desire for more control over these concerns. Ms. Wacker expressed her belief that the controls are already in the Development Code and would be triggered by the traffic impacts. She said one misconception is that the proposal would result in a significant change, but that is not the case.

John Behrens, Shoreline, suggested the map be made clearer by identifying which properties would be eligible for the proposed new zoning. He agreed that the City could easily prepare a map that would identify all of the parcels that are entirely within the green polygon identified on the map. Again, Mr. Behrens suggested the City clearly identify those properties that would be impacted by the change. He expressed his belief that the City would change as a result of the proposed amendment to the CB zone. He said he is not comfortable the City has done enough study to identify all of the impacts associated with the change. He noted that the properties lie within two very sensitive drainage areas, and there are already problems with flooding and stormwater runoff. Mr. Szafran clarified that the proposal is a change to the City's Development Code, not a rezone application.

Jim Abbott, Shoreline, said he supports the proposed amendment to the Development Code. He particularly agreed with the remarks provided by Ms. Wacker. He provided a site plan and concept that was prepared by his architect, Marlin Gabbert, for a project located within the area that would be affected by the code amendment. Regarding the parking concern, Mr. Abbott pointed out that if there is more housing and less commercial space, developments would require less parking and not more. He expressed his belief that the proposed code amendment would benefit the few properties that are close to Aurora Avenue North and Ballinger Way, and it would also provide an opportunity for more housing in an area that is close to businesses and transit service.

Les Nelson, Shoreline, expressed his belief that changing the definition of a zone is the same as changing the zoning. It requires a Comprehensive Plan amendment that would be more properly addressed from a comprehensive standpoint. He questioned why they should change the CB zone to be the same as the Regional Business (RB) zone just to meet the needs of a few developers. He voiced concern that this could set a precedent for the same action to occur elsewhere in the City. If they want to apply the RB zoning standards to properties along Aurora Avenue North and Ballinger Way, they should just change the zoning to RB rather than modify the CB zoning standards. He suggested the Commission wait to make their recommendation until after issues surrounding the current moratorium have been resolved.

Mr. Cohn explained that the Growth Management Act makes it clear that cities have the right to change the Development Code without changing the Comprehensive Plan. The intent of the CB zone is to allow residential, commercial, and office development. The Comprehensive Plan envisions that this area be a place for commercial and residential uses, which is consistent with CB zoning.

Mr. Nelson pointed out that the Comprehensive Plan does not address any residential density above R-48, so allowing unlimited density in the CB zone would be inconsistent with the Comprehensive Plan. The only way to make this change is through a Comprehensive Plan amendment to bring the code into conformance with the Comprehensive Plan.

Commissioner Pyle suggested that Mr. Nelson may be confusing the Comprehensive Plan's reference to R-12, R-18 and R-48 zones, which are specific zones in the City's Development Code, as a limit on density, but that is not the case. The Comprehensive Plan actually calls out a specific set of zoning controls, one of which is CB. The proposed action would amend the CB zoning controls to eliminate the cap on density.

Mr. Cohn suggested the Commission continue the public hearing to allow those who have not had an opportunity to address the Commission to do so at a later date. However, they should make it clear that those who have already had an opportunity to speak would not have another opportunity to speak.

COMMISSIONER BROILI MOVED THAT THE LEGISLATIVE PUBLIC HEARING FOR HOUSING DENSITY IN THE COMMUNITY BUSINESS (CB) ZONE BE CONTINUED TO THURSDAY, FEBRUARY 21, 2008. COMMISSIONER MCCLELLAND SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

REPORTS OF COMMITTEES AND COMMISSIONERS

None of the Commissioners provided reports during this portion of the meeting.

UNFINISHED BUSINESS

There was no unfinished business scheduled on the agenda.

NEW BUSINESS

There was no new business scheduled on the agenda.

ANNOUNCEMENTS

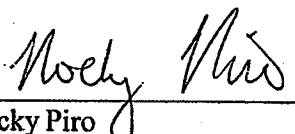
No announcements were made during this portion of the meeting.

AGENDA FOR NEXT MEETING

The Commissioners had no additional comments to make regarding the agenda for the next meeting.

ADJOURNMENT

COMMISSIONER BROILI MOVED THAT THE MEETING BE ADJOURNED AT 10:10 P.M.
COMMISSIONER PYLE SECONDED THE MOTION. THE MOTION CARRIED
UNANIMOUSLY.



Rocky Piro
Chair, Planning Commission



Jessica Simulcik Smith
Clerk, Planning Commission

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CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Ordinance No. 492, Planned Area 2 Legislative Rezone for the Ridgecrest Commercial Area
DEPARTMENT:	Planning and Development Services
PRESENTED BY:	Joseph W. Tovar, FAICP, Director

PROBLEM/ISSUE STATEMENT:

The City Council last reviewed the staff proposal on the proposed new planned area legislative rezone for the Ridgecrest commercial area at your March 3 meeting. The March 24 meeting is the fifth Council discussion on this item. Staff is attaching the following two items for Council discussion:

- Results of a Council- requested study looking at the economic feasibility of a prototypical mixed used development of 4, 5, and 6 stories.
 - The study has two portions: the feasibility analysis/model summary and the model results
 - The study shows that, of the three options, the 6 story option is "probably feasible", using assumptions consistent with the Easton study (Property Tax Exemption). For this option to be feasible, the rents would have to be a little higher than today's current market or savings would need to come from the development side.
 - A five-story building is "possibly feasible". To achieve this would require a combination of higher rents and lower development costs as wells as improved building efficiency.
 - A major driving cost factor is the cost of providing parking.
- Revised set of regulations that reflect Council direction for items discussed on March 3, 2008. The major addition to the March 3 set of regulations pertain to parking:
 - Change parking regulations to require 80% of the required parking to be located on-site, 10% to be located within Planned Area 2, and another 10% to be located on non-residential property located within 1,000 feet of a development.
 - Change how offsite parking is enforced: For the first three years of occupancy, the development's representative will provide a parking management plan to the City. The City will review the plan with regards to parking impacts on the residential neighborhood. If there are impacts, the development's representative will agree to acquire additional areas for parking or to reduce the square footage in the building to be leased to

offset the number of vehicles from the site that are impacting the neighborhoods.

The consultant will attend the March 24 meeting to present a summary of the findings and respond to questions. Following the discussion with the consultants, the Council may decide to discuss other aspects of the revised staff proposal to prepare for the March 31 discussion.

The Council will discuss the proposal on March 31, 2008 and is scheduled to take final action that evening.

If Council members have questions about the consultant study or staff recommendation please contact Steve Cohn at 206-546-1418 or scohn@ci.shoreline.wa.us prior to the meeting.

RECOMMENDATION

No action is necessary.

Attachments

- A. Community Attributes Economic Feasibility Study
- B. 20.9 1 Ridgecrest Commercial Planned Area 2

Approved By: City Manager  City Attorney ____

City of Shoreline

Development Feasibility Analysis

SUMMARY OF FINDINGS

This analysis examines alternative development scenarios for a mixed-use residential and retail development at the corner of 5th Avenue NE and NE 165th Street in Shoreline. Five- and six-story scenarios of such a development both might be feasible. Neither appear to be feasible without significant risk or opportunity costs, and at six stories the development provides a more likely scenario for market feasibility. The developer of this property suggests that a six-story building would be feasible, while this study suggests that such a building would require either a higher tolerance of risk or land costs lower than expected based on market data.

Specifically, the analysis presented in this report demonstrates the following:

- **Six-story development of apartments with ground-floor retail is probably feasible, but likely would require compromises on costs or development style or increases in rents.** The feasibility of developing at six stories is in fact somewhat questionable, based on current industry costs, along with revenues assumptions based on local market conditions.

The development would likely require increasing the revenue producing space relative to the total building space (often referred to in the industry as the “building efficiency”). This requires decreasing common space in the building such as lobbies, corridors, stair wells, and utility rooms, or reducing building amenities.

- **Five stories is possibly feasible, but would require a combination of higher rents, lower development costs, below market land costs as well as improved building efficiency.** Similarly, a five story building is possibly feasible, though maximizing building efficiencies would be required in addition to improvements in other factors.
- **Affordable housing requirements impact development feasibility at any building scale but do not by themselves preclude the project from being infeasible.** A 6-story building could be feasible under either level of affordability restriction given sufficient cost reductions, higher rents charged for the market units, or increases in building efficiency. A 5-story building appears infeasible under either affordability level without

major improvements in those aspects and could prove to be completely infeasible. Affordability requirements have a lesser impact on project feasibility overall than do changes in costs, rents, or building efficiency.

- **Green Building requirements may increase development costs, requiring unrelated cost reductions and/or increases in rents.** Any additional costs necessary to build green would increase the need to improve performance in the other factors noted above. An experienced design and construction team could possibly mitigate or avoid an increase in cost altogether through efficient design and construction.
- **Providing a public plaza increases development costs slightly but associated costs could be offset by improvements in costs, rents, or building efficiency.** The cost of the plaza is relatively small in proportion to the total project cost and could be overcome by slightly increased rents, decreased costs, or improvements in other areas.

INTRODUCTION

Background and Purpose

The City of Shoreline requires analysis of a proposed real estate development project to understand better the degree to which alternative building heights might affect financial feasibility from a developer's perspective. In addition to height limit impacts, the analysis assesses the impacts on feasibility of other City requirements, including requirements for affordable housing, open space (in the form of a plaza) and environmentally sustainable (or 'green') building.

Approach and Methods

Analysis consists of pro forma income modeling of development scenarios, based on building program information provided by City staff. Other assumptions draw from previous studies sponsored by the City and limited research of secondary data. The analysis includes sensitivity analysis performed on development costs, revenues and financial variables.

Organization of Report

The report is organized into the following sections:

- **Scenario Assumptions and Definitions.** Descriptions of the scenarios modeled for feasibility.
- **Assumptions and Feasibility Measures.** This section describes the assumptions and provides key definitions used in the report.
- **Findings.** Summary of key findings and analysis of key factors that affect feasibility.

- **Analysis of City Requirements.** Assessment of the key requirements that the City is considering for development.
- **Other Findings and Considerations.** This section describes the impact of variations in key assumptions on financial feasibility of each scenario.
- **Appendix. Model documentation and pro forma financial statements and cash flow projections.** For each scenario, the model includes the following exhibits:
 - A point-in-time pro forma analysis of costs and revenues illustrate hypothetical project feasibility for a given building program.
 - A 10-year cash flow analysis considers the feasibility of the project over time under conventional financing structure, modeled for both a leveraged approach utilizing both debt and equity and an unleveraged approach relying exclusively on investor equity.

SCENARIO ASSUMPTIONS AND DEFINITIONS

Site Description

The site analyzed is located at the corner of 5th Avenue NE and NE 165th St. in Shoreline and covers 2.6 acres (112,000 s.f.) of land.

Building Heights and Program Scenarios

The analysis considers ground floor retail with rental apartments above, with building heights at 4, 5 and 6 stories. The three scenarios modeled include 131,250 s.f. of gross building area devoted to apartments for the 4-story scenario, 175,000 s.f. for the 5-story scenario, and 218,750 s.f. for the 6-story scenario.

Each scenario modeled includes 5,000 s.f. of retail space, a 2,000 s.f. public plaza and one level of above-ground structured parking to serve the building. The analysis finds parking requirements to be in excess of what could fit on one level of structured parking. Providing the additional parking could result in significant additional costs to the project, reducing feasibility under baseline assumptions.

Property Tax Exemption for Affordable Housing

All scenarios include the property tax exemption available for projects that make 20% or more of the total units affordable to households with incomes below a certain defined level, as outlined in the Shoreline Multifamily Property Tax Exemption Program study prepared by Property Counselors in July 2007. The tax exemption is shown as a savings in the operating expense tables in each scenario's cash flow projection.

Affordable Housing

Housing affordability is determined in many public policies based on the household income requirements to cover rents or mortgages. Household incomes are expressed in terms of the percentage of the King County median household income (AMI, for area median income).

This analysis assumes that affordable housing would be targeted to households earning 65% or 70% of the AMI, and that no more than 30% of household income would be spent on rent. The baseline AMI value in this study is the State Office of Financial Management's 2007 estimate for King County median household income, which was estimated to be \$67,300.¹

The alternative affordability requirements of 65% and 70% of AMI are \$43,700 and \$47,100 respectively. At 30% of household income, supportable monthly rents are \$1,090 and \$1,180.

The analysis assumes that 20% of building units are devoted to affordable housing.

Green Building

The City desires that the project achieve a 3-star rating in the King County Master Builders Association's 'Built Green' system. Developing a building with improved environmental performance can add to its overall cost, but not at a magnitude that would be expected to solely drive feasibility. A survey of recent research and green building literature indicates that a building designed to meet the City's requirements can add from between 1% to 6% in cost above that necessary to construct the a similar non-green building.² Based on this range a baseline cost premium of 3% of hard costs was factored into the model. Sensitivity analysis was performed to assess the impacts on project feasibility of higher or lower 'green' cost premiums.

Public Plaza

The City will require the developer to provide a public plaza as a community amenity. This ground-level plaza reduces the potential leasable ground area that could be developed as leasable space. However, the property is sufficiently large that the height and FAR limits would allow more units on site than are

¹ Actual affordability requirements will be a policy decision of the City of Shoreline. This report does not represent a full analysis or recommendation of what levels of 'affordability' should be required in the City.

² Davis Langdon Adamson, "Costing Green: A Comprehensive Cost Database and Budgeting Methodology" (2004); Davis Langdon, "Cost of Green Revisited: Reexamining the Feasibility and Cost Impact of Sustainable Design in the Light of Increased Market Adoption" (2006); and Capital E, "The Costs and Financial Benefits of Green Buildings: A Report to California's Sustainable Building Task Force" (2003).

contemplated even under the six-story scenario. On such a large site, even a 2.5 FAR level would allow 251 units, just over the 250 proposed for a 6-story building. Provision of a plaza thus does not reduce the number of units that could be provided. The plaza would however slightly reduce the number of parking stalls that could be provided in a ground-level garage structure, increasing the number that would need to be provided in an underground parking structure or at an off-site location.

ASSUMPTIONS AND FEASIBILITY MEASURES

Baseline Assumptions

Baseline assumptions for the analysis (shown in detail in the attached appendix) reflect industry averages for development costs along with market rents chosen to reflect market rents for new apartments in Shoreline.

Inputs represent values that were either researched specifically for this project, developed through discussions with key project team members, or assumptions made based on professional experience and judgment. Actual values seen in individual development proposals may vary (perhaps considerably) from these initial assumptions, as they are driven by factors unique to each developer, the specifics of the proposed development program, specific site characteristics, and market conditions at the time.

Residual Land Value

Residual land value (RLV) is the primary indicator of project feasibility presented in this report. RLV expresses the amount of money that a developer should be willing to pay for land for the opportunity to develop the project. RLV reflects what the revenue from the project would be expected to cover for land costs, after fully funding all development costs including hard costs (materials and labor), soft costs (design fees, permits and other costs) and an investment return to the developer and investors.

Sensitivity analysis demonstrates how changes in RLV reflect the significance of City requirements (green building, affordability, and provision of a public plaza). Residual land value is expressed in terms of value per square foot throughout.

IRR and ROI

Internal Rate of Return (IRR) presents the effective compound annual growth rate of profits from the investment, based on development costs and operating revenues. Overall, leveraged IRR rates parallel the results identified above for residual land values: a developer's IRR for a 6-story building is positive under each affordability scenario but slightly below the typical market expectations of 15% IRR, averaging between 13.3% to 13.9%.

Return on Investment (ROI) presents the dollar return received by the investor as a percentage of their initial investment. This study assessed leveraged ROI

values based on the present value of operating income and ultimate disposition of the property and found that ROI values for each scenario exceed typical market expectations of 25% for all scenarios. ROI values shown range from 67% for a 4-story building under the 65% AMI affordability scenario to 121% for a 6-story building under the 70% AMI scenario.

FINDINGS

Baseline Findings

The analysis suggests that with the baseline assumptions a developer would be willing to pay \$19.42 per s.f. of land, for the opportunity to develop a 6-story building at the site, with no requirements for market affordability (shown in row 3, column 1 of **Exhibit 1**).

Acquiring land in Shoreline would be expected to require closer to \$50 per s.f., based on the City's recent studies and previous Community Attributes research in Shoreline (2007). This "hurdle value" is a general reflection of expected costs for acquiring land, demolishing any existing improvements and addressing any environmental remediation required on the site.

The baseline assumptions suggest that the project would not likely generate sufficient net operating income to cover development costs and to pay market rates for land. Developing at lower heights and incorporating an income qualification for 20% of the units further challenges the feasibility of the development. (Negative values in the table suggest that the developer would not be willing to pay for the land.)

Exhibit 1
Residual Land Values (RLV) by Height and Affordability Requirement

Site	No Affordability Requirement	Affordable Scenario	
		65% AMI	70% AMI
4 Story Building	(\$14.81)	(\$22.09)	(\$19.67)
5 Story Building	\$2.31	(\$7.40)	(\$4.17)
6 Story Building	\$19.42	\$7.29	\$11.34

Feasibility Analysis

Three general relationships drive the feasibility of a real estate investment:

1. **Construction Cost vs. Revenue.** The relative cost to construct a given space versus the value it can generate when leased or sold to a user;
2. **Building Efficiency.** The proportion of total building space that can be utilized in revenue-generating activities;

3. **Financial Valuation.** The attractiveness of a given type of space or use to investors and capital markets.

These three factors were found to have a more significant influence on project feasibility than the three City requirements identified outlined above (affordability, green building, and the public plaza).

Capitalization Rates

Feasibility determination is most sensitive to financial valuation. A key measure of value is called a capitalization rate, or cap rate. The cap rate is one year's worth of stabilized net operating income (stabilized after all units are leased and operating costs are predictable) expressed as a percentage of overall property value (determined either by sales prices, or in this case, development costs, including land costs). Trends in cap rates within a market reflect the investment market's appetite for risk. A relatively small shift in cap rates can dramatically affect the value of a project.

The baseline assumptions include cap rates at 5.00%, based on Seattle market averages, the market-wide cap rates for apartments in March 2008 are estimated at 5.50% (Real Capital Analytics, 2008). A baseline assumption of 5.00% reflects an adjustment to attempt to reflect the developer's own perception of apparently lower market risk.

Exhibit 2 below illustrates the effect of a shift in cap rates on project feasibility (assumes 20% of apartment units set to be affordable at the 70% AMI level; RLVs for the second scenario of 65% AMI rents would be lower.)

Exhibit 2
Sensitivity of RLV to Cap Rates

# Floors	Cap Rate				
	4.50%	4.75%	5.00%	5.25%	5.50%
4	\$ 10.69	(\$ 5.29)	(\$ 19.67)	(\$ 32.67)	(\$ 44.50)
5	\$ 35.89	\$ 14.81	(\$ 4.17)	(\$ 21.33)	(\$ 36.94)
6	\$ 61.10	\$ 34.91	\$ 11.34	(\$ 9.99)	(\$ 29.38)

Even for a 6-story project, a decrease in cap rates from 5.00% to just above 4.50% is necessary to generate RLVs sufficient to fund the assumed land purchase price. At 4.50%, six stories are still necessary for feasibility (clearing the RLV hurdle value of \$50 per s.f.).

Building Efficiency

Building efficiency, the proportion of the building's total ("gross") square footage that can be leased and thus generate income, is a second critical factor. At the suggestion of City staff, the base case modeled a 80% building efficiency factor, meaning that only 80% of the total building square footage is leasable and thus generates income. The remaining 20% generates no revenue and thus becomes a

burden on the leasable space. Any increase in building efficiency therefore becomes a significant increase in operating income.

Exhibit 3 below shows the effect on project feasibility of increasing building efficiency over the baseline assumption of 80%. It is apparent that an increase in building efficiency from 80% to 90% would in itself be sufficient to make a 6-story building feasible.

Exhibit 3
Sensitivity of RLV to Building Efficiency

# Floors	<i>Building Efficiency Factor</i>				
	75.00%	80.00%	85.00%	90.00%	95.00%
4	(\$ 34.73)	(\$ 19.67)	(\$ 6.29)	\$ 5.67	\$ 16.45
5	(\$ 24.02)	(\$ 4.17)	\$ 13.44	\$ 29.16	\$ 43.30
6	(\$ 13.31)	\$ 11.34	\$ 33.16	\$ 52.64	\$ 70.15

Construction Cost and Lease Rates

The relationship between construction costs and rent rates, while important, generates smaller impacts than does a change in cap rates or improvements in building efficiency. **Exhibits 4 and 5** below present the impact of changes in construction hard cost per square foot and residential lease rates, respectively.³

Exhibit 4 shows that construction costs would need to decrease to about \$100 per s.f. – by nearly 20% - for a 6-story building to become feasible under current conditions, and by just over 20% for a 5-story building to be feasible, with all other baseline assumptions held constant. Continuing construction cost increases in recent years suggests such declines are unlikely. The risk of further cost increases, on the other hand, remains real and could make a project infeasible in the future, requiring revenue increases to make up for cost growth.

Exhibit 4
Sensitivity of RLV to Construction Hard Cost (Apartment Costs)

# Floors	<i>Construction Hard Cost per S.F. (Apartments)</i>				
	\$ 80.00	\$ 100.00	\$ 120.00	\$ 140.00	\$ 160.00
4	\$ 52.19	\$ 16.26	(\$ 19.67)	(\$ 55.60)	(\$ 91.53)
5	\$ 91.65	\$ 43.74	(\$ 4.17)	(\$ 52.07)	(\$ 99.98)
6	\$ 131.10	\$ 71.22	\$ 11.34	(\$ 48.55)	(\$ 108.43)

Exhibit 5 shows that market rents would need to rise by nearly 20% to make a 6-

³ Construction costs and lease rates were modeled on apartments rather than a weighted average of all spaces in the building to simplify analysis. Apartments were selected as the baseline as they make up the vast majority of the building space on this project, at between 131,000 s.f. and 218,000 s.f. versus only 5,000 s.f. of retail space. Any variation in the cost to construct retail space would have a negligible affect on overall feasibility relative to changes in apartment construction costs.

story building feasible if all other conditions remained constant, while a 5-story building would require an increase of approximately 25%.

Exhibit 5
Sensitivity of RLV to Changes in Apartment Lease Rates

# Floors	<i>Market Lease Rate (Apartments)</i>				
	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
4	(\$ 39.08)	(\$ 19.67)	(\$ 0.25)	\$ 19.16	\$ 38.57
5	(\$ 30.05)	(\$ 4.17)	\$ 21.72	\$ 47.60	\$ 73.49
6	(\$ 21.02)	\$ 11.34	\$ 43.69	\$ 76.05	\$ 108.40

ANALYSIS OF CITY REQUIREMENTS

Affordable Housing

The proportion of total apartment units required to be held to affordable to households earning a certain income, and the level of that affordability, were found to be important but not critical factors in the overall feasibility of the project.

Affordable housing is a key City goal and the developer will be required to lease a minimum of 20% of the residential units at rents that are affordable to households earning less than the average in Shoreline. Limiting any portion of the rentable units to a lower level of income necessarily impacts the income the building can generate. However, as with the discussion on green building cost above, setting 20% of the apartments under relatively small reductions in rent produces a smaller impact on project feasibility than more general factors such as cap rates, building efficiency, and construction cost or market lease rate changes.

Rents observed in the Shoreline market in early 2008 appear to cluster around approximately \$1.60 per leasable square foot.⁴ Adding a moderate premium that might be charged for a new building, and considering the rent escalation that could occur before a new building comes on-line, raises likely 'market rents' to an average of \$1.80 per square foot per month, or about \$22.00 per s.f. per year.

Exhibit 6 below illustrates the range of incomes and rents affordable to households earning various percentages of the King County AMI. The projected rate of \$1.80 per s.f. would locate the 'market rent' in Shoreline as equivalent to about 75% of the median income affordability for the County overall.

⁴ This is based on a survey of apartments advertised in the Shoreline area in March 2008, as well as input from City staff, information published in the Dupre & Scott Apartment Advisor (Oct. 2007), and the report compiled for the City of Shoreline by Property Counselors in 2007.

Exhibit 6
Area Median Income Levels With Corresponding Affordable Rents

% of King Co. Median Income	Max. Income	Affordable Rent / Mo.	Max. Rent / SF / Mo.	Max. Rent / SF / Yr.
100%	\$ 67,300	\$ 1,680	\$ 2.40	\$ 28.80
90%	\$ 60,600	\$ 1,520	\$ 2.17	\$ 26.06
80%	\$ 53,800	\$ 1,350	\$ 1.93	\$ 23.14
75%	\$ 50,500	\$ 1,260	\$ 1.80	\$ 21.60
70%	\$ 47,100	\$ 1,180	\$ 1.69	\$ 20.23
65%	\$ 43,700	\$ 1,090	\$ 1.56	\$ 18.69
60%	\$ 40,400	\$ 1,010	\$ 1.44	\$ 17.31

Based on this, two scenarios were modeled for this study: one considering the proposed project with 20% of units leased at rents affordable to households earning 70% of King County median income; and the second modeling the same building but with those 20% of units at rents affordable to households earning slightly less: 65% of King County median.

Exhibit 1 above shows the impact of varying affordability requirements on project feasibility overall, in the form of residual land values. **Exhibit 7** below shows the opportunity cost to the developer of setting aside 20% of the total apartment units at rents affordable at 65% and 70% of County median, respectively. The first column shows the total Net Operating Income (NOI) the project could expect under the three building size scenarios if fully rented at Shoreline market rates. The second and third columns show the reduction in NOI that would occur if 20% of units were rented at 65% and 70% affordability requirements.

Exhibit 7
Opportunity Cost of Affordable Units in Reduced Net Operating Income

	<i>Affordability as % of King County Median Income</i>		
	No Aff. Req.	65% AMI	70% AMI
4 Story Building	\$ 1,563,900	(\$ 40,950)	(\$ 27,300)
5 Story Building	\$ 2,064,400	(\$ 54,600)	(\$ 36,400)
6 Story Building	\$ 2,564,900	(\$ 68,250)	(\$ 45,500)

Green Building

Exhibit 8 below illustrates the range of impacts that meeting the City's Built Green certification requirement might have on overall project feasibility. Eliminating any 'green' cost premium would not be sufficient by itself to make the project feasible.

Exhibit 8
Sensitivity of Residual Land Values to Green Construction Cost Premium

# Floors	Cost Premium to Achieve Green Requirement					
	0.00%	1.00%	3.00%	5.00%	7.00%	
4	\$ (11.62)	\$ (14.30)	\$ (19.67)	\$ (25.03)	\$ (30.40)	
5	\$ 5.98	\$ 2.60	\$ (4.17)	\$ (10.93)	\$ (17.69)	
6	\$ 23.57	\$ 19.49	\$ 11.34	\$ 3.18	\$ (4.98)	

Exhibit 9 below presents the impact that different levels of cost premium have on the overall feasibility of the project, in terms of added cost per unit.

Exhibit 9
Cost Premium per Apartment for Green Construction

	Total Green	# of Apts.	Add'l Cost per
	'Premium'		Apt.
4 Story Building	\$ 970,917	150	\$ 6,473
5 Story Building	\$ 1,202,442	200	\$ 6,012
6 Story Building	\$ 1,433,967	250	\$ 5,736

** Assumes 3% premium over standard Hard Construction Costs.*

The cost premium required to build 'green' depends on a number of factors, some specific to a given project's user profile, space program, and location, as well as on some that are within the developer's control on any project. Development practices such as employing an effective, integrated team approach to design and construction, and working with designers and builders experienced in green construction are foremost among these and can reduce or eliminate the cost premium to build green.

Public Plaza

In addition, the proposed design is that the ground floor will be almost entirely structured parking. Providing the plaza will thus reduce the capacity of that garage by about six parking spaces. Those stalls would need to be provided either in a below-grade parking garage or off-site, which could increase costs compared to the structured garage.

Exhibit 10 illustrates the maximum number of parking stalls that could be provided on-site for each building scenario (4-, 5-, or 6-stories), with and without the public plaza.

Exhibit 10
Additional Cost per Apartment to Add Public Plaza

	# Stalls	# of Stalls On-site	% of Stalls	(w/o Plaza)
4 Story Building	217	217	0%	211
5 Story Building	281	240	15%	275
6 Story Building	345	240	30%	339

Exhibit 11 below illustrates the direct cost of constructing a 2,000 s.f. public plaza and the amount by which that cost would increase the development cost per apartment if the cost were allocated equally among all apartments.

Exhibit 11
Additional Cost per Apartment to Add Public Plaza

	Plaza Cost *	# of Apts.	Add'l Cost per Apt.
4 Story Building	\$ 352,800	150	\$ 2,352
5 Story Building	\$ 352,800	200	\$ 1,764
6 Story Building	\$ 352,800	250	\$ 1,411

** Direct costs only. Costs of replacing the foregone structured parking would be additional and would depend on whether those stalls were provided on-site underground or at an off-site location.*

Note that these costs are the direct cost of building the plaza itself and do not reflect any costs that might be incurred to replace the approximately six parking stalls that would be displaced by the plaza. Providing those stalls on-site in an underground garage could add a further \$196,000 to the 'cost' of the plaza. If those stalls were provided in a surface lot on site or at an off-site location that cost would be substantially lower.

OTHER FINDINGS AND CONSIDERATIONS

Assumed Building Configuration

The above estimates were developed based on assumptions provided by the City that the building would be constructed with 50 apartments per floor above the first floor. The first (ground level) floor would be comprised only of 5,000 square feet of retail space, a total of approximately 2,000 s.f. of residential entry area, and the remaining 82,000 s.f. as a structured parking garage.

Upper floors would total approximately 43,750 square feet. This is less than half the total ground-level footprint, representing a substantial setback from the first floor footprint. The same number of units could theoretically be arranged within a lower building height. Assuming an average gross unit size of 875 square feet, up to 104 apartments could be laid out on a single floor if the entire ground-level footprint was carried through to upper floors. Such an arrangement could arrange the maximum number of apartments modeled here, 250 units, in three stories above the ground floor. (A total of four stories.)

Several other considerations are worth noting regarding this arrangement. First, urban design considerations might mitigate against this approach, as such a massive building could incite opposition from neighbors if it far exceeded the scale or massing of other buildings now present or allowed in the neighborhood.

Second, construction costs would most likely not differ substantially between four-story and six-story configurations, as the basic 'wood-frame over concrete podium' construction type would apply at up to a total of six stories including the ground floor.

Parking Configuration

All scenarios assume a single level of structured garage parking at ground level, rather than on the surface. Higher costs for structured parking significantly increase development costs and revenue requirements.

The cost of providing the large parking structure assumed here is substantial, and cost considerations alone might warrant provision of a portion of that parking in a surface lot instead. This is a possibility on this site given that the ground-floor parking garage assumed is nearly twice as large as it would need to be to physically support the housing towers above. If the garage were downsized to only the area that would match the residential 'footprint', nearly half of the garage parking could be replaced with a surface lot on site. This could reduce total development costs by approximately \$3.4 million, from approximately \$5.4 million to roughly \$2.0 million.

Property Acquisition costs

A hurdle value for evaluation of RLV of \$50 per s.f was assumed based on the anticipated cost of property acquisition identified in a 2007 study for the City of Shoreline by Property Counselors. The actual land value would depend on the revenue potential of existing uses and the potential for future income-producing uses on the property.

Tab	Name	Description	
1	Findings	Summary of Project Outcomes by Number of Floors	<div>Analysis: Development Pro</div> <div>Forms & 10-Year Cash Flow</div> <div>Inputs</div> <div>Summary Charts</div>
2	Sensitivity Tables	Sensitivity Tables by Number of Floors	
3	Sensitivity Model 65%	Simplified model and sensitivity analysis outcomes - Affordable Units at 65% of King County AMI	
4	Sensitivity Model 70%	Simplified model and sensitivity analysis outcomes - Affordable Units at 70% of King County AMI	
5	Sensitivity Model - Market	Simplified model and sensitivity analysis outcomes - No affordability requirement	
6	Space Program	Square Footage and Space calculations by floor	
7	Inputs	Assumptions & Inputs	
8	Pro Forms - 65%	Development Pro Forms by # of floors - Affordable units at 65% of King County AMI	
9	10-Year CF - 65% Lev.	Leveraged cash flow projection - 65% AMI	
10	10-Year CF - 65% Unlev.	Unleveraged cash flow projection - 65% AMI	
11	Pro Forms - 70%	Development Pro Forms by # of floors - Affordable units at 70% of King County AMI	
12	10-Year CF - 70% Lev.	Leveraged cash flow projection - 70% AMI	
13	10-Year CF - 70% Unlev.	Unleveraged cash flow projection - 70% AMI	
14	Pro Forms - Market	Development Pro Forms by # of floors - No affordability requirement	
15	10-Year CF - Market Lev.	Leveraged cash flow projection - No affordability requirement	
16	10-Year CF - Market Unlev.	Unleveraged cash flow projection - No affordability requirement	

Exhibit 1: Summary of Findings

Summary of Findings

FINANCIAL OUTCOMES UNDER CURRENT MARKET ASSUMPTIONS

By % of King County Area Median Income (AMI) for Affordable Units

Assumptions:

- Projects are leveraged (financed with both debt and equity)
- Includes Public Plaza at 2,000 s.f.
- Includes 3% Cost Premium for Green Construction

1.1 - Residual Land Value (RLV) per Land S.F.

Hurdle: \$50.00	Affordability as % of King County Median Income		
	No Aff. Req.	65% AMI	70% AMI
4 Story Building	(\$ 14.81)	(\$ 22.09)	(\$ 19.67)
5 Story Building	\$ 2.31	(\$ 7.40)	(\$ 4.17)
6 Story Building	\$ 19.42	\$ 7.29	\$ 11.34

1.2 - Project Net Present Value (NPV)

	Affordability as % of King County Median Income		
	No Aff. Req.	65% AMI	70% AMI
4 Story Building	(\$ 1,718,135)	(\$ 2,589,696)	(\$ 2,299,175)
5 Story Building	\$ 1,623,337	\$ 461,256	\$ 848,616
6 Story Building	\$ 4,984,809	\$ 3,512,207	\$ 3,996,408

1.3 - Internal Rate of Return (IRR) - Leveraged

Hurdle: 15.00%	Affordability as % of King County Median Income		
	No Aff. Req.	65% AMI	70% AMI
4 Story Building	11.15%	10.70%	10.85%
5 Story Building	12.76%	12.25%	12.42%
6 Story Building	13.92%	13.37%	13.55%

1.4 - Return on Investment (ROI) - Leveraged

Hurdle: 25.00%	Affordability as % of King County Median Income		
	No Aff. Req.	65% AMI	70% AMI
4 Story Building	74.79%	66.85%	69.46%
5 Story Building	105.32%	95.22%	98.53%
6 Story Building	129.74%	117.77%	121.69%

Notes:

Boldface fonts indicate RLV values that exceed the defined hurdle rate.

Red fonts indicate negative values, where the cost of development (including land) exceeds the value of the property developed.

1.5 - Underground or Off-Site Parking Required

	# Stalls	% of Stalls	(w/o Plaza)
4 Story Building	0	0%	0
5 Story Building	41	15%	35
6 Story Building	105	30%	99

1.6 - Impact of Public Plaza on Development Cost per Apartment

Plaza Cost *	# of Apts.	Add'l Cost per Apt.
\$ 148,000	150	\$ 987
	200	\$ 740
	250	\$ 592

* Direct costs only. Costs of replacing the foregone structured parking would be additional and would depend on whether those stalls were provided on-site underground or at an off-site location.

1.7 - Impact of Building 'Green' on Development Cost per Apartment

	Green Premium	# of Apts.	Add'l Cost per Apt.
4 Story Building	\$ 896,492	150	\$ 5,977
5 Story Building	\$ 1,129,592	200	\$ 5,648
6 Story Building	\$ 1,362,692	250	\$ 5,451

* Assumes 3% premium over standard Hard Construction Costs.

1.8 - Impact of Affordable Housing on NOI: Opportunity Cost

	Affordability as % of King County Median Income		
	No Aff. Req.	65% AMI	70% AMI
4 Story Building	\$ 1,563,900	(\$ 40,950)	(\$ 27,300)
5 Story Building	\$ 2,064,400	(\$ 54,600)	(\$ 36,400)
6 Story Building	\$ 2,564,900	(\$ 68,250)	(\$ 45,500)

Exhibit 2: Sensitivity Tables

Sensitivity Analyses

AFFORDABLE UNITS @ 65% AMI

AFFORDABLE UNITS @ 70% AMI

2.1 Summary by Number of Floors

# Floors	TDC	NOI	Market Value	Net Value	RLV
4	\$ 38,569,371	\$ 1,522,950	\$ 30,459,000	\$ (8,110,371)	\$ (2,485,371)
5	\$ 46,653,584	\$ 2,009,800	\$ 40,196,000	\$ (6,457,584)	\$ (832,584)
6	\$ 54,737,796	\$ 2,496,650	\$ 49,933,000	\$ (4,804,796)	\$ 820,204

2.2 Sensitivity: Cap Rates

# Floors	4.50%	4.75%	5.00%	5.25%	5.50%
4	\$ 7.99	(\$ 7.84)	(\$ 22.09)	(\$ 34.98)	(\$ 46.71)
5	\$ 32.30	\$ 11.40	(\$ 7.40)	(\$ 24.41)	(\$ 39.88)
6	\$ 56.61	\$ 30.65	\$ 7.29	(\$ 13.84)	(\$ 33.06)

2.3 Sensitivity: Hard Cost per Square Foot (Apartments)

# Floors	\$ 80.00	\$ 100.00	\$ 120.00	\$ 140.00	\$ 160.00
4	\$ 49.77	\$ 13.84	(\$ 22.09)	(\$ 58.02)	(\$ 93.95)
5	\$ 88.41	\$ 40.51	(\$ 7.40)	(\$ 55.31)	(\$ 103.21)
6	\$ 127.06	\$ 67.17	\$ 7.29	(\$ 52.59)	(\$ 112.48)

2.4 Sensitivity: Market Lease Rates

# Floors	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
4	(\$ 41.51)	(\$ 22.09)	(\$ 2.68)	\$ 16.73	\$ 36.15
5	(\$ 33.29)	(\$ 7.40)	\$ 18.48	\$ 44.37	\$ 70.25
6	(\$ 25.06)	\$ 7.29	\$ 39.65	\$ 72.00	\$ 104.36

2.5 Sensitivity: Building Efficiency

# Floors	75.00%	80.00%	85.00%	90.00%	95.00%
4	(\$ 37.16)	(\$ 22.09)	(\$ 8.72)	\$ 3.25	\$ 14.03
5	(\$ 27.26)	(\$ 7.40)	\$ 10.20	\$ 25.92	\$ 40.06
6	(\$ 17.36)	\$ 7.29	\$ 29.12	\$ 48.60	\$ 66.10

2.6 Sensitivity: Green Building Premium

# Floors	0.00%	1.00%	3.00%	5.00%	7.00%
4	\$ (14.04)	\$ (16.73)	\$ (22.09)	\$ (27.46)	\$ (32.82)
5	\$ 2.74	\$ (0.64)	\$ (7.40)	\$ (14.16)	\$ (20.92)
6	\$ 19.53	\$ 15.45	\$ 7.29	\$ (0.87)	\$ (9.02)

2.1 Summary by Number of Floors

# Floors	TDC	NOI	Market Value	Net Value	RLV
4	\$ 38,569,371	\$ 1,536,600	\$ 30,732,000	\$ (7,837,371)	\$ (2,212,371)
5	\$ 46,653,584	\$ 2,028,000	\$ 40,560,000	\$ (6,093,584)	\$ (468,584)
6	\$ 54,737,796	\$ 2,519,400	\$ 50,388,000	\$ (4,349,796)	\$ 1,275,204

2.2 Sensitivity: Cap Rates

# Floors	4.50%	4.75%	5.00%	5.25%	5.50%
4	\$ 10.69	(\$ 5.29)	(\$ 19.67)	(\$ 32.67)	(\$ 44.60)
5	\$ 35.89	\$ 14.81	(\$ 4.17)	(\$ 21.33)	(\$ 36.94)
6	\$ 61.10	\$ 34.91	\$ 11.34	(\$ 9.99)	(\$ 29.38)

2.3 Sensitivity: Hard Cost per Square Foot (Apartments)

# Floors	\$ 80.00	\$ 100.00	\$ 120.00	\$ 140.00	\$ 160.00
4	\$ 52.19	\$ 16.26	(\$ 19.67)	(\$ 55.60)	(\$ 91.53)
5	\$ 91.65	\$ 43.74	(\$ 4.17)	(\$ 52.07)	(\$ 99.98)
6	\$ 131.10	\$ 71.22	\$ 11.34	(\$ 48.55)	(\$ 108.43)

2.4 Sensitivity: Market Lease Rates

# Floors	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
4	(\$ 39.08)	(\$ 19.67)	(\$ 0.25)	\$ 19.16	\$ 38.57
5	(\$ 30.05)	(\$ 4.17)	\$ 21.72	\$ 47.60	\$ 73.49
6	(\$ 21.02)	\$ 11.34	\$ 43.69	\$ 76.05	\$ 108.40

2.5 Sensitivity: Building Efficiency

# Floors	75.00%	80.00%	85.00%	90.00%	95.00%
4	(\$ 34.73)	(\$ 19.67)	(\$ 6.29)	\$ 5.67	\$ 16.45
5	(\$ 24.02)	(\$ 4.17)	\$ 13.44	\$ 28.16	\$ 43.30
6	(\$ 13.31)	\$ 11.34	\$ 33.16	\$ 52.64	\$ 70.15

2.6 Sensitivity: Green Building Premium

# Floors	0.00%	1.00%	3.00%	5.00%	7.00%
4	\$ (11.62)	\$ (14.30)	(\$ 19.67)	\$ (25.03)	\$ (30.40)
5	\$ 5.98	\$ 2.60	(\$ 4.17)	(\$ 10.93)	\$ (17.69)
6	\$ 23.57	\$ 19.49	\$ 11.34	\$ 3.18	\$ (4.98)

Exhibit 3: Sensitivity Model, 65% AMI

VALUE INPUTS	% of Apts	
Market Lease Rate	80%	\$ 22.00
Affordable Lease Rate (65% AMI)	20%	\$ 19.00
Retail Lease Rate		\$ 24.00
Vacancy		5%
Operating Expense		30%
Parking Req'd - Apts.		1.27
Parking Req'd - Retail		5.00
Initial Cap Rate - Mixed Use		5.00%
Apartment Hard Cost		\$ 120.00
Retail Hard Cost		\$ 110.00
Structured Parking Hard Cost		\$ 45.00
Public Plaza Hard Cost		\$ 50.00
Sitework Cost		\$ 6.00
Soft Cost %		30%
Land Cost		\$ 50.00
Cost Premium for 'Green'		3.0%
Developer Return Req'd		15.00%

SPACE INPUTS	
# Floors	6
Property Size	112,500
Setbacks	21,250
Avg. apartment size	700
Building Efficiency	80%
# Apartment Units / Floor	50
Retail SF (Gross)	5,000
Public Plaza SF	2,000
Surface Parking SF	-
Structured Pkg SF	84,250

COST MODEL	SF (Gross)	Cost	Per SF
Land Acq.	112,500	\$ 5,625,000	\$ 50.00
Sitework	112,500	\$ 675,000	\$ 6.00
Apartment Hard Cost	218,750	\$ 26,250,000	\$ 120.00
Retail Hard Cost	5,000	\$ 550,000	\$ 110.00
Public Plaza Hard Cost	2,000	\$ 100,000	\$ 50.00
Structured Parking Hard Cost	84,250	\$ 3,791,250	\$ 45.00
Total Hard Cost	223,750	\$ 36,991,250	\$ 165.32
Green Building Premium	3.0%	\$ 920,738	\$ 4.12
Soft Cost	30%	\$ 9,686,096	\$ 43.29
Developer Return	15.00%	\$ 7,139,713	\$ 31.91
Total Project Cost		\$ 54,737,796	\$ 244.64

INCOME MODEL	SF (Net)	Total	Per SF
Apartments NOI - Market	140,000	\$ 2,002,000	\$ 14.30
Apartments NOI - Affordable 2	35,000	\$ 432,250	\$ 12.35
Retail NOI	4,000	\$ 62,400	\$ 15.60
TOTAL NOI	179,000	\$ 2,496,650	\$ 11.16
Capitalized Value		\$ 49,933,000	\$ 223.16
Net Project Value		\$ (4,804,796)	\$ (21.47)
Residual Land Value		\$ 820,204	\$ 7.29

SUMMARY BY # OF FLOORS, 65% AMI

# of Floors	TDC	NOI	Total Value	Net Value	RLV
4	\$ 38,569,371	\$ 1,522,950	\$ 30,459,000	\$ (8,110,371)	\$ (2,485,371)
5	\$ 46,653,584	\$ 2,009,800	\$ 40,196,000	\$ (6,457,584)	\$ (832,584)
6	\$ 54,737,796	\$ 2,496,650	\$ 49,933,000	\$ (4,804,796)	\$ 820,204

SENSITIVITY ANALYSES, 65% AMI

3.1 RLV Sensitivity: Cap Rates

\$	7.29	4.50%	4.75%	5.00%	5.25%	5.50%
4	\$ 7.99	(\$ 7.84)	(\$ 22.09)	(\$ 34.98)	(\$ 46.71)	
5	\$ 32.30	\$ 11.40	(\$ 7.40)	(\$ 24.41)	(\$ 39.88)	
6	\$ 56.61	\$ 30.65	\$ 7.29	(\$ 13.84)	(\$ 33.06)	
% Decrease required to reach Hurdle Rate:			10%			

3.2 RLV Sensitivity: Building Efficiency

\$	7.29	75.00%	80.00%	85.00%	90.00%	95.00%
4		(\$ 37.16)	(\$ 22.09)	(\$ 8.72)	\$ 3.25	\$ 14.03
5		(\$ 27.26)	(\$ 7.40)	\$ 10.20	\$ 25.92	\$ 40.06
6		(\$ 17.36)	\$ 7.29	\$ 29.12	\$ 48.60	\$ 66.10
% Increase required to reach Hurdle Rate:				19%		

3.3 RLV Sensitivity: Apartment Hard Cost

\$	7.29	\$ 80.00	\$ 100.00	\$ 120.00	\$ 140.00	\$ 160.00
4		\$ 49.77	\$ 13.84	(\$ 22.09)	(\$ 58.02)	(\$ 93.95)
5		\$ 88.41	\$ 40.51	(\$ 7.40)	(\$ 55.31)	(\$ 103.21)
6		\$ 127.06	\$ 67.17	\$ 7.29	(\$ 52.59)	(\$ 112.48)
% Decrease required to reach Hurdle Rate:				17%		

3.4 RLV Sensitivity: Market Lease Rate

	7.29	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
4		(\$ 41.51)	(\$ 22.09)	(\$ 2.68)	\$ 16.73	\$ 36.15
5		(\$ 33.29)	(\$ 7.40)	\$ 18.48	\$ 44.37	\$ 70.25
6		(\$ 25.06)	\$ 7.29	\$ 39.65	\$ 72.00	\$ 104.36
% Increase required to reach Hurdle Rate:				18%		

3.5 RLV Sensitivity: Green Building Premium

\$	7.29	0.00%	1.00%	3.00%	5.00%	7.00%
4		(\$ 14.04)	(\$ 16.73)	(\$ 22.09)	(\$ 27.46)	(\$ 32.82)
5		\$ 2.74	(\$ 0.64)	(\$ 7.40)	(\$ 14.16)	(\$ 20.92)
6		\$ 19.53	\$ 15.45	\$ 7.29	(\$ 0.87)	(\$ 9.02)

3.6 RLV Sensitivity: Public Plaza S.F.

\$	7.29	0	1000	2000	3000	5000
4		(\$ 21.96)	(\$ 22.02)	(\$ 22.09)	(\$ 22.16)	(\$ 22.30)
5		(\$ 7.26)	(\$ 7.33)	(\$ 7.40)	(\$ 7.47)	(\$ 7.61)
6		\$ 7.43	\$ 7.36	\$ 7.29	\$ 7.22	\$ 7.09

Exhibit 4: Sensitivity Model, 70% AMI

VALUE INPUTS	% of Apts	
Market Lease Rate	80%	\$ 22.00
Affordable Lease Rate (70% AMI)	20%	\$ 20.00
Retail Lease Rate		\$ 24.00
Vacancy		5%
Operating Expense		30%
Parking Req'd - Apts.		1.27
Parking Req'd - Retail		5.00
Initial Cap Rate - Mixed Use		5.00%
Apartment Hard Cost		\$ 120.00
Retail Hard Cost		\$ 110.00
Structured Parking Hard Cost		\$ 45.00
Public Plaza Hard Cost		\$ 50.00
Sitework Cost		\$ 6.00
Soft Cost %		30%
Land Cost		\$ 50.00
Cost Premium for 'Green'		3.0%
Developer Return Req'd		15.00%

SPACE INPUTS	
# Floors	6
Property Size	112,500
Setbacks	21,250
Avg. apartment size	700
Building Efficiency	80%
# Apartment Units / Floor	50
Retail SF (Gross)	5,000
Public Plaza SF	2,000
Surface Parking SF	-
Structured Pkg SF	84,250

COST MODEL	SF (Gross)	Cost	Per SF
Land Acq.	112,500	\$ 5,625,000	50
Sitework	112,500	\$ 675,000	6
Apartment Hard Cost	218,750	\$ 26,250,000	120
Retail Hard Cost	5,000	\$ 550,000	110
Public Plaza Hard Cost	2,000	\$ 100,000	50
Structured Parking Hard Cost	84,250	\$ 3,791,250	45
Total Hard Cost	223,750	\$ 36,991,250	\$ 165.32

Green Building Premium	3.0%	\$ 920,738	\$ 4.12
Soft Cost	30%	\$ 9,686,096	\$ 43.29
Developer Return	15.00%	\$ 7,139,713	\$ 31.91
Total Project Cost		\$ 54,737,796	\$ 244.64

INCOME MODEL	SF (Net)	Total	Per SF
Apartments NOI - Market	140,000	\$ 2,002,000	\$ 14.30
Apartments NOI - Affordable 1	35,000	\$ 455,000	\$ 13.00
Retail NOI	4,000	\$ 62,400	\$ 15.60
TOTAL NOI	179,000	\$ 2,519,400	\$ 11.26

Capitalized Value	\$ 50,388,000	\$ 225.20
Net Project Value	\$ (4,349,796)	\$ (19.44)
Residual Land Value	\$ 1,275,204	\$ 11.34

SUMMARY BY # OF FLOORS, 70% AMI

# of Floors	TDC	NOI	Total Value	Net Value	RLV
4	\$ 38,569,371	\$ 1,536,600	\$ 30,732,000	\$ (7,837,371)	\$ (2,212,371)
5	\$ 46,653,584	\$ 2,028,000	\$ 40,560,000	\$ (6,093,584)	\$ (468,584)
6	\$ 54,737,796	\$ 2,519,400	\$ 50,388,000	\$ (4,349,796)	\$ 1,275,204

SENSITIVITY ANALYSES, 70% AMI

4.1 RLV Sensitivity: Cap Rates

\$ 11.34	4.50%	4.75%	5.00%	5.25%	5.50%
4	\$ 10.89	(\$ 5.29)	(\$ 19.67)	(\$ 32.67)	(\$ 44.50)
5	\$ 35.89	\$ 14.81	(\$ 4.17)	(\$ 21.33)	(\$ 36.94)
6	\$ 61.10	\$ 34.91	\$ 11.34	(\$ 9.99)	(\$ 29.38)

% Decrease Required to Reach Hurdle Rate: 10%

4.2 RLV Sensitivity: Building Efficiency

\$ 11.34	75.00%	80.00%	85.00%	90.00%	95.00%
4	(\$ 34.73)	(\$ 19.67)	(\$ 6.29)	\$ 5.67	\$ 16.45
5	(\$ 24.02)	(\$ 4.17)	\$ 13.44	\$ 29.16	\$ 43.30
6	(\$ 13.31)	\$ 11.34	\$ 33.16	\$ 52.64	\$ 70.15

% Increase Required to Reach Hurdle Rate: 11%

4.3 RLV Sensitivity: Apartment Hard Cost

\$ 11.34	\$ 80.00	\$ 100.00	\$ 120.00	\$ 140.00	\$ 160.00
4	\$ 52.19	\$ 16.26	(\$ 19.67)	(\$ 55.60)	(\$ 91.53)
5	\$ 91.65	\$ 43.74	(\$ 4.17)	(\$ 52.07)	(\$ 99.98)
6	\$ 131.10	\$ 71.22	\$ 11.34	(\$ 48.55)	(\$ 108.43)

% Decrease Required to Reach Hurdle Rate: 17%

4.4 RLV Sensitivity: Market Lease Rates

\$ 11.34	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
4	(\$ 39.08)	(\$ 19.67)	(\$ 0.25)	\$ 19.16	\$ 38.57
5	(\$ 30.05)	(\$ 4.17)	\$ 21.72	\$ 47.60	\$ 73.49
6	(\$ 21.02)	\$ 11.34	\$ 43.69	\$ 76.05	\$ 108.40

% Increase Required to Reach Hurdle Rate: 18%

4.5 RLV Sensitivity: Green Building Premium

\$ 11.34	0.00%	1.00%	3.00%	5.00%	7.00%
4	(\$ 11.62)	(\$ 14.30)	(\$ 19.67)	(\$ 25.03)	(\$ 30.40)
5	\$ 5.98	\$ 2.60	(\$ 4.17)	(\$ 10.93)	(\$ 17.89)
6	\$ 23.57	\$ 19.49	\$ 11.34	\$ 3.18	(\$ 4.98)

Decrease to 0% cost premium will not raise RLV to Hurdle Rate.

4.6 RLV Sensitivity: Public Plaza S.F.

\$ 11.34	0	1000	2000	3000	5000
4	(\$ 19.53)	(\$ 19.80)	(\$ 19.67)	(\$ 19.73)	(\$ 19.87)
5	(\$ 4.03)	(\$ 4.10)	(\$ 4.17)	(\$ 4.23)	(\$ 4.37)
6	\$ 11.47	\$ 11.40	\$ 11.34	\$ 11.27	\$ 11.13

Removing Public Plaza completely will not raise RLV to Hurdle Rate.

Exhibit 5: Sensitivity Model, Market

VALUE INPUTS	% of Apts	
Market Lease Rate	100%	\$ 22.00
Affordable Lease Rate	0%	\$ 20.00
Retail Lease Rate		\$ 24.00
Vacancy		5%
Operating Expense		30%
Parking Req'd - Apts.		1.27
Parking Req'd - Retail		5.00
Initial Cap Rate - Mixed Use		5.00%
Apartment Hard Cost		\$ 120.00
Retail Hard Cost		\$ 110.00
Structured Parking Hard Cost		\$ 45.00
Public Plaza Hard Cost		\$ 50.00
Sitework Cost		\$ 6.00
Soft Cost %		30%
Land Cost		\$ 50.00
Cost Premium for 'Green'		3.0%
Developer Return Req'd		15.00%

SPACE INPUTS	
# Floors	6
Property Size	112,500
Setbacks	21,250
Avg. apartment size	700
Building Efficiency	80%
# Apartment Units / Floor	50
Retail SF (Gross)	5,000
Public Plaza SF	2,000
Surface Parking SF	-
Structured Pkg SF	84,250

COST MODEL	SF (Gross)	Cost	Per SF
Land Acq.	112,500	\$ 5,625,000	50
Sitework	112,500	\$ 675,000	6
Apartment Hard Cost	218,750	\$ 26,250,000	120
Retail Hard Cost	5,000	\$ 550,000	110
Public Plaza Hard Cost	2,000	\$ 100,000	50
Structured Parking Hard Cost	84,250	\$ 3,791,250	45
Total Hard Cost	223,750	\$ 36,991,250	\$ 165.32

Green Building Premium	3.0%	\$ 920,738	\$ 4.12
Soft Cost	30%	\$ 9,686,096	\$ 43.29
Developer Return	15.00%	\$ 7,139,713	\$ 31.91
Total Project Cost		\$ 54,737,796	\$ 244.64

INCOME MODEL	SF (Net)	Total	Per SF
Apartments NOI - Market	175,000	\$ 2,502,500	\$ 14.30
Apartments NOI - Affordable 1	-	\$ -	#DIV/0!
Retail NOI	4,000	\$ 62,400	\$ 15.60
TOTAL NOI	179,000	\$ 2,564,900	\$ 11.46

Capitalized Value	\$ 51,298,000	\$ 229.26
Net Project Value	\$ (3,439,796)	\$ (15.37)
Residual Land Value	\$ 2,185,204	\$ 19.42

SUMMARY BY # OF FLOORS, 70% AMI

# of Floors	TDC	NOI	Total Value	Net Value	RLV
4	\$ 38,569,371	\$ 1,563,900	\$ 31,278,000	\$ (7,291,371)	\$ (1,666,371)
5	\$ 46,653,584	\$ 2,064,400	\$ 41,288,000	\$ (5,365,584)	\$ 259,416
6	\$ 54,737,796	\$ 2,564,900	\$ 51,298,000	\$ (3,439,796)	\$ 2,185,204

SENSITIVITY ANALYSES, 70% AMI

5.1 RLV Sensitivity: Cap Rates

\$ 19.42	4.50%	4.75%	5.00%	5.25%	5.50%
4	\$ 16.08	(\$ 0.18)	(\$ 14.81)	(\$ 28.05)	(\$ 40.09)
5	\$ 43.08	\$ 21.62	\$ 2.31	(\$ 15.17)	(\$ 31.06)
6	\$ 70.09	\$ 43.42	\$ 19.42	(\$ 2.29)	(\$ 22.03)

% Decrease Required to Reach Hurdle Rate: 10%

5.2 RLV Sensitivity: Building Efficiency

\$ 19.42	75.00%	80.00%	85.00%	90.00%	95.00%
4	(\$ 29.88)	(\$ 14.81)	(\$ 1.44)	\$ 10.63	\$ 21.31
5	(\$ 17.55)	\$ 2.31	\$ 19.91	\$ 35.63	\$ 49.77
6	(\$ 5.22)	\$ 19.42	\$ 41.25	\$ 60.73	\$ 78.24

% Increase Required to Reach Hurdle Rate: 11%

5.3 RLV Sensitivity: Apartment Hard Cost

\$ 19.42	\$ 80.00	\$ 100.00	\$ 120.00	\$ 140.00	\$ 160.00
4	\$ 57.05	\$ 21.12	(\$ 14.81)	(\$ 50.74)	(\$ 86.87)
5	\$ 98.12	\$ 50.21	\$ 2.31	(\$ 45.60)	(\$ 93.51)
6	\$ 139.19	\$ 79.31	\$ 19.42	(\$ 40.46)	(\$ 100.34)

% Decrease Required to Reach Hurdle Rate: 17%

5.4 RLV Sensitivity: Market Lease Rates

\$ 19.42	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00
4	(\$ 39.08)	(\$ 14.81)	\$ 9.45	\$ 33.72	\$ 57.99
5	(\$ 30.05)	\$ 2.31	\$ 34.66	\$ 67.02	\$ 99.37
6	(\$ 21.02)	\$ 19.42	\$ 59.87	\$ 100.31	\$ 140.76

% Increase Required to Reach Hurdle Rate: 9%

5.5 RLV Sensitivity: Green Building Premium

\$ 19.42	0.00%	1.00%	3.00%	5.00%	7.00%
4	(\$ 6.78)	(\$ 9.45)	(\$ 14.81)	(\$ 20.18)	(\$ 25.54)
5	\$ 12.45	\$ 9.07	\$ 2.31	(\$ 4.46)	(\$ 11.22)
6	\$ 31.68	\$ 27.58	\$ 19.42	\$ 11.27	\$ 3.11

Decrease to 0% cost premium will not raise RLV to Hurdle Rate.

5.6 RLV Sensitivity: Public Plaza S.F.

\$ 19.42	0	1000	2000	3000	5000
4	(\$ 14.68)	(\$ 14.74)	(\$ 14.81)	(\$ 14.88)	(\$ 15.02)
5	\$ 2.44	\$ 2.37	\$ 2.31	\$ 2.24	\$ 2.10
6	\$ 19.56	\$ 19.49	\$ 19.42	\$ 19.36	\$ 19.22

Removing Public Plaza completely will not raise RLV to Hurdle Rate.

Exhibit 6: Space Program

SITE PROGRAM & BASIC INPUTS

Site Area	% of Site		S.F.
	100%		
Setbacks	19%		21,250
Max. Ground Floor Building Area	81%		91,250
Retail SF (first floor, 1 bldg)	4%		5,000
Public Plaza	2%		2,000
Surface Parking	0%		-
Structured Parking	75%		84,250
Average Upper Floor Area	38.9%		43,750

Max. Parking Underground	80%	90,000	257 Stalls
% of Parking Leased	0%		

BUILDING DETAIL BY FLOOR

Floor	Retail	Apartments		Structured		Calculated FAR
		(Gross SF)	Public Plaza	Surface Parking	Parking	
6	-	43,750	-	-	-	2.7
5	-	43,750	-	-	-	2.3
4	-	43,750	-	-	-	2.0
3	-	43,750	-	-	-	1.6
2	-	43,750	-	-	-	1.2
1	5,000	-	2,000	-	84,250	0.8

BUILDING SUMMARY BY # OF STORIES

	Retail	Apartments		Structured		Underground
		(Gross SF)	Public Plaza	Surface Parking	Parking	
6 Story Building	5,000	218,750	2,000	-	84,250	36,750
5 Story Building	5,000	175,000	2,000	-	84,250	14,350
4 Story Building	5,000	131,250	2,000	-	84,250	-

Unit Size (gross SF)	875
Number of units per floor	50

FAR	Assumed Lot Coverage %:		80%
	FAR	Building SF	# Units
	2.5	225,000	251
	3	270,000	303
	4	360,000	406

# Apartments	Parking		Parking Provided
	Req'd	Req'd	
50	64	64	
50	64	64	
50	64	64	
50	64	64	
50	64	64	
-	25	25	240

# Apartments	Parking Stalls		Sfc. + Str. Parking Provided	Underground or Off-Site Parking		% Parking Offsite / Undgrd
	Req'd	Req'd		Req'd	Req'd	
250	345	240	105	30%		
200	281	240	41	15%		
150	217	240		0%		

Exhibit 7: Market Data Inputs and Assumptions

SPACE, COST & REVENUE ASSUMPTIONS BY USE TYPE

Use	Average Unit Size	% AMI	Lease Rate	Vacancy	Operating Expense Ratio	Bldg Efficiency	Parking Ratio	Hard Cost / SF	TDC / SF	Net Income / SF	Market Value / SF	Net Value / SF
Apartments - Shoreline Market	700	75%	\$ 22.00	5%	30%	80%	1.27	\$ 120.00	\$ 156.00	\$ 14.30	\$ 286.00	\$ 130.00
Apartments - 70% AMI	700	70%	\$ 20.00	5%	30%	80%	1.27	\$ 120.00	\$ 156.00	\$ 13.00	\$ 260.00	\$ 104.00
Apartments - 65% AMI	700	65%	\$ 19.00	5%	30%	80%	1.27	\$ 120.00	\$ 156.00	\$ 12.35	\$ 247.00	\$ 91.00
Retail	5,000		\$ 24.00	5%	30%	80%	5.00	\$ 110.00	\$ 143.00	\$ 15.60	\$ 240.00	\$ 97.00
Site Development												
Public Plaza												
Surface Parking	350		\$ 10.00	40%	10%			\$ 5.00	\$ 6.50	\$ 5.00	\$ 100.00	\$ 93.50
Structured Parking	350		\$ 10.00	50%	10%			\$ 45.00	\$ 58.50	\$ 4.00	\$ 80.00	\$ 21.50
Underground Parking	350		\$ 10.00	60%	10%			\$ 0.00	\$ 0.00	\$ 3.00	\$ 60.00	\$ 20.475

TDC / Stall

% of Apartments to be Affordable 20% ("Affordable rent": =< 30% of Income)

OTHER COST ASSUMPTIONS

Soft Cost %	30% of Hard Cost
Marketing & Sales costs	8.0% of Sale Price
Assumed Average Land Cost / SF	\$ 50.00 per land SF
Cost Premium for "Green" Constr.	3.0%

"Market rate" in Shoreline -->

FINANCIAL ASSUMPTIONS

Discount Rate	6.00%
Exit Cap Rate Premium	2.00%
Initial Cap Rate - Apartments	5.00%
Initial Cap Rate - Retail	7.00%
Initial Cap Rate - Mixed	5.00%
Cost Inflation	4.00%
Income Inflation	3.00%
Res. Sale Price Inflation	5.00%
Taxable Assessed Value as % of Market Value	80%
Property Tax Rate per \$1000 of Assessed Value	\$ 12.03
Entrepreneurial Return (Developer Hurdle for IRR)	15.00%
Entrepreneurial Return (Developer Hurdle for ROI)	25.00%

Debt Financing Assumptions

Perm. Loan to Value Ratio (LTV)	80%
Perm. Loan to Cost Ratio (LTC)	75%
Debt Coverage Ratio	1.20
Loan Term	20
Loan Interest	6.50%

RESIDENTIAL UNIT SIZE MIX

	Studio	1-BR	2-BR	Weight. Avg.
SF / Unit	575	700	875	
Proportion of Apartments	35%	40%	25%	700
# persons	1.0	1.5	3.0	1.70
Parking Req'd	1.00	1.30	1.60	1.27

RENTS & AFFORDABILITY BY HOUSEHOLD INCOME

% of King Co. Median Income	Affordable Rent / Mo.	Max. Rent / SF / Yr.	Studio	1-BR	2-BR
100%	\$ 67,300	\$ 1,680	\$ 2.40	\$ 28.80	
90%	\$ 60,600	\$ 1,520	\$ 2.17	\$ 26.06	
80%	\$ 53,800	\$ 1,350	\$ 1.93	\$ 23.14	
75%	\$ 50,500	\$ 1,260	\$ 1.80	\$ 21.60	
70%	\$ 47,100	\$ 1,180	\$ 1.69	\$ 20.23	
65%	\$ 43,700	\$ 1,090	\$ 1.56	\$ 18.69	
60%	\$ 40,400	\$ 1,010	\$ 1.44	\$ 17.31	

RENT REFERENCE DATA

	Corresponds to # bedrooms	Studio	1 BR	2 BR	Weighted Avg.	
Dupre & Scott	N. King Co. 2000 and later apts. rent/SF	\$ 1.81	\$ 1.62	\$ 1.50	\$ 1.66	
Arabella Apts. (per Property Counselors), assumed at 700 SF/unit			\$ 1.36			
Inflated to 2008						
Esc. for infl. and new constr.	15%					
Dupre & Scott avg., N.King County, 02/2008						
Property Counselors			Per Unit	Per SF / Yr.	Per SF / Mo. (current)	
Arabella	AMI Equiv.	79%	\$ 1,333	\$ 22.86	\$ 1.90	\$ 1.66
		85%	\$ 1,429	\$ 24.50	\$ 2.04	\$ 1.73
Forest Hills Estates		65%	\$ 1,098	\$ 18.83	\$ 1.57	\$ 1.36
Developer Assumed Rent		79%	\$ 1,331	\$ 22.81	\$ 1.90	\$ 1.65
Average		69%	\$ 1,169	\$ 20.04	\$ 1.67	
		76%	\$ 1,272	\$ 21.81	\$ 1.82	

TIMING ASSUMPTIONS

	Period	Start Year	End Year
Construction Period	1	2009	2009
Lease up Period	1	2010	2010
Condo Absorption Rate / yr	30	2010	2021
Property Tax Exemption	12	2010	2021
Property sale in year:	15	2023	

Development Feasibility Analysis: Increase In Max. Number of Floors

Shoreline.Feasibility Study 2008 0321
Community Attributes

Exhibit 9: Cash Flow Projection (Leveraged), 65% AMI

Property sale in year:	Year															20
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
4 STORY BUILDING																
Development Expenses + Land Acq.	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334	\$ 31,583,334
Operating Income & Expenses																
Annual Rental Income	\$ 2,485,688	\$ 2,560,259	\$ 2,637,067	\$ 2,716,179	\$ 2,797,655	\$ 2,881,594	\$ 2,968,042	\$ 3,057,084	\$ 3,148,796	\$ 3,243,260	\$ 3,340,774	\$ 3,440,766	\$ 3,543,598	\$ 3,650,318	\$ 3,760,973	\$ 3,875,623
Vacancy & Operating Expenses	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)	\$ (869,991)
Bad Debts	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)	\$ (64,306)
Property Tax Exemption	\$ 341,747	\$ 351,599	\$ 362,559	\$ 373,436	\$ 384,339	\$ 395,178	\$ 406,063	\$ 416,934	\$ 427,791	\$ 438,632	\$ 449,457	\$ 460,267	\$ 471,062	\$ 481,842	\$ 492,607	\$ 503,357
Annual Rental NOI	\$ 1,891,138	\$ 1,947,872	\$ 2,076,635	\$ 2,156,922	\$ 2,208,121	\$ 2,286,214	\$ 2,397,931	\$ 2,497,410	\$ 2,479,632	\$ 2,630,021	\$ 2,693,642	\$ 2,709,561	\$ 2,800,599	\$ 2,872,706	\$ 2,937,266	\$ 3,002,673
Debt Service	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)	\$ (1,263,125)
Principal Repayment (cumulative)	\$ (937,622)	\$ (739,154)	\$ (1,466,322)	\$ (1,466,322)	\$ (2,044,200)	\$ (2,338,726)	\$ (2,666,771)	\$ (3,032,289)	\$ (3,435,333)	\$ (3,875,794)	\$ (4,354,681)	\$ (4,872,995)	\$ (5,431,726)	\$ (6,031,873)	\$ (6,674,546)	\$ (7,360,853)
Property Disposition	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Net CF	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696
Equity Investment	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696	\$ 12,285,696
IRR	10.70%															
ROI	66.89%															
5 STORY BUILDING																
Development Expenses + Land Acq.	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334	\$ 40,568,334
Operating Income & Expenses																
Annual Rental Income	\$ 3,092,000	\$ 3,190,499	\$ 3,291,000	\$ 3,393,599	\$ 3,498,299	\$ 3,605,099	\$ 3,713,999	\$ 3,824,999	\$ 3,938,099	\$ 4,053,299	\$ 4,170,599	\$ 4,289,999	\$ 4,411,499	\$ 4,535,099	\$ 4,660,799	\$ 4,788,599
Vacancy & Operating Expenses	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)	\$ (1,002,000)
Bad Debts	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)
Property Tax Exemption	\$ 18,719,732	\$ 19,781,760	\$ 20,843,788	\$ 21,905,816	\$ 22,967,844	\$ 24,029,872	\$ 25,091,900	\$ 26,153,928	\$ 27,215,956	\$ 28,277,984	\$ 29,339,999	\$ 30,402,027	\$ 31,464,055	\$ 32,526,083	\$ 33,588,111	\$ 34,650,139
Annual Rental NOI	\$ 18,719,732	\$ 19,781,760	\$ 20,843,788	\$ 21,905,816	\$ 22,967,844	\$ 24,029,872	\$ 25,091,900	\$ 26,153,928	\$ 27,215,956	\$ 28,277,984	\$ 29,339,999	\$ 30,402,027	\$ 31,464,055	\$ 32,526,083	\$ 33,588,111	\$ 34,650,139
Debt Service	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)
Principal Repayment (cumulative)	\$ (471,943)	\$ (975,487)	\$ (1,512,738)	\$ (2,080,011)	\$ (2,692,844)	\$ (3,350,294)	\$ (4,052,344)	\$ (4,799,000)	\$ (5,590,263)	\$ (6,426,036)	\$ (7,306,319)	\$ (8,231,112)	\$ (9,200,425)	\$ (10,214,258)	\$ (11,272,611)	\$ (12,375,484)
Property Disposition	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Net CF	\$ 842,052	\$ 917,559	\$ 1,065,675	\$ 1,232,572	\$ 1,417,890	\$ 1,621,556	\$ 1,854,666	\$ 2,117,166	\$ 2,409,166	\$ 2,730,666	\$ 3,091,666	\$ 3,493,166	\$ 3,935,166	\$ 4,417,666	\$ 4,940,666	\$ 5,504,166
Equity Investment	\$ 842,052	\$ 917,559	\$ 1,065,675	\$ 1,232,572	\$ 1,417,890	\$ 1,621,556	\$ 1,854,666	\$ 2,117,166	\$ 2,409,166	\$ 2,730,666	\$ 3,091,666	\$ 3,493,166	\$ 3,935,166	\$ 4,417,666	\$ 4,940,666	\$ 5,504,166
IRR	12.35%															
ROI	52.22%															
6 STORY BUILDING																
Development Expenses + Land Acq.	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084	\$ 47,558,084
Operating Income & Expenses																
Annual Rental Income	\$ 3,841,000	\$ 3,949,214	\$ 4,059,000	\$ 4,169,372	\$ 4,280,344	\$ 4,391,916	\$ 4,504,188	\$ 4,617,160	\$ 4,730,832	\$ 4,845,204	\$ 4,960,376	\$ 5,076,348	\$ 5,193,120	\$ 5,310,692	\$ 5,429,064	\$ 5,548,236
Vacancy & Operating Expenses	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)	\$ (1,344,350)
Bad Debts	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)	\$ (62,500)
Property Tax Exemption	\$ 23,254,388	\$ 24,316,416	\$ 25,378,444	\$ 26,440,472	\$ 27,502,500	\$ 28,564,528	\$ 29,626,556	\$ 30,688,584	\$ 31,750,612	\$ 32,812,640	\$ 33,874,668	\$ 34,936,696	\$ 36,000,724	\$ 37,062,752	\$ 38,124,780	\$ 39,186,808
Annual Rental NOI	\$ 23,254,388	\$ 24,316,416	\$ 25,378,444	\$ 26,440,472	\$ 27,502,500	\$ 28,564,528	\$ 29,626,556	\$ 30,688,584	\$ 31,750,612	\$ 32,812,640	\$ 33,874,668	\$ 34,936,696	\$ 36,000,724	\$ 37,062,752	\$ 38,124,780	\$ 39,186,808
Debt Service	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)	\$ (1,674,833)
Principal Repayment (cumulative)	\$ (471,943)	\$ (975,487)	\$ (1,512,738)	\$ (2,080,011)	\$ (2,692,844)	\$ (3,350,294)	\$ (4,052,344)	\$ (4,799,000)	\$ (5,590,263)	\$ (6,426,036)	\$ (7,306,319)	\$ (8,231,112)	\$ (9,200,425)	\$ (10,214,258)	\$ (11,272,611)	\$ (12,375,484)
Property Disposition	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Net CF	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051
Equity Investment	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051	\$ 1,601,051
IRR	13.37%															
ROI	11.77%															

Affordability at 85% AHI: Under budget!

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Exhibit 11: Development Pro Forms, 70% AMI

Development Feasibility Analysis: Increase in Max. Number of Floors

Assumptions: 40% of Area Exceeds Income

	4 Story Building	6 Story Building	8 Story Building
Value / SF	Area (SF)	Area (SF)	Area (SF)
Site Market Value / Acquisition Cost	112,500	112,500	112,500
Site Improvement Costs	\$ 50	\$ 50	\$ 50
Construction Costs	\$ 675,000	\$ 675,000	\$ 675,000
Commercial Subtotal			
Residential Subtotal			
Public Plaza	5,000	5,000	5,000
Public Plaza	2,000	2,000	2,000
Apartment - Shoreline Market	131,250	175,000	218,750
Apartment - 70% AMI	105,000	140,000	175,000
Apartment - 70% AMI	26,250	35,000	43,750
Surface Parking	0	0	0
Structured Parking	84,250	84,250	84,250
Underground Parking	0	14,500	30,750
Premium for Green Construction	\$ 0	\$ 0	\$ 0
Total Hard Costs	\$ 805,738	\$ 763,238	\$ 923,738
Soft Development Costs	\$ 21,471,988	\$ 24,879,448	\$ 32,286,388
Total Development Costs (incl. Land)	\$ 6,441,596	\$ 8,053,846	\$ 9,686,096
Entrepreneurial Return	\$ 33,538,584	\$ 40,588,334	\$ 47,589,854
Total Property Cost	\$ 38,569,371	\$ 48,653,584	\$ 54,737,796
Minimum Rental Market Value (x Property Cost - Sale Income)	\$ 38,569,371	\$ 48,653,584	\$ 54,737,796
Capitalization Rate	5.00%	5.00%	5.00%
Minimum Rental NOI Required	\$1,928,465	\$2,332,679	\$2,736,890
RENTAL INCOME	Rent / SF	Gross Rental Income	Gross Rental Income
Apartment - Shoreline Market	\$ 22.00	\$ 1,148,000	\$ 1,148,000
Apartment - 70% AMI	\$ 20.00	\$ 1,400,000	\$ 1,400,000
Retail	\$ 24.00	\$ 96,000	\$ 96,000
Surface Parking	\$ 10.00	\$ 0	\$ 0
Structured Parking	\$ 10.00	\$ 0	\$ 0
Underground Parking	\$ 10.00	\$ 0	\$ 0
TOTALS		\$ 2,384,000	\$ 2,384,000
Total Rental NOI		\$ 1,536,600	\$ 1,536,600
Capitalized Value		\$ 1,536,600	\$ 1,536,600
FINANCING	Max. Loan (LTV)	\$ 24,595,600	\$ 24,595,600
Max. Loan (LTC)	75%	\$ 26,927,028	\$ 26,927,028
Max. Loan (DGR)	1.20	\$ 14,312,258	\$ 14,312,258
Max. Loan Amount			
TVM Calculations (Leveraged)	Sale in Year:	2023	2023
TVM Calculations (Unleveraged)	Sale in Year:	2023	2023
No. Development Cost Exceeds Property Value	Value of Rental NOI	\$ 30,732,000	\$ 30,732,000
Value of Unit Sales	Total Property Value	\$ 7,837,371	\$ 7,837,371
Total Property Value	Net Project Value	\$ 3,989,371	\$ 3,989,371
Effective Cap Rate	RLV	\$ 2,212,371.31	\$ 2,212,371.31
Required RLV/SF	RLV per SF	\$ 19.67	\$ 19.67
Required RLV/SF	Required RLV/SF	\$ 50.00	\$ 50.00
Project NPV	Project NPV	\$ 2,295,175	\$ 2,295,175
IRR	IRR	11%	11%
ROI	ROI	69.46%	69.46%
Project NPV	Project NPV	\$ 9,803,061	\$ 9,803,061
IRR	IRR	8.93%	8.93%
ROI	ROI	32.63%	32.63%
No. Development Cost Exceeds Property Value	Value of Rental NOI	\$ 40,588,334	\$ 40,588,334
Value of Unit Sales	Total Property Value	\$ 16,597,139	\$ 16,597,139
Total Property Value	Net Project Value	\$ 1,536,600	\$ 1,536,600
Effective Cap Rate	RLV	\$ 460,983.61	\$ 460,983.61
Required RLV/SF	RLV per SF	\$ 4.17	\$ 4.17
Required RLV/SF	Required RLV/SF	\$ 50.00	\$ 50.00
Project NPV	Project NPV	\$ 848,916	\$ 848,916
IRR	IRR	12%	12%
ROI	ROI	98.53%	98.53%
Project NPV	Project NPV	\$ 16,597,139	\$ 16,597,139
IRR	IRR	9.90%	9.90%
ROI	ROI	44.61%	44.61%
No. Development Cost Exceeds Property Value	Value of Rental NOI	\$ 50,388,000	\$ 50,388,000
Value of Unit Sales	Total Property Value	\$ 23,468,287	\$ 23,468,287
Total Property Value	Net Project Value	\$ 2,002,000	\$ 2,002,000
Effective Cap Rate	RLV	\$ 32,448,000	\$ 32,448,000
Required RLV/SF	RLV per SF	\$ 34,990,188	\$ 34,990,188
Required RLV/SF	Required RLV/SF	\$ 18,889,271	\$ 18,889,271
Project NPV	Project NPV	\$ 3,986,408	\$ 3,986,408
IRR	IRR	13.5%	13.5%
ROI	ROI	121.08%	121.08%
Project NPV	Project NPV	\$ 23,511,226	\$ 23,511,226
IRR	IRR	10.55%	10.55%
ROI	ROI	53.40%	53.40%

Affordability at 70% A/M - Leveraged

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Affordability at 70% AMI - Unleveraged

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Development Feasibility Analysis: Increase In Max. Number of Floors

Shoreline Feasibility Study 2008 0321
Community Attributes

Exhibit 15: Cash Flow Projection (Leveraged), Market Rents

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Exhibit 16: Cash Flow Projection (Unleveraged), Market Rents

[illegible]

Chapter 20.91

Ridgecrest Commercial Planned Area 2

Sections:

- 20.91.010 Purpose and Scope
- 20.91.020 Planned Area Zones and Permitted/Prohibited Uses
- 20.91.030 Density and Dimensional Standards
- 20.91.040 Administrative Design Review
- 20.91.050 Design Standards
- 20.91.060 Height Incentives
- 20.91.070 Parking
- 20.91.080 Signs
- 20.91.090 Outside Lighting

20.91.010 Purpose and Scope

- A. The purpose of this chapter is to establish development standards for Ridgecrest Commercial Planned Area 2. These standards are intended to implement a new vision for this area by replacing or modifying the regulations of SMC Chapter 20.50 – General Development Standards and revising permitted uses. The Ridgecrest Commercial Planned Area 2 standards are designed to:
 - 1. Be a form based code which provides flexibility, yet ensures the character of a project's building and site design is supportive of the adjacent public spaces and uses.
 - 2. Create lively mixed use and retail frontage in a safe, walkable, transit-oriented neighborhood environment.
 - 3. Provide for human scale building design.
 - 4. Contribute to the development of a sustainable neighborhood.
- B. If provisions of this chapter conflict with provisions elsewhere in the Shoreline Municipal Code, the provisions of this chapter will apply. When it is unclear which regulations apply, then the presumption will be that the regulations of this chapter take precedence with the ultimate determination to be made by the Director.

20.91.020 Permitted/Prohibited Uses

- A. In order to implement the vision of the Comprehensive Plan and the neighborhood visioning project, the Ridgecrest Commercial Planned Area 2 is adopted as shown on the official zoning map.
- B. NB uses will apply in Ridgecrest Commercial Planned Area 2 for developments less than 1.5 acres.
- C. All uses provided for under Chapter 20.40 SMC are permitted for developments 1.5 acres or more in Ridgecrest Commercial Planned Area 2 except the following:

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Planning Commission Recommendation

March 31, 2008 version

1. Adult use facilities;
2. Gambling uses;
3. Vehicle repair, service and/or sales unless entirely within an enclosed building;
4. Wastewater treatment facilities;
5. Wrecking yards;
6. Warehousing, self-storage warehouses and wholesale trade;
7. Outdoor material storage, including vehicles. Material storage will be allowed only within a fully-enclosed structure.
8. Shipping containers;
9. Other uses the Director determines to not comport with the intent of the district as expressed in SMC 20.91.010(A).

20.91.030 Density and Dimensional Standards

- A. Developments in Ridgecrest Commercial Planned Area 2 that are less than 1.5 acres will apply the density and dimensional standards for NB zones.
- B. Developments in Ridgecrest Commercial Planned Area 2 that are 1.5 acres or more will apply the following density and dimensional standards:

1. Setback, Height, and Floor Area Ratio Standards

Table 20.91.030B –Dimensional Standards

Standards	Planned Area 2
Setback for building base	5'7.5' adjacent to Residential zones, 0' abutting the public right-of-way.
Setback/stepbacks from property line for buildings	Buildings must be 20' from property lines at 35' building height abutting all R-6 zones. Above 35', building to setback ratio will be 2:1
	Buildings must be 10' from all property lines above the 4th story abutting 5 th Ave NE, NE 165 th Street and all other MF zones.
	Buildings on NE

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	163 rd , across from R-6 zoning, can be 35' high at the property line; above 35' the building to setback ratio will be 2:1.
Building Height, Min	2 Stories
Building Height, Max	Up to 6 Stories or 65' if public bonus features are provided ^{1,2}
Floor Area Ratio (FAR)	4.75
Density	Unit total limited by height, FAR and parking requirements ²

¹ See 20.91.060 for building height incentives.

² Only for Planned Area 2a. NB standards for height, FAR and density will apply to development 1.5 acres or more in 2b, 2c and 2d.

2. **Impervious Area.** Impervious area is 100 percent.

3. **Additional Height Provisions.**

- a. Mechanical penthouses, stair/elevator overruns and antennae (not including WTF's) may be excluded from building height calculation, provided they are no more than 15 feet above the roof deck and satisfy the criteria in SMC 20.19.050(B)(2)(g).
- b. Wireless Telecommunication Facilities ("WTF") may be excluded from building height calculation, provided they are no more than 15 feet above the roof deck, are entirely shrouded and satisfy the criteria SMC 20.19.050(B)(2)(g).
- c. Roof elements such as pitched roofs, gables and dormers may be excluded from building height calculations.
- d. Features providing environmental sustainability such as solar panels, wind turbines, and associated equipment are excluded from height standards, provided they are no more than 10 feet above the roof deck.

20.91.040 Administrative Design Review

- A. **Applicability.** Administrative design review will be required for developments in Ridgcrest Commercial Planned Area 2 that are 1.5 acres or more and that meet one of the thresholds in SMC 20.50.125.

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- B. Standards for Approval.** When design review is required, the applicant will demonstrate that plans satisfy the criteria in SMC 20.91.050 unless approved as a design departure by the Department Director consistent with the intent of each subsection.
- C. Design Departures.** A permit applicant wishing to modify any of the standards in this chapter may apply for a design departure. A design departure will be approved if it is consistent with the intent of each subsection and it meets or exceeds the standard design objective. The Director's decision may be appealed to the Hearing Examiner with substantial weight given to the Director's decision.

20.91.050 Design Standards

- A.** Developments in the Ridgcrest Commercial Planned Area 2 that are less than 1.5 acres will apply the design standards for NB zones.
- B.** Developments in the Ridgcrest Commercial Planned Area 2 that are 1.5 acres or more will apply the following design standards:
- 1. Site Design.**
 - a. Accommodation of Street Level Commercial**
 - i. Intent: To provide commercial services to the residents of the Ridgcrest Neighborhood by requiring first floors adjacent to the street be constructed to accommodate commercial services.
 - ii. Buildings fronting 5th Avenue NE are required to build to the specifications for ground level commercial. Ground level commercial may include live/work units that satisfy the criteria in SMC 20.91.050(2)(i). There may be non-commercial occupation of the ground level.
 - iii. Commercial uses will occupy a minimum of 50% of the available street frontage on 5th Avenue NE.
 - b. Facades - 5th Avenue NE, NE 165th Street**
 - i. Intent: To create frontage which encourages pedestrian use, promotes a sense of security by providing "eyes on the street" and creates visual connections between activities inside and outside of buildings.
 - ii. Facades fronting on the 5th Avenue NE and NE 165th will include a minimum of 50 percent of the façade area 2 feet -12 feet above grade, comprised of windows with clear nonreflective glass allowing visual penetration of at least 2 feet into the building if used for commercial uses.
 - c. Buffering**
 - i. Intent: To soften the visual impact of multi-use buildings adjacent to single-family homes.
 - ii. Decorative features such as plantings and/or trellises are to cover at least 50 percent of the building base on the side at the time of construction;

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- iii. Stamped and painted concrete (decorative treatments to the building base) will be used on building facade facades not covered by plantings to provide a visual relief to single-family residences.
- iv. Mature trees and shrubs will be used on portions of the property abutting the right-of-way to soften the appearance of the building.
- v. Retaining existing vegetation is encouraged to create a visual buffer to existing single-family residential



d. Driveway Access

- i. Intent: To ensure development reduces potential automobile conflicts on adjacent residential properties. Design ingress and egress points in a manner to reduce automobile impacts to adjacent residential uses.
- ii. Limit egress to NE 165th and 5th Avenue NE.

e. Transit stops

- i. Intent: To ensure development of sites adjacent to transit stops is designed to support, complement and accommodate the stop and promote use of the stop.
- ii. Development on parcels that front locations on 5th Avenue NE designated for a public transportation stop will be designed and furnished to accommodate the intent in a manner approved by the Director. Weather protection will be included in the design.

f. Entry Courtyard

- i. Intent: To provide a distinctive, safe and readily identifiable main pedestrian entry for the complex with a public right-of-way frontage.
- ii. Entry courtyards will:
 - 1) Abut and be visibly prominent from a public sidewalk by including at least two of the following design elements:
 - recess
 - overhang
 - portico/porch
 - stone, masonry or patterned tile paving in entry
 - ornamental building name or address
 - landscape pots or boxes
 - fixed seating
 - 2) Be at least 100 square feet in area with dimensions no less than 10 feet.

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- 3) Provide weather protection on at least two sides or overhead with walls, canopies, awnings, or landscaping.

2. **Building Design** All of the following elements of building design will be approved through the administrative design review process under SMC 20.91.040.

a. **Pedestrian enhancements and transparency**

- i. Intent: To provide pedestrians with protection from the elements, visual connections between activities inside and outside of buildings, and visual interest.
- ii. All street fronting buildings will provide overhead weather protection for pedestrians with a marquee, awning, building projection or other

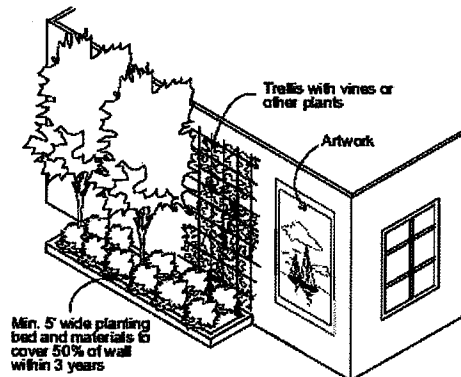


permanent structural element, over approximately 80 percent of the frontage of the subject property. The weather protection must cover at least 6 feet of the width of the sidewalk and be located a minimum of 10 feet above the walkway. The width may vary (not less than 3 feet) to accommodate street trees, streetlights, etc.

- iii. Ground floor facades of all structures facing a public sidewalk will be transparent nonreflective glass windows.
- iv. Ground floor building facades fronting public sidewalks will use planters, signage, architectural details and other techniques to create variety and interest.

b. **Blank walls**

- i. Intent: To reduce the negative visual impact of walls without openings or windows by ensuring there are features that add visual interest and variety to the streetscape.
- ii. Blank walls more than 30 feet in length will be treated to provide visual interest. Treatment includes installing trellises for vine and plant materials, providing landscaped planting beds that screen at least 50 percent of the wall, incorporating decorative tile or masonry, or providing artwork on the wall.



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c. Facade Articulation

- i. Intent: To reduce the apparent bulk of multistory buildings by providing visual variety.
- ii. All facades will be articulated with projections, recesses, covered doorways, balconies, covered box or bay windows and/or similar features to divide them into human scale proportions.
- iii. All facades longer than 30 feet will be broken down into smaller units through the use of a combination of projections, offsets, recesses, covered doorways, balconies, covered box or bay windows, staggered walls, stepped walls and overhangs. Changing materials and colors may be used to embellish the articulation but alone are not enough to provide the required amount of articulation.
- iv. Projections and recesses will be 3-5 feet in depth, 10 feet long and occupy at least 20 percent of the length of the façade.

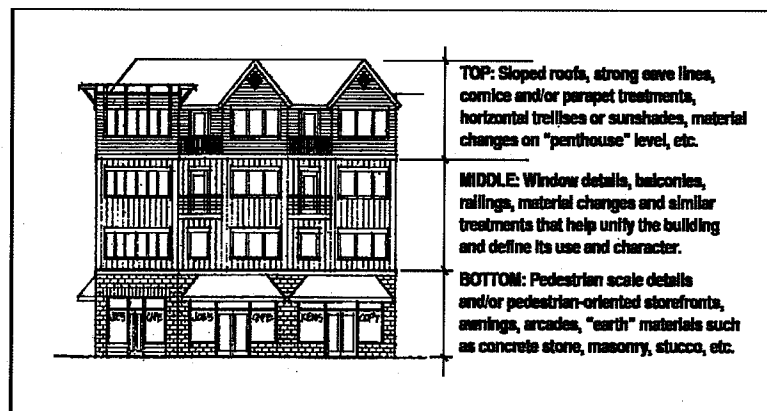
d. Vertical Differentiation

- i. Buildings will distinguish a “base” through the use of:
 - pedestrian scale details;
 - articulation;
 - overhangs;
 - masonry strips and cornice lines; and
 - “earth” materials such as stone, masonry, or decorative concrete.
- ii. Buildings will distinguish a “top” by emphasizing a distinct profile or outline with a:
 - parapet;
 - cornice, upper level set-back;
 - pitched roofline;
 - strong eave lines;

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- horizontal trellises; and
 - different facade material then that used predominantly in the “middle.”
- iii. Buildings with more than 2 stories above elevation of the nearest public sidewalk will also distinguish a “middle” through:
- material and/or color changes that differ from the base and top;
 - windows details, treatments and patterns;
 - balconies or alcoves; and
 - decks and/or railings.
- iv. The “base” will be the first story above grade. The “middle” will be stories between the base and top and the “top” is the highest story.
- v. All applications for new construction are required to submit detailed building elevations.



e. Street Frontage Standards

- i. Intent: To provide pedestrian relief from the elements, provide special enclosure and add design interest on 5th Avenue NE and 165th Street NE.
- ii. Buildings occupying the corner of 5th Avenue NE and NE 165th Street will be designed to encourage pedestrian activity.
- iii. Buildings located at corners will serve as gateways to the neighborhood distinguishable from the rest of the buildings. Corner entries and/or architectural treatment will be used to emphasize the corner location.
- iv. Buildings will occupy at least 75 percent of the street front.
- v. Buildings will have their principal entrance on the street frontage line.

f. NE 165th and 5th Ave NE Building Corner Treatment

- i. Intent: To provide visual interest, mitigate building bulk, provide for pedestrian amenities and outside meeting areas, and add to pedestrian vitality at the corner of 5th Avenue NE and 165th Street NE.

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- ii. Buildings occupying the corner of 5th Avenue NE and NE 165th Street will be designed to encourage pedestrian activity and pedestrian amenities. Pedestrian amenities include weather protection, substantial sitting areas, courtyard type flooring and lighting.
- iii. Buildings located at corners will serve as gateways to the neighborhood distinguishable from the rest of the buildings. Corner entries and/or architectural treatment will be used to emphasize the corner location.
- iv. Examples of design requirements can be found in the PLA2 administrative design guidelines.

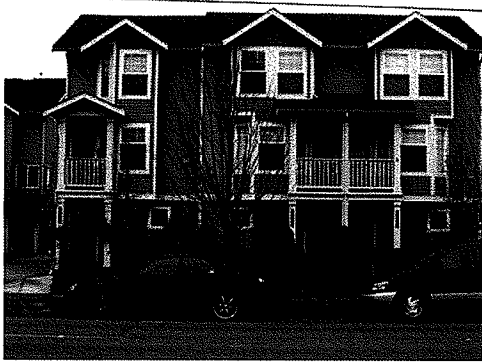
g. Buildings fronting on NE 163rd Street

- i. Intent: To provide additional visual relief from more intense development across from R-6 zones.
- ii. If building is separated by a local street, building facades across from R-6 zones will incorporate townhouse design elements.
- iii. Buildings located across from R-6 zones will be used for residential living units.
- iv. Townhouse design elements are bay windows, stoops, stairways up to entry doors from public sidewalks, porches, patios, balconies, railings, sloped roofs, cornices, and other elements that meet the intent of this section as approved by the Director.



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h. Service areas and mechanical equipment

- i. Intent: To screen rooftop mechanical and communications equipment from the ground level and from other structures. On-site service areas, loading zones, garbage collection, recycling areas, and similar activities will be located in an area that minimizes unpleasant views from adjacent residential and commercial uses.
- ii. Utility vaults, ground mounted mechanical units, satellite dishes, and other similar structures will be screened on all sides from adjacent streets and public view. This does not include pedestrian-oriented trash receptacles along walkways.
- iii. Fences designed for privacy, security, and/or screening will be made of material that is compatible with the building design.
- iv. Fences for screening and security purposes that are adjacent to the public right-of-way may be used only in combination with a trellis, landscaping, or other design alternatives to separate such fences from the pedestrian environment.
- v. Mechanical units, utility equipment, elevator equipment, and wireless telecommunication equipment (except for the antennae) located on the roof will be:
 - Incorporated into the roof design; and
 - Thoroughly screened, including from above when not in conflict with International Building Code or equipment specifications, by an extended parapet wall or other roof forms that are integrated with the architecture of the building. Environmental features do not have to be screened.

i. Parking Structures

- i. Intent: To reduce the visual impact of above-ground parking structures.
- ii. Parking structures at ground-level will be fully enclosed except for vehicle entrances.

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- iii. Parking levels above ground level will have openings totaling no more than 65 percent of the façade area. All openings will be screened with garden walls (structures designed to support vegetation growing across the opening); vegetation designed to grow on the façade and over the openings, louvers, expanded metal panels, decorative metal grills, opaque glass, or other devices approved by the Director that meet the intent of this section.

j. **Live/Work Units**

- i. Intent: To accommodate retail/office space and living units fronting on public right-of-way. Live/work units provide flexibility to business owners who want to live where they work.
- ii. Ground floor units facing a public sidewalk are required to be plumbed and built to be adapted for commercial use.

20.91.060 Height Incentives

The following height incentives will only apply to developments in the Ridgecrest Commercial Planned Area 2a:

- A. Intent: To require installation of features that benefit the public by creating a more inviting and livable community.
- B. Building height may be modified based on the following criteria:
 - 1. The building may increase to 4 stories if approximately 80 percent of the building base fronting 5th Avenue NE is developed with nonresidential uses and/or live/work units.
 - 2. The building may increase to 5 stories if the standards in SMC 20.91.060(B)(1) and SMC 20.91.060(C)(1)-(5)(6) are provided.
 - 3. The building height may increase to 6 stories if the standards in SMC 20.91.060(B)(1) and SMC 20.91.060(C)(1)-(5)(6) are provided, and 20 percent of the total numbers of units are affordable housing, as defined in RCW 84.14.010.

C. Height Incentive Requirements:

1. Active recreation area

- a. Intent: To provide recreational opportunities for residents in an area of the City that has little public park space in support of high density development.
- b. Will not be used for parking or storage.
- c. May be located out of doors, on top of, or within a structure.
- d. Will include an area of at least 600 contiguous square feet with a minimum dimension of 20 feet.

2. Art, Public

- a. Intent: To add stimulating and aesthetically pleasing elements to the built environment.

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- b. Must be displayed near the main pedestrian entrance to a building and be visible and accessible from a public sidewalk or within a public plaza.
- c. The scale of the artwork will be appropriate for the space occupied and large enough to be appreciated in full from at least 10 feet away.

3. Indoor Meeting Space

- a. Intent: To provide space for non-profit organizations to contribute to “third place” energy to complement commercial, residential and pedestrian synergy.
- b. Users may include community associations, neighborhood groups, after school programs, non-profit meeting space, and other programs that benefit the community at large.

4. Fountain or other water element

- a. Intent: To add stimulating and aesthetically pleasing elements to the built environment.
- b. Will be located outside of the building.
- c. The sum of the dimensions of the smallest possible cube surrounding the water when in motion will be at least 30 feet.
- d. Will be publicly visible and accessible from the main pedestrian entrance to a building or along a perimeter sidewalk or pedestrian connection.
- e. Water will be maintained in a clean and noncontaminated condition.
- f. Water will be in motion during daylight hours.

5. Plaza, public

- a. Intent: To provide for public gathering places supportive of a pedestrian-friendly environment.
- b. Will be accessible to the public.
- c. Will be readily accessible from a public sidewalk.
- d. Some portion will provide protection from adverse wind and rain.
- e. Will be signed to identify the enclosed plaza is available for public use.
- f. Will include permanent and substantial sitting areas for at least 5 people.
- g. Will be coordinated with or connected to the site’s primary pedestrian entrance.
- h. Will be at least 2,000 square feet in area (1600 sq. ft in contiguous area with a minimum dimension of 20 feet).
- i. Will be enclosed on at least two sides by a structure or by landscaping which creates a wall effect.
- j. Will provide opportunities for penetration of sunlight.
- k. Will be lighted at night.
- l. The property owner must grant the public a permanent easement ensuring public access over the plaza during normal business hours. The owner must record the easement with the county.

6. Sustainability Features

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- a. Intent: To ensure that new construction incorporates new and innovative building techniques to reduce demand on energy and stormwater systems.
- b. Development will be Built Green, as amended, or other sustainability standards approved by the Director that meet the sustainability intent of the King County Built Green program at a minimum of the three-star standard.
- c. Low-impact development techniques will be incorporated for all new development within PLA2. Some combination of the following low-impact development techniques will be employed: Rain gardens, permeable pavement, rainwater harvesting, vegetated roof, road design that promotes walking and bicycling, bike racks, increase access to and connection between public transportation modes and use of native non-invasive plant species.

20.91.070 Parking

- A. Intent: To provide adequate parking for a mix of uses on and around the Ridgecrest Commercial Planned Area 2. The parking management plan will make reasonable provisions to accommodate parking demand generated by on-site uses.
- B. All development proposals in the Ridgecrest Commercial Planned Area 2 require a parking management plan.
- C. The parking management plan will address parking impacts, ways to reduce parking demand and incentives for alternative transportation such as bike racks, bike lockers, and a minimum number of transit passes available for residents. As part of the parking management plan Metro bus passes will be made available to 50% of the units for the first two years of project occupancy.
- D. Parking spaces may be shared:
 - 1. When different uses share a common parking facility;
 - 2. The uses have peak parking demand periods that do not overlap more than 2 hours; and
 - 3. Shared parking areas will be appropriately designated and signed.
- E. Minimum parking spaces required for residential uses are 1 space for studio units, 1.3 spaces for 1-bedroom units and 1.6 spaces for 2-bedroom units.
- F. Provisions will be made for a car sharing program (like Flexcar), as approved by the Director, and include a car on-site as well as car-sharing only parking spaces.
- G. Parking areas in developments 1.5 acres or more will conform to the all of the parking design standards under SMC 20.50.410-.420
- H. On-site surface parking lot will be screened from public right-of-way and adjacent residential land uses. Screening can consist of locating parking behind buildings or by opaque landscaping.

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I. At least 80% of the required parking spaces will be located on-site. If the developer can secure parking through an agreement acceptable by the Director, at least 1/2 of the balance (10%) of the required parking spaces must be located within Planned Area 2 and the rest (up to 10%) of the required parking must be within 1,000 feet of the development. Building occupancy will be restricted if, at any time, parking spaces off-site are lost and not replaced by other agreements. A notice will be recorded to the title of any property stating these requirements.

20.91.080 Signs

Development proposals in the Ridgecrest Commercial Planned Area 2 that are 1.5 acres or more require submittal and approval of a master sign plan through the administrative design review process set forth in SMC 20.91.040.

20.91.090 Outside lighting

- A. Intent: To create a walkable human scale neighborhood environment by providing adequate and appropriate lighting for pedestrians.
- B. The standards for outdoor lighting apply to all development proposals in the Ridgecrest Commercial Planned Area 2.
- C. The outdoor lighting will:
 - 1. Accent structures or provide security and visibility;
 - 2. Be shielded to confine emitted light to within the site ; and
 - 3. Be located so it does not have a negative effect on adjacent properties or rights-of-way.
- D. All building entrances will be well lit to provide inviting access and safety. Building-mounted lights and display window lights will contribute to lighting of pedestrian walkways and gathering areas.
- E. Lamp height will not exceed 15 feet for on-site pedestrian lighting.
- F. Outside lighting will be minimum wattage metal halide or color corrected sodium light sources which emit "natural" light. Non-color-corrected low-pressure sodium and mercury vapor light sources are prohibited.

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