

South Marymoor Subarea Committee Report

To: Technical Committee
Planning Commission

From: South Marymoor Subarea Committee

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Subject: **Land Use Transition Strategy for the South Marymoor Subarea**

I. Recommendation

The South Marymoor Subarea Committee recommends a land use transition strategy called the “Marymoor Expanded Use Zone.” This strategy:

- Expands **allowed uses** such that multifamily homes, where allowed, are built when the market demands them while not making existing uses non-conforming; continues to allow other land uses that exist in the subarea as allowed uses;
- Maintains reasonable investment **thresholds** that, when exceeded, would trigger requirements for compliance with site and design standards, such as setbacks and building design, that are consistent with the vision;
- **Timing**: allows the land use transition to occur according to market conditions and does not establish timing triggers that would create non-conforming uses or otherwise require uses to change on a pre-determined schedule, especially considering the challenges of redeveloping areas covered by binding site plans;
- Uses development **incentives** to support the transition and achieve public goods such as public parks or plazas; and,
- **Compatibility**: ensures that new uses accommodate the operations of manufacturing park uses through site design for compatibility and by requiring notice to prospective residents that the subarea has active manufacturing activities and is adjacent to a regional park with loud events.

The remainder of this report contains background information, a discussion of key issues and alternatives considered, and additional supporting analysis.

II. Background

A. Neighborhood Plan Context

The City Council adopted a major update to the Southeast Redmond Neighborhood Plan in October 2014. The Marymoor Subarea is part of the Southeast Redmond Neighborhood generally bounded by Marymoor Park, SR 520, and the East Lake Sammamish Trail. The vision for the Subarea, as set out in the Plan, is to transition over time to be a walkable, denser subarea that features opportunities for living, employment, community gathering, education, shopping and commuting to other Redmond and regional destinations.

Marymoor Subarea and South Marymoor Subarea Map



To achieve the City’s vision for the Subarea, changes are necessary to the current zoning within the Subarea. When these changes were first brought before City Council, a considerable number of community stakeholders expressed concerns. City Council acknowledged those concerns and adopted Resolution 1415 to address them as well as the

issues that applying the City’s nonconforming use provisions could create. Resolution 1415, adopted with the neighborhood plan, contains four sections:

- Section 1 establishes the South Marymoor Subarea Committee to recommend a land use transition strategy for the South Marymoor Subarea;
- Section 2 calls for an infrastructure planning study, transit-oriented development (TOD) strategy, and affordable housing strategy for the Marymoor Subarea;
- Section 3 directs staff to refine draft zoning regulations in light of the work described above; and
- Section 4 sets a deadline of January 1, 2018 for Council action on the above work.

This report describes the South Marymoor Subarea Committee’s recommended land use transition strategy for the South Marymoor Subarea, fulfilling the Committee’s mandate under Section 1 of Resolution 1415 and concluding the Committee’s work. In addition, the Committee remains very interested in the infrastructure planning, TOD and affordable housing work, and in the policies and regulations that will result from that work. Therefore this report summarizes the Committee’s discussions on those topics.

B. Committee Process

The City Council appointed the 11-member South Marymoor Subarea Committee in March 2015. Committee members have a variety of personal and professional backgrounds, and represented the groups identified in Resolution 1415, including business owners, a commercial property broker and a Southeast Redmond Citizen Advisory Committee member. Two members resigned during the time that the Committee met. Between March 2015 and November 2016 the Committee met 16 times.

The Committee began its work by organizing itself, agreeing to operating rules and adopting a set of principles (Exhibit D). It then studied several different alternative strategies and evaluated those strategies against the Committee’s principles. Note that the key issues considered (section III of this report) track closely with the Committee’s principles. Late in 2015 the Committee identified a preliminary preferred transition strategy and obtained input on the strategy at a neighborhood workshop in January 2016. The Committee then identified a preferred transition strategy and reviewed draft zoning regulations to see how the strategy could be implemented in the zoning code. Last, the Committee formally recommended the “Marymoor Expanded Use Zone” to the Technical Committee and Planning Commission in November 2016 as documented in this report.

III. Key Issues and Alternatives Considered

A. Key Issues

Five issues stand out as having had the most impact on the Committee’s recommendation. They are described below.

Existing uses do not become non-conforming

Resolution 1415 states that the City’s general nonconforming use regulations are not appropriate for the South Marymoor Subarea. Under existing regulations, if a tenant with a legal non-conforming use vacates, the building owner is limited to re-leasing to exactly the same kind of non-conforming business under narrowly defined allowances. If that could not be done, the building owner would lose his/her ability to lease to a legal non-conforming use and would have to comply with current use regulations. If that property was part of a binding site plan, the owner might not be able to comply with certain use requirements. Therefore, the building may face increased vacancy, which translates to lost jobs for the community, diminished City tax revenues, a loss in property value and diminished return on investment. Based on the Council’s direction from Resolution 1415, the Committee’s intent was to avoid these negative outcomes, prevent blight, and retain the vibrancy that currently exists.

Encourage reasonable expansion, modification and re-lease of existing properties over their useful economic lives

Consistent with potential options outlined in Resolution 1415, the Committee concluded that the land use transition strategy should grant flexibility in maintaining, modifying, and expanding existing manufacturing and industrial uses. Without such flexibility, the Committee concluded that serviceable buildings would experience vacancy that otherwise would not occur. The recommended land use transition strategy allows for the expansion, modification and re-lease of existing properties by 1) treating existing uses as permitted, and 2) allowing reasonable and continued re-investment in existing buildings without triggering requirements to comply with urban/transit-oriented site and design standards.

Support the vision and promote economic vitality of existing and future manufacturing uses

The Committee understood that, per Resolution 1415, the recommended strategy must promote economic vitality now and support the future vision, which involves significant land use change. The Committee concluded that the best way to achieve both goals was to allow both existing uses and new, mixed-use/multifamily uses in the subarea and enable the market to drive the timing of redevelopment. The Committee recognized that there may be a period of time where manufacturing and light industrial uses would coexist with mixed-use and multifamily uses. In the course of the Committee's study, it found that other cities have successfully used expanded mixed use strategies – including light industrial, research and development, high tech, general commercial and residential uses – to manage growth and land use change. After studying the approach that other nearby cities have taken, and after listening to a presentation on the Central Issaquah Plan, the committee determined the expanded use zone strategy is a promising approach to bring about significant change in an area. The Central Issaquah Plan is discussed more in depth below.

Address challenges with binding site plans

Nearly all of the buildings in the subarea are part of one of two adjacent binding site plans. (A binding site plan is a commercial land development tool that typically results in multiple tax lots sharing common elements like access, parking, and drainage.

Decisions about changes to the site require approval of most or all owners in a binding site plan.) The Committee discussed how being part of a binding site plan would impact the ability of an individual owner to redevelop. The Committee concluded that, in practice, unanimous agreement would be required for any redevelopment to occur in a binding site plan. For this reason, the Committee strongly believed it was important that no specific time triggers be included in the land use transition strategy, since owners within a binding site plan may not desire to redevelop at the same time.

Understand how and when investment thresholds apply

The Redmond Zoning Code provides that non-conforming structures may be ordinarily maintained and repaired to protect general health, safety and welfare. It further states that a non-conforming structure must be brought into full compliance with the Zoning Code when, over the course of three years, the gross floor area is increased by 100 percent or more, or the value of permitted improvements exceeds the value of the structure itself at the beginning of the three-year period (RZC 21.76.100.F.9). In general, the Committee believed that the 100 percent threshold for floor area and value was reasonable. The Committee's recommendation makes no changes to the existing code as it relates to non-conforming structures.

B. Alternatives Considered

Performance Zoning

Performance zoning is a flexible regulatory approach that, rather than regulating use and activity, sets performance standards that businesses or developments must meet in order to comply. The Committee had two concerns related to the provisions of Resolution 1415. First, that the approach would not necessarily ensure that existing uses did not become non-conforming and subject to narrowly-defined non-conforming use regulations, and second, that it might not encourage reasonable expansion, modification and re-lease of existing properties over their useful economic lives, depending on what performance standards were established.

Transition Zones

Transition zones are areas that separate incompatible uses with a set of "transitional" uses. The Committee reviewed a number of examples such as from Kirkland, Bellevue, Portland, OR and Raleigh, NC. Each of those communities had distinct transition goals; the common element of their strategies was to create zones of uses that would separate lower-intensity zones from higher-intensity zones. The Committee concluded that this strategy could support land use compatibility, though questioned the feasibility of this strategy given the relatively small land area in question. In addition, the Committee was concerned that existing uses that could become part of a transition zone would be considered non-conforming in order to effectively implement the transition.

Transitional Uses

Transitional uses are existing uses in areas that are expected to undergo significant land use change over time. For example, business park-type uses in Overlake Village are considered "transitional." In Redmond, transitional uses are limited in size and may be converted to legal non-conforming status by City Council action at periodic look-back

intervals (see RZC 21.12.140, OV Transitional Use Requirements, for additional details). The Committee recognized that employing this strategy would allow for a transition over time, but concluded that the uncertainty associated with periodic City Council reviews would discourage re-leasing. The Committee was further concerned that applying the non-conforming use regulations, even in a less stringent fashion as is done in Overlake Village, could harm economic vitality given the potential for a long transition period and therefore be contrary to the goal set out in Resolution 1415.

Phased Redevelopment

Phased redevelopment is the redevelopment of an area in pre-determined, often linear manner, beginning at a location and then, over time, expanding away from completed infill projects. The level of flexibility in phasing depends on the specific application of the strategy. The Committee considered that phased redevelopment could reduce land use incompatibilities and result in orderly infrastructure development, but ultimately concluded that strict phasing may not align with market demand for redevelopment. The Committee was concerned that this could delay redevelopment in the case of an owner not ready to redevelop, and leave those willing to redevelop with reduced ability to do so. This concern was compounded by the binding site plans that affect the majority of the buildings in the subarea.

Buffers

Buffers are undeveloped spaces, often with dense vegetation, created at the time of redevelopment for the purpose of separating incompatible land uses. Buffers could also serve as required open space or stormwater management areas. For example, in Portland, OR, buffers are required when a commercial zone abuts a residential zone and the base zone standards do not otherwise provide adequate separation. Raleigh, NC requires “protective yards” to buffer certain incompatible uses. The Committee noted that buffers would not affect existing properties and uses. One challenge with buffers is that, even though they could be an interim condition until a neighboring site redevelops, neighbors might understand them to be permanent or protected. The Committee was also concerned again with the overall small size of the subarea.

Overlay Zoning

A zoning overlay applies different rules to part of a zone than the rest of the zone. Overlays can be created for a variety of reasons, including varying height, density, or use permissions. For example, Seattle used an overlay for the Northgate Urban Center to achieve its vision for a walkable community adjacent to residential neighborhoods. The Committee analyzed this technique as a use overlay, where additional uses consistent with the subarea vision would be added to the allowed use tables while retaining existing permitted uses. The Committee concluded that this strategy would better adhere to Resolution 1415 by protecting existing uses and not creating uncertainty associated with non-conforming use regulations, while allowing market-driven redevelopment. The Committee’s recommended strategy is not technically an overlay because it would establish an entirely new zone. Nevertheless, overlay zoning formed the core of the Committee’s recommended strategy, the Marymoor Expanded Use Zone.

C. Specific Local Examples of Transition

Shoreline 185th Street Rezone

Shoreline is planning for significant redevelopment around its two light rail stations, which will open in 2023. The Committee studied Shoreline’s proposed approach for the 185th Street station. Two elements of Shoreline’s approach stand out: the use of phased zoning, and how Shoreline proposed to use non-conforming use regulations. Shoreline proposed three phases of rezoning: immediately, in 2021, and in 2033, roughly according to how far property is from the planned light rail station. All existing single-family homes in the study area continue to be allowed in the new zoning, while other uses that are no longer permitted are considered legally non-conforming and standard non-conforming use regulations apply to them. For example, such uses may not increase in size, and if abandoned for 12 months then non-conforming use rights are lost. This approach is contrary to the requirements in Resolution 1415 regarding the appropriateness of the City’s current non-conforming use regulations.

Central Issaquah Example

Issaquah adopted a redevelopment plan for its downtown called the Central Issaquah Plan. The plan accommodates 6.9 million square feet of new commercial space, 7,750 homes, and 19,000 jobs over an 1,100-acre area. Among its provisions, the Issaquah plan establishes overlay zoning whereby all previously-permitted uses continue to be permitted, and where thresholds exist for requiring conformance with new site and design standards. The Central Issaquah Plan allows for an array of uses, such as the range proposed in this Marymoor Expanded Use Zone strategy. It shows how expanded uses can exist together in close proximity to each other, allowing existing uses such as light industrial to thrive next to redevelopment that includes multifamily. For the reasons described above, the Committee felt this approach was more applicable in concept to the Subarea.

IV. Additional Supporting Analysis

A. Consistency with Southeast Redmond Neighborhood Plan

The Marymoor Expanded Use Zone strategy is consistent with the following Southeast Redmond Neighborhood Plan policies:

N-SE-35: Work with subarea stakeholders to develop a transition strategy that promotes the continued economic vitality of existing and future manufacturing uses and is consistent with the vision for the subarea prior to adopting new zoning regulations for the Marymoor Subarea. Such a strategy will characterize existing uses as “transitional” rather than nonconforming and may include overlay zoning, transition zoning, or other innovative zoning techniques that accomplish the policy intent.

The recommended land use transition strategy promotes the continued economic vitality of existing and future manufacturing uses by continuing to permit them without a specific time trigger.

N-SE-37: Use zoning regulations and public investments to facilitate opportunities for housing, employment, community gathering, education, and small-scale shopping in this subarea.

The recommended land use transition strategy is compatible with zoning regulations and public investments that would facilitate the above opportunities.

N-SE-39: Focus employment growth nearest the light rail station. Focus residential growth near Marymoor Park. Accommodate at least 700 new homes in the subarea or other parts of Redmond to offset reductions in residential capacity in the Northeast Subarea.

The recommended land use transition strategy is compatible with zoning regulations that would allow mixed-use and multifamily development that meets or exceeds the 700-home threshold for the Marymoor Subarea.

N-SE-40: Incorporate housing into the Marymoor Subarea that is walkable to the station. Maintain opportunities for transit-oriented development that includes housing capacity in close proximity to the light rail station and for housing capacity in the areas closest to Marymoor Park.

The recommended land use transition strategy allows for market-driven redevelopment into mixed-use and multifamily development that would be walkable to the planned light rail station.

B. Consistency with Resolution 1415

WHEREAS, the vision for the Marymoor Subarea, as described in the neighborhood plan, is for a walkable, denser subarea that features opportunities for living, employment, community gathering, education, shopping, and commuting to other Redmond and central Puget Sound destinations; and

WHEREAS, the vision for the Marymoor Subarea entails the transition of some parts of the neighborhood from employment-oriented uses to multifamily housing; and

The recommended land use transition strategy provides for market-driven redevelopment of the Marymoor Subarea in a manner consistent with the subarea vision. Draft zoning regulations that implement the transition strategy include provisions for increased density, mixed-use and multifamily development, urban site and design standards, and various incentives, all of which steer new development toward the vision as expressed in the Comprehensive Plan.

WHEREAS, the City Council recognizes the need for a transition strategy that addresses the particular situations of the Marymoor Subarea south of NE 65th St (“South Marymoor Subarea”); and

WHEREAS, the City’s general nonconforming use regulations are not appropriate for the South Marymoor Subarea; and

WHEREAS, the City intends to develop a unique regulatory regime that will support the long-term land use vision for the South Marymoor Subarea while allowing for the continued economic vitality of the existing and future manufacturing uses and encouraging the reasonable expansion, modification and re-lease of these existing properties over their useful economic life.

The strategy takes into account that much of the South Marymoor Subarea was developed using binding site plans, and so the strategy does not have specific time triggers or declare existing uses non-conforming since moving forward with redevelopment of a binding site plan will require the agreement of all owners in a binding site plan. The lack of time triggers and the recommendation to keep existing uses as permitted allows for the continued economic vitality of existing and future manufacturing uses and the reasonable expansion, modification and re-lease of such properties over their useful economic lives. The strategy supports the long-term land use vision by allowing for market-driven redevelopment as shown in draft zoning regulations.

V. Discussion of Related Marymoor Subarea Planning Work

A. Marymoor Subarea Infrastructure Planning Study

The purpose of the infrastructure planning study is to support the vision for the Marymoor subarea by creating an infrastructure plan that includes the types, conceptual design for, and conceptual locations of transportation, water/sewer, stormwater, and park and trail infrastructure needed to serve future growth; and, developing a transit-oriented development strategy, affordable housing strategy, and other recommendations for development regulations that are aligned with infrastructure needs and implement the adopted vision.

Staff updated the Committee throughout the infrastructure planning study process. Among the Committee's interests were understanding how infrastructure costs would affect the economic feasibility of redevelopment, and including the ability to build transit-oriented multifamily housing both north and south of NE 65th St rather than concentrating all of it south of NE 65th St. Part of the rationale for the Committee's land use transition strategy recommendation is that an "expanded use" zone is appropriate for a transition that is expected to unfold over a long period of time. The economic analysis conducted by Heartland indicated that, given assumptions about current rents and construction costs, redevelopment of income-producing properties would be unlikely in the short term, reinforcing the Committee's recommendation. With respect to housing, the Committee supports the current direction to allow housing and non-residential uses north and south of NE 65th St.

B. Draft Comprehensive Plan and Zoning Code Amendments, including Transit-Oriented Development Strategy

Staff shared multiple drafts of zoning code amendments that would implement the Committee's recommend land use transition strategy and other elements of the Southeast

Redmond Neighborhood Plan. The Committee’s key interests were providing for sufficient zoned density to encourage redevelopment and using an incentive program to obtain amenities in exchange for development rights. The Committee believes that current proposed floor area ratio limits would not result in short-term redevelopment on income-producing properties. The Committee’s preference for including an incentive program is part of the most recent draft zoning regulations.

The Committee also reviewed draft amendments to the Neighborhoods Element of the Comprehensive Plan (Exhibit E). The Committee concluded that the draft amendments accurately capture the land use transition strategy recommended by the Committee.

VI. List of Exhibits

- Exhibit A: Transition Strategy
- Exhibit B: Final Committee Issues Matrix
- Exhibit C: South Marymoor Subarea Committee Members
- Exhibit D: South Marymoor Subarea Committee Principles
- Exhibit E: Draft Comprehensive Plan Amendments
- Exhibit F: Draft Zoning Regulations

/s/
Barbara Hill, Chair
South Marymoor Subarea Committee

12/4/16
Date

/s/
Brad Klahr, Vice Chair
South Marymoor Subarea Committee

12/2/16
Date