GENERAL INFORMATION:
The study session is an informal meeting involving discussion between and among the City Council, Commission (if applicable) and city staff regarding policy issues. Study sessions may involve presentations, feedback, brainstorming, etc., regarding further work to be done by the staff on key policy matters.

CALL CITY COUNCIL STUDY SESSION TO ORDER

ROLL CALL

APPROVAL OF AGENDA

ITEM(S) FOR DISCUSSION
1. Inland Group Development Agreement (Lyons)

PUBLIC COMMENT Speakers will state their name, address, and organization. Comments are directed to the City Council, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.

ADJOURN

For disability accommodations call 253-480-2400 at least 24 hours in advance. For TDD relay service call (800) 833-6384 and ask the operator to dial 253-480-2400.

*Note* A Regular Council meeting will immediately follow at approximately 7:00 p.m.
SUBJECT: DISCUSS A POTENTIAL DEVELOPMENT AGREEMENT IN THE DOWNTOWN TOWN CENTER ZONE

RECOMMENDED BY: Richard Hart, Community Development Director

ATTACHMENT(S):
1. Aerial Map of Ashton Property
2. Inland Group Site Plan and Elevations
3. Development Agreement Ordinance – Town Center Requirements
4. Email to Inland Group dated December 24, 2013
5. Comprehensive Plan Street Type. Figure 4.5
6. Concept Plan Overlay (Showing Potential Development)

PREPARED BY: Salina Lyons, Principal Planner
Nelson Ogren, Development Review Engineer

EXPLANATION:
The purpose of this study session is to provide the council an overview of a potential development project in the town center zone and to discuss the developer’s request to utilize the city’s development agreement process. This discussion is solely focused on the development agreement requirements and does not preclude the developer from going through the commercial site development application, architectural review, and environmental review process as otherwise required by any development in the downtown and the town center.

Proposal Overview
The Inland Group (“Developer”) submitted a conceptual site layout for the vacant property in the town center known as the Ashton Property. The Ashton Property is seven acres and is located in the Town Center Zone. The property is surrounded by Covington Elementary to the south, the Safeway Shopping Center to the north, 3-4 acres of undeveloped property owned by Valley Medical to the west, and single family homes that front onto SE Wax Road to the east. (Attachment 1)

The conceptual plan consists of four buildings. Buildings A & B will be 5- to 6-story mixed-use buildings with a total of 200 multifamily units over ground floor commercial space and at-grade parking. The Developer anticipates utilizing the recently adopted Multifamily Property Tax Exemption Program at 60% median income for the multifamily units. Building C will be 152 units of Affinity senior housing. The Affinity senior living concept bridges the gap between affordable senior housing (SHAG properties or Covington Place) and traditional full-service retirement communities (Holiday Retirement or Leisure Care). No meal services are provided, but typical retirement housing amenity spaces are provided. Building D is the senior housing pool and recreation building. The senior housing facility will be market rate and age-restricted to seniors age 55 or older.
Buildings A and B will contain approximately 11,161 sq. ft. of ground floor commercial space. Senior housing facilities are exempt from the mixed use requirement; therefore, no ground floor commercial space is proposed for Building C.

**Development Agreement Request**

The downtown code provisions in CMC 18.31 and the adopted Downtown Design Guidelines and Standards outline the requirements for development in downtown. In 2013, the council approved the addition of CMC 18.31.045 – Town Center Development Agreements, which allows the city council to approve specific deviations from zoning requirements in the Town Center Zone through the execution of a development agreement with the developer. The development agreement process is limited to the Town Center Zone, on contiguous properties of three acres or greater in size, for medical office, mixed use, and multifamily projects that have a requirement to provide a combination of ground floor retail, restaurant, business, and/or professional office space under the current zoning provisions. (Attachment 3)

To qualify for the development agreement, the Developer must provide mitigation and public benefit over and above what is required in the city’s code for a standard development. Mitigation measures may require a range of improvements or contributions to capital projects identified in the Comprehensive Plan or six-year Capital Program, or additional public space, public art, or other public benefit related to the project, as determined by the council.

**Project Staff Report**

The following is an analysis showing the requirements of the Town Center code requirements and how the Developer is meeting them to qualify for the development agreement process.

1. **Building Heights:**
   
   *Required by CMC 18.31*

   Multifamily residential dwelling units in the Town Center shall be a minimum 3-story mixed use structure with a maximum height of 75 ft.

   *Proposed by Developer*

   The Developer is providing 5- and 6-story buildings with ground floor commercial space (percentage to be determined). The first floor of each building will contain at-grade under building parking. The Developer will be required to design the façade along the streets according to the downtown design standards and those features will be reviewed upon submittal of a development application. The project will maximize the 75 ft. building height.

2. **Building Relationship to Street**
   
   *Required by CMC 18.31*

   S.E. 276th St. and 171st Ave. S.E. (Main Street) are Type 1 streets and require that 80% of the lot frontage be occupied by a building or other structure approved by the director as meeting the intent of the standard (Design Standards).

   - S.E. 276th St. is 497 lineal feet; therefore, the building should occupy 397 lineal feet of frontage.
   - 171st Ave. S.E. is 522 lineal feet; therefore, the building should occupy 417 lineal feet of frontage.
S.E. 274th St. is a Type II Street and requires that 50% of the lot frontage be occupied by a building or other structure. The frontage is 467 lineal feet; therefore, the building should occupy 233 lineal feet.

*Proposed by Developer*

As identified on the Frontage Tabulation on Attachment 2, the developer is providing the following building frontages:

- S.E. 276th St. has 383 linear feet of building frontage, or 77%. Although the proposal is deficient in building frontage along S.E. 276th St., the Developer is proposing plaza space to be considered an “other structure” through the Design Standards. If approved by the director, the plaza space will provide an additional 104 lineal feet of frontage. The addition of this space increased the active space along S.E. 276th St. to 98%.
- 171st Ave. S.E. has 419 linear feet of building frontage, or 80%.
- S.E. 274th St. has 233 linear feet of building frontage, or 50%.

The intent of the design requirement is to reinforce the pedestrian experience. As provided in the Design Standards, a deviation to reduce the lineal frontage and the use of the pedestrian space as an “other structure” is reviewed as an administrative deviation by the director. The Developer, at the time of application, will need to show how they are meeting the intent of the design requirements in a method equal to, or better than, what is prescribed.

3. **Commercial Space Required**

*Required by CMC 18.31*

Multifamily structures in the Town Center Zone shall provide 60% or more of the ground floor abutting a street as retail, restaurants, or personal services (commercial space). Driveway entrances and lobbies shall not be included in the required percentage of ground floor use. Based on this requirement and the calculations provided in the previous Building Relationship to Street section, the Developer is required to provide the following linear feet of commercial space.

- S.E. 276th St. is occupied by 383 linear feet of building frontage; therefore, 229 lineal feet of commercial space shall be provided.
- 171st Ave. S.E. is occupied by 419 linear feet of building frontage; therefore, 251 lineal feet of commercial space shall be provided.
- The senior care facility is a single use structure and is not required to provide ground floor retail.

*Proposed by Developer*

As identified on the Building Tabulation on Attachment 2, the Developer is providing the following amount of commercial space:

- S.E. 276th St. will have 171 lineal feet of commercial space, or 44% of the frontage.
- 171st Ave. S.E. will have 222 lineal feet of commercial space, or 52% of the frontage.

The total provided for each building is identified on the site plan and equates to about 11,161 sq. ft. of commercial space. Given the code requirements, the proposal is deficient by approximately 87 lineal feet of commercial street frontage. For the project to be viable, the
Developer would need to go through the development agreement process to reduce the street frontage requirements.

Attachment 4 is an overview of the comments staff provided the Developer regarding the deviation from the ground floor retail component. Staff indicated that the project may be supported if 50-60% of 171st Ave. S.E. provided the bulk of the required commercial frontage for the site at the corner (as shown) and through design and provided mid-block commercial uses to create a pedestrian experience along 171st Ave. S.E. If the intent could be achieved along 171st Ave. S.E., the city may be able to support a lesser amount of commercial space (30-40%) along S.E. 276th St.

Based on our preliminary conversations with the Developer, they are concerned with the immediate demand for commercial space in the buildings until more of the Town Center is developed. The Developer is proposing that some of the required commercial space be converted when a viable tenant is determined. Their objective is to lease 100% of the future commercial space to viable tenants as soon as there is demand for the space. Until then, some of the commercial space will be occupied by parking stalls, which are not included in their overall parking calculation.

4. Public Space Required – Private/Plaza

Required by CMC 18.31

The downtown code requires that a project provide plaza space based on 1.5% of the gross building area. The total gross building area of the project is 496,582 sq. ft.; therefore, the site is required to provide 7,434 sq. ft. of plaza space (private). In addition, the multifamily buildings are required to provide a tot lot/recreation space for the tenants. These recreation spaces will be located within the family space and also along the green areas. The final private plaza/recreation spaces will be designed and reviewed during the development process.

Proposed by Developer

The Developer is providing 10,200 sq. ft. of private plaza/recreation space, which exceeds the minimum requirement. In addition, the Developer is proposing an additional 4,005 sq. ft. of public plaza space to be located at the corners of 171st Ave. S.E. and mid block on S.E. 276th St. The additional public plaza space is intended to be the “public benefit” required as part of the development agreement. The Developer’s concept is to orient the public plaza space to the south to be combined with a future development across the street in order to create a larger mid-block space. The northwest and southwest corner plazas will also contribute to the future intersections when the property to the west develops and when S.E. 274th St. is constructed and extended in the future.

5. Additional Infrastructure Needs

The site has limited access, with the only one point of entrance at 172nd Ave. S.E. (Attachment 1) The comprehensive plan shows streets on all four sides of this site and S.E. 276th St. connecting to SE Wax Road. (Attachment 5)

Currently, the site has potential access from 172nd Ave. S.E., but it is not adequate to support a large development. A second access is required to accommodate traffic movements and emergency response (fire/life/safety). A series of infrastructure improvements are necessary to accommodate access to the site and to meet the intended street network identified in the
comprehensive plan. These street improvements will likely include the extension of S.E. 276th St. (from Valley Medical) along the frontage of this site. Ideally a connection should be made to SE Wax Road; however, it may not be feasible for the Developer to acquire additional property to the east. S.E. 274th St., behind Safeway, will be difficult to use as a secondary access due to the current conflicts with Safeway’s loading zone and driveway entrances. However, dedication of the right-of-way for S.E. 274th St. would be required for future construction and a form of pedestrian access along this route to 172nd Ave. S.E. would be considered with any future design.

Any development on this site is also required to construct their half of the pedestrian oriented street (171st Ave. S.E.) along the west boundary. The street shown along the east boundary wouldn’t be required unless the Developer was able to acquire adjacent properties and incorporate this access into their design. We would consider some type of access from 172nd Ave. S.E. if it could be designed to accommodate vehicle movements to the site. If access at 172nd Ave. S.E. is designed correctly, it could negate the need for the eastern street because those properties would have direct access to SE Wax Road.

The circulation requirements and limitations are important to understand, as these issues tend to drive the site layout based on vehicle and pedestrian access points. The level of infrastructure necessary for this site may also provide a catalyst for adjacent developments because a majority of the required utilities (sewer, water, power, lights, etc.) will also be required to be located within the new streets.

Next Steps
The conceptual plan has been reviewed by the city’s architectural review consultant, Mark Hinshaw at LMN architects. His comments centered on the design and refinement of the public plaza and the methods to design the building facades to mitigate the exposure of ground level parking stalls. Panattoni, the city’s potential Town Center partner, also reviewed the conceptual site plan. They commented that the space planned for commercial uses seems sufficient and that retail is usually best when it’s clustered together on the hard corner of an intersection, as shown. They also had comments regarding the refinement of the public plaza spaces, which can be further vetted through the city’s design review process. This site is one piece of the larger scheme for the Town Center (Attachment 6) and their design is modern yet functional and should not date the building in ten years.

With the amount of infrastructure that will be required, it can be assumed that the development will be of a significant magnitude to spur additional development within the Town Center. The project will contribute to the city’s transportation network and our strong desire for affordable housing units, which are part of a mixed-use commercial and market-rate residential project. The availability of housing supports development of commercial and services long term. If designed correctly, the public plaza could serve as an extension of the future development plans for the Covington Elementary School site.

Overall, the conceptual project meets the requirements for utilizing the development agreement process. The Developer is requesting a deviation from the retail component to reduce the required 60% of ground floor commercial space to no less than 30% in the multifamily buildings. Staff is seeking a recommendation from the city council to proceed under the assumptions that the Developer will have support for the reduction of the commercial space and that staff should proceed with the option to evaluate the public plaza as a potential public benefit, as well as
quantifying the amount of capital improvements that will be constructed with the project and a possible additional public benefit.

**ALTERNATIVES:**
1. Request additional information from staff.

**FISCAL IMPACT:**
The Developer paid $1,400 to cover the cost of staff’s time (approximately 10 hrs) for the preparation and presentation of their proposal to the city council. Any future land use action, including the development agreement negotiation and approval process, will be assessed fees as outlined in the city’s fee resolution. The project was assigned a pre-application number, PA14-0002, for tracking purposes.

**CITY COUNCIL ACTION:**  ___Ordinance ___Resolution ___Motion  _X__Other

**Ask Questions of Staff and Consultants**

**REVIEWED BY:**  City Manager; Finance Director; Public Works Director, City Attorney.
Valley Medical Site. 10 acres. 6 +/- undeveloped to the east.

Ashton Property
7 Acres

Covington Elementary
16 ac.
PROJ. #
DRAWN:
CHECKED:
DATE:

PROJECT:
COVINGTON MULTI-FAMILY
172ND AVENUE SE & FUTURE 274TH ST.
COVINGTON, WASHINGTON

A1.1
PRE-APPLICATION
SITE PLAN - C
CRO

SITE PLAN C - NORTHWEST PERPECTIVE - 171ST
SITE PLAN C - PLAZA ON 276TH

nystrom+olson
ARCHITECTS
(1) The purpose of this section is to establish a process for allowing deviations to the development standards within the downtown zoning, town center (TC) district only, through a development agreement process consistent with Chapter 36.70B RCW, Chapter 18.114 CMC, Development Agreements, and as further outlined in this chapter.

(2) Unless otherwise provided herein, all development in the downtown zoning districts shall comply with all applicable codes. Deviations from the following development standards shall be authorized only within the town center (TC) district on single or contiguous combined parcels three acres or greater.

(a) Medical office uses greater than two stories shall have a minimum of 60 percent ground floor retail trade and services and 40 percent business and professional services when fronting onto 171st Ave. SE, as conditioned in CMC 18.31.080(4)(8)(b).

(b) Mixed-use structures greater than one story shall provide 60 percent of the ground floor as retail, restaurant, or professional services, as conditioned in CMC 18.31.080(4)(23).

(c) Multifamily residential dwelling units shall be located in a minimum three-story mixed-use structure. Sixty percent or more of the ground floor abutting a street, public space, public plaza, and/or public green space shall be occupied by one or more of the following permitted uses: retail, restaurant, or personal services as conditioned in CMC 18.31.080(4)(26)(b).

(d) All schools: compulsory, vocational, and higher education located on the upper floors of a mixed-use building and including commercial uses, as conditioned in CMC 18.31.080(4)(13).

(e) Time limitation of permit approval if the proposed development combines two or more distinct land use categories that are permitted in the town center district and is located on single or contiguous combined parcel of six acres or more.

(3) A development agreement shall not eliminate the requirement to provide ground floor retail, restaurant, or personal services for structures greater than one story as conditioned in CMC 18.31.080(4)(23).

(4) A development agreement shall not reduce the required retail, trade, services, and personal services uses to less than 30 percent along each street frontage. Required business and professional services shall not be reduced to less than 20 percent. The director may recommend flexibility in the combination of the required retail, restaurant, business, and professional service space if the aggregate is located along SE 276th Street and 171st Ave. SE and the total requirement is met through the combination.

(5) Deviations shall be supported by the goals and policies in the City’s Comprehensive Plan. If goals and polices of the Comprehensive Plan required amendments to support an applicant’s request for a deviation, then the goals and policies shall be amended and approved through the
City’s annual Comprehensive Plan amendment docketing process prior to submitting a development proposal and requesting a development agreement.

(6) A development agreement authorized under this section shall provide a level of public benefit or mitigation proportionate to the deviation and that exceeds those required under the standard regulations. A development agreement shall require completion, acquisition, contribution, or a combination thereof, as approved by the City as follows:

(a) Transportation, park, or other improvement projects, including nonmotorized improvements identified in the City’s Comprehensive Plan or six-year Capital Improvement Program.

(b) Additional accessible public space equivalent to a minimum of two and one-half percent of the gross floor area of all the structures.

(c) Exterior public art or a contribution to the art fund equivalent to a minimum of one percent of the total value of the project’s construction cost.

(d) A project that the City finds will provide mitigation and/or public benefit, as identified in the City’s Comprehensive Plan or six-year Capital Improvement Program. (Ord. 06-13 § 2 (Exh. A))
Keith,

To follow up with our conversation yesterday the city is proposing to hold a study session with the city council to discuss your site plan. As you know this project will be the first to use the Development Agreement process since it was adopted this fall and we think it will be in the best interest of everyone’s time to get some direct feedback from the council regarding their expectations for the development of the site. Also, as you know, the property across the street to the south is under more of a microscope given the recent Town Center Development Partnership RFQ and infrastructure investment study, and we want to make sure the council is aware of this potential proposal.

I have attached a few different site plans identifying some of the thoughts that came from our meeting with the city manager last week. These are just a few of the ideas we had in our meeting. It would be our expectation that you provide us a minimum of three site plans, and some design elevations for this flat site as part of the council study session.

The following are a few main ideas shown on both site plans that should be considered in your designs.

1) SE 171st is identified as our main street. The bulk of the commercial required for the site should be located at the corner (as shown) and stretched along SE 171st street. This frontage should support 50-60% retail/commercial space. Given this focus, we could support a lesser amount (30-40%) along SE 276th in Building B. The city is aware of the market concerns; however, we also have to evaluate the long term viability of the site. Do you have a market study that supports the retail/commercial assumptions for your development? If there is a concern with the amount of retail space required, is there an opportunity to design the first floor space so that it could be converted to commercial in the future?

2) Required public space should be functional and incorporated into the design of the buildings and integrated with the streetscape. There should be opportunity for these spaces to be used by the adjacent commercial business. In addition, the city will be evaluating requirements for façade modulations as directed by our council, so there is a potential to use the public space to achieve a better pedestrian experience.

3) The potential "give" as a result of the development agreement will be the ultimate decision of the council. If additional public space is proposed, the developer should give thought to the long term purpose and design of the space. Is there space that could be dedicated as real property so the city could develop in the future? Is the extra public space located where it will be functional in the future given our town center plan?

4) The general design of the pedestrian level elements will be critical to the site. Are there design elements that can be added that will create a pleasant pedestrian level environment along the areas where there is no commercial? How will at-grade parking garages be designed to eliminate the concrete walls as shown in the Shoreline example?

Lastly, in order to recoup our costs associated with the study session, you will need to pay for staff time. We have estimated that the time necessary for preparing the agenda and attending the council meeting will be approximately 10 hrs at our $136 hourly billable rate. Prior to the meeting, we will need payment of $1,360 plus $40 tech charge (for each transaction) - a total of $1,400.

As of now, we are tentatively scheduled for February 11th council meeting, although there may be a chance we could meet the deadlines for the January 28th meeting. I will confirm with you once I am back in the office the week of January 13th.
Figure 4.5
Downtown Street Types

<table>
<thead>
<tr>
<th>Street Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Pedestrian-oriented street within 66 ft ROW, 30 ft of pavement, two driving lanes, on-street parking, and minimum 10 ft clear walkway.</td>
</tr>
<tr>
<td>II</td>
<td>Pedestrian &amp; vehicular-oriented street within 86 ft of ROW, 30 ft of pavement, two driving lanes, on-street parking, center landscaped median, accommodating bicycle lanes, and minimum 8 ft clear walkway.</td>
</tr>
<tr>
<td>III</td>
<td>Landscaped boulevard within 100 ft of ROW, 35 ft of pavement, two driving lanes, center landscaped median, accommodating bicycle lanes, and minimum 15 ft clear walkway and amenity zone.</td>
</tr>
<tr>
<td>IV</td>
<td>Major arterial roadway within 126 ft ROW, maximum 94 ft of pavement, four driving lanes, center median, transit access lane, no on-street parking, 6 ft landscaped buffer, and minimum 8 ft clear walkway.</td>
</tr>
</tbody>
</table>
Concept Overview (Valley Medical Center & Inland Group)