

7a. Staff Report - Proposed DA - Redevelopment of Sears site at Shoreline Place

Planning Commission Meeting Date: June 6, 2019

Agenda Item: 7a.

PLANNING COMMISSION AGENDA ITEM CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Proposed Development Agreement – Redevelopment of Sears Site at Shoreline Place		
DEPARTMENT:	Planning & Community Development		
PRESENTED BY:	Rachael Markle, PCD Director Terry Danysh, Outside Counsel Merlone Geier Partners, Applicant		
<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Study Session	<input type="checkbox"/> Recommendation Only	
<input type="checkbox"/> Discussion	<input type="checkbox"/> Update	<input type="checkbox"/> Other	

Introduction and Background

The City has encouraged the redevelopment of Aurora Square almost since its incorporation in 1995. Over the years, City consultants and Economic Development Managers have worked with the property owners to improve the site, stimulate job creation, and increase community services and retail choices. In 2013, the City approved the Aurora Square Community Renewal Area Plan (CRA Plan) <http://www.shorelinewa.gov/home/showdocument?id=14245> as a vision for private and public redevelopment of the site¹.

In support of the CRA Plan, Merlone Geier Partners (MGP) proposes to create a 17-acre mixed use center in the middle of the entire 70-acre Aurora Square, an area now referred to as Shoreline Place, for people to live, shop, and gather. The proposed redevelopment will bring a 1960s mall into the present with an urban designed setting that creates a more pedestrian-centered experience that includes residential units with new mixed use and integrated retail, under-building parking, private and public open space, and easier connections between the variety of uses and users. This type of redevelopment is anticipated to draw people from the surrounding community into Shoreline Place.

The redevelopment includes removal of the existing Sears building; developing seven (7) multi-family buildings providing 1,358 residential units, and two (2) commercial buildings adding 72,160 square feet of new space; public and private open space; and street, intersection, and bike lane improvements. The redevelopment will also provide various improvements to public infrastructure, including streets and utilities, along with facilitating better access to transit and 2.75-3.47 acres of publicly accessible park-like facilities.

On January 4, 2019, MGP's Development Agreement application was submitted and complete.

¹ The CRA Plan can also be found as Attachment C to the May 2nd Planning Commission Staff Report.

Approved By: _____

Project Manager _____

Planning Director _____



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March 7, 2019 Planning Commission Study Session

At the March 7 Planning Commission meeting, staff introduced the intent and process of a Development Agreement approval and Merlone Geier Partners (MGP) introduced themselves as the applicant and presented the Conceptual Design Submittal for the redevelopment of the Sears site at Shoreline Place. A link is provided to obtain more information about the March 7 Planning Commission meeting including the Staff Report: http://www.shorelinewa.gov/Home/Components/Calendar/Event/13990/182?toggle=allp_ast and a link to the meeting video recording page: http://shoreline.granicus.com/MediaPlayer.php?view_id=9&clip_id=924

May 2, 2019 Planning Commission Study Session

At the May 2nd Planning Commission meeting, staff presented the draft Development Agreement and the review criteria that the Planning Commission will use in their recommendations for the proposed Development Agreement to the City Council. MGP presented various aspects of the proposed Development Agreement. At that meeting, public comment was heard followed by questions and comments from the Planning Commission. The Planning Commission decided to reschedule the Public Hearing on the Development Agreement from May 16 to June 6. Staff agreed to compile the questions and issues from the May 2 meeting for further discussion at the May 16 meeting. The Planning Commission was asked to submit additional questions to staff by Tuesday, May 7. Responses and information will be provided for the questions listed below at or before the May 16 meeting. A link is provided to obtain more information about the May 2 Planning Commission meeting including the Staff Report: http://www.shorelinewa.gov/Home/Components/Calendar/Event/13998/182?toggle=allp_ast and a link to the meeting video recording page: http://shoreline.granicus.com/MediaPlayer.php?view_id=9&clip_id=944.

May 16, 2019 Planning Commission Study Session

At the May 16, 2019 Planning Commission meeting, staff presented questions and issues raised by the commission at the May 2 meeting. Both the city staff and the proponent – MGP responded to those questions. At that meeting, public comment was heard followed by questions and comments from the Planning Commission. Staff agreed to compile the questions and issues from the May 16 meeting for further discussion at the June 6 meeting. The Planning Commission cancelled the Public Hearing that was scheduled for the June 6th meeting. Responses and information will be provided for the questions listed below at or before the June 6 meeting. A link is provided to obtain more information about the May 16 Planning Commission meeting including the Staff Report: <http://www.shorelinewa.gov/home/showdocument?id=43840>. And a link to the meeting video recording page: http://shoreline.granicus.com/MediaPlayer.php?view_id=9&clip_id=949.

Discussion

Questions/Responses from the May 16 Planning Commission Meeting

Both staff and the proponent, MGP have drafted responses to the questions asked by the Planning Commission at the May 16th meeting. MGP's responses are largely

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documented in **Attachment A: Illustrative Guide – MGP Responses to May 16th Planning Commission Questions.**

1. Redevelopment Case Studies

- a. **Expand upon the Commission’s request to better understand the intent of the CRA compared to the need to maintain a viable tax base for the City of Shoreline. How does the MGP proposal fit within that framework and is the City missing out on an opportunity by allowing so many residential units on the former Sears property with a relatively small amount of retail?**

Response:

The Shoreline Place Community Renewal Area (CRA) was established in 2012 by City Council recognizing that the economic renewal of the 70-acre area is a matter of public interest. Merlone Geier (MGP) opted to purchase the Sears building with the intention to redevelop the property within the limits of the redevelopment studied in the Planned Action and the City’s zoning. This allows for office, retail/restaurant, residential, and other uses at a scale similar to many other commercial properties throughout Shoreline. While MGP could pursue individual building permits in a phased approach reflecting the designs shared with the community, they have invited the City to collaborate on a mutually-beneficial development agreement.

While the 2012 visioning process contemplated a large amount of retail, store closings accelerated in the years since that time. According to a recent CNN story, more national chains have closed stores in just the first few months of 2019 than in all of 2018. In April, Pier 1 Imports reported plans to close up to 45 stores nationwide, without disclosing specific locations. Last year, home furnishings sales grew by 1.7%, but in-store shopping is in decline at a much larger scale. Pier 1 sales declined 13.7% last year. Old formulas of population density supporting commercial space are rapidly changing with e-commerce growing at 15% per year. What seems clear is that, within retail, shopping is more likely to be riskier than restaurants, fitness centers, and other services.

Despite that, MGP has proposed to develop 75,160 square feet of retail supported by 1,358 residential units on their property in the CRA. Their development is proposed to be phased over a 20-year period and likely built in four phases. It is anticipated that the first phase will be the building of 17,000 square feet of retail, which will frame a new, signature entry plaza at the existing entrance to Shoreline Place at 155th and Westminster. While MGP’s proposal is not exactly the same as the vision depicted in the CRA Plan, staff believes the transformation of this centrally-located parcel, representing 25% of the CRA, will be a catalyst.

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It is staff's hope the environmental study performed in the Planned Action, and certainty as to specific mitigations required of developers, will encourage other property owners to advance renewal plans of their own. Renewal of significant portions of the adjacent properties can still occur within the Planned Action, capacity of which will be 67% after MGP's redevelopment. Future developments can also leverage a built-in customer base as the former Sears parcel transforms into a vibrant, walkable, urban neighborhood of apartments, row houses and tree-lined streets providing simpler and more attractive connections into and between destinations within the CRA.

b. What are other MGP development projects that can be compared to the Shoreline Place proposal?

Response:

MGP will present case studies for other redevelopment projects to the Planning Commission at the June 6 meeting.

2. Flexibility/CRA/Development Agreement

a. What flexibility exists in the proposed DA to add more retail or office?

Response:

The Development Agreement includes language in Section 4 Flexibility that recognizes it is beneficial to allow for some flexibility regarding the location, amount and type of uses within the site. This flexibility allows for a shift from or addition of square footage conceptualized for residential to commercial office or retail should investment interest in the site include such an opportunity. Commercial office could also be accommodated in the remaining 67% of the CRA that is not a part of the MGP proposal. In recognition of the City's desire for successful commercial uses in the CRA, the Development Agreement in Section 3 allows commercial square footage to increase with minor amendment processed by staff. (Note: Increasing residential units by 10% or more is a major amendment.)

Staff concurs with MGP that the retail/commercial market has been rapidly changing from larger anchor stores to smaller storefronts sometimes referred to as boutique development. Shoreline Place currently includes an attractive anchor Central Market and well known national retailers, Marshalls and Pier One. Staff also learned as part of the economic analysis performed to determine future uses within the light rail station areas that even with light rail, office and hotel development were not in the ten year market forecast.

The concept of adding multiple smaller scale commercial uses (retail, restaurant and services) integrated around the existing commercial

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establishments will add variety and interest to the Shoreline Place. The inclusion of multi-family adjacent and on top of commercial is mixed use, a type of development the City has been looking to attract. The proposed public gathering places, park and open space; improved pedestrian, bike and auto circulation connecting the existing uses with proposed uses; and enhanced landscaping throughout the site set the stage to attract future redevelopment on the remaining 53 acres within the Community Renewal Area.

It is important to remember, that a Development Agreement is not required for development in the CRA. The proposed development can meet the City's standards for the Mixed Business zone without a Development Agreement, except for the request for a minor increase in base height from 70 feet to 80 feet. Even without this increase in the height the number of residential units can be achieved. The extra height primarily allows for units with taller ceilings and ease of construction across a changing grade.

b. How does the Development Agreement meet the CRA goals?

Response:

The Community Renewal Area Plan contains a vision and a variety of development possibilities and activities for the area that were intended to incentivize rather than restrict or dictate future development uses. Some of these aspirational uses included entertainment/media sound stages and office space.

The CRA was advanced through the Planned Action Ordinance which provided environmental analysis to further incentivize redevelopment and provide clarity and flexibility for a redevelopment process.

While the proposed DA from MGP does not meet all the goals discussed within the CRA, the MGP property only accounts for one quarter of the CRA land area and other properties may still help meet some of the other goals in the CRA. The CRA suggests that the MGP proposal meets the following goals as underlined below:

- *City-Led Renewal Projects - Planned Action, traffic analysis, low-impact development, coordinated signage, developer agreements, a sound stage, and infrastructure improvements.*
- *Public-Private Renewal Projects - incentives for investment and joint efforts.*
- *Transform Westminster Way - into an attractive, pedestrian friendly street that connects the triangle parcel (Alexan) and the shopping center.*
- *Create an Eco-District – for facilities and infrastructure to treat stormwater or wastewater, clean power and other environmental goals.*

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- Integrate into the Context – Connect with sidewalks. Signage, entrances to be connected to the large area, Aurora Avenue, Rapid Ride, and the Interurban Trail.
- Establish a Vibrant Center – Create place-making where there is interest, activities, restaurants, public art, etc.
- Reinvent the Sears Building – Consider using the building for adaptive reuse.
- Construct Internal Connections – Construction of multiple ways for multi-modal interaction to encourage shoppers to stay longer.
- Incorporate the College – Provide housing, improve N 160th for access, and a draw for students to use the CRA.
- Build New Homes – Create residential living units close to shopping, work, and other activities, transit, education, and leisure.

c. How will allowing for more than 1,000 residential units verses increased commercial square footage devoted to such uses as a sound stage/entertainment or office uses effect the City's tax base?

Response:

At the time the CRA was established, the City noted sales tax receipts averaged only \$6,000 per acre from Shoreline Place, compared to \$39,000 per acre from Aurora Village, where Costco and Home Depot are located.

Certain commercial uses may generate more tax revenues through a combination of Property, Business and Occupation, Sales, and utility taxes. However certain commercial uses, like grocery stores, may sell a significant amount of non-taxable food. And not all commercial uses have high property values. Office uses may generate tax revenues through Property, Business and Occupation, and Utility taxes. Certain office uses may also pay some Sales tax, as well. Residential uses are more likely to pay only Property and Utility taxes. Residential developments that include affordable housing units are eligible for the city's Multifamily Property Tax Exemption (MFTE) and pay taxes on only the land value for up to 12 years.

Since retail and restaurant viability is increased through increased foot traffic, it is Staff's estimation that the addition of new residential units in the CRA will strengthen retail performance in the CRA, positively impacting the City's sales tax revenue.

d. What do other Development Agreements contain from other jurisdictions?

Response:

*Please see **Attachment B: Development Agreement Comparison Memorandum.***

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- e. What are the community benefits from the proposed development? Quantify the benefits MGP are getting through the DA & quantify the benefits the City is getting. Identify ways that the DA achieves a balance between public and private benefits.

Response:

The Development Agreement provides certainty to both City and Developer. Zoning allows for the proposed project to occur but doing the project in piecemeal would not result in a cohesive phased approach to redevelopment. As demonstrated below, the Agreement and associated exhibits such as the Supplemental Site Design Guide (SSDG) provide for this value for value exchange and certainty to City and Developer.

After more than 15 joint meetings between City Staff and MGP and countless hours spent by both the City and MGP analyzing and responding to requests, the Development Agreement Memorandum of Understanding was executed by the City Manager which led to the full Development Agreement draft which has been revised based on Planning Commissioner and community member feedback subsequent to the May 2 and May 16 meetings with the current draft dated May 30, 2019.

The Development Agreement benefits to the community (Attachment E, Exhibit C of the Proposed Development Agreement) are:

- 1. Through Vision 2029, the Comprehensive Plan and the CRA, the proposed Development Agreement begins to fulfil the desire of the community to revitalize Aurora Square into a vibrant, mixed use center with a lot of activity, pedestrian places, and a walkable residential community that is a connected to the Interurban Trail and transit and draws neighbors, WSDOT workers, and community college students to shop, eat, live, work and recreate.*
- 2. The Development Agreement will obligate the developers of the phases to be coordinated with each other to assure a cohesive, connected community.*
- 3. The Sears site is in the center of the CRA and is a potential template for future redevelopment on adjoining properties that can reinforce #1 above.*
- 4. MGP will contribute to the N 155 intersection improvement and upgrade other infrastructure along N160th.*

The Development Agreement benefits to MGP are:

- 1. A 20-year period that the Development Code standards will not change for this proposal.*
- 2. Modifies code standards for building height, façade offsets, and parking dimensions.*
- 3. Phasing of development that allows flexibility in the mix of land uses and the timing of each phase based on market demand.*

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4. *Ability to request credit from Park Impact Fees for open space that would qualify as a publicly, accessible city park.*

f. Market Analysis

MGP to provide summary of market analysis that was completed to inform the uses and development programming (Attachment A).

g. Applicable sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:

§ 4, Flexibility.

*§3, Development Approvals, **has been revised** to make clear that additional retail or office uses may be approved as a minor amendment to the Development Agreement so long as the CRA aggregate square footage and traffic trips are within the square footage analyzed in the EIS and Planned Action Ordinance.*

h. Reference pages from prior PC presentations:

Conceptual Guide Plan: Page 17

March 7, 2019 PC Meeting: Slides 8, 10

May 2, 2019 PC Meeting: Slides 6, 8, 14

May 16, 2019 PC Meeting: Slides 3, 44-47

3. Sustainability/LEED ND

a. Will MGP be able to use the Deep Green Incentive program the Planning Commission recommended and the Council Adopted on April 19, 2019?

Response:

In 2018 and early 2019, the Planning Commission and City Council explored expansion of the green building mandate that applies in the Mixed Use Residential (MUR) zones in the light rail station areas to all commercial zoning districts throughout the City. This discussion included the CRA which is zoned Mixed Business (MB). The Planning Commission recommended, and the City Council concurred to not mandate green building standards in commercial zones outside the light rail station areas and instead expanded its Deep Green Incentive Program. This expansion created a fourth tier of qualifying green programs less stringent than tiers 1-3 that would be eligible for parking reductions, reduction in permit fees, reduced transportation impact fees, expedited permitting and departures

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from the Development Code in exchange for meeting specific environmental program certifications.

The fourth tier Deep Green incentives were approved by City Council on April 19, 2019 after MGP submitted a complete application for a Development Agreement on January 4, 2019. Therefore, the Deep Green tier 4 Code provisions are not currently available to MGP. However, the Development Agreement in Section 17 (C) Vesting allows MGP, to request that the City allow a provision of the Code adopted after MGP's vesting date to apply as an administrative decision if criteria is met and if so desired by the applicant.

Shoreline Place can be an integral part of the solution to the environmental challenges facing the planet. Recognizing this, along with the City of Shoreline's sustainability goals, MGP has agreed to incorporate several LEED ND (Neighborhood Development) Credit categories into the project design. Developed by the U.S. Green Building Council, LEED ND is a framework for identifying, implementing, and measuring green building and neighborhood design, construction, operations, and maintenance. The following LEED ND credits are to be included:

- *Smart location;*
- *Access to quality transit and bicycle facilities;*
- *Housing and jobs proximity;*
- *Walkable streets;*
- *Compact Development;*
- *Mixed Use Neighborhoods;*
- *Reduced Parking footprint;*
- *Connected and open Community;*
- *Connected parks and outdoor space;*
- *Access to Civic and Public Space;*
- *Community Outreach and Involvement;*
- *Tree-lined and shaded streetscapes;*
- *Rainwater Management;*
- *Heat Island Reduction;*
- *Recycled and Reused Infrastructure; and*
- *Light Pollution Reduction.*

For more information on LEED ND please visit:

<https://new.usgbc.org/leed/rating-systems/neighborhood-development>

b. Applicable sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:

§ 17, Vesting, and § 22.A, Stormwater Detention and Treatment, provide that all stormwater facilities shall meet current city, State and Federal regulations in effect at the time of application for permit triggering the need

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for stormwater facilities and that the Project does not vest to current stormwater requirements.

§ 22.B, Stormwater Detention and Treatment – Use of Future Technologies, allows use of future stormwater technologies that provide an equivalent or better treatment.

§ 22.C, Stormwater Detention and Treatment – Acknowledgment of Sufficient Stormwater Capacity, explains that redevelopment will decrease future peak discharge rates through use of on – site detention in accordance with applicable local and state requirements.

c. Reference pages from prior PC presentations:

Conceptual Guide Plan: Page 114

May 16, 2019 PC Meeting: Slides 25

4. Stormwater Management/Salmon Safe

a. Will Boeing Creek be “drowned” with stormwater from the proposed MGP development?

Response:

Over the past several years, the City has conducted several studies in Boeing Creek. These include the Boeing Creek Master Plan, the Boeing Creek Regional Stormwater Facility Feasibility Study and a drainage study of the area that drains to the stormwater system in Westminster Way. Needs of the basin were also reviewed as part of the Surface Water Master Plan.

In general, Boeing Creek has been heavily impacted by development within the upper basin which includes the areas along Aurora Ave N corridor (including the Shoreline Place properties). The high level of impervious surfaces leads to higher peak flows which lead to erosion in channel such as channel down-cutting and slope failures. To provide some more specific context, the MGP property at 17.3 acres of the 1,740 acre Boeing Creek Basin accounts for less than 1% of the overall basin.

The general recommendation of the Basin Plan is to reduce the erosion impacts of the stream through re-development where current standards are very restrictive. The Basin Plan does not recommend any large City capital projects to create new detention facilities but rather focuses on smaller LID-oriented projects and working with private development for stormwater management improvements. The re-development of Shoreline Place by MGP is in alignment with this recommendation/strategy of the Basin Plan.

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*Looking specifically at the MGP property, currently there is little to no flow control or detention, meaning storm drainage off the 17.3 acres is not detained on site and drains fairly quickly to the stream thus contributing to the peak flows and erosive conditions in the creek. Under the current stormwater standards, post-redevelopment runoff is required to match **pre-developed forested** conditions. This essentially results in nearly negligible stormwater leaving the site for all but the largest of storms. Meeting the current (and future) standards is a significant improvement over the current condition at the project/property level; however, this is a small incremental improvement that by itself does not make a major difference in the current peak flow into Boeing creek from the project. However, as other properties in the basin redevelop, the small improvement each provides will add up to a significant improvement.*

From a water quality perspective, as MGP has shown they will be significantly reducing not only the total impervious surface but also the pollution generating impervious surfaces by replacing parking lots with buildings and open spaces. In addition to the reduction of pollution generating parking lots, they will be required to provide enhanced water quality treatment for all the pollution generating surfaces that remain. This will be a significant improvement over the current conditions.

In summary, the existing stormwater regulations will essentially eliminate stormwater discharge in all but significantly large events. The property is a very small component of the Boeing Creek Basin therefore has very small impact on the overall performance. The basin plan recognized the impact of current development on the Creek and identified the strategy of small incremental improvements through re-development such as this project. Staff has not identified nor recommends any additional requirements that would have a significant benefit than the current standards.

b. Would the City create a “District” stormwater area (Regional Stormwater Facility)?

Response:

In 2017, the City began a study to assess alternatives and the feasibility of a flow control Regional Stormwater Facility (RSF) for the primary purpose of encouraging private redevelopment within the Aurora Square CRA and other commercial properties along Aurora Avenue N, if possible. The study found that a City RSF that would incentivize redevelopment within the Aurora Square CRA no longer meets the project objectives and is not practicable with the decision by the Alexan and MGP developments to manage their stormwater on site and not participate in the RSF. Also, upcoming changes in Ecology requirements for deep infiltration wells will likely render all RSF concepts less feasible than their current versions due to likely corresponding increases in costs and decreased treatment

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efficiency. Alternative approaches to move forward with further analyses or a determination of feasibility are not recommended.

The study recommendation is to not proceed further on the RSF project given information on the Alexan and MGP's non-participation, uncertainty of future interest/participation from other CRA property owners and expected changes in Ecology deep injection well regulations.

- c. What is the stormwater quality and quantity difference between the current condition, the proposed improvement, and Salmon Safe certification?**

Response:

On April 22, 2019, the City Council authorized execution of a Salmon-Safe Certification pre-condition agreement and received the Salmon-Safe certification at the May 6, 2019 Council meeting. This agreement and the certification set forth a number of conditions that the City has committed to complete within five years. The staff report for the April 22 City Council meeting provide more information on the City's Salmon Safe certification and can be found here:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport042219-8a.pdf>

Most conditions are internal to the city projects and activities and are not applicable to development projects. One that may impact MGP's Shoreline Place project is Condition 2 - Incorporate Green Stormwater Infrastructure into the Standard Roadway Cross-Section to Identify Preferred Low Impact Development Techniques for Right-of-Ways. The development of this information and incorporations in the City Engineering Development manual may, or may not, precede the design and construction of improvements to public right of way as part of this project. Many of the Salmon Safe Requirements are in alignment with the existing stormwater codes.

In the future, the City could choose to modify the standards and/or regulations to incorporate additional elements of Salmon Safe. MGPs Shoreline Place is not vested to the current standards and therefore would be required to meet the standards in place at the time of permit submittal. More information on the Salmon-Safe Urban Development Certification can be found at: <https://salmonsafe.org/certification/urban-development/>. Staff will be reaching out to Salmon Safe to learn more about the program in relation to development of private property.

See Attachment A which includes MGP's strategies for implementing various Salmon Safe program components that will be incorporated into the DA.

- d. Sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:**

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§ 17, Vesting, and § 22.A, Stormwater Detention and Treatment, provide that all stormwater facilities shall meet current city, State and Federal regulations in effect at the time of application for permit triggering the need for stormwater facilities and that the Project does not vest to current stormwater requirements.

§ 22.B, Stormwater Detention and Treatment – Use of Future Technologies, allows use of future stormwater technologies that provide an equivalent or better treatment.

§ 22.C, Stormwater Detention and Treatment – Acknowledgment of Sufficient Stormwater Capacity, explains that redevelopment will decrease future peak discharge rates through use of on – site detention in accordance with applicable local and state requirements.

e. Reference pages from prior PC presentations:

Conceptual Guide Plan: Page 18

May 16, 2019 PC Meeting: Slides 24

5. Open Space and Parks

- a. **Part 1: How does the Development Agreement’s open space system meet the Development Code for Public Places and Private Open Space and the City’s Parks Department credit? Part 2: Can the PRCS Director provide more insight on how he determined what parts of the MGP proposed project may qualify for park impact fee credit?**

Response:

Part 1: The MGP proposed open space system totals between 2.75 - 3.47 acres depending upon certain easement adjustments with adjacent property owners. The Development Code only requires .56 acres for Public Places for the proposed development.

Part 2: Eric Friedli, the PRCS Director looked closely at each area of proposed open space to determine its suitability as a public park or open space. Many of the areas that were primarily ‘transportation’ oriented, appeared to provide more amenities for the on-site residents and were not conducive to public gathering and interaction and were therefor not deemed eligible for park impact fee credits. The woonerf, promenades and smaller retail plazas were not suitable for public park and open space amenities. The areas deemed suitable for public park and open space each are large enough that, if they include appropriate amenities are likely

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to become gathering places separate from the residential units and retail stores that they are adjacent to. For example, Retail "E" Plaza is a unique opportunity to move forward with an implementation strategy in the City's Public Art Plan 2017-2022 to "install more visible art in highly visible places such as ... Aurora Avenue..."

The following areas are the only appropriate areas for park impact fee credit if the required amenities are provided.

Calculation of park impact fee requirements:

Proposed # of units	1,358
Park Impact Fee per unit	\$2,683
TOTAL PIF Due	\$3,643,514

Land value as determined in the park impact fee study:

Land value per acre	\$860,122
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Park/Open Space Area	Acres	Credit (acres x land value)	Cumulative Credit	Remainder
			\$0	\$3,643,514
Community Open Space	0.9	\$774,110	\$774,110	\$2,869,404
East Plaza	0.43	\$369,852	\$1,143,962	\$2,499,552
West Plaza	0.23	\$197,828	\$1,341,790	\$2,301,724
Retail "E" Plaza	0.11*	\$94,613	\$1,436,403	\$2,207,111
TOTAL	1.67	\$1,436,403		

*Exact areas to be confirmed and credit calculated at time of building permit

Park Credit Eligible	Fee	Open Space	Requirements
Yes		Community Open Space	Provide park-like amenities including a playground and/or an off-leash area or similar type destination park amenity. Plus gathering space such as an amphitheater or sloped turf area. Wide planting areas to provide separation from vehicular and pedestrian thoroughfares. Should be landscaped with perimeter trees to preserve open feel and sightlines. Area should be conducive to small music or theater performances. Electrical service should be provided. At least one piece of free-standing public art. Include parking as long as it is signed for Community Open

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Park Credit Eligible	Fee	Open Space	Requirements
			Space use only. Requires easement to access from B Street and/or 156 th .
Yes		East and West Plaza	Pedestrian only plaza. Landscaped for gatherings and events such as farmer's market, musical performances or art festivals. An interactive water feature that allows access to the water for small children and people with disabilities. Moveable outdoor seating. Public art as a stand-alone feature or incorporated throughout the plaza. The East Plaza should include play features for children. East and West Plaza should be visually integrated.
Yes		Retail "E" Plaza – area at 155 and Westminster.	Pedestrian only, terraced plaza. Signature art feature that relates to the Interurban Trail and bridges.

		Acres	Credit	Cumulative Credit	Remainder
				\$1,436,403	\$2,207,111
No	Retail "E" Plaza	0.19*	\$163,423	\$1,599,826	\$2,043,688
No	Retail "E" Plaza	0.19*	\$163,423	\$1,763,249	\$1,880,265
No	Prom North	0.39	\$335,448	\$2,098,697	\$1,544,817
No	Prom South	0.33	\$283,840	\$2,382,537	\$1,260,977
No	East Woonerf	0.31	\$266,638	\$2,649,175	\$994,339
No	West Woonerf	0.39	\$335,448	\$2,984,623	\$658,891
	Total	1.80	\$2,984,623		

*Exact areas to be confirmed and credit calculated at time of building permit

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Credit	Open Space	Requirements
No	Retail "E" Plaza – area at 156 and Westminster.	Primarily support retail establishments.
No	Retail "E" Plaza. Area directly in front of Retail spaces.	Primarily support retail establishments.
No	Prom North	Primarily transportation and supports residential
No	Prom South	Primarily transportation and supports residential
No	East Woonerf	Primarily transportation.
No	West Woonerf	Primarily transportation.

b. Should the Development Agreement include a requirement for indoor common space?

Response:

The CRA plan does not include a vision for indoor community space and instead includes a vision rich with outdoor meeting areas, parks, open space and places to stroll providing opportunities to meet and interact. In an urban setting, restaurants and coffee shops serve as the places to congregate indoors. Additionally, the people who will call Shoreline Place home, will have common areas within their buildings to serve as a third place.

c. Sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:

§ 5.B, Phasing – Open Space System, specifies when Open Space Components must be provided.

§ 5.B, Phasing – Supplemental Site Design Guidelines, and § 9.A, Open Space System, require compliance with the Supplemental Site Design Guidelines, which are in addition to the Code.

§ 9.A, Open Space System, requires Developer to construct the Open Space System generally as shown on the Conceptual Guide Plan and Exhibit E to the Development Agreement. It must include the Central Plaza (East and West Plazas); Community Open Space; Pedestrian Shared Street; and Westminster Way Plaza. In addition, Developer will provide two Promenades. Together these components of the Project total 2.75 – 3.47 acres. (In comparison the Code would require approximately 0.3 acres).

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§ 9.B, Open Space System – Maintenance and Operations, requires the Developer to make the Open Space System available for reasonable public access and enjoyment and to maintain and operate the Open Space System.

§ 9.C, Open Space System – Multifamily Open Space, specifies that Developer will provide the multifamily open space required by the Code in addition to the Open Space System.

New addition to DA subsequent to May 16 PC Meeting § XX, Park Maintenance Contribution – Developer agrees to contribute as an additional public benefit for maintenance of trails in Shoreview and Boeing Creek Parks at time of Certificate of Occupancy for first two residential buildings in two equal installments of \$50,000 each.

Ex. Attachment E Proposed Development Agreement Exhibit M Shoreline Place Open Space Potential Credit Calculations specifies the amenities which must be provided to qualify for credit against park impact fees. (These exceed the Supplemental Site Design Guidelines).

Ex. Attachment E Proposed Development Agreement Exhibit I Open Space System Operations & Maintenance Plan would include the financial commitment for trail maintenance in Shoreview and Boeing Creek Parks.

d. Reference pages from prior PC presentations:

Conceptual Guide Plan: Page 11, 36, 94-100

March 7, 2019 PC Meeting: Slides 17, 23-29

May 2, 2019 PC Meeting: Slides 15, 22-24, 26-34

May 16, 2019 PC Meeting: Slides 41-43

6. Circulation and Access

a. How will the vehicular circulation function throughout the site throughout every phase of the project for North/South and East/West access?

Response:

Site Motorized and Non– Motorized Circulation in the DA has been revised to provide timing for all the internal circulation including the requirement that a connection between the upper and lower levels (north and south) and vehicular and truck access from N. 160th Street to Westminster Way (east and west) be maintained throughout every phase of the project.

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- b. **Applicable sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:**

§ 8, On – Site Motorized and Non– Motorized Circulation, requires that Developer provide on – site motorized and non – motorized circulation as generally shown on the Conceptual Guide Plan.

§ 8, On – Site Motorized and Non– Motorized Circulation, requires that Developer coordinate location and easements as necessary with adjacent property owners.

*§ 8, On – Site Motorized and Non– Motorized Circulation, **has been revised to provide timing for all the internal circulation including the requirement that a connection between the upper and lower levels (north and south) and vehicular and truck access from N. 160th Street to Westminster Way (east and west) be maintained throughout every phase of the project.***

- c. **Reference pages from prior PC presentations:**

Conceptual Guide Plan: Page 27-28, 34-35, 104-113, 117

March 7, 2019 PC Meeting: Slides 15-16

May 2, 2019 PC Meeting: Slides 7, 12-14, 19, 21

May 16, 2019 PC Meeting: Slides 20, 23

7. Affordable Housing

- a. **Does the property owner intend to build any affordable housing on the site and use the Property Tax Exemption Program (MFTE)?**

Response:

The residential units to be built will be determined by MGP based on the market demand at the time of each phase. The City's program to incentivize the development of new residential units at below-market rates is called the Multifamily Property Tax Exemption, or MFTE. Through MFTE, 66 apartment homes in Trammel Crow Residential's Alexan (15500 Westminster Way) building will be rent-restricted for at least 12 years and reserved for those earning less than 80% of Area Median Income. There is the potential for 34 additional affordable housing units to be constructed in the CRA. For additional developments to participate in the program, the City Council would have to approve an increase in the limit to the number of units eligible for MFTE in the CRA. More information on this program is available online at <http://www.shorelinewa.gov/business/propertytax-exemption-pte-program>.

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b. Other

MGP has agreed to provide affordable housing as a voluntary component of the project should the MFTE program be expanded and made available for the project.

8. Parking

a. Does the proposed parking for residential and commercial development meet the Development Code?

Response:

The DA is not requesting a departure from the parking ratio standards for the residential development and therefore will be required to meet those standards. The parking for the residential units will be contained under the residential buildings.

The proposal also has 72,160 square feet of commercial space. The require parking ratio is 1 stall per 400 net square feet of retail trade floor area. The proposed 268 surface parking stalls plus 35 side street stalls exceed the 181 stalls minimum, as required per code, for the commercial spaces.

b. How will the development impact Central Market parking?

Response:

The parking ratio for the proposed MGP project on the upper level adjacent to Central Market is 5.2 stalls per 1,000 square feet of commercial retail. This is 0.2 stalls per 1,000 square feet greater than what was provided for the former Sears use. No adverse impact to Central Market's parking is anticipated.

Additionally, the site plan maintains Central Market as the "anchor" for the project which inherently places emphasis on maintaining the viability of Central Market in terms of parking, access and signage.

c. Sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:

§ 19.B, Transportation Capacity and Infrastructure; Parking Management, requires that Developer demonstrate adequate parking and a parking management plan based on all the uses of the Property at the time of building permit application.

§ 12, Modifications to Land Use Regulations, requires compliance with code requirements for parking (no modification is requested or authorized).

d. Reference pages from prior PC presentations:

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Conceptual Guide Plan: Page 10-11, 38-39, 47-90

May 2, 2019 PC Meeting: Slides 11

May 16, 2019 PC Meeting: Slides 28-29

9. Signage/Visibility and Demolition

- a. Further describe the impacts that would be created by an early demolition of the Sears building.**

Response:

See MGP slides from May 16 PC Meeting

- b. Update on coordination between the property owner/applicant MGP and neighboring property owner ROIC.**

Response:

The Planning Commission has heard concerns from an adjacent property owner, ROIC and some of ROIC's tenants. The City has met with both ROIC and Central Market to gain a better understanding of their concerns with the proposed Development Agreement.

One of the primary areas of concern identified by ROIC, is ROIC's right to use the access easement located on the west and north side of the MGP property adjacent to N 160th Street, behind the former Sears catalog center. It is the City's understanding that this access is important to ROIC as it facilitates delivery of goods to the ROIC property (Marshall's).

The City's traffic and engineering division reviewed MGP's Proposed Road Plan (page 104 of the Shoreline Place Conceptual Guide Plan), On-Site Circulation Routes (page 105 of the Shoreline Place Conceptual Guide Plan), Proposed New Entry Drives (page 106 of the Shoreline Place Conceptual Guide Plan) and Proposed Entry Modifications at N 160th Street and 157th (page 107 of the Shoreline Place Conceptual Guide Plan) and has determined that the Concept Guide Plan provides the same or better access to ROIC's properties.

However, since this is a private property matter, if the two parties cannot reach agreement to allow the planned circulation to move forward as shown in the Conceptual Guide Plan, then MGP may proceed with an alternative plan subject to the Flexibility provisions in the DA at the time of Site Development Permit or Building Permit submittal. The pedestrian facilities that are proposed to be in the shared access easement could be provided adjacent to the existing shared access easement. This would result in a Code compliant option albeit not a preferred option for improved vehicular and pedestrian circulation, aesthetics, and ease of construction.

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c. How will the visibility of existing businesses signs be maintained during redevelopment?

Response:

Concurrent with Ordinance 705 which established the Planned Action for the CRA, with the adoption of Ordinance 712, the City amended the Unified Development Code, SMC Subchapter 8 Signs, to implement development regulations. The sign regulations for the Shoreline Place Community Renewal Area are unique in two important ways:

- 1. They allow for larger signs than otherwise are allowed for in Shoreline, increasing the visibility for the businesses in the 70-acre CRA.*
- 2. They allow for businesses to be advertised on signage across the CRA, where elsewhere in the City business signs must be located on the same parcel as the business.*

Both CRA-specific sign code features are intended to support the existing and future businesses in the CRA which do not have high visibility from Aurora Avenue N today or could be obscured by the redevelopment allowed by current code and approved densities along the edges of the CRA. In response to the opportunity of the CRA's unique sign regulations, property owners in the CRA have proposed two different signage design packages. Staff has encouraged property owners in the CRA to reach a consensus and present a unified proposal for the City's consideration and incorporation into design guidelines for consistent signage across the CRA as required by ordinance. All signage in the CRA is currently subject to a \$100 fine for non-compliance which the City Manager has discretion to enforce at any time. It is staff's recommendation that businesses should not be held to the fee until redevelopment occurs.

d. Should the City require the Sears building be demolished as part of the first phase of construction? How feasible is it to adaptively reuse the Sears structure?

Response:

Staff does not recommend it. There have been comments stating that the developer could build buildings A1, A2 and B1 (all residential) and leave the Sears building untouched whereby not implementing the CRA Plan. While the CRA discussed the possibility of the Sears building being reused, reimagined not demolished, Staff recommends the Shoreline Place Concept Plan which anticipates the removal of the Sears building based on a phased approach to build out. Removal of the Sears building in phases allows for greater flexibility to create a more cohesive design for the site in context of the entire CRA.

If the property owner's development plan does not include construction of the C and D buildings in the first phase, then staff agrees with MGP's

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assessment that removal of the approximately 300,000 square foot Sears building does not make sense. The removal of the Sears building prior to having a construction permit would necessitate filling a tremendous hole only to have to excavate it later to construct the underground parking planned for the C and D buildings.

e. What is the timing of the Westminster Way and 155th Street intersection improvement?

Response:

The improvements to the intersection of Westminster Way N and N 155th Street is one of the CRA projects designated by the City and is scheduled to be completed in late 2020 prior to opening of the Alexan project. The intent of the Westminster Way project is to enhance the pedestrian friendly nature of the environment.

The improvements are divided into two key parts. The City will manage the construction of the Westminster and 155th intersection and signal Improvements. This work is anticipated to be constructed in early to mid-2020. The City will be coordinating on-going access with adjacent property owners prior to construction. Trammel Crow Residential (TCR) is responsible for the reconstruction of Westminster Way essentially from Aurora to just north of the intersection of 155th. This work should follow the City project and be completed prior to occupancy of the Alexan anticipated in late 2020 or early 2021.

Westminster Way N between N 155th Street and the driveway to Pier 1 Imports has been closed so that the Alexan can begin utility work. It is anticipated to be closed until the adjacent capital work is completed that will start in the early summer and continue into 2020. Westminster Way N will be closed for approximately a one-year period during this work.

While some modifications have been made to accommodate MGP's project, none of this work was triggered by MGP's project.

f. Will the new buildings affect Central Market's visibility from Aurora Avenue?

Response:

The only proposed buildings that will block visibility of Central Market are the D and E buildings as viewed from Aurora Avenue and N 160th St. (See Page 41 of the Conceptual Design Plan – Section DD.) However, with the existing large signs, mature trees, and the Pier One Imports, the Interurban Trail bridge and the Alexan buildings (under construction) the visibility of Central Market is currently obscured. Future Shoreline Place signage placed at Aurora Avenue and N. 160th and at Aurora Avenue and N 155th may be more effective at notifying vehicle and pedestrian traffic the location of Central Market. See Question #9c above regarding signage.

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g. Reference pages from prior PC presentations:

Conceptual Guide Plan: Page 94

May 16, 2019 PC Meeting: Slides 10-17

10. Conceptual Timing/Phasing

a. What is the likely timeline for development and leasing of the proposed blocks in MGP's plan?

Response:

Section 17 of the DA allows for a Twenty year vesting for the phased build-out of the Project. Twenty years is a reasonable timeline given several development factors. It takes on average 28 weeks for Shoreline to permit a mixed use or multi-family building (100+ units, below building/underground parking with commercial space along a frontage) and 23 weeks to permit a new commercial only building. Shoreline is staffed to handle two mixed use buildings at a time. More than two mixed-use or multi-family buildings submitted close in time exceeds the City's resources and delays all commercial, multi-family and mixed use projects submitted during that period.

After permitting, it takes at least eighteen months to complete construction. Once constructed, it takes time to lease the commercial and residential space. A common business practice is to not overbuild space or flood the market, but to build an amount that can readily be absorbed. Once the spaces are on the way to being successfully leased, assuming the market conditions remain strong for the planned commercial and residential uses then the cycle repeats: permitting, construction and leasing process on the next phase. If economic forecasting and 10 year trends remain constant, this region will experience an economic downturn during the term of this agreement which also will determine the timing for completion of all the projects proposed in the Development Agreement. Twenty years is a safe estimate of the time it could take to complete construction of all phases of the proposed development.

Conceptual Timeline for Development:

- *First Phase - Block E*
 - *2019 - 2021 - design, permitting, construction, and lease-up*
- *Future phase blocks (Blocks A-D) require a minimum of 3-5 years for design, construction, and lease-up*
 - *2020 - 2025 - second phase*
 - *2025 - 2030 - third phase*
 - *2030 - 2035 - fourth phase*
 - *2035 - 2040 - fifth phase*

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- b. With which phase will each of the required off and onsite improvements, required mitigations from the Planned Action Ordinance and additional site amenities depicted in the Conceptual Guide Plan be constructed?

Response:

The offsite and onsite improvements in Sections 5, 7 and 8 of the Development Agreement are tied to the construction of specific blocks. Other improvements were not as explicitly tied to a building or block. Therefore, the City and the property owner agree that an exhibit needed to be added to the Development Agreement that clearly ties each required offsite and onsite improvement, required mitigations from the Planned Action Ordinance and additional site amenities depicted in the Conceptual Guide Plan to the construction of specific blocks A, B, C or D or specific buildings. MGP will provide this exhibit as part of their presentation at the June 6th meeting.

- c. Sections from the Development Agreement including revised provisions to address Planning Commission concerns/questions:

- *§ 4, Flexibility, requires that certain right-of-way improvements and public benefits be delivered with respective project phases.*
- *§ 5.B, Phasing, documents the intent that commercial, retail and restaurants, open space and the Westminster Way connection be provided in the first 10 years.*
- *§ 5.B, Phasing - Open Space System, specifies when Open Space Components must be provided:*
 - *Westminster Plaza – with Block E.*
 - *East Plaza – with Block D.*
 - *West Plaza – with Block C.*
 - *Community Open Space – with the earlier of Block B or C.*
 - *Pedestrian Shared Street – with Block C.*
- *§ 6, Status Report, requires Developer to provide a regular Status Report to the City documenting construction, including public benefits, completed to date; phases; PM peak hour trips generated; conditions that may impact current or future phases; and efforts to market the Project.*
- *§ 7, Off – Site Transportation Improvements, specifies when off-site improvements must be provided:*
 - *North Promenade – with the earlier of Block A or Block B.*

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- *Westminster Way N. frontage improvements – with the first building in Block E.*
- *N. 155th Street/Westminster Way N. intersection improvements – with the first building in Block E.*
- *N. 160th Street Pedestrian Crossing with Rectangular Rapid – Flashing Beacons – with the first residential building.*
- *N. 160th Street rechannelization and bike lanes – with the first residential building.*
- **§ 8, On – Site Motorized and Non– Motorized Circulation, *has been revised* to specify when internal circulation must be provided:**
 - *N. 157th Street and bike sharrow lane – with the earlier of Block C or Block D.*
 - **C Street – with Block D.**
 - **B Street – with the earlier of Block B or Block C.**
 - **Block A or B Promenade – with the earlier of Block A or Block B.**
- *§ 17, Vesting, provides for a period of twenty years*

d. Reference pages from prior PC presentations:

Conceptual Guide Plan: Page 12

March 7, 2019 PC Meeting: Slides 8, 10

May 2, 2019 PC Meeting: Slides 10

May 16, 2019 PC Meeting: Slides 19-23

Next Steps

The Public Hearing has been cancelled for June 6 re-noticed. Staff is consulting with the Planning Commission about potential dates in June and July for a rescheduled public hearing.

Attachments

7a. Staff Report - Proposed DA - Redevelopment of Sears site at Shoreline Place

Attachment A – Illustrative Guide – MGP Responses to May 16th Planning Commission Questions

Attachment B – Development Agreement Comparison Memorandum