

DRAFT
CITY OF SHORELINE

SHORELINE PLANNING COMMISSION
MINUTES OF PUBLIC HEARING
(Via Zoom)

December 17, 2020
7:00 P.M.

Commissioners Present

Chair Mork
Vice Chair Malek
Commissioner Callahan
Commissioner Galuska
Commissioner Lin
Commissioner Rwamashongye
Commissioner Sager

Staff Present

Nora Gierloff, Planning Manager
Julie Ainsworth-Taylor, Assistant City Attorney
Carla Hoekzema, Planning Commission Clerk

CALL TO ORDER

Chair Mork called the public hearing of the Shoreline Planning Commission to order at 7:00 p.m.

ROLL CALL

Upon roll call by Ms. Hoekzema the following Commissioners were present: Chair Mork, Vice Chair Malek, and Commissioners Callahan, Galuska, Lin, Rwamashongye and Sager.

APPROVAL OF AGENDA

The agenda was accepted as presented.

APPROVAL OF MINUTES

The minutes of November 19, 2020 and December 3, 2020 were accepted as presented.

GENERAL PUBLIC COMMENT

There were no general public comments.

PUBLIC HEARING: SHORELINE PLACE COMMUNITY RENEWAL AREA (CRA) SIGN CODE UPDATE

Chair Mork reviewed the rules and procedures for the public hearing and then opened the hearing.

Ms. Gierloff reviewed that the Commission discussed the proposed update at previous meetings. They have considered the issues that are important to the retail community and how to make fair decisions to balance competing interests. The goal is to create a set of code amendments that will work better and encourage redevelopment on the former Aurora Square site.

Ms. Gierloff shared a map of the Shoreline Place CRA, which is located west of Aurora Avenue North. She noted that the property was previously developed with a Sears Center as an anchor, and a number of smaller businesses. The Washington State Department of Transportation (WSDOT) has some office space on the west side, and Northwest School is located at the southern end. The bulk of the property (shown in blue) is being redeveloped and will be rebranded as Shoreline Place. The intent of the sign code is to support redevelopment with sign regulations that are tailored to what the City would like to see happen on the site in the future.

Ms. Gierloff reviewed that, at their November 19th meeting, the Commission discussed the remaining issues and achieved consensus on the direction they wanted to go. She reviewed each of the items, noting the changes that were incorporated into the draft proposal that was attached to the Staff Report.

- **How Many monument signs should be allowed?** Under the current regulations, two monument signs are allowed per driveway. However, the driveways are not equally distributed across the street frontages and allowing two monument signs to be right up next to driveways on either side could create site-distance issues. The current proposal allocates the number of signs based on length of street frontage for the different parcels, up to three for a larger parcel.
- **Address concerns by clarifying that signs for Binding Site Plans would be allocated for the site as a whole.** Questions were raised about whether or not a property owner could subdivide property to get additional signage? Merlone Geier, the owner of the central portion, of the site has done a binding site plan that allows the parcel to be considered as a whole for zoning reasons, while being divided into additional leaseholds. Smaller areas can be developed by different developers and leased separately, but the site, as a whole, would have zoning standards (landscaping, signage, setbacks, etc.) applied around the perimeter. Since the last meeting, staff added language to make this clear.
- **Should there be spacing and setback requirements for monument signs?** The concern is that signs should not be bunched up or impede visibility. On the other hand, one property owner should not be able to locate a sign in an area that prevents an adjacent property owner from having a sign, as well. As proposed, signs on a single property must be separated by at least 100 feet, but they could be as close as 50 feet to a sign on an adjacent property. This allows some flexibility on sign placement on properties that have a smaller amounts of street frontage.
- **What is the location of the existing freestanding signs?** Currently, there are four pylon signs and one monument sign along the frontage of the property.

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- **Should the penalty for failure to install new signs by September 1, 2017 be eliminated?** The intent of this penalty was to spur redevelopment by requiring the signs to be replaced, but it has been ineffective. It was suggested that the penalty be removed, but still require that new signs be installed when the site is redeveloped. As proposed, developers cannot not take advantage of the good sign code features until the old signs are removed.
- **Should three or four pylon signs be allowed at Shoreline Place?** There are currently four pylon signs on the site, and the code would originally have reduced the number to three. After hearing testimony from property owners, the Commission decided the right number would be two pylon signs per each large parcel. As the configuration is today, that would equate to a total of four signs. The proposal retains the current number of pylon signs allowed. The goal is to create a cohesive look for the site and have rules that work for everyone. At the same time, they recognize that there are different property owners with different interests.
- **What should the height limit be for pylon signs?** As per the current code, new pylon signs are limited to 25 feet in height, and the existing signs are about 35 feet tall. Property owners have indicated they would be more likely to reface and update the existing signs if they could use the existing sign structure. The Commission indicated support for increasing the height limit to 35 feet to be consistent with the height of the existing signs.
- **Should wall signs be tied to entrances and not be allowed on walls that don't have public entrances?** The thought was to use wall signs as an incentive to liven up the streetscape by tying wall signs to public entrances. However, it is also important to recognize that public entrances are not feasible on some facades, but businesses may still want to have signs facing these other directions. As proposed, wall signs would also be offered as an incentive if property owners provide additional design features on the blank walls.
- **Freestanding Sign Copy.** The current sign code seeks to rebrand the center through consistent signage with design standards that emphasize the center's identity. The center identity would take precedence over tenant identity. Property owners have expressed concern that spaces might be difficult to lease if tenants are not allowed to use their customary signage. Based on the need to balance the City's desire to brand the site versus the advertising needs of the individual tenants, staff suggested some alternative options, and the Commission determined it would be appropriate to reduce the amount of space on pylon and monument signs that had to be dedicated to advertising the center as a whole. They further determined that, while the individual tenant listings could not include logos or individual color schemes, they could have unique fonts.
- **Clarification about where the setback for wayfinding signs is measured.** In addition to wall, pylon and monument signs, wayfinding signs will be needed throughout the site. The intent is to give people direction within the site, and staff suggested that the signs be set back at least 25 feet from the curb line of public streets to keep them out of the sign band of other types of freestanding signs so they do not compete with each other.

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Ms. Gierloff summarized that, following the public hearing, the Commission will be asked to make a recommendation to the City Council. The recommendation will be presented to the City Council for final approval during the 1st quarter of 2021. The next step will be to develop sign guidelines that lay out the look and feel of the monument and pylon signs.

Vice Chair Malek noted that, as per the Staff Report, the existing signs have outlived their useful lives and are capped out in terms of their value. He asked if they would be removed. Ms. Gierloff clarified that the signs have been fully amortized and the City can set conditions for removal or a timeline for removal without having to pay compensation for the signs.

Vice Chair Malek asked if Merlone Geier Partners would be allowed two freestanding signs on their 10-acre parcel given the constraints that are currently proposed. He noted that the north end doesn't yield a lot of traffic visibility and asked if Merlone Geier Partners would be allowed to place two signs in the south end without going on either side of the entries. Ms. Gierloff answered affirmatively and explained that as long as the signs are spaced 100 feet apart, the owner has quite a bit of flexibility given the large amount of frontage they have. Merlone Geier Partners has not voiced this concern. Vice Chair Malek also asked how the freestanding sign limitations would impact the ROIC properties. Ms. Gierloff explained that ROIC could use the existing sign structures, as none of them are closer than 100 feet.

There were no public comments, and Chair Mork invited the Commission to begin its deliberations.

COMMISSIONER RWAMASHONGYE MOVED THAT THE COMMISSION FORWARD THE SHORELINE PLACE COMMUNITY RENEWAL AREA (CRA) SIGN CODE UPDATE TO THE CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL AS PRESENTED IN ATTACHMENT A OF THE STAFF REPORT. VICE CHAIR MALEK SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Chair Mork closed the public hearing.

STUDY ITEM: HOUSING ACTION PLAN FOLLOW UP

Ms. Gierloff reviewed that the Commission has had some good discussions on the Housing Action Plan (HAP), and a number of questions were raised related to displacement, attracting young people to the City, regulating short-term rentals, and preventing additional subdivisions in the station areas where they are hoping to assemble larger parcels. She referred to the Staff Report, which provides additional information on each of the issues and invited the Commissioners to continue their discussions.

Ms. Gierloff reported that Elliott Weiss, Consultant, Community Attributes, Inc., provided information on the number of short-term rentals from one of the City's zip codes. In addition, another company who does this type of research for cities was able to poll the City as a whole and identified 170 current short-term rentals. This equates to a less than 1% of the City's total housing units (about 23,000). Even if the short-term rental market becomes more popular, it is likely the number would remain below the 1% mark.

Commissioner Callahan commented that not having any regulations to address short-term rentals seems like a huge risk for the City, as the number could increase exponentially in the future. From the pandemic,

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there is speculation that travel preferences might change and short-term rentals will become more popular. She is concerned that the City doesn't currently have any way of knowing who is operating the short-term rental units.

Commissioner Callahan said she also appreciates the concerns that were raised about gentrification and displacement, which can also be impacted by short-term rentals. Someone who is currently renting a single-family home could be displaced if a property owner decides to turn it into a short-term rental. They may not be able to find a comparable place to rent. She summarized that, on the negative side, the risk is big. On the positive side, there may be people who depend on short-term rentals for extra income. There may be some economic opportunity to be gained from managing short-term rentals well.

Commissioner Callahan observed that short-term rentals are not regulated, yet a business license is required for people who operate businesses in Shoreline that generate more than \$2,000 in income per year. She suggested that the City could require that owners of short-term rentals obtain businesses licenses, too. She referred to a 2019 Washington State Law (HB1798), which requires short-term rental operators to register with the Washington State Department of Revenue. Her understanding is that some of the larger platforms may fulfill obligations for liability insurance, etc., but the onus is on the operators to understand their obligations. She is concerned that some residents who are operating short-term rentals in Shoreline may not know about the State Law, which could result in fines or tax issues with the State. She suggested it is important to educate the citizens about the requirement to register short-term rentals. They could also have a public meeting to invite feedback about whether short-term rentals are helping or hurting affordability. This is an important issue, and the City needs to learn more about it.

Ms. Gierloff advised that staff intends to come back before the Commission in January for further discussion on the Housing Action Plan. In addition to discussing draft changes to the Housing Element Policies, staff will seek feedback on prioritization of the toolkit items. Short-term rentals will be part of that discussion. If the concern is displacement, then perhaps short-term rentals should be limited to a room rather than an entire home. There are ways to calibrate the regulations to get at the policy objectives the City is looking for.

Chair Mork asked if the City has a handout to give to someone who is interested in operating a short-term rental in Shoreline. Ms. Gierloff responded that the only way the City currently has to look at short-term rentals is through the older business model of a bed and breakfast. Chair Mork suggested that providing a handout would be one way to resolve Commissioner Callahan's concern about people not being aware of the State's requirement to register short-term rentals.

When it comes to the Multifamily Tax Exemption (MFTE) Program or any other program that requires a developer to provide a set number of affordable units, Commissioner Galuska asked how the City tracks the lease rates on units over time. Ms. Gierloff answered that an annual report would be required. The City gathers that information from all of its registered MFTE participants and makes sure that the requirements are enforced.

Commissioner Galuska voiced concern that the median income of \$113,000 seems quite high. Even an \$80,000 median income equates to \$38 per hour compared to the State's minimum wage of \$15 per hour. He is concerned that the units that qualify as affordable aren't really available to a lot of people in the

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lower income scale. When creating the Housing Action Plan, a lot of effort needs to go into what type of units are being provided. A lot of the recent housing developed in Shoreline includes a high number of one-bedroom and studio apartments. However, it is equally important to make sure there are multi-bedroom rental options available for families. Purchasing homes and townhomes is prohibitive for many people.

Ms. Gierloff explained that the City's current MFTE Program just requires that the affordable units be proportional in unit split to the project as a whole. If 10% of the units are 2-bedroom, then 10% of the affordable units need to be 2-bedroom, as well. Because there are no 3-bedroom and very few 2-bedroom units being developed, one of staff's suggestions is to allow developers to do a 2 for 1. For example, instead of building two affordable studios, you could build one affordable 3-bedroom unit. This approach has been used in Portland, and staff could do some research to see how well it has been received.

Vice Chair Malek referred to the report that was prepared to identify the number of short-term rentals in the City. He noted that the peak was in 2018 (217), but the number dropped to 170 in 2020. He suggested it might behoove the Commission to hear from the City's Economic Development Director to help make sense of the data. He said it would be helpful to understand why there has been so little redevelopment in the 145th and 185th Street Station Subareas. He expressed his belief that there are issues with the current code, including parking. He commented that short-term rentals have a purpose in the City. For example, they can provide short-term housing for residents who are remodeling their homes. They can also provide housing for people who want to explore the City as a potential location for their future residence. Again, he said he would like to better understand the data and how it connects with the volume of long-term and short-term rentals that will emerge fairly soon, particularly in the 145th Street Station Subarea.

Ms. Gierloff pointed out that the 185th Street Report also raised the question of why the MUR-70' zone in the stations areas are slow to develop. The Economic Development Director is preparing an issue paper that will talk about what he has heard from developers. The paper will provide some options for modifying the City's standards, leading with infrastructure, etc. The Commissioners agreed they would like staff to present this information to them as soon as it is available.

Vice Chair Malek said it is important to keep in mind that short-term rentals are self-limiting to some degree because of wear and tear on the buildings. If they aren't built to the rental code, they won't survive. Hotels are built to a certain standard to withstand the daily use, but commercial level of build is different than condominiums, apartments, single-family homes and townhomes.

Commissioner Rwamashongye suggested the City should seek opportunities to partner with developers in a different fashion other than writing regulations. Developers are very much interested in profit, and the City is interested in providing housing accommodations. Perhaps the City could offer funding to ensure that a developer will get a minimum profit out of a project that provides affordable units. He referred to Commissioner Galuska's earlier comments about affordability and the housing statistic that identifies \$113,000 as the median income. He cautioned that when they refer to "low-income," it doesn't address housing for people with very low incomes. They need to be clear on what level of income they are targeting when it comes to affordable housing. The only way the program can be successful is if it is deliberate and targeted, and creating and financing affordable units for the very low income will require public/private partnerships.

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Ms. Gierloff emphasized that the housing market with the most unmet need is the 0 to 30% Average Median Income (AMI). No City is meeting its targeted goals in this regard, but they all need to keep trying. Multi-county and countywide housing policies are currently under discussion by regional groups, and they are looking at setting some policies and targets for all housing, but especially around the 0 to 30% AMI group. The City will continue its work on the Housing Action Plan, which will provide a good grasp of the current housing situation and identify potential tools. However, final adoption will be postponed until the regional policies have been adopted so they can be incorporated into the City's document, as well. She agreed that it is not difficult to get developers to provide affordable units at 70 to 80% AMI, but the market will not likely provide units at 0 to 30% AMI. It will require partnerships and multiple funding sources.

Chair Mork agreed with Commissioner Galuska regarding the need for more multi-bedroom units that can accommodate families. She appreciates that the City has paid attention to the number of 2 and 3-bedroom units that have been constructed.

DIRECTOR'S REPORT

There was no director's report.

UNFINISHED BUSINESS

Ms. Hoekzema took pictures of the Commissioners from their Zoom frame so that the pictures on the Planning Commission's webpage could be updated.

NEW BUSINESS

There was no new business.

REPORTS OF COMMITTEES AND COMMISSIONER ANNOUNCEMENTS

Assistant City Attorney Ainsworth-Taylor advised that there was nothing new to report regarding the proposed development at Point Wells. They are still waiting for the Snohomish County Hearing Examiner to issue a decision on BSRE's resubmittal application. Regardless of the Hearing Examiner's decision, it is likely that BSRE will issue an appeal.

AGENDA FOR NEXT MEETING

Ms. Gierloff announced that the Commission’s January 7th meeting has been cancelled. The agenda for the January 21st meeting will include a continued discussion on the Housing Action Plan.

ADJOURNMENT

The meeting was adjourned at 7:52 p.m.

Laura Mork
Chair, Planning Commission

Carla Hoekzema
Clerk, Planning Commission