

PLANNING BOARD MINUTES September 22, 2004

Chair Young called the regular meeting of the Planning Board to order at 7:00 p.m. in the Council Chambers, Public Safety Complex, 250 – 5th Avenue North.

BOARD MEMBERS PRESENT

James Young, Chair
Janice Freeman, Vice Chair
Jim Crim

Virginia Cassutt
John Dewhirst
Judith Works

BOARD MEMBERS ABSENT

Cary Guenther
Don Henderson

STAFF PRESENT

Rob Chave, Planning Division Manager
Duane Bowman, Development Services Director
Jennifer Gerend, Economic Development Director
Stephen Clifton, Community Services Director
Karin Noyes, Recorder

Board Member Guenther was excused from the meeting.

READING/APPROVAL OF MINUTES

BOARD MEMBER CRIM MOVED TO APPROVE THE MINUTES OF SEPTEMBER 8, 2004 AS CORRECTED. BOARD MEMBER DEWHIRST SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY, WITH BOARD MEMBER FREEMAN ABSTAINING.

ANNOUNCEMENT OF AGENDA

No changes were made to the proposed agenda.

REQUESTS FROM THE AUDIENCE

Don Krieman, 24006 – 95th Place West, reminded the Board that the City is required by the Growth Management Act to update their Comprehensive Plan. As part of this update, the City must accommodate about 5,000 more people by the year 2020. The current population of Edmonds is about 40,000. He questioned where the City would put this growth. He suggested that the choices are along state highways (Highway 99 and SR-104), the downtown/waterfront area, or in the neighborhoods of Edmonds. He pointed out that the Growth Management Act requires an average lot size of four lots per acre in residential areas, which is about 10,000 square foot single-family residential lots. He also pointed out that Edmonds is already developed.

Mr. Krieman suggested that the areas along the state highways, the downtown/waterfront area and the neighborhoods of Edmonds all need to share this burden. The City should consider how they could increase the population density without ruining the character and charm of all of Edmonds, not just the downtown. Excluding one area would increase the burden on the others. He said he likes his neighborhood, and he is willing to accept more single-family residences on smaller lots, but he doesn't want to live next door to three-story multi-family developments. He said he does not feel the neighborhood infrastructure could tolerate the increase in traffic, and neither could his children. He pointed out that the height limit in his neighborhood is 25 feet. If this same height limit were enforced in the downtown area while requiring retail space on the

ground floor to have a ceiling height of 12 feet, builders would be limited to two stories downtown but allowed three stories in neighborhoods. If the expensive cost of land in the downtown core were factored in, developers would begin to look for opportunities to build multi-family housing in neighborhoods.

Mr. Krieman concluded that, unfortunately, the Growth Management Act requires that the City make choices. They can find ways to increase the population density along state highways, in the downtown/waterfront area, and in the neighborhoods of Edmonds without destroying the charm of the community. However, he emphasized that they cannot exclude one area without harming the others.

Ron Wambolt, 530 Dayton Street, suggested that the debate over building heights in the BC zone has developers and builders and certain City Council Members on one side and concerned citizens on the other. The builders have said they need height limits of greater than 30 feet in order to construct three-story buildings that are profitable and viable in the downtown area. Some City Council Members have gone on record stating that higher buildings are needed for the City's financial survival. Others say that higher buildings are needed to accommodate restaurants and other businesses. He suggested that there is no demand for residential development above restaurant uses.

Mr. Wambolt said many citizens in the City oppose the concept of increasing the height limit in the BC zone because they feel the character of Edmonds would be lost. No data has been presented that would support the need for higher buildings in order for Edmonds to survive financially. He noted that the building at Fifth and Walnut was constructed with three-stories and a first floor ceiling height that was two feet lower than it could have been. This action reduced the usage flexibility of the first floor so it remains unsold or unleased. However, this is not the City's problem. The developer is responsible for this situation. If the City's code is so unfriendly to this developer, Mr. Wambolt questioned why this same developer is beginning construction of another large project on the southeast corner of this same area. He said the City code allows developers to construct adequate projects now, and they continue to develop in Edmonds. No quantitative data has been submitted that shows that allowing greater building heights would increase tax revenue to the City. He suggested, instead, that increased revenue would be best accomplished by continuing to focus on the expansion of Highway 99.

PRESENTATION OF THE ECONOMIC ANALYSIS REGARDING DOWNTOWN WATERFRONT PLAN ISSUES AND ALTERNATIVES

Mr. Chave introduced Laura Lohman and Matt Anderson from Heartland LLC, a consulting firm hired by the City to prepare a financial analysis regarding Downtown/Waterfront Plan issues and alternatives. He advised that they were present to review their preliminary findings on development regulations and potential scenarios being considered by the Planning Board in their update of the Downtown/Waterfront Plan. He advised that the consultants plan on providing a short overview of their approach, followed by an interactive session with the Planning Board on market factors affecting downtown development and the implications of changes to the Downtown/Waterfront Plan being considered by the Board. He noted that the consultant's PowerPoint presentation could be accessed via the City's website, and their final report would also be posted on the website for public review within the next few weeks.

Ms. Lohman advised that the City is currently in the process of reviewing and revising its Downtown/Waterfront Plan as part of the 2004 Comprehensive Plan update. The Board has identified the following general principles that build upon the City's vision and provide a policy framework to guide future development within the downtown:

- Protect the existing identity of the central downtown;
- Define the retail core along streets having the strongest pedestrian links and design elements;
- Identify "arts" and "mixed-use" districts that support and complement the retail core; and
- Explore alternative development opportunities in the waterfront area.

Ms. Lohman advised that the Board has also identified the following potential implementation strategies for public review and discussion:

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- Identifying a downtown “retail core” that might be smaller or different than the area currently thought of as the “retail core,” and in some instances, limiting ground-floor uses in some locations;
- Establishing first-floor development standards that support successful commercial spaces;
- Ensuring pedestrian-scale buildings and neighborhoods; and
- Considering upper-level setbacks in some locations.

Ms. Lohman explained that the scope of their project was to test the feasibility of several redevelopment alternatives that might result if new regulations were adopted. They were also given the responsibility of highlighting differences in the redevelopment potential within these economic study areas. She briefly described that the study area was divided into four parts. Area 1 is the area known as the downtown retail core. Area B includes the transitional mixed-use areas that are not part of the retail core. Area C includes those areas that have been identified as Master Plan areas (Harbor Square and the Antique Mall sites). Area D is the Arts Center transition area that is envisioned to become the future arts corridor that would link the Edmonds arts projects that are planned to the downtown retail core area.

Ms. Lohman advised that their first task was to prepare a market overview in order to understand which prototypes had the most market potential and to summarize the factors the development community would consider when taking on a project. This exercise indicated that condominium development has the greatest market potential in Edmonds. Sales of these units average \$290 to \$350 per square foot, which is similar to the per square foot average of condominiums sold in Seattle. However, the condominiums that have been constructed in Edmonds tend to be significantly larger (1,400 to 2,400 square feet) than those constructed in Seattle (800 to 1,200 square feet). She noted that the rental apartment market in Edmonds is weak, and the current rent levels would not support any new apartment projects in the City.

Ms. Lohman pointed out that retail rents in Edmonds range from \$15 to \$20 per square foot in quality spaces within the retail core. However, in Edmonds there are many building types and locations that do not work well for retail space, and this has resulted in vacant space or lower rents. Many of the ground floor spaces are being marketed as condominiums, with an asking price of \$200 per square foot. She advised that there are two distinct markets for office space in the downtown: downtown service commercial and stand-alone office space outside of the core. The rental rates range from \$15 to \$18 per square foot, with higher potential for stand-alone office space that offers a view.

Ms. Lohman advised that the consultants studied a number of redevelopment scenarios including: two and three-story redevelopment under the current zoning; two and three-story redevelopment assuming a 12-foot first floor ceiling height requirement; mixed-use redevelopment with upper-level setbacks; single-story commercial reuse or redevelopment; and how development might be different for the Antique Mall and Harbor Square sites. Mixed-use developments are happening because of the returns that can be achieved as a result of the residential units on the upper two floors. She briefly summarized the findings and conclusions that were identified as a result of this exercise. She advised that condominium sales drive the financial performance of mixed-use projects, and the values associated with ground-floor commercial uses are less significant. In addition, eliminating the third floor would make mixed-use redevelopment unfeasible. Upper-level setbacks would negatively impact the returns but not the feasibility of a project.

Ms. Lohman reported that renovation of commercial space by existing owners of high-quality retail structures would provide better returns than redevelopment. In addition, acquisition and reuse of existing structures is feasible, but less likely to occur given redevelopment values. Single-story redevelopment cannot compete with mixed-use redevelopment. She referred to the Antique Mall site, and noted that this property is unique in that it has the same zoning designation as the downtown area. It is about five acres in size, and has a 25-foot height limit. Their review concluded that medium-format retail and supporting shops are likely the highest and best use for this site given the parcel size and zoning. The site would have a lower land value (\$25 to \$40 per square foot) than properties in the downtown. In addition, the maximum height limit of 25 feet and the proximity to the railroad tracks further limits the potential for multi-family residential uses.

Ms. Lohman said they considered Harbor Square as a possible location for parcel redevelopment. They assumed that because of the age of the hotel and athletic club that are located on the site, they are not likely to be redeveloped in the near future. However, the buildings on the other portions of the site are closer to the railroad tracks and redevelopment could be a possibility. They have determined that three-story office and/or stand-alone retail would offer the highest potential for redevelopment of these sites. However, redevelopment of the property would be constrained by the current ground lease that

runs until 2033. In addition, the existing buildings provide some cash flow to the development, making it costly for a developer to demolish the buildings. Any redevelopment project on this site would have to outperform the current development that is working well at this time. A longer ground lease would also have to be negotiated with the Port of Edmonds.

Board Member Dewhirst requested that the consultant provide a description of the term “medium format retail.” Ms. Lohman answered that “medium format retail” would be a development that is bigger than a downtown shop space but smaller than a big box retail structure. Restaurants or grocery stores of 10,000 square feet in size would be good examples of “medium format retail” uses. These uses require more land than a lot of the typical downtown parcels could support.

Mr. Anderson briefly described the model program that was used to review the various scenarios for downtown development and redevelopment. Using this formula, he then reviewed the following scenarios:

- **Scenario 1: A mixed-use development on a 20,000 square foot lot using the current code regulations, which would allow for a ceiling height for the retail space of less than 12 feet. Three floors would be provided, with retail on the ground floor and condominiums on the upper floors.**

Mr. Anderson noted that this type of development would be allowed to construct up to 18 residential units on the upper floors. Each unit would be about 1,800 square feet in size. The retail space on the ground floor would be about 8,300 square feet in size. The land acquisition costs would be about \$80 per square foot. Construction costs for the residential units would be about \$140 per square foot and \$90 per square foot for the retail space. The estimated revenue from the residential units would be about \$345 per square foot, and \$10 per square foot for retail space. He summarized that this scenario would perform very well in Edmonds, and would have a return rate of about 38 percent. This type of development would be a very feasible product, and that is why there are so many of them being built in Edmonds.

- **Scenario 2: The same as Scenario 1, except the top floor would be eliminated.**

Mr. Anderson advised that the retail space would have the same return value, but the value of the residential units would be reduced to \$290 per square foot to take into account the loss of view. The rate of return for this scenario would be only about 2 percent, and this project would not be considered feasible.

- **Scenario 3: A three-story building with changes in the code that reduced the parking standard. In addition, the size of the units would be reduced to 1,400 square feet. The ceiling height for the ground floor retail space would be a minimum of 12 feet, and the height limits would be changed to allow three-story developments.**

Mr. Anderson pointed out that because the City recently reduced its parking standards, it is more likely that developers would construct smaller residential units. He noted that a project of this type would do well, with a 41 percent rate of return. Because of the greater ceiling heights for the ground floor, the retail space would receive a better rate of return. He summarized that this scenario would likely receive the highest rate of return in the downtown area. He noted that if a building were constructed with a 12-foot ceiling height on the ground floor and 8-foot ceiling heights on the upper two levels, the building would have to be about 31 feet in height, which is in excess of the current code allowance.

- **Scenario 4: The same as Scenario 3, except there would be no change in the overall height limit so buildings would be limited to two stories in most cases.**

Mr. Anderson advised that if a redevelopment project were limited to two stories, there would be significantly fewer residential units. Therefore the rate of return would drop to about 2 percent, which would make this type of project unfeasible. The impact of limiting the height but requiring a 12-foot ceiling height for the first floor retail space could have a significant impact on the rate of return for a mixed-use project. If there were views from the second floor units, the residential units could have a greater value and the rate of return would be a little better.

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- **Scenario 5: In this scenario the code for the BC zone would be changed to allow ground related residential uses. These units would be larger (about 1,700 square feet) and would have an entrance off the ground floor with a garage for each unit.**

Mr. Anderson advised that about 17 units of this type could be constructed on a 20,000 square foot lot, and about half of the ground floor space would be used to accommodate parking and the other half would be used for entrances and perhaps one room per unit. The lot coverage would be about 70 percent, and the construction costs would be virtually the same as those identified for residential development in the previous scenarios. He concluded that a three-story project of this type would do well, but if it were reduced to two-stories as a result of the 30-foot height limit, the rate of return would not allow the project to be viable.

- **Scenario 6: Two-stories of office space over ground floor retail space.**

Mr. Anderson reported that office rents are not high enough in downtown Edmonds to support the cost of new construction.

- **Scenario 7: Stand-alone retail space that covers half of a 20,000 square foot lot, with surface parking. The building would be about 9,300 square feet.**

Mr. Anderson advised that this type of project would not likely be viable, but it would do better than an office building because the developer would not have to pay for underground parking. If the site were viable for a mixed-use development, it is not likely that a stand-alone developer would be able to purchase the site for construction. If a developer already owns the property and if the project is to renovate an existing structure, the construction costs would be significantly lower and the land costs associated with the project would be eliminated. The rate of return for this type of project would be about 70 percent. If a developer has a good building in a good location that attracts successful tenants, it would not require a significant investment to get a great rate of return.

- **Scenario 8: A three-story structure with retail space on the ground floor and a 12-foot ceiling height requirement. The upper floors would be developed as residential. The height limit would be increased to allow three stories, but the second story would be required to setback five feet, and the third story another five feet.**

Mr. Anderson explained that this concept is one way to mitigate an increase in the height requirement for the first floor retail space and still allow three stories. This concept would reduce the overall square footage of the building, but the rate of return would still be good. The setback requirement would result in a less significant visual impact to the pedestrians. The benefit of the greater ceiling height on the ground floor would likely compensate for the loss of residential space on the upper floors.

- **Scenario 9: A three-story building with retail on the ground floor that is vacant and condominiums on the upper two floors.**

Mr. Anderson reported that even if the ground floor retail space remained vacant, the rate of return for this type of project would still be about 36 percent. This clearly identifies that the residential units are what drives this type of project. Although retail is required by code on the ground floor, developers tend to spend as little as they can to construct this space in order to get the residential space on the upper levels. The retail space has so little impact on the rate of return. If the retail space were not required, the rate of return would be about 46 percent.

Board Member Dewhirst inquired if there is any way for the consultant to determine which of the scenarios would provide the greatest tax revenue to the City. Mr. Anderson said this was not part of their scope of work. Ms. Lohman suggested that the City should encourage non-residential uses on the upper floors for the greatest return to the City. Any scenario that would encourage greater retail sales would provide a greater fiscal benefit to the City. Better-designed retail space would benefit the City, as well.

Board Member Young referred to Scenario 7 and asked the consultant to further explained how a renovation by existing owners of high-quality structures would provide a better return than redevelopment. Ms. Lohman explained that if a property owner is in a position to own their own land and a building that has life left in it, they could renovate the building so that it would provide a greater return. This option would have a rate of return of about 70 percent. Mr. Anderson further explained that one of the reasons this scenario would work better has to do with the assumption that it wouldn't cost as much to renovate as it would to redevelop. There would be inherent value associated with the building, and there would be no land acquisition costs. However, if a real estate developer were to purchase this land, it wouldn't make sense to renovate the building instead of redeveloping.

Board Member Young clarified that the best-case scenario for the City would be for a property owner who is doing well with a one-story building to renovate his existing business since this would likely result in sales tax revenue. If this property owner went out of business, it would be difficult for someone to purchase a one-story building and continue to operate as a single-story commercial use. Ms. Lohman clarified that it would not be impossible, but if there were market interest in redeveloping the site, the land would likely be priced in such a way that would make it difficult to purchase the property to renovate or replace the single-story building. The commercial units that could be constructed on the upper level of the structure would provide a rate of return that would allow the construction costs to be recovered. A new one-story building would have surface parking rather than underground parking, which would reduce the building footprint size.

Board Member Young said it appears there will not be any new redevelopment in the downtown area without residential units being provided on the upper floors. He said he is not sure this could be called redevelopment. This assumes that the one-story buildings would be redeveloped with two stories of condominiums on top, with the hope that the first floor would get filled with commercial businesses. Mr. Anderson explained that a single-story property that has a current income stream of \$56 per square foot could be purchased for \$80 per square foot and redeveloped as condominiums. This makes it difficult for a developer to purchase a property and redevelop successfully as a single-story use. An existing property owner of a single-story structure could get away with very little risk and a substantial rate of return if he/she were to renovate their building. But prospective property owners of sites that do not have good lot coverage and require expensive renovation or redevelopment would not be able to compete with the price a developer of a mixed-use building could pay.

Mr. Anderson pointed out that the market is trying to create an environment where the ground floor could be a successful business, and that is why the City is considering the option of requiring a ceiling height of 12 feet for the ground floor space. The challenge is what this support for the retail ground floor would do to the overall building envelope, recognizing that two-story development is tough to make successful.

Board Member Dewhirst asked what the impact would be if a redevelopment project did not require parking. Ms. Lohman answered that the market would demand that a developer provide some amount of parking. Board Member Dewhirst asked what the rate of return would be for renovation of an existing retail/office building that would require no parking versus constructing a new building that would require a certain level of parking. Ms. Lohman answered that project costs would be less, but some lenders might balk at the fact that no parking would be provided. However, with this concept, the project would perform better.

Board Member Dewhirst inquired if it would provide a huge incentive to developers if the City were to eliminate the parking requirement for existing structures. He said the Board has been hearing that the parking standards are too strict. Ms. Lohman said the City's current parking code does not appear too onerous. But the past code that required two spaces for each residential unit resulted in bigger units because developers could only have so many units on the site and still accommodate the parking needs. A parking requirement of two spaces for every 1,000 square feet of retail space is okay for a downtown because of underground parking opportunities. She said she would not expect that reducing the parking requirements further would result in a significant change in the current development trend.

Mr. Anderson pointed out that for a building with retail space on the ground floor and office space on the upper two floors, the rate of return would be 18 percent based on the current parking requirements. If the retail parking requirements were eliminated, the rate of return for this type of project could be nearly 20 percent. If the parking were eliminated for the office space, the rate of return could be 24 percent. However, if the number of stories were reduced to two, the rate of return would go back down to 21 percent. He noted that if no parking were provided for an office use, prospective tenants would likely be

unwilling to rent the space because there would be no parking for their employees. The situation might not be as critical if the parking requirement for retail space were eliminated.

Board Member Dewhirst pointed that the rate of return for residential units would be significantly impacted by view. He questioned if view would have a similar impact on retail space or office space. Mr. Anderson replied that he is sure that view would have an impact on the rate of return for office space and some retail uses such as restaurants, since developers would be able to get a higher rate for this space. Board Member Dewhirst inquired how the impact of views on residential units would compare to the impact of view on retail and office space. Mr. Anderson answered that the premium a future tenant or owner would pay for a view would be greater for residential units than for retail or office space.

Board Member Young inquired how property tax revenue from residential units would compare to sales tax revenue the City would receive from commercial space. He suggested that changing the code to encourage more condominium development might not provide the best revenue to the City. Mr. Chave suggested that there must be a healthy mix of redevelopment. Residential units must support retail development, but the retail space must also be healthy. He suggested that given the scenarios that have been reviewed by the consultant, perhaps the Finance Department could provide some analysis regarding the tax revenue that would be generated by each. Board Member Young agreed that it would be important for the Board to know what the greater return would mean to the City.

Mr. Chave said some of the conclusions he has taken from the consultant's presentation is that if the BC zone is left the way it is, depending on the particulars of the site and whether they can get three floors, the retail spaces would continue to not contribute to a healthy retail environment. The City probably should not leave the BC zoning regulations as they currently exist because they are not working to the City's benefit. Board Member Crim agreed. He pointed out that if a developer were going to a lending institute for funding of a new two-story structure in downtown Edmonds, he would likely be turned down.

Board Member Freeman noted that the consultant is not recommending the construction of residential units at the Antique Mall site because of the noise generated by the trains. Ms. Lohman said options for residential development in Edmonds would likely occur first in areas that do not have the presence of the railroad tracks. But if a portion of this site could offer residential units with a view of the Sound, residential development could be successful. However, developers would be cautious about developing residential units next to the train tracks.

Mr. Chave suggested that another option for the Board to consider is the concept of providing a foot of additional height for every foot a building is setback on the ground floor. This would encourage the enhancement of the sidewalk and pedestrian areas and would probably not impact the viability of a project. Mr. Anderson pointed out that many developers would value just 6 to 12 inches of additional height since an 8-foot ceiling height in a residential unit is less desirable than an 8.5-foot ceiling height. A concept of this type could be a big incentive to developers.

Board Member Freeman suggested that since it is anticipated that the size of the residential units being developed would decrease, perhaps higher ceilings would not be as important. Perhaps people would accept smaller units and lower ceiling heights because of the desirability of the location. She noted that many older residents of the City are looking for places to live within the community when they are ready to sell their larger homes. Smaller units would be more desirable to many of these people. Mr. Anderson agreed and said he wouldn't be surprised to see units as small as 800 square feet built in Edmonds in the near future. Ms. Lohman pointed out that trend is to have higher ceilings in the smaller units because they create a more spacious feeling.

Board Member Works inquired if below grade retail space is a viable option. Mr. Lohman said it is likely that below grade retail space could be rented for service uses. However, most of the scenarios assumed that in order to stay within the City's current building height limit, the retail space on the ground floor would be sunk down a few feet. Therefore, the anticipated rent for this space would be \$10 per square foot rather than \$15 or \$18 because it is difficult to make retail work with space that is not at the pedestrian level.

Ms. Lohman suggested that perhaps in their final report it would be helpful for them to summarize some of the scenarios that were used to establish their findings. The consultants could examine each of the alternatives that have been reviewed and

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prepare a table comparing the impacts on rate of return for each. However, she noted that they don't anticipate making any remarkable changes to what they have described to the Board.

Ms. Lohman referred to the Harbor Square site and pointed out that they compared potential redevelopment of this site with the way the project is performing now. They particularly studied the 4.71-acre portion of the site where they felt redevelopment could occur in the future. She noted that there is a current contract rezone in place for the property, which allows development to occur up to 35 feet in height. Surface parking would have to be provided for any type of redevelopment because soil conditions in this location do not allow for underground parking. The review scenario would include a 200,000 square foot building on the site with a construction cost of \$180 per square foot. They assumed that the vacancy rate for the new building would be about 5 percent, compared to the current vacancy rate of 15 percent. In addition, they must account for the ground lease requirement that 13 percent of the gross proceeds minus expenses must be paid to the property owner. The profit from the new development would be about \$40 million, but the development costs would be \$36 million. The value beyond cost would be between \$3.5 and \$4 million. Their conclusion was that this would not be a viable site for redevelopment when compared to the \$5.5 million they estimate the value of the existing performance of the building to be. She concluded that it is hard to image any redevelopment of this site outperforming what already exists. They speculate that there would not likely be any significant changes made to this site in the near future.

Mr. Chave inquired what types of code changes would be necessary in order to change the consultant's assumptions for the Harbor Square site. Ms. Lohman answered that a higher rental rate would be necessary. In addition, a longer land lease must be obtained, and the height limit would need to be increased. A lower parking requirement would also have an impact. She said that the market would respond well to any opportunities to enhance view on both the Harbor Square and the Antique Mall sites. Mr. Chave suggested the option of view averaging. Perhaps they could limit the height in the more sensitive areas in exchange for greater heights in other areas to take advantage of view opportunities. Ms. Lohman suggested that because of the size and location of these two parcels, they would be prime candidates for a master plan concept that would allow more density in some areas of the site to capitalize on view capabilities.

Mr. Anderson pointed out that only so much of the Harbor Square site could be redeveloped and still provide adequate parking to meet the code requirements. If a four-story building were constructed on the site, the building footprint would have to be reduced in order to provide sufficient surface parking. Until the rents reach a certain level that would allow the construction of an above ground parking garage, the situation on this site would not change significantly.

Board Member Freeman recalled that one concept the Board has discussed previously is to allow residential units on the ground floor, provided they meet certain code requirements that would allow them to easily be converted to commercial space should the market conditions change for the downtown area. Mr. Chave said that some jurisdictions accommodate this flexibility but require that first floors be built to a certain height so that residential uses could be converted to retail. Ms. Lohman said it is hard for her to imagine this being efficient from a developer's point of view. Also, because of legal issues related to land ownership, it could be difficult to change from owner occupied to rental space. Mr. Anderson said this option works well in some environments where individuals want to occupy a condominium and operate a small office on the ground floor. This would be a compelling option to make available to a development community, but he did not feel there would be a huge demand for this type of development. Ms. Lohman said the City would have to create a clear policy if they intend to require a conversion to retail space at some point in the future. Mr. Anderson explained that in a for-sale setting, the City could not require that the units be converted to retail space on the ground floor at some future point. But they could market the units as live/work space with commercial space on the first floor and residential space on the upper floors.

Mr. Chave advised that the consultants would prepare a written report of their findings for the Commission's review.

THE BOARD TOOK A 10-MINUTE BREAK AT 8:57 P.M. THEY RESUMED THE MEETING AT 9:07.

REVIEW OF DRAFT DOCUMENTS FOR THE 2004 COMPREHENSIVE PLAN UPDATE, INCLUDING AMENDMENTS TO DOWNTOWN/WATERFRONT PLAN, HIGHWAY 99 PLAN AND AMENDMENTS TO THE LAND USE MAP AND RELATED ZONING CHANGES

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Mr. Chave referred the Board to the map showing the critical areas analysis for areas with large lot zoning. The map shows the three areas of the City the Board agreed by consensus to examine further for re-designation to a higher density land use classification. He explained that staff used the City's GIS system to overlay the preliminary critical areas inventory with existing zoning. They also highlighted areas that are apparently already less than 12,000 square feet in lot area. He reminded the Board that areas covered extensively by critical areas were considered sufficient justification to continue large-lot single-family designations, since large lot sizes provide more opportunity to avoid disturbances of existing natural features and provide an opportunity to maintain linkages between critical areas and habitat. Small, isolated critical areas were not considered sufficient to justify continued large-lot single-family designations.

Mr. Chave referred to the property that was identified on the map with green dots located south of 192nd Street and west of 80th Avenue. He noted that RS-8 zoning already exists on the properties to the east and south, and it would seem logical to extend the RS-8 zoning into this area, as well. Next, he referred to the property located east of 88th Avenue and south of 186th Street, which is the next tier of lots to the west. It could be argued that this area should be identified as RS-8 zoning, but the Board must decide how important it is that the new zoning be compatible to the existing development pattern. One option would be to advertise the most aggressive zoning option (RS-8) for the public hearing, but the map shows a more conservative designation of RS-10.

Mr. Chave referred to the northern part of the map where there is a small area west of 88th Avenue and north of 184th Street. This area intrudes somewhat into the critical area, but was included as RS-10 zoning because most of the lots in the area are already less than 12,000 square feet in size. Another area that could arguably remain as RS-12 is the area west of 92nd Avenue and north of 190th Street. However, his concern is that there is very little buffer on the west and southwest between this area and the sloped area and some of the slopes are very steep. Staff is concerned that when more information becomes available to the City, these slopes may actually extend further than what is currently identified. If the Board is concerned about this issue, they could leave the zoning as it currently exists and review the area again once the LIDAR mapping work has been completed in 2005.

Mr. Chave said RS-8 versus RS-10 zoning is dependent on how specific the Board wants to be in the land use designations. Right now, the RS-6 and RS-8 zoning designations are grouped together in the single-family, small-lot land use designations. He suggested that perhaps the RS-10 zoning should be in a separate land-use designation category since it provides a transition between the larger and smaller lot zones. He referred to the legend that was provided on the map and noted that the RS-6 and RS-8 zoning designations are identified as single-family urban land uses and RS-10 zoning would be called out as a single-family resource land use designation. The term "resource" refers to critical areas, which are resources to the City. Board Member Freeman suggested that lots should be designated based on size, either large or small, rather than coming up with new terminology. Mr. Chave pointed out that this terminology would be consistent with the Growth Management Act.

Board Member Dewhirst referred to the area located west of 98th Avenue and north of 220th Street. He questioned why this area is being identified as RS-8 zoning when there are erosion hazard areas identified in the vicinity. Mr. Chave said these erosion hazard areas are isolated slopes that are not steep. In addition, they are not tied into the overall pattern of critical areas such as wetlands, etc. Again, he noted that a number of these lots are smaller than 12,000 square feet already, and the properties are completely surrounded by RS-8 and RS-6 zoning. He explained that while slopes are identified as erosion hazard areas, if they are not steep, they are handled through erosion control measurements during development. But when slopes are associated with other critical areas, development would be impacted to a greater degree. The areas where patterns of critical areas exist are the most value from an ecological standpoint.

Board Member Freeman referred to those areas where RS-20 zoning could remain because of their association with critical areas and habitat. She inquired if the City requires these property owners to maintain the critical areas. Mr. Chave explained that any development that occurs in this area would require the protection of a certain portion of the habitat. With a larger lot, there is more opportunity to strategically locate a structure to protect the habitat. Mr. Chave said that when the Board reviews the zoning for these areas next year, they should consider the lot coverage requirements for the larger lot sizes. Right now, the lot coverage is a straight percentage for all single-family zones. The Board should consider having a more strict lot coverage requirement for the large lots to encourage protection of the habitat.

APPROVED

Board Member Dewhirst referred to the blue sheet that was provided by the staff. He noted that language should be added to make it clear that the changes have been required by the State. The document should also explain the court cases that have recently occurred, particularly the one involving the Town of Woodway, regarding this issue. Mr. Chave said they should probably also include the document the City received from the State regarding this issue. Staff could provide some summary bullets and make reference to this document.

Mr. Chave distributed a written response from the City's critical areas consultant, EDAW, regarding Board Member Dewhirst's concerns about trails being constructed within critical areas.

The Board agreed to move forward with a public hearing on October 13th, using the draft map as proposed by staff.

Mr. Chave said he started to make some revisions to the Highway 99 section of the Comprehensive Plan, and he asked the Board to provide their comments and suggestions.

Board Member Works suggested that more detail should be provided to distinguish the various focus areas that are located along Highway 99. They should also include language in the Comprehensive Plan that would highlight the need for signage to identify the Edmonds portion of Highway 99.

Mr. Chave said he is not sure about the focus area that has been identified as the hotel area. Board Member Dewhirst suggested that this area be identified as a hotel/retail area. Mr. Chave agreed this would be appropriate, especially since the economic analysis for Highway 99 indicated that there is not a significant demand for more hotels along this segment of the highway.

Board Member Dewhirst referred to Item B.10 on Page 29 of the staff memorandum and suggested that additional language be added to this section that would show how this concept would fit in with the information that has evolved through the study process. Mr. Chave agreed that language should be added to this section to make it clear that high-rise nodes could afford an opportunity to enhance things that are going on, but they are not distinctly different. The high-rise node identifies areas where additional height could be allowed without impacting surrounding properties.

Board Member Dewhirst also suggested that staff should rework Item B on page 27 since it appears to be fragmented. Mr. Chave said this language is intended to be descriptive rather than talk about goals.

Board Member Dewhirst recalled that throughout the document staff has emphasized design, pedestrian access, traffic, quality development, etc. However, there is no mention of mixed-use development, which was a fairly prominent theme throughout the whole Highway 99 Task Force report. Mr. Chave said the activity center has more of a focus on mixed-use areas. Board Member Dewhirst said he understands this, but the public might not. This concept should be brought out more clearly in the document.

Board Member Dewhirst referred to Item B.4 on Page 28. He suggested that the term "varied" should be further described. Mr. Chave suggested that the words "in uses and design" be added after the word "varied." The Board concurred.

Board Member Freeman pointed out that because the City is required by law to set aside areas for _____, perhaps this use should be called out in the document. Mr. Chave said he is sure _____ is covered in the development code, but he is not sure it is addressed in the Comprehensive Plan. He said the Code provides locational criteria to substantially narrow down where businesses of this type can be located, but he would check to make sure there is something in the Comprehensive Plan that supports this same direction. He agreed that the Comprehensive Plan supports the zoning that would allow this type of use, but it should be designated as a use in the Plan.

Mr. Chave suggested that the Highway 99 Report and Comprehensive Plan amendments could be presented to the public for a hearing on October 13th. The Board could hold a public hearing on the Downtown/Waterfront Plan on October 27th. Also on October 13th, a public hearing would be scheduled on the specific Comprehensive Plan amendments for properties along SR-104. These property owners are asking that their properties (located between the Westgate area and the start of the corridor) be designated as part of the SR-104 corridor.

Board Member Works referred to Item B.4 on Page 28 of the Highway 99 document. She questioned what the term “high-quality” would mean. Mr. Chave said the term “high-quality” would mean that a developer would provide design amenities and not just a plain box type of development. He said staff could explain this concept better.

Board Member Dewhirst noted that Items A.1 and A.5 on Pages 26 and 27 of the Highway 99 document are duplicates.

Mr. Chave reported that the City Council held a hearing on the Meadowdale Landslide Regulations and decided not to take action until more detailed information is available through the LIDAR mapping.

Mr. Chave inquired if the Board would like to discuss any issues related to the Downtown/Waterfront Plan in light of the economic analysis that was presented earlier in the meeting. Board Member Cassutt said she got the impression from the consultant that the downtown retail core is larger than it should be, and she agreed that perhaps the boundaries for the downtown retail core should be brought in. She felt the empty buildings are located outside of what she believes is the main retail core.

Board Member Crim suggested that a split designation for the downtown retail core should be considered. Mr. Chave clarified that the Board is still thinking that the area around the fountain should be a distinct and separate area. In addition, there are strong retail streets such as Main and Fifth. Board Member Cassutt suggested that the boundaries for the downtown retail core area should be cut off at Walnut and Bell.

Mr. Chave said he could start writing up alternatives, but he still needs more direction from the Board regarding the number of stories and the height limit that should be allowed in the downtown retail core. Board Member Young suggested that staff wait until the written report is available from the economic analysis consultant. He said he has a lot of questions, and he would like to debate the information that was provided. He requested that the consultant provide an interim report for the Board to review and provide direction to the staff. Mr. Chave said he would not be able to wait until the report is available before he starts working on the Downtown/Waterfront Plan changes, but he did not think he would see anything new in the report that he hasn't already heard.

Board Member Dewhirst questioned how the City would benefit from any changes in the height limit in the downtown core retail area. He said it appears they would end up with a lot of empty retail space. Mr. Chave said that if the code remains as it is currently written, the City would continue to have depressed first floor retail space. The trend would continue because the residential uses drive this type of development. The staff recommends that the City change their code requirements for the BC zone. Board Member Cassutt said she does not see redevelopment happening in the core downtown area, so there is no need to make changes to the zoning requirements for these properties.

Mr. Chave reminded the Board that the consultant has cautioned that the City must make sure commercial space is going to be adequate, sellable, and useable. This means addressing the first floor height and depth issues. For example, the Board must consider whether commercial space to a depth of 30 feet is really viable. They also need to make sure the first floor space is at street level. They have also heard from the business and development community that two-story buildings are not viable. In addition, developers believe that if the City wants to ensure viable commercial space in a new building, they must allow sufficient height to support the creation of the space. If the City were to require a minimum 12-foot height requirement for the first floor commercial space but not change the overall height limit, only two floors of development would be allowed in most cases. Staff is recommending that where there is a strong market demand for retail space, this type of height requirement would not be a problem. However, it could result in stagnate development in other areas. If rental and vacancy rates are stagnant, the City should consider opportunities for new development to come in and breath life into the area.

Mr. Chave advised that the Comprehensive Plan must specify the general parameters for the BC zone. Given all the debate over this issue, he suggested that the Downtown/Waterfront Plan should be more specific about what is envisioned for the downtown area. Without guidance in the Comprehensive Plan, the issue could be argued indefinitely without any resolution. That is why it is important for the City to identify their vision in the plan.

APPROVED

Board Member Crim suggested that the Comprehensive Plan should address the height for the first floor retail space. Mr. Chave agreed. He advised that where there is a strong retail demand, even if the regulations are changed, the City would probably not see a significant change in development unless something unusual were to happen. In this area, the City would have the flexibility of leaving the overall height limit alone and placing a minimum height requirement on the first floor. However, this action would be more of a concern in the marginal areas of downtown. Board Member Freeman recalled that the Commission previously discussed the option of developing sub zones for the downtown area to protect the properties around the fountain while at the same time, allowing more flexibility in the marginal areas.

Again, Mr. Chave suggested the Board consider the concept of allowing additional height in some areas of the downtown in exchange for an equal amount of additional building setback. The consultant indicated this would not impact the viability of a project, but it would provide more viable public amenity space, which is badly needed in the City.

Board Member Dewhirst referred to the documents that were provided by the staff to outline the changes to the critical areas ordinance. He specifically referred to the term “structures.” He advised that he looked up the meaning of this term in the Edmonds Community Development, and noted that it does not include anything under three feet in height. This would exclude things such as driveways, patios, planters, etc. from the critical areas ordinance. He suggested that staff investigate this definition further with the consultant to make sure it is adequate.

Board Member Dewhirst also suggested that the term “pesticide” should be further defined. He questioned whether the language should be expanded to include fertilizers and other things that could cause damage to the habitat. Board Member Freeman agreed, and suggested that herbicides should also be called out.

REVIEW OF EXTENDED AGENDA

The Board did not discuss the extended agenda further.

PLANNING BOARD CHAIR COMMENTS

Chair Young thanked the Board members for responding to his request for comments on a letter he wrote to the Mayor. He said he would sign the original document and send it forward as soon as possible.

PLANNING BOARD MEMBER COMMENTS

Board Member Dewhirst reported that Sound Transit has been able to reach an agreement with Amtrak so that Sound Transit fares are now good on Amtrak service between Everett and Seattle, as well. This opens up a different train option than what was previously available. He provided a train scheduled to each of the Board Members.

ADJOURNMENT

The meeting adjourned at 10:07 p.m.

APPROVED