

6a. Staff Report - Proposed Development Agreement - Shoreline Place

Planning Commission Meeting Date: May 2, 2019

Agenda Item: 6a.

**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: Paul Cohen, PCD Planning Manager
Rachael Markle, PCD Director
Terry Danysh, Outside Counsel
Merlone Geier Partners, Applicant

Public Hearing
 Discussion

Study Session
 Update

Recommendation Only
 Other

Introduction

At the March 7, 2019 Planning Commission meeting staff introduced the general process, content, and criteria for a Development Agreement and the proposed redevelopment plans for a portion of Shoreline Place (formerly Aurora Square), that is commonly referred to as the "Sears site" in this staff report. Tonight's meeting is to present the draft Development Agreement that Merlone Geier Partners (MGP), as property owner/developer/applicant, is proposing for the redevelopment of the Sears site and the review criteria that the Planning Commission will use in reviewing the proposed Development Agreement, conducting a public hearing, and providing a recommendation to the City Council.

In 1995, as part of a bigger effort to simplify land use regulations and review, the Legislature authorized the use of Development Agreements by cities to simplify land use regulation and review. See, RCW 36.70B.170 – 36.70B.210. In 2015, as part of the adoption of the light rail station subareas, the City adopted SMC 20.30.355 to set forth the procedures and criteria under which the City could consider the use of development agreements throughout the City.

In its most basic form, a Development Agreement is a voluntary agreement that establishes a contractual relationship between the City and a property owner regarding the development, uses, and mitigation of the development of a specific piece of property. Once executed the Development Agreement is a binding contract between the City and the Property Owner (and their successors) for the term of the Development Agreement and will be governed under basic rules of contract law. Any permit subsequently issued by the City after execution must be consistent with the Development Agreement.

The Development Agreement must set forth the "development standards" for the project such as: project elements (permitted uses, building sizes); payment of impact fees (transportation, park, fire); mitigation measures; dedications; design standards (maximum

Approved By:

Project Manager 

Planning Director 

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height, setback, landscaping); phasing; permit review procedures; build-out of vesting period; or “any other development requirement or procedure.” See RCW 36.70B.170(3); SMC 20.30.355(B).

While a Development Agreement provides for “development standards,” this does not mean it waives or amends the City’s Development Code (SMC Title 20), RCW 36.70B.170(1) requires that the Development Agreement be consistent with the City’s applicable development regulations and comprehensive plan goals and policies. Overall, the Development Agreement’s terms and conditions should promote the public health, safety, and welfare of Shoreline citizens, provide for orderly development of the Project on a comprehensive basis, and eliminate uncertainty for both the property owner and the City.

Because a Development Agreement provides for “development standards” and mandates a public interest determination, RCW 36.70(B) requires a public hearing on a proposed Development Agreement and that the City Council signifies its approval through the adoption of an ordinance or resolution. For this reason, the City classifies a Development Agreement as a Type “L” (Legislative) decision with the Planning Commission holding a public hearing on a Development Agreement, formulating a recommendation for submittal to the City Council, and the City Council taking final approval action by ordinance or resolution per SMC 20.30.355(E) and SMC 20.30.070. Although it is designated as a Type “L” legislative decision, the Applicant requested, and the Director of Planning agreed that additional notice of the upcoming public hearing would be provided by also posting a notice on the property and mailing notice of the hearing to properties located within 1,000 feet in addition to publication.

While the execution of a Development Agreement is within the City’s contracting authority, its execution is also a proper exercise of the City’s police powers, which speak to the public interest and welfare of the City of Shoreline as a whole. Therefore, the Planning Commission’s role is to ensure that a proper balance of the public (benefit to citizens of Shoreline as a whole) and private interests are represented in a proposed Development Agreement when making its recommendation to the Council.

Thus, when formulating its recommendation, the Planning Commission should have these interests in mind when reviewing the proposed content of the Development Agreement in relation to all six (6) decision criteria listed in SMC 20.30.355(C) (**Attachment A**). In addition, for the Shoreline Place Development, consideration should include the Aurora Square Planned Action Ordinance (**Attachment B**) and the Aurora Square Community Renewal Plan (**Attachment C**).

A previous overview was given to the Commission on the concept of a Development Agreement. Should the Commissioners or the public want to review the discussion that occurred at the March 7, 2019 meeting, the meeting’s materials and the video are available at: <http://www.shorelinewa.gov/government/departments/planning-community-development/planning-commission/live-and-video-planning-commission-meetings>

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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. Below are recent actions and events that the City has taken to support the redevelopment of Aurora Square, which includes the Sears site.

- 2009: City adopts Vision 2029 and incorporates Aurora Square into the Comprehensive Plan.
- 2012: City substantially updates the Comprehensive Plan in relation to Aurora Square.
- 2012 and 2013: City designates Aurora Square as a Community Renewal Area and adopts the Aurora Square Community Renewal Area Plan to enhance the ability of the City to effectively eliminate blighted areas and encourage economic redevelopment of the area through public-private partnerships. This vision identified renewal projects to transform it into a vibrant shopping and town center.
- 2015: City designates the Aurora Square Community Renewal Area as a “Planned Action” SEPA area under Ordinance No. 705.
- 2015: The City adopts SMC 20.50.620 sign regulations specific to the Aurora Square Community Renewal Area.
- 2015: Aurora Square is rebranded as Shoreline Place.

In 2017, private property owners engage in implementation of the CRA Plan:

- 2017: The Sears site is sold to MGP XII SB Aurora LLC (MGP).
- 2018: MGP holds a community-wide meeting at Shoreline Community College to present its plans for Shoreline Place and seek community input.
- 2019: MGP applies for a Development Agreement on January 4, 2019.

*Additional information on the Aurora Square CRA can be reviewed at:

<http://www.shorelinewa.gov/business/aurora-square-community-renewal-area>

Planned Action Ordinance and SEPA

On August 10, 2015, the City adopted Ordinance No. 705 (**Attachment B**) designating a Planned Action for the Aurora Square Community Renewal Area (CRA) (**Attachment C**). A Planned Action involves the upfront analysis of environmental impacts and mitigation measures so as to spur private development by facilitating environmental review of subsequent individual development projects to streamline the development process.

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The City reviewed the proposed project to redevelop the Sears site into a mixed-use, pedestrian friendly, and transit-oriented development and determined that the proposal qualifies as a planned action under the Planned Action Ordinance. A Determination of Consistency with SEPA Planned Action Ordinance was issued on March 8, 2019. Subsequent to that issuance, transportation volumes were reassessed, resulting in the issuance of a Revised Determination of Consistency on April 17, 2019. Both of these documents are contained in **Attachment D**.

MGP Proposal for the Sears Site

MGP proposes to create a 17-acre town center community 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 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 acres of publicly accessible park-like facilities. **See Attachment E, Exhibit D - Conceptual Design Plan** for graphic depictions of the proposal and **Attachment E, Exhibit F - Supplemental Site Design Guidelines** for how the Conceptual Guide Plan is to be interpreted and administered.

Key Components of Development Agreement

The proposed Development Agreement is attached as **Attachment E**. Since applying for a Development Agreement on January 4, 2019, City staff and the MGP development team have met several times to identify issues and negotiate the terms of the Development Agreement. The intent of the proposed Development Agreement is to provide long-term assurances and flexibility for both MGP and the City in order to develop a well-designed, cohesive, larger property that is consistent with the City's vision.

The proposed Development Agreement for the Sears site within Shoreline Place sets forth the required terms and conditions for the redevelopment and sets forth definitions, project components, development maximums, design conformity requirements, phasing, reporting, public infrastructure improvements, approval procedures, vesting, impact fees, development code and regulation modifications, and general contractual terms. An index of the sections of the Development Agreement is set forth on **Attachment F**.

As explained above, the Development Agreement proposes a multi-phase development of up to 1,358 multifamily residential units, approximately 75,610 square feet of

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commercial land use (including approximately 3,450 square feet of existing commercial land) and approximately 2.75 acres of publicly-accessible Open Space System.

While the Development Agreement addresses several issues, the key components of the Development Agreement are set out below:

Vesting. The Development Agreement provides for vesting to the City Development Regulations for a term of 20 years.

Development Standards and Modifications. The Development Standards that apply are the General Development Standards applicable to the MB zone (which is the zone that the property is located within), which are:

- Uses permitted in the MB zone are set forth in Table 20.40.120 Residential Uses, Table 20.40.130 Non-Residential Uses, and Table 20.40.140 Other Uses.
- Dimensional standards for the MB zone (i.e. setback, height, and hardscape) are set forth in Table 20.50.020(3) – Dimensions for Development in Commercial Zones. Provisions for the implementation of those standards, are included in Chapter 20.50 SMC, Subchapter 1 Dimensions and Density for Development.
- Design standards for development within a commercial zone, such as the MB zone, are set forth in chapter 20.50 SMC, Subchapter 4 Commercial Zone Design.

The Development Agreement states that the above Development Standards will apply during the vesting period, with certain modifications. There is a use restriction that precludes any storage facilities within the Development. Other modifications to development code language are shown below with additions in underline; deletions in strikethrough.

Modifications:

1. *Height.*

SMC Table 20.50.020(3) is modified to allow a base height of 80 feet (standard is 70 feet).

2. *Site Design.*

- a. SMC 20.50.240(C)(1)(e) *Site Frontage*, is modified to allow for primary entry to buildings that are adjacent to Westminster Way N. or N. 160th Street.
- b. SMC 20.50.240(E)(1)(c) *Internal Site Walkways*, is modified to allow raised walkways at least eight feet wide be provided for every three, double-loaded aisles or every 265 ~~200~~ feet of parking area width provided that no parking stall is more than 100 feet from a walkway. Walkway crossings shall be raised a minimum three inches above drive surfaces.—~~Walkways shall be identified to motorists and pedestrians through the use of one or more of the following methods: changing paving materials, patterns, or paving color; change in paving height; decorative bollards; painted crosswalks; raised median walkways with landscaped buffers; or stamped asphalt.~~

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3. Building Design.

SMC 20.50.250(B)(3)(i) *Building Articulation*, is modified to allow articulation features at least every 80 feet (standard is 35 feet) and to only require building length regulations set out in SMC 20.50.250.B.5 to apply to the floors above the ground level floor.

4. Parking.

SMC Table 20.50.410(F) is modified as follows:

A	B	C	D	E		F	
Parking Angle	Stall Width (feet)	Curb Length (feet) (No modification)	Stall Depth (feet)	Aisle Width (feet)		Unit Depth (feet)	
				1-Way	2-Way (No modification)	1-Way	2-Way (No modification)
90	8.0 7.5* Min. 8.0 Desired 9.0	8.0* 8.5 9.0	16.0 15.0* 20.0 16.0 20.0 18.0	23.0	23.0	**	**
				23.0	23.0	63.0	63.0
				23.0	23.0	63.0	63.0

* For compact stalls only. No more than 50 percent of the required minimum number of parking stalls may be compact spaces.

SMC 20.50.410.H is modified as follows:

Any parking spaces abutting a landscaped area on the driver or passenger side of the vehicle shall provide an additional 18 inches to provide a place to step other than in the landscaped area. The required 18-inch step – off may be satisfied by a 12-inch paving strip behind a 6-inch curb. See Exhibit J. In a parking garage, any space abutting a wall shall provide an additional 18 inches.

Note: Exhibit J can be found in Attachment D to this Staff Report.

Public Amenities.

Open Space. The Development Agreement provides for an Open Space System to be included in the development. The four (4) components of the Open Space System, set out in the Conceptual Guide Plan (**Attachment E, Exhibit D**) in more detail, will provide an important amenity to the citizens of Shoreline. The open spaces are as follows:

1. Westminster Retail Plaza. Approximately 0.49 acres that will provide a gateway from Westminster Way N. inviting people into the Open Space System. Wide open pedestrian paths create space for outdoor dining and gathering.

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2. Central Plaza (East Plaza and West Plaza). This is approximately 0.66 acres and will provide for informal active and passive recreation as well as more prescribed uses such as festivals, community gatherings, concerts or other event staging.
- 2.. Community Open Space and North and South Promenades. These components are approximately 0.9 acres and will have a park-like character and allow for active play and lounging. It will act as a pedestrian gateway from the more residential upper areas of the site to the retail core.
5. Pedestrian Shared Street. This is approximately 0.7 acres and includes paths that will serve residents, visitors, pedestrians and cyclists as a web knitting the site together through a series of spaces allowing for moments of active and passive recreation including the Farmer's Market.

Each component must also include at least the minimum number of design elements required by the Supplemental Site Design Guidelines. **Attachment E, Exhibit F.** In addition to the exhibits previously cited, the Open Space System is set out in **Attachment E, Exhibit E** with the operations and maintenance contained in **Attachment E, Exhibit I.**

There are additional requirements in the Development Agreement related to vehicle circulation, pedestrian and multi-modal access through the property, and connections to bike trails and the interurban trail that will also provide a public benefit.

Transportation Mitigation and Impact Fees.

The Development Agreement identifies the required off-site transportation mitigation and requires construction or payment for mitigation prior to building permits for the phase that requires mitigation.

MGP does not vest to the current Fire, Transportation, or Park Impact Fees. Instead, those fees will be calculated when building permits are obtained. At the time of building permit, MGP may request credit for Park Impact Fees for open space projects meets all of the Development Agreement and SMC requirements for receiving credits.

Approval Criteria with MGP and City Staff Responses

All six criteria of the SMC set out below must be met for a Development Agreement to be approved.

SMC 20.30.355(C) Decision Criteria.

A development agreement (general development agreement and development agreements in order to increase height above 70 feet) may be granted by the City only if the applicant demonstrates that:

1. The project is consistent with goals and policies of the Comprehensive Plan. If the project is located within a subarea plan, then the project shall be consistent with the goals and policies of the subarea plan.

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2. The proposed development uses innovative, aesthetic, energy-efficient and environmentally sustainable architecture and site design.
3. There is either sufficient capacity and infrastructure (e.g., roads, sidewalks, bike lanes) that meet the City's adopted level of service standards (as confirmed by the performance of a transportation impact analysis) in the transportation system (motorized and nonmotorized) to safely support the development proposed in all future phases or there will be adequate capacity and infrastructure by the time each phase of development is completed. If capacity or infrastructure must be increased to support the proposed development agreement, then the applicant must identify a plan for funding their proportionate share of the improvements.
4. There is either sufficient capacity within public services such as water, sewer and stormwater to adequately serve the development proposal in all future phases, or there will be adequate capacity available by the time each phase of development is completed. If capacity must be increased to support the proposed development agreement, then the applicant must identify a plan for funding their proportionate share of the improvements.
5. The development agreement proposal contains architectural design (including but not limited to building setbacks, insets, facade breaks, roofline variations) and site design standards, landscaping, provisions for open space and/or recreation areas, retention of significant trees, parking/traffic management, multimodal transportation improvements, and other features that minimize conflicts and create transitions between the proposal site and adjacent property zoned R-4, R-6, R-8 or MUR-35'.
6. The project is consistent with the standards of the critical areas regulations, Chapter 20.80 SMC, Critical Areas, or Shoreline Master Program, SMC Title 20, Division II, and applicable permits/approvals are obtained.

The responses and analysis by both the Developer and City Staff for each of the criteria are set forth in a comparison table for the Planning Commission's convenience. This Table is contained in **Attachment G**.

Staff Recommendations

The May 2, 2019 meeting is a study session and no action is required. Staff recommends that the Planning Commission use this meeting to:

- Review the proposed Development Agreement;
- Invite the public to comment on the proposed Development Agreement;
- Ask clarifying questions and provide feedback about the proposed Development Agreement to staff and MGP; and

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- Provide direction to staff and MGP as to any additional information the Planning Commission might need to formulate a recommendation to City Council following the Public Hearing on May 16, 2019.

Next Steps

Unless additional study of this item is requested by the Planning Commission, staff will schedule a Public Hearing for May 16, 2019 at which the Planning Commission will deliberate and make its recommendation to the City Council. Staff anticipates the Development Agreement will be discussed by City Council on June 17, with potential action taken on July 22.

Attachments

Attachment A – Development Agreement Content and Criteria

Attachment B – Planned Action Ordinance No. 705

Attachment C - Aurora Square Community Renewal Area Plan

Attachment D - SEPA Planned Action Determination of Consistency

Amended Planned Action Determination of Consistency

Attachment E – Proposed Development Agreement and Exhibits

Exhibit A - Legal Description of Property.

Exhibit B – Property.

Exhibit C – Public Benefit Matrix.

Exhibit D – Conceptual Guide Plan.

Exhibit E – Open Space System.

Exhibit F - Supplemental Site Design Guidelines.

Exhibit G – Westminster Way Improvements.

Exhibit H – Street Sections and Design Plans.

Exhibit I - Open Space System Operations & Maintenance Plan.

Exhibit J - Illustrations of Modifications to Land Use Regulations.

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Exhibit K - Net New PM Peak Hour Trip Accounting Tool.

Exhibit L – Vested Provisions of Title 20 SMC *(Not Included: Existing Codes to be assembled w/ Ordinance).*

Exhibit M - Shoreline Place Open Space Potential Credit Calculations.

Attachment F – Index of Development Agreement Sections

Attachment G - MGP and City Staff Responses to Decision Criteria

Exhibit A - Excerpts of Vision 2029 and Comprehensive Plan

Exhibit B - Shoreline Place Transportation Consistency Analysis