

**City of Kenmore
Planning Commission Meeting
May 21, 2019 @ 7:00 p.m.**

Planning Commission Members – In Attendance

Mark Ohrenschall, Chair
Mike Mulcare, Vice Chair
Carol Baker
Suzanne Greathouse
Nathan Loutsis
Dennis Olson
Michael Vanderlinde

Consultants & Staff

Debbie Bent, Community Development Director
Lauri Anderson, Principal Planner
Janina Meeks, Admin. Assistant
Mike Stanger, ARCH

1. CALL TO ORDER

The meeting was called to order by Chair Ohrenschall at 7:02 p.m.

2. CITIZEN COMMENTS

Mark Lamb, Bothell, WA. Mr. Lamb spoke on behalf of the Kenmore Mobile Home Park LLC. He recognized the City Council has genuine concern for the current residents of the mobile home parks and noted that it believes the parks north of SR522 should at some point change in character and development. He encouraged the Planning Commission to work with the park owners to build in a mechanism for a development or interlocal agreement between the City and property owners as an alternative to the 10-year waiting period. He thinks the current formula for density may not have any practical utility in the real-world and won't provide much benefit to the park residents. He asked that the Planning Commission consider the best way to take care of the interests of the park residents, the property owners and the City, and to allow for public comments during their deliberations.

Daniel Stoner, Kenmore, WA. Mr. Stoner spoke on behalf of the Lakewood Mobile Home Park and Jim Perkins, owner of the two parks on NE 181st Street. Combined, Mr. Stoner and Mr. Perkins own almost 5 acres of the downtown core in Kenmore. Mr. Stoner and Mr. Perkins objected to and are concerned about locking in a new zoning for 10 years without any provision for the City, the owners or the residents to modify it through a development agreement. Mr. Stoner has 20 years of experience in real estate development and is very familiar with the changing variables of the industry. He believes the current proposal asks the City planners and Planning Commission to "work backwards to calculate the public-private benefit of an affordability restriction using simple variables and current economic conditions, costs

and rates to arrive at a hypothetical benefit.” He sees two problems with this: first, that the assumptions were made using current costs and conditions, all of which will be different in the future – fluctuating capitalization rates, construction costs, and rents affect the economics of a development; and second, that the assumptions were made without the benefit of development experience. He explained that building design is ultimately dictated by construction costs, market analysis, and rental absorption rates, which ultimately determine the number of units built, frequently resulting in less than the maximum yield allowed. If the developer has to max out the development potential, it could prevent obtaining construction financing, which would eliminate the ability to redevelop the property. Mr. Stoner is available to the City to help achieve their downtown vision and affordable housing goals.

3. APPROVAL OF MINUTES

Commissioner Mulcare motioned to approve the May 7, 2019 minutes which was seconded by Commissioner Greathouse. The motion passed 7-0 with no abstentions.

4. AGENDA ITEMS

The Planning Commission began by requesting that staff review the scope of the project for the Planning Commission in relation to the citizen comments received. Debbie Bent explained that the City Council recently passed the ordinance to put new zoning over all 6 mobile home parks. They then issued a separate resolution that provided the work program for the Planning Commission to look at what should happen to the 4 parks north of SR522 after 10 years, including density increases and affordability components, and to consider and present comprehensive plan amendments related to the phased zoning to the City Council. Lauri Anderson added that including a development agreement at the 10-year threshold could be useful to allow for creative options, but she did not think the City Council expects the Planning Commission to present a development agreement option at this time as it would be undermining the Council’s recent action.

Lauri Anderson presented the draft language for future upzoning to the Planning Commission for feedback. She explained it will be in the Land Use Element under the subsection called “Future Land Use.” It includes language to define “phased zoning” and factors like proximity to regional rapid bus transit, housing availability, and future employment availability, that contributed to the decision to enact the phased zoning on the mobile home parks north of SR522, as opposed to keeping them zoned as MHCs indefinitely like the parks south of SR522.

The Planning Commission requested clarification. The zoning change would automatically happen in 2029; since no date was specified on the ordinance staff expects it would be effective January 1, 2029. Lauri explained that once determined, the zoning map would show the current zoning (MHC) with a label of some sort that reads the new zoning is unlocked in 2029. As is always the case with zoning, any future City Council can make changes to the zoning regulations. It’s possible the

future zoning will be a zoning model already applied, possibly with more density allowance, but the City does not currently have a mandatory affordability requirement, most are incentive based. Examples of higher density zones include the transit-oriented development district and the Juanita community business zone; the City can adapt a current model or develop something new.

This project is from the Housing Strategy Plan that the City Council adopted 3 or 4 years ago, which lays out the priority of projects concerning affordable housing. After this project, the City Council has assigned the Planning Commission to review the standards for Accessory Dwelling Units and how to encourage more of those. Later this year, the Council has requested a panel discussion for zoning strategies for affordable housing. Ideally, the timeline for adoption of these MHC amendments would be to bring forward recommendations to the City Council before the August recess. The Planning Commission would move on, and the amendments would wait for Council action until November to be updated with the Comprehensive Plan.

Lauri Anderson introduced the consultant, Mike Stanger, from ARCH, to present models to show how the affordable housing requirements affect the feasibility of potential development projects. Mike explained that when this type of analysis is done, it is assumed that developers would only propose projects that are feasible for them, the part the zoning requirements and incentives play is essentially adding or subtracting from that feasibility. The goal is to create a system that creates affordable units without detracting from the feasibility of the projects – ideally to ensure the value of return to the developer is positive or at worst neutral. This is done by comparing the value the developer gets versus what the City gets. Public value is the gap between market rents and affordable rents (money saved); developer's value is quantified as the value of the land, or land price per unit, multifamily tax exemptions, or impact fee waivers among other incentives.

To provide a density increase that would be worthwhile to the property owners, the City views the "baseline" for future increases from the previous zoning density (Downtown at 48 units per acre), not the current MHC zoning (12 units per acre). The Planning Commission asked for some visuals of properties of similar size and densities and unit configurations to the scenarios presented to make the numbers meaningful. Staff will be reaching out to Mr. Stoner, as the only MHC-zoned property owner that is also a developer, to get his expertise and input. The Planning Commission asked that staff bring back 5 modeled scenarios: very-low income at 35% market rate; maintaining the total number of units in the parks today; mean/average of the total number of units that model the need in King County – high & low; trends increasing or decreasing the need; and parking incentives.

Staff presented recommendations from the May 7th Planning Commission meeting to City Council at May 20th City Council Meeting. The City Council did not have any questions for the Planning Commission. There will be a Public Hearing for the buffer enhancement amendments on June 10, it is expected to also be adopted on that date.

5. ADJOURNMENT

Chair Ohrenschall adjourned the meeting at 8:43 p.m.

Paul Chant

Planning Commission

Approved by Planning Commission on: June 18, 2019