

# City of Redmond



## Agenda Study Session

**Tuesday, February 13, 2024  
7:00 PM**

**City Hall: 15670 NE 85th St; Remote: Comcast Ch. 21/321, Ziplify Ch. 34,  
Facebook (@CityofRedmond), Redmond.gov/rctvlive, or 510-335-7371**

## **City Council**

*Mayor  
Angela Birney*

*Councilmembers  
Vanessa Kritzer, President  
Jessica Forsythe, Vice President  
Jeralee Anderson  
Steve Fields  
Angie Nuevacamina  
Osman Salahuddin  
Melissa Stuart*

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Site: <http://www.redmond.gov/CouncilMeetings>**

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Please contact the City Clerk's office at (425) 556-2194 one week in advance of the meeting.**

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## **AGENDA**

### ROLL CALL

1. Cascade Water Alliance Informational Briefing

*Department: Public Works, 15 minutes*

[Attachment A: Presentation](#)

[Attachment B: Water Supply Contract Overview](#)

2. Groundwater Production and Water Quality Update

*Department: Public Works, 30 minutes*

[Attachment A: Presentation](#)

3. Redmond 2050: Planning Commission Recommendation for Housing and Overlake

*Department: Planning and Community Development, 60 minutes*

[Attachment A: Council Discussion Topics](#)

[Attachment B: Presentation Slides](#)

#### **Legislative History**

2/6/24

City Council

referred to the City Council Study Session

4. Council Talk Time

*10 minutes*

### ADJOURNMENT

*Meeting videos are usually posted by 12 p.m. the day following the meeting at redmond.legistar.com, and can be viewed anytime on Facebook/YouTube (@CityofRedmond) and OnDemand at redmond.gov/OnDemand*



## Memorandum

**Date:** 2/13/2024  
**Meeting of:** City Council Study Session

**File No.** SS 24-003  
**Type:** Study Session

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Public Works	Aaron Bert	425-556-2786
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**DEPARTMENT STAFF:**

Public Works	Amanda Balzer	Policy and Planning Manager
Public Works	Chris Stenger	Deputy Director

**TITLE:**

Cascade Water Alliance Informational Briefing

**OVERVIEW STATEMENT:**

Cascade Water Alliance's mission is to provide water supply to meet current and future needs of its members in a cost-effective and environmentally responsible manner through partnerships, water efficiency programs, acquiring, constructing, and managing water supply infrastructure, and fostering regional water planning.

The Cascade Water Alliance Informational Briefing will cover the following:

- Cascade Overview
- Supply Contract Negotiations
- Next Steps

☐ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☒ **Receive Information**      ☐ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Water System Plan, Utilities Strategic Plan
- **Required:**  
N/A
- **Council Request:**  
N/A
- **Other Key Facts:**

The City of Redmond along with the Cities of Bellevue, Issaquah, Kirkland and Tukwila, and the Sammamish Plateau Water and Skyway Water & Sewer District joined in 1999 to form Cascade Water Alliance (CWA). CWA is a municipal corporation that provides a safe, clean, reliable water supply to its 380,000 residences and more than 20,000 businesses. City of Redmond purchases approximately 60% of its drinking water from CWA. The other 40% is produced from the City's five municipal supply wells. Membership in CWA ensures long-term water supply for Redmond customers.

Redmond is an active member of CWA.

- Mayor Birney serves on the Board and Chairs the Public Affairs Committee.
- Councilmember Nuevacamina serves as an alternate on the Board.
- Staff serve on CWA staff committees and attend the Resource Management Committee, Public Affairs Committee, and the Finance Management Committee.

**OUTCOMES:**

Receive information on Cascade Water Alliance partnership and status of water supply contract negotiations.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**

N/A

**Approved in current biennial budget:**

☐ Yes

☐ No

☒ N/A

**Budget Offer Number:**

N/A

**Budget Priority:**

N/A

**Other budget impacts or additional costs:**

☐ Yes

☐ No

☒ N/A

**If yes, explain:**

N/A

**Funding source(s):**

N/A

**Budget/Funding Constraints:**

N/A

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
8/16/2022	Business Meeting	Receive Information

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

**Time Constraints:**

N/A

**ANTICIPATED RESULT IF NOT APPROVED:**

N/A

**ATTACHMENTS:**

Attachment A: Cascade Water Alliance Presentation

Attachment B: Water Supply Contract Overview



# Cascade Water Alliance

Informational Briefing to Redmond City Council  
February 13, 2024



# Agenda

1. Overview of Cascade Water Alliance and current water supply.
2. Summary of Seattle's and Tacoma's water supply proposals.
3. Timeline and next steps.



# Cascade Water Alliance

- One of the “big four” water suppliers.
- Seven member agencies.
- Serves 380,000 people, 20,000 businesses.
- Governed by Board of Directors of members’ elected officials.
- Created to provide members with a voice and a vote.
- Contracted water with Seattle.
- Lake Tapps acquired as future source.







## Cascade's Work

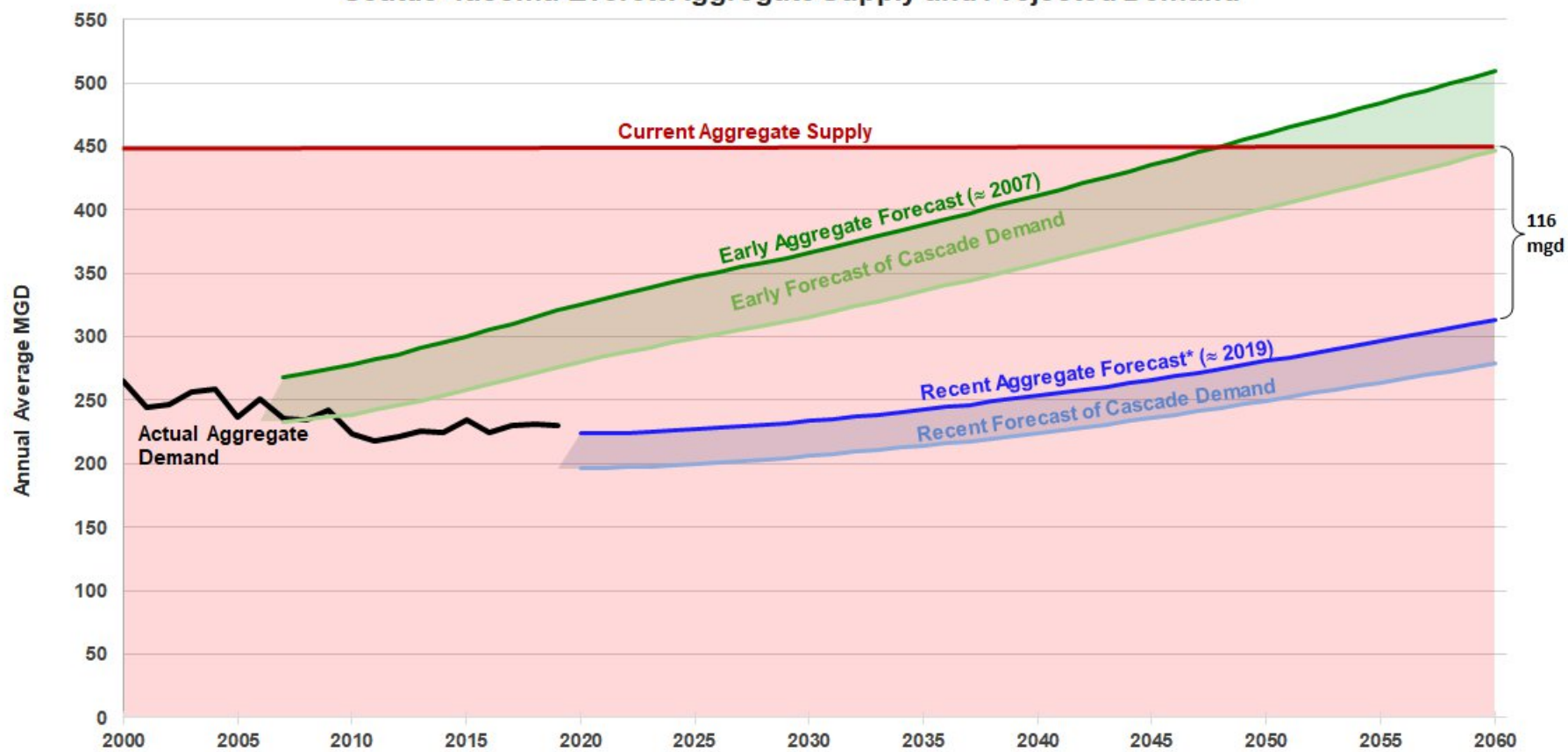
- Operation, maintenance, and capital improvements of Lake Tapps Reservoir assets and Bellevue-Issaquah Pipeline.
- Water efficiency programs.
- Member, Lake Tapps, and stakeholder communications and outreach.
- Financial management.
- Property management.
- Long-term planning.
- Water supply contract management.

# Water Supply

- Contracted water supply from Seattle declines in 2039, ends in 2063.
- Independent supplies from Redmond and three other member agencies.
- Business model: Use regional water to bridge demand until Lake Tapps is operational.
- Ample regional water through 2060.
- Seattle extension or new Tacoma contract allows build out of Lake Tapps to be delayed past 2042:
  - Estimated cost of \$2B for transmission pipes, treatment plant, other facilities for Lake Tapps



## Seattle-Tacoma-Everett Aggregate Supply and Projected Demand



\* The sum of the forecasts from each supplier's most recent water system plan





## Board Direction

Contracts should produce these benefits:

- 20-year or longer term to delay build out of Lake Tapps.
- Reasonable and predictable costs.
- Improved financial outlook over building Lake Tapps by 2042.
- Flexibility to adapt to changing circumstances.
- Regional partnership opportunities.

# Water Supply Proposals

## Seattle

- 10-year guaranteed extension (2040-2049)
  - \$14M additional payment
- Two five-year conditional extensions (2050-2054 and 2055-2059)
  - Potential additional \$20M for first extension
- 40-year conditional contract for individual members (2060-2099)
  - 25% rate premium
  - Requires intertie agreement with another utility by 2044 for additional supply
- 40-year option potentially avoids building out Lake Tapps; other options result in building out Lake Tapps in a compressed timeframe

## Tacoma

- 20-year guaranteed contract (2040-2059)
  - Rates about 20% below Seattle
- Five-year likely extension (2060-2064)
- Allows Lake Tapps to be built out in two phases:
  - 2/3 of transmission pipes in 2030s to connect to Tacoma and later used for Lake Tapps
  - 1/3 of transmission pipes to connect to Lake Tapps plus treatment plant in 2050s

# Water Supply Proposals - Financials

## Seattle

- 10-year guaranteed extension
  - \$53M savings versus building out Lake Tapps by 2042
  - Major rate spike in 2040s during Lake Tapps construction
- Two five-year conditional extensions
  - \$132M savings versus building out Lake Tapps by 2042
  - Major rate spike in 2050s during Lake Tapps construction
- 40-year conditional contracts
  - \$907M savings (assumes no Lake Tapps)
  - Steady upward rate trend

## Tacoma

- 25-year contract
  - \$299M savings versus building out Lake Tapps by 2042
  - Moderate rate increases spread out over more time

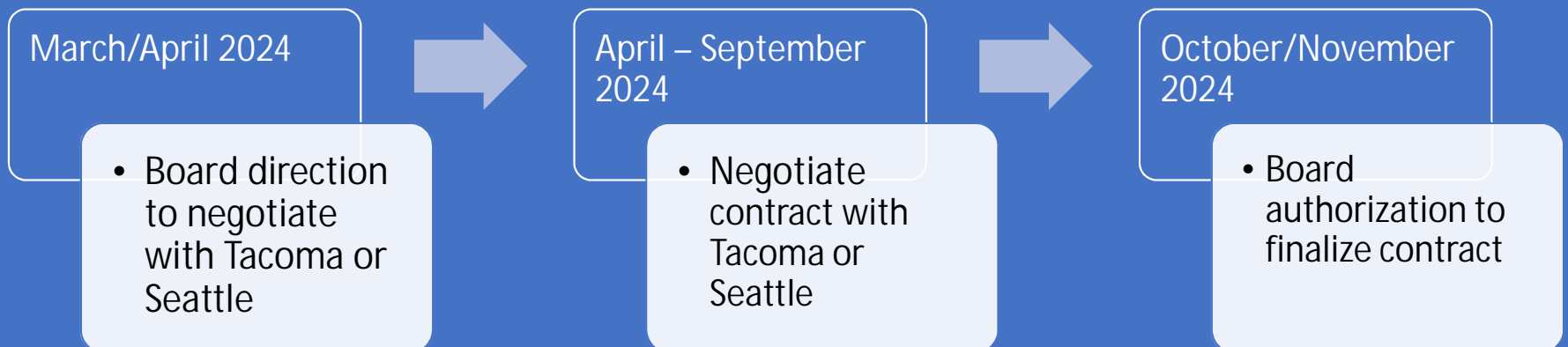




## Benefits of Tacoma's Proposal

- Longer supply certainty plus flexibility.
- More cost-effective and lower rate profile (except versus Seattle's 40-year conditional option, which has low probability of occurring).
- Lower construction risk because two phases to build out Lake Tapps.
- Opportunity for regionalism and improved resiliency.

# Timeline for Cascade's Board Decision



Thank you for  
your time.

Any questions?





## WATER SUPPLY CONTRACTS OVERVIEW

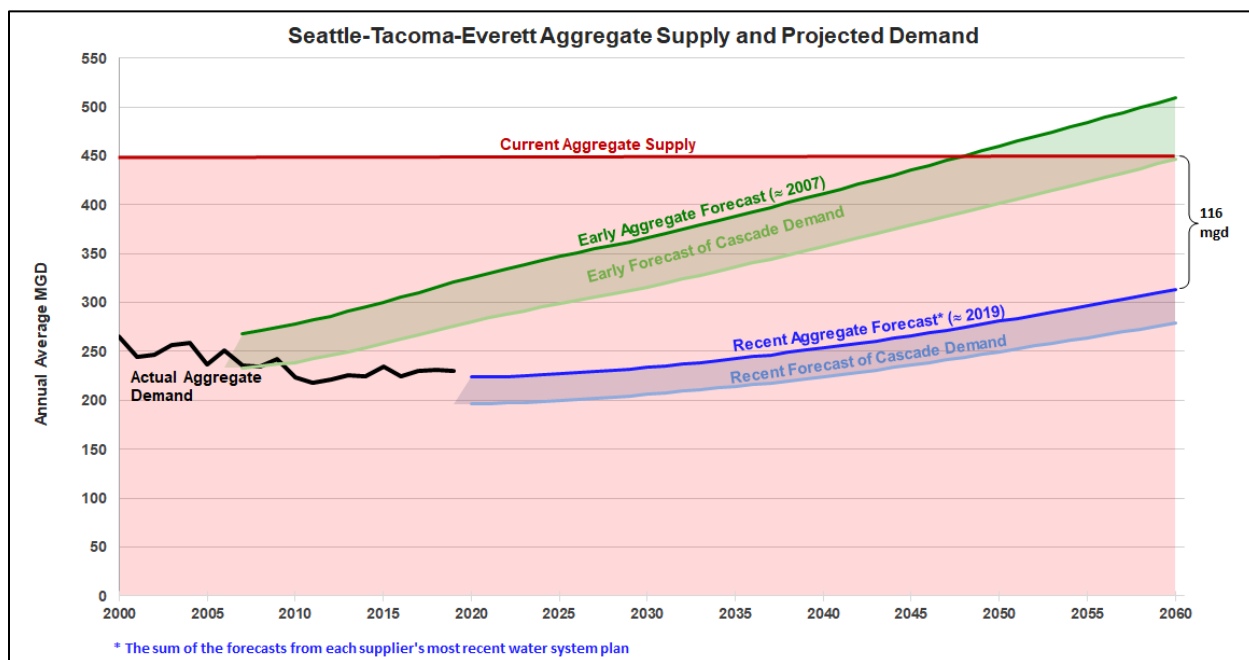
### BACKGROUND

Cascade Water Alliance (Cascade) was created in 1999 to control its own destiny and ensure it had a voice and vote on the future of water supply for its members. Cascade will soon decide its long-term water supply – to either continue to contract with Seattle or transition to Tacoma.

Cascade current contract with Seattle Public Utilities (Seattle) for drinking water is a “take-or-pay” declining block agreement for 33.3 million gallons per day (MGD) for average use, and 63 MGD for peak use, through 2039. The take-or-pay aspect means Cascade pays Seattle for 33.3 MGD regardless of the actual amount of water used. Currently, Cascade uses about 28 MGD on average. Starting in 2039, the block of water begins to decline annually until reaching 5.3 MGD in 2064. After 2064, Cascade can continue to purchase 5.3 MGD for its members.

In 2009, Cascade purchased the White River-Lake Tapps Reservoir system as a source of future drinking water supply. Cascade’s **Base Case** scenario assumes the Lake Tapps Reservoir will need to be in service by 2042. The estimated cost to develop the Reservoir is about \$2 billion. Cascade needs 20 years to plan, conduct environmental review, secure permits and property rights, design, and construct the transmission pipes, treatment plant, and other facilities and assets. The map on page 6 shows the Base Case pipeline corridor. The same corridor will be used if Cascade decides to extend its contract with Seattle and later needs to develop the Lake Tapps Reservoir.

Based on Seattle’s, Tacoma’s, and Everett’s current water system plans, water supply in the region should be ample through 2060, as shown in the figure below.



Cascade’s business model calls for the use of available regional water to “bridge” demand until the Lake Tapps Reservoir is developed. Given this, coupled with the 20 years needed to develop Lake Tapps, Cascade’s Board of Directors directed staff to pursue two potential supply contracts with Seattle and Tacoma in July 2021, with the following objectives:

1. 20-year (or longer) extension of contract supply.
2. Extension sufficient to defer development of the Lake Tapps Reservoir.
3. Reasonable and predictable costs.
4. Net economic and/or rate benefit versus developing Lake Tapps Reservoir.
5. Flexibility in contract term and/or quantity to allow for future variation in supply and demand.
6. Possible further extensions if mutually beneficial given supply/demand status.
7. Possible partnership opportunities for assets of regional significance.

#### TACOMA’S AND SEATTLE’S PROPOSALS – CASCADE STAFF’S PRELIMINARY RECOMMENDATION

After two years of negotiations, Seattle and Tacoma both offered contract terms that would allow Cascade to cost-effectively defer development of the Lake Tapps Reservoir. Cascade staff has thoroughly analyzed both proposals, presented the information to the Board, and received Board feedback. In addition, both Seattle and Tacoma presented their proposals directly to the Board.

Staff’s preliminary recommendation to the Board is to contract with Tacoma for the reasons below.

1. **Longer Supply Certainty.** Tacoma offered Cascade a 20-year guaranteed supply of water, through 2059. Although its water supply is projected to be sufficient beyond 2059, Tacoma has not been able to assure supply post-2059 because of infrastructure constraints. However, Tacoma and Cascade have identified several viable options that could secure supply through 2064 or longer. Cascade’s analysis assumes a 25-year contract with Tacoma.

Seattle offered Cascade a 10-year guaranteed block extension through 2049. They also offered two five-year **conditional** block extensions through 2054 and 2059, respectively, followed by **conditional** 40-year contracts for **individual** Cascade members, not Cascade as an organization, through 2099. For the five-year extensions and 40-year contracts, the conditions are based on conservative supply and demand projections. In addition, for the 40-year contracts, Seattle must secure new supplies through intertie access by 2044. The likelihood of meeting the 40-year contracts’ conditions are highly speculative at best. Regardless of whether a member chooses to sign a 40-year contract, member agencies will still be legally responsible for maintaining the Lake Tapps Reservoir system unless it is sold or otherwise transferred to another entity.

2. **Cost Effectiveness.** Tacoma’s proposal provides more financial benefit than a 10-year, 15-year, or 20-year extension with Seattle in terms of total cost (net present value), unit cost, rate increases, and debt. Seattle’s proposal is more cost-effective than Tacoma’s **only** under the scenario in which individual members sign contracts with Seattle through 2099. As explained above, given Seattle’s conditions, the likelihood of this occurring is highly questionable.
3. **Reduced Construction Risk.** The financial analysis includes the cost to develop the Lake Tapps Reservoir for both the Tacoma proposal and Seattle extension options. Only the 40-year contract option with Seattle assumes the Reservoir will not need to be developed. Contracting with Tacoma allows Cascade to phase development over time by building two-thirds of the transmission pipelines in the 2030s and building the remaining pipelines and the treatment plant two decades later. A 10,

15, or 20-year extension with Seattle requires building the transmission pipelines and treatment plant concurrently within a compressed period of time, greatly increasing construction risk. A phased construction approach with the Tacoma option also enables Cascade to increase rates more moderately.

4. **Regionalism and Resiliency.** As mentioned earlier, projections show that the greater Puget Sound area (King, Pierce, and Snohomish counties) will continue to have an ample supply of water decades into the future. The challenge is that these systems are currently not connected. Cascade and Tacoma have a strong interest in partnering with each other and with other utilities to plan for the region's future today -- before a regional solution is needed. A contract with Tacoma would be a first step toward creating a regional water system in which water can move to where it is needed, similar to the electricity industry. Such a system would increase resiliency for Puget Sound water utilities. If and when the Lake Tapps Reservoir is developed, it could be an important part of the regional system. Maximizing the region's water supply and water rights can also defer the need for individual utilities to find new expensive sources of supply to meet their customers' demand.
5. **Flexibility.** Tacoma's proposal, with its longer term guaranteed supply, ability to phase construction, and opportunity to partner on a regionalized water system, also provides Cascade with more flexibility than Seattle's proposal. The future is uncertain, and Cascade needs to be able to adapt to changing circumstances, such as significant changes in regional supply and demand.

Tacoma has consistently expressed its interest in doing what's best for both parties and for the region. This provides an opportunity to explore other options that neither Tacoma nor Seattle has proposed. For example, under the current plan, if Cascade were to contract with Tacoma, Cascade will need to build the Central and the North transmission pipelines in the early 2030's to connect to Tacoma's system. (In the 2050s, Cascade would build the South pipeline and the water treatment plant to bring the Lake Tapps Reservoir on-line by 2065.) A possible alternative to building the Central and North pipelines is to limit construction to the Central pipeline and wheel water through Seattle's facilities, which would save a significant amount of money. At this time, however, Seattle does not support a wheeling option.



## SUMMARY OF SEATTLE'S AND TACOMA'S PROPOSALS

The table below summarizes the key terms in Tacoma's and Seattle's proposals, the results of Cascade's financial analyses, and the implications for capital infrastructure needs.

	Seattle Proposal	Tacoma Proposal
<b>Terms, Capacity, &amp; Payments</b>	<ul style="list-style-type: none"> <li>▪ 10-year <u>guaranteed</u> block extension <ul style="list-style-type: none"> <li>○ 2040-2049</li> <li>○ 33.3 MGD average and 63 MGD peak through 2049, then declines annually</li> <li>○ Annual payments increase from 2024 to 2034 plus additional lump sum payments of \$14M (in 2023 dollars)</li> </ul> </li> <li>▪ 5-year <u>conditional</u> block extensions: <ul style="list-style-type: none"> <li>○ Specific supply and demand conditions must be met</li> <li>○ 1<sup>st</sup> extension: 2050-2054; if conditions <u>not</u> met, can extend by paying 25% rate premium</li> <li>○ 2<sup>nd</sup> extension: 2055-2059</li> <li>○ 33.3 MGD average and 63 MGD peak</li> </ul> </li> <li>▪ 40-year <u>conditional</u> contracts: <ul style="list-style-type: none"> <li>○ Only offered to individual Cascade members, not Cascade as an organization</li> <li>○ 2060-2099</li> <li>○ Conditions: both 5-year extensions occur, supply and demand conditions met, Seattle secures an intertie for more supply</li> <li>○ Members pay a 25% rate premium</li> <li>○ No limit on water use</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ 20-year guaranteed contract (2040-2059)</li> <li>▪ 5-year extension of full capacity not guaranteed but highly likely since several viable options are available</li> <li>▪ 20 MGD average and 30 MGD peak through 2064.</li> <li>▪ 10 MGD average and 15 MGD peak from 2065-2084</li> <li>▪ Rates roughly 20% below Seattle; payments based on water used</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>▪ 10-year guaranteed extension plus two five-year conditional extensions (20 years total): <ul style="list-style-type: none"> <li>○ \$132M savings versus developing Lake Tapps by 2042</li> <li>○ Major rate spike in 2050s during Lake Tapps construction</li> </ul> </li> <li>▪ 40-year conditional contracts: <ul style="list-style-type: none"> <li>○ \$907M savings versus developing Lake Tapps by 2042</li> <li>○ No major rate spikes but steady upward trend</li> </ul> </li> </ul>	<p>20-year guaranteed contract plus likely 5-year extension:</p> <ul style="list-style-type: none"> <li>▪ \$299M savings versus developing Lake Tapps by 2042.</li> <li>▪ Moderate rate increases spread out over more time</li> </ul>
<b>Capital Needs Prior to Lake Tapps</b>	None	Central and North transmission pipelines in service by 2040, later used for Lake Tapps delivery
<b>Capital Needs for Lake Tapps Supply</b>	<ul style="list-style-type: none"> <li>▪ 10-year extension: Treatment plant, transmission pipelines in service by 2050</li> <li>▪ 10-year plus two 5-year extensions: Treatment plant, transmission pipelines in service by 2060</li> <li>▪ 40-year contracts: None</li> </ul>	Treatment plant and South transmission pipeline in service by 2065

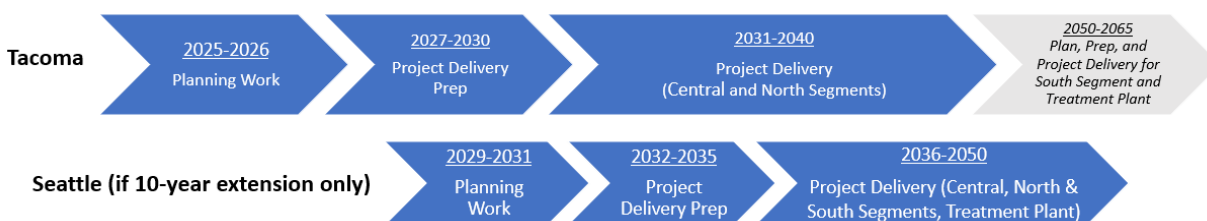
## TIMELINES

Below are high-level timelines for the Cascade Board's decision-making process and the Lake Tapps Reservoir development for both the Tacoma and Seattle options.

### Cascade Board Decision Draft Timeline

	March	April	May	June	July	August	Sept	Oct	Nov
Board direction to CEO to negotiate									
Negotiate contract details									
Board authorization to finalize contract									

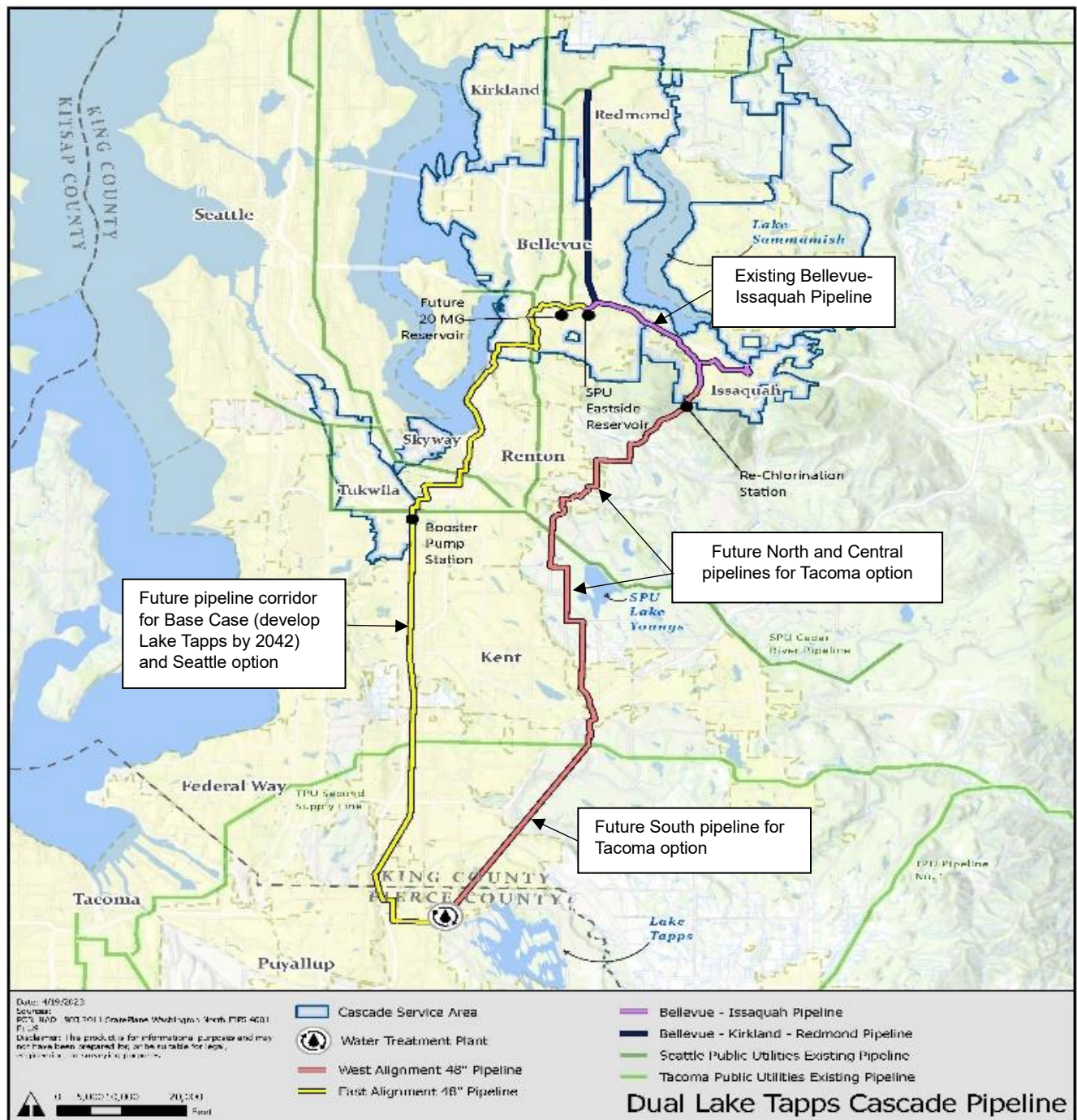
### Post-Board Decision Draft Milestones



## CONCLUSION

As noted earlier, Cascade was created in 1999 to control its own destiny and ensure it had a voice and vote on the future of water supply for its members. The fact that Cascade today has the ability to choose a new contract with Tacoma or extend its contract with Seattle is specifically why Cascade was formed. Either option is preferred and more cost-effective than the Base Case of developing the Lake Tapps Reservoir by 2042. Cascade staff recommend contracting with Tacoma because it provides longer term supply certainty at a lower cost, lower construction risks, more flexibility, and an opportunity to partner with Tacoma to regionalize the water system for improved resiliency.

## POTENTIAL SUPPLY SYSTEM





## Memorandum

**Date:** 2/13/2024  
**Meeting of:** City Council Study Session

**File No.** SS 24-002  
**Type:** Study Session

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Public Works	Aaron Bert	425-556-2786
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**DEPARTMENT STAFF:**

Public Works	Amanda Balzer	Policy and Planning Manager
Public Works	Ernie Fix	Operations Manager
Public Works	Aaron Moldver	Environmental Programs Manager
Public Works	Chris Stenger	Deputy Director

**TITLE:**

Groundwater Production and Water Quality Update

**OVERVIEW STATEMENT:**

Redmond operates a hybrid water system, where approximately 60% of drinking water is purchased from Cascade Water Alliance. The other 40% is produced from the City's five municipal supply wells. As a member of Cascade Water Alliance Redmond is contractually obligated to support demands by operating these wells.

Public Works strives to provide safe and reliable drinking water today and for future generations. Redmond's municipal supply wells are deemed moderate and highly vulnerable to surface contamination and requires diligence to protect this valuable resource. This is achieved through a robust Wellhead Protection Program, compliance with drinking water regulations, and maintenance of our distribution system.

The informational presentation will cover the following:

- Hybrid Water System
- Aquifer 101
- Water Quality Protection
- Well Production

☐ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

☒ **Receive Information**      ☐ **Provide Direction**      ☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Water System Plan, Utilities Strategic Plan
- **Required:**  
N/A
- **Council Request:**  
N/A
- **Other Key Facts:**
  - Demand - On average 7 million gallons per day (MGD) is supplied to Redmond residences and business annually. Monitoring wells to act as an early warning system to our municipal supply wells.
  - Wellhead Protection - staff review development plans and business license applications for new development and businesses within the city's Critical Aquifer Recharge Area to ensure compliance with wellhead protection regulations in the Redmond Zoning Code and Redmond Municipal Code. Staff also monitor and sample a network of ~100 groundwater monitoring wells to act as an early warning system to our municipal supply wells.
  - Water Quality - In 2023 1,321 regulatory drinking water samples were collected and resulted in full compliance with Washington State Department of Health regulations.
  - Distribution system - Redmond's water utility supplies water to more than 19,500 businesses, houses, and multifamily units. Staff operate and maintain over 300 miles of water main pipe and 12,650 water main valves.

**OUTCOMES:**

Receive information on groundwater protection, municipal supply well production, and water quality.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**  
N/A

**Approved in current biennial budget:** ☐ Yes ☐ No ☒ N/A

**Budget Offer Number:**  
0000002 and 0000003

**Budget Priority:**

Healthy and Sustainable

Other budget impacts or additional costs: ☐ Yes ☐ No ☒ N/A

If yes, explain:

N/A

Funding source(s):

Utility rates

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

N/A

**ANTICIPATED RESULT IF NOT APPROVED:**

N/A

**ATTACHMENTS:**

Attachment A: Groundwater and Production Presentation



# Groundwater Production and Water Quality

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Environmental Programs and Water Operations  
February 13, 2024



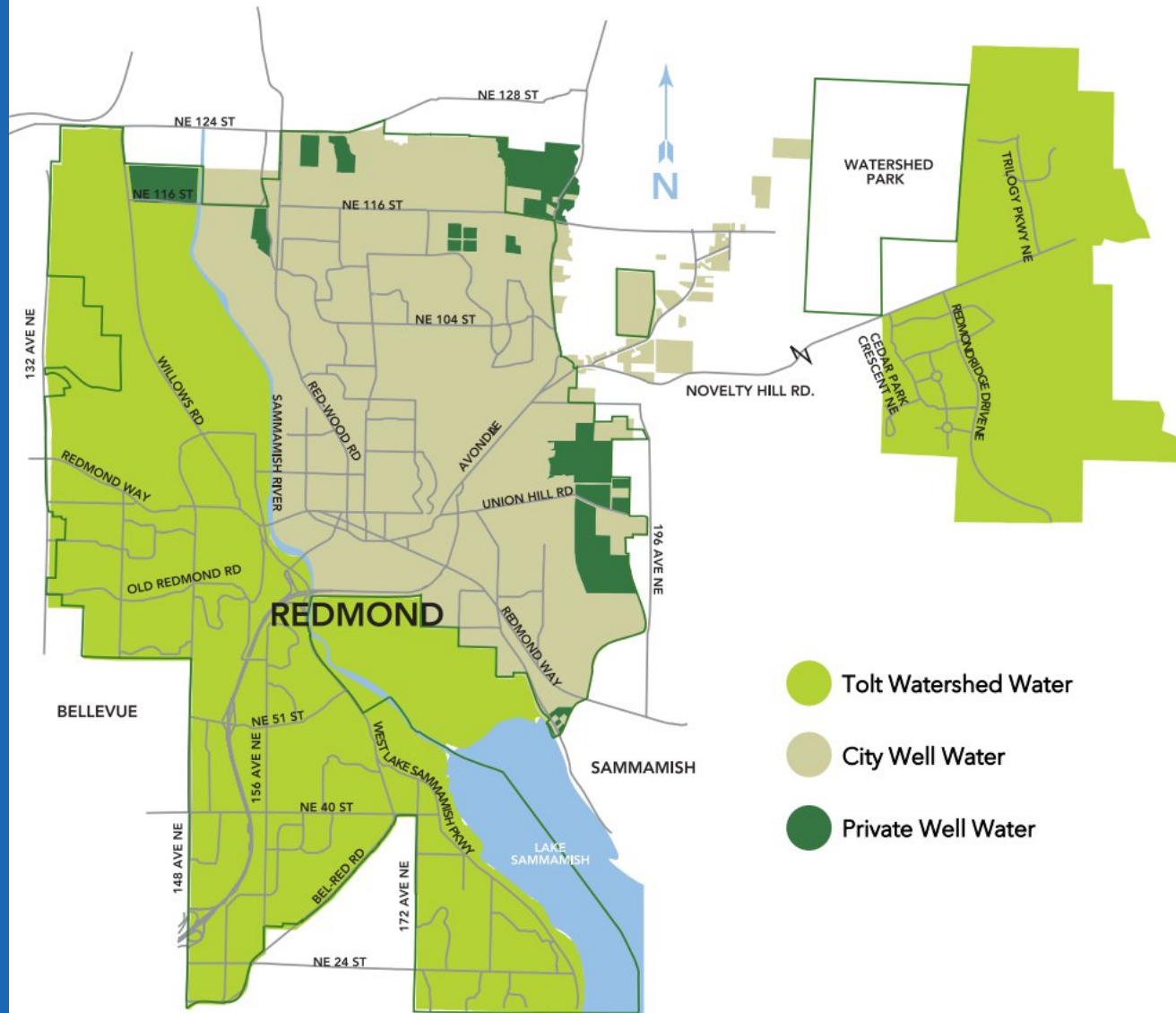


# Purpose

- Informational overview on groundwater production and water quality
- Public Works water management goals are to provide safe reliable drinking water and fire protection.
- Today's topics:
  - Water System
  - Aquifer 101
  - Water Quality Protection
  - Well Production

# Hybrid System

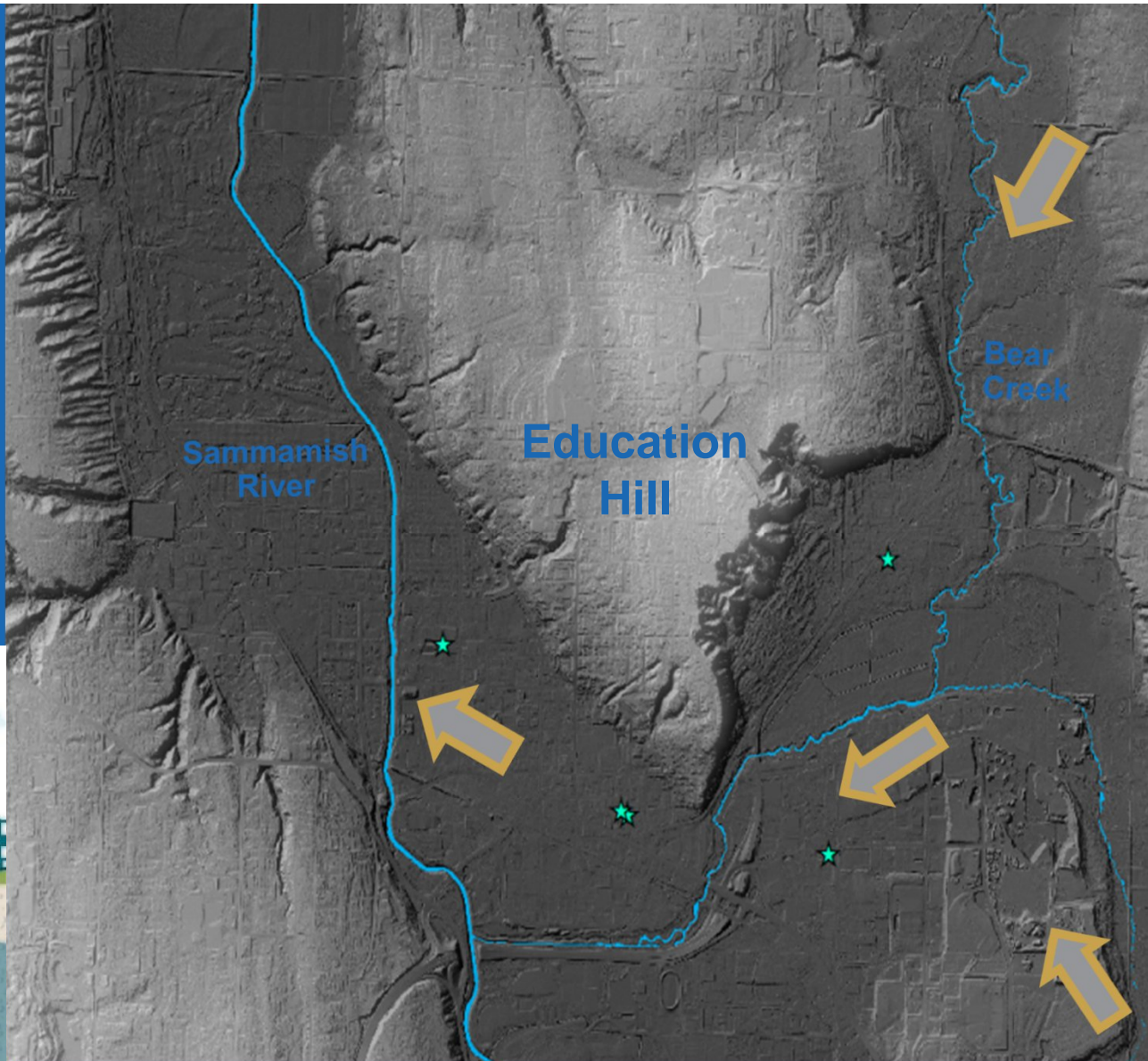
- 5 municipal wells
  - 40% well water
- Cascade Water Alliance
  - 60% of water from Tolt Reservoir
- Resilient and Flexible
- Regional Partnerships



# Redmond's Alluvial Aquifer

## Aquifer Characteristics

- Shallow
- Unconfined
- Urban Setting



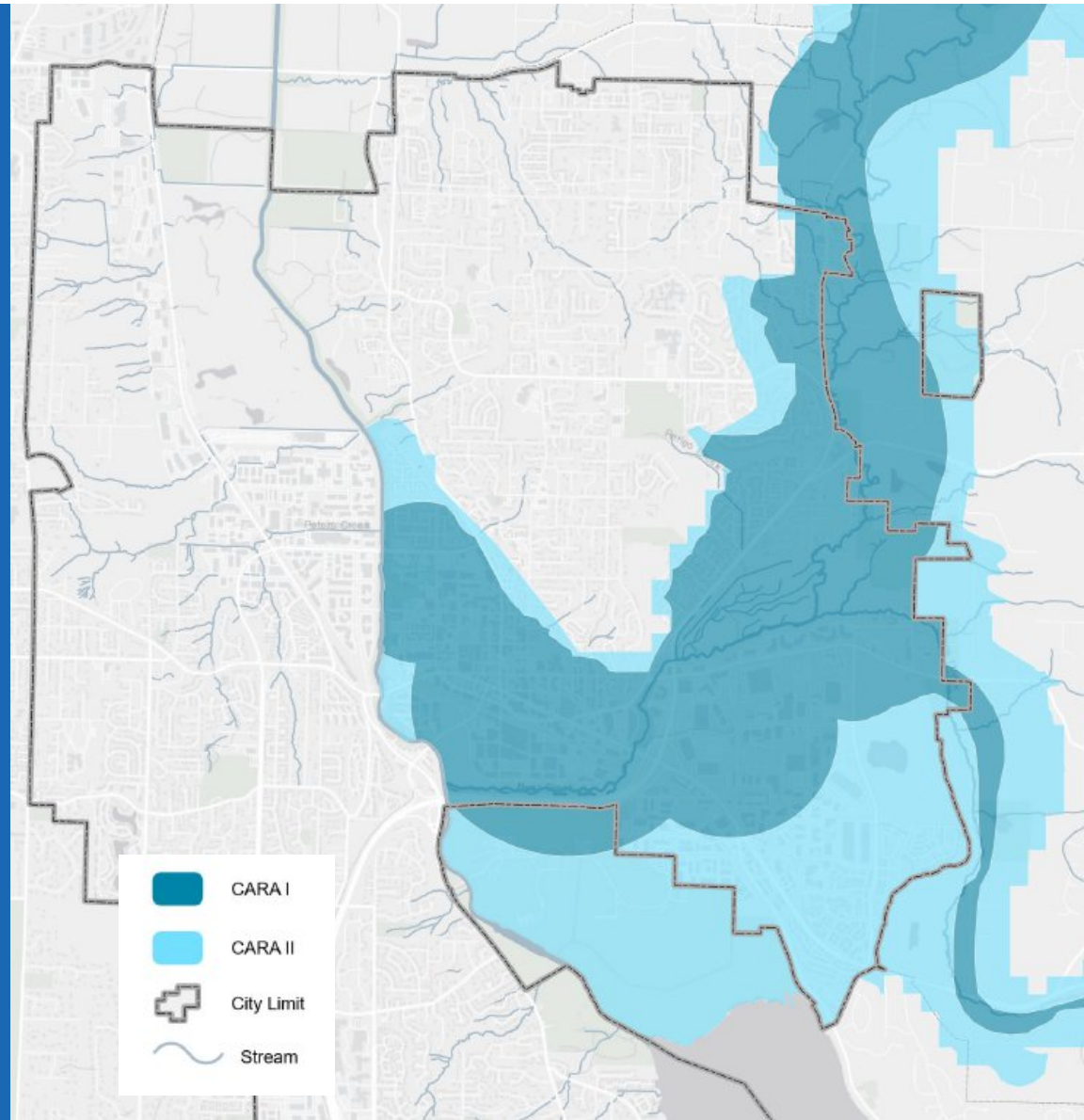


# Critical Aquifer Recharge Area

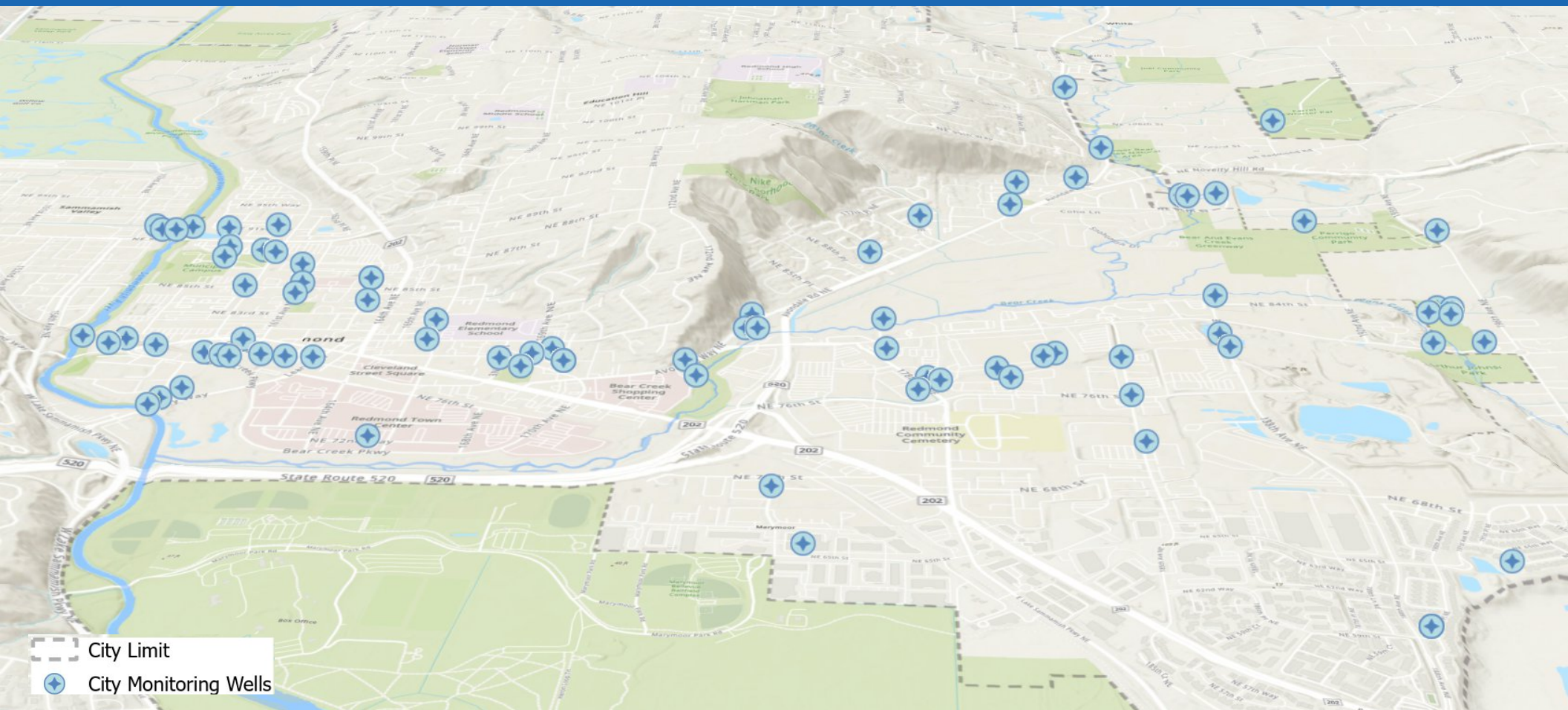
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## Protection Efforts

- Policy review
- Development review
- Business assistance
- Groundwater monitoring

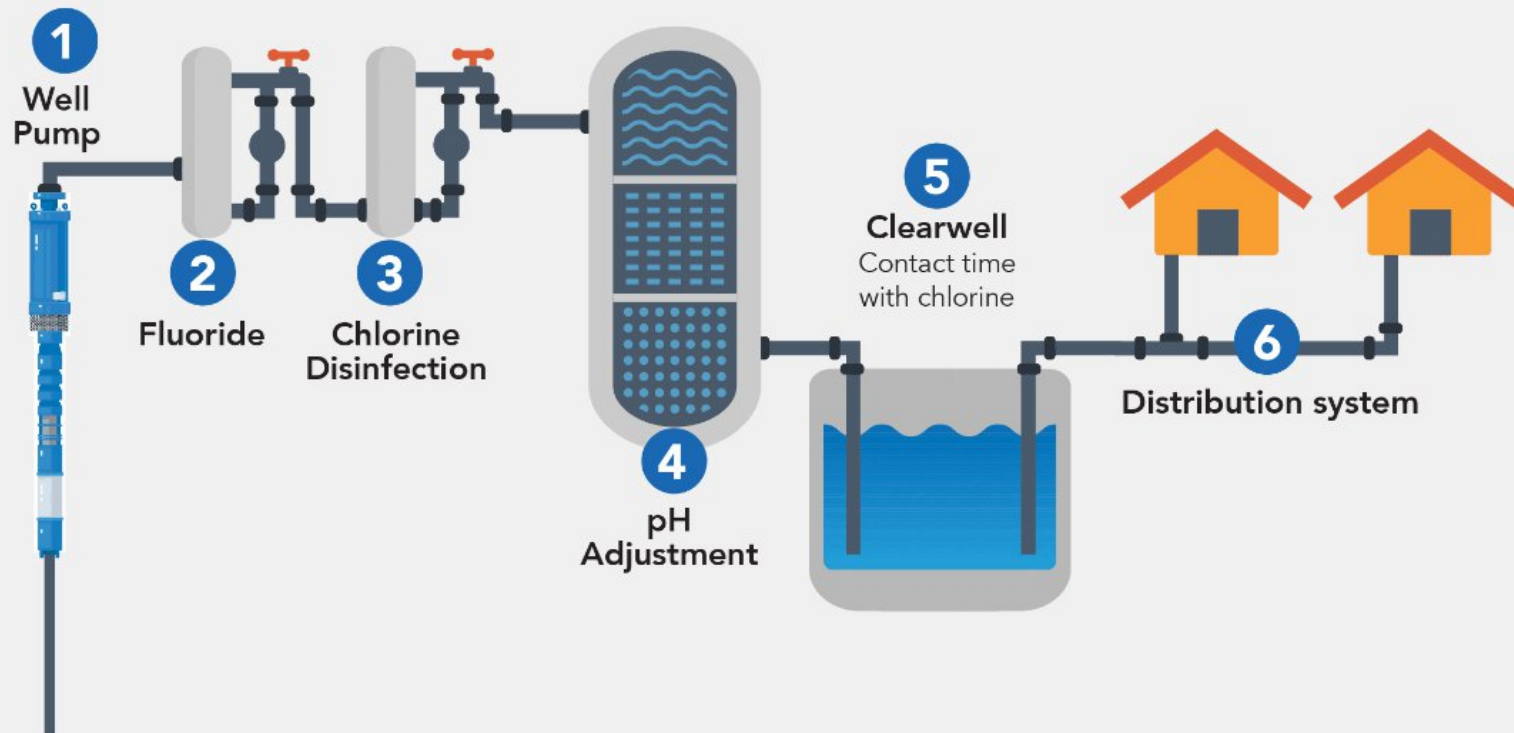


# Monitoring Well Network





# Well System Overview



# Water Quality Sampling



1,321 regulatory drinking water samples collected in 2023



Regulatory Sampling	Frequency
Field Chlorine residual monitoring	Daily
Routine total coliform	Weekly
Fluoride split for all wells	Monthly
Disinfection Byproducts	Quarterly
Nitrate	Annually
Lead and Copper	Triennially
PFAS	Triennially
Unregulated Contaminant Monitoring Rule	Every 3-5 years
Volatile organic compounds	Every 6 years
Radionuclides	Every 6 years
Asbestos	Every 9 years
Inorganic chemicals	Every 9 years
Herbicides	Every 9 years

# Water Distribution System

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- Development Support
- Pressure Reducing Valves
- System Isolation Valves
- Main and Service Line Repairs
- Cross Connection Control Program







# Meeting Demand

## Peak Season

- Well Production 3.3 MGD
- CWA Supply 5.9 MGD



## Protecting Quantity

- Optimizing maintenance schedule
- Temporary Construction Dewatering regulations
- Tracking policy changes
- Assessing Well 4
- Advanced Metering Infrastructure Pilot

# Next Steps

- Water System Plan
- Budget offers
  - Groundwater Management
  - Safe Drinking Water
- Water Utility CIP
- TCD Regulations
- Future Well 4 Recommendations





# Thank You

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Any Questions?







## Memorandum

**Date:** 2/13/2024  
**Meeting of:** City Council Study Session

**File No.** SS 24-005  
**Type:** Study Session

**TO:** Members of the City Council  
**FROM:** Mayor Angela Birney  
**DEPARTMENT DIRECTOR CONTACT(S):**

Planning and Community Development	Carol Helland	425-556-2107
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**DEPARTMENT STAFF:**

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Jeff Churchill	Long Range Planning Manager
Planning and Community Development	Kim Dietz	Principal Planner
Planning and Community Development	Becky Frey	Principal Planner
Planning and Community Development	Lauren Alpert	Senior Planner
Planning and Community Development	Ian Lefcourte	Senior Planner
Executive	Jenny Lybeck	Sustainability Program Manager

**TITLE:**

Redmond 2050: Planning Commission Recommendation for Housing and Overlake

**OVERVIEW STATEMENT:**

Staff recommends that the City Council prepare to discuss housing-related issues identified by Councilmembers at or following the Feb. 6 business meeting. Staff's proposed approach for sequencing the discussion is:

- Feb. 13: housing discussion topics
- Feb. 27: Overlake discussion topics, followed by green building, RZCRW topics, and then continuing the housing discussion as needed

To support the discussion on Feb. 13, staff has invited Planning Commission chair Sherri Nichols and staff from A Regional Coalition for Housing to attend.

On Jan. 24, 2024, the Planning Commission recommended approval of updates to the Housing Element, Housing Technical Appendix, housing-related regulations, Centers Element (for general policies and Overlake policies), and Overlake-related regulations. Staff introduced the Commission's recommendation at the Council's Feb. 6 business meeting.

The Planning Commission reports, exhibits, and appendices for these topics were provided in the Council's Feb. 6 packet beginning on page 51 and are also available at [redmond.gov/DocumentCenter/Index/125](https://www.redmond.gov/DocumentCenter/Index/125)  
<<https://www.redmond.gov/DocumentCenter/Index/125>>.

☒ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

- ☐ Receive Information      ☒ Provide Direction      ☐ Approve

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Policy PI-15 calls for periodic Comprehensive Plan reviews.
- **Required:**  
The Growth Management Act requires that Washington cities and counties review and, if needed, revise their comprehensive plans and development regulations every ten years. For King County cities the periodic review must be completed by December 31, 2024.
- **Council Request:**  
The City Council requested quarterly reports on project milestones, staff progress, and public involvement.
- **Other Key Facts:**  
N/A

**OUTCOMES:**

Updating the Redmond Comprehensive Plan will ensure that the Plan is consistent with state law and regional policy direction; advances equity and inclusion, sustainability, and resiliency; and that Redmond is prepared for growth expected through the year 2050.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**
  - Housing Regulations
    - Q2 2020 - Q1 2021: Housing Action Plan (HAP).
      - Community input and consultant expertise informed direction of regulatory amendments.
      - Methods included focus groups, interviews, and questionnaires.
    - Q3 2022 - Q3 2023: Housing Action Plan Implementation (HAPI).
      - Consultants interviewed developers, financial lenders, and other jurisdictions in support of evaluating inclusionary zoning and multifamily property tax exemption (MFTE) programs.
    - Q4 2022 - Q3 2023: Middle Housing and Racially Disparate Impacts.
      - Consultants collaborated with ARCH to hold small group meetings, focus groups, interviews, and workshops with community-based organizations.
    - Q1 2023 - Q2 2023: affordable housing parking regulations. Numerous group workshops involving developers, non-profit housing providers, ARCH, and Futurewise, on calibration of draft regulations related to allocation of parking stalls to affordable housing units.
  - Overlake Regulations
    - Q4 2020 - Q4 2021: visioning and policy community engagement.
    - 2021: existing conditions and needs identification.
      - Consultant conducted broad community engagement activities.

- Staff conducted multiple events and workshops.
    - Focus groups included small business, BIPOC and disability stakeholder focus groups.
  - 2021-2022: Overlake and Centers policies development and engagement.
  - 2022-2023: Regulations drafted with stakeholder input, including testing phase.
  - Q3 2023 - Q1 2024: public hearings and further refinement.
  - Q1 2024: final testing phase
- Redmond Zoning Code Rewrite Items in Overlake Regulations Package
  - Methods included three phases of outreach to project stakeholders to seek preliminary review and feedback on draft amendments to development regulations. Staff facilitated a combination of direct email, Let's Connect tools, the City's website, and virtual and in-person open house events with office hours:
    - Conceptual amendments to the code;
    - Draft proposed amendments to the code; and
    - Final draft proposed amendments and SEPA determination comment period
  - Three phases of community involvement using direct email and City e-news included:
    - Initial awareness of the project's scope of work;
    - Draft proposed amendments to code; and
    - Final draft proposed amendments, SEPA determination comment period.
  - Plans, Policies, and Regulations, a monthly City e-news, provided frequent information at regular intervals to interested parties and allowed for self-managed participation in the distribution channel.
  - Staff also provided presentations to interest groups and contributed to the City's YouTube channel.
  - The methods above allowed staff to confirm feedback from stakeholders by refining early drafts of work and seeking follow-up review. This progressive method of proactive and frequent outreach ensured that the resulting recommendations met interests and addressed concerns expressed by stakeholders, the community, and staff.
- **Outreach Methods and Results:**  
Redmond 2050 outreach methods have included:
  - Redmond 2050 Website
  - Digital City Hall Lobby
  - Let's Connect questionnaires, idea boards, and other tools
  - Press releases and Social media
  - Short videos and posting of recordings of workshops
  - Yard signs and Posters
  - Utility Bill inserts
  - Email newsletters to multiple City lists
  - Emails to partner organizations
  - Hiring of Eastside for All for intensive, focused community engagement
  - Stakeholder input and Focus group meetings
  - Boards & Commissions meetings
  - Hybrid and remote workshops and interviews
  - Tabling at community events
  - Pop-up events in community spaces and workplaces
  - Translation of selected materials
  - Community Advisory Committee input
  - Technical Advisory Committee input

- Planning Commission public hearings
- Mailed property owner notifications

Quarterly engagement summaries are available at [redmond.gov/1495](http://www.redmond.gov/1495) <<http://www.redmond.gov/1495>>.

- **Feedback Summary:**

- Housing Regulations:
  - Topic: Affordable Housing on Religious Lands and Associated Density Bonus.
    - Received positive feedback from for profit-developers, faith organizations, non-profit developers, ARCH, and non-profit advocacy groups. Minor changes were suggested by some stakeholders and were largely integrated by staff.
    - There is an interest of stakeholders and Planning Commission for staff to further explore opportunities to add affordable housing density bonuses to other types of land rather than just religious lands, such as public lands or non-profit lands.
  - Topic: Inclusionary Zoning Changes for Overlake.
    - Consensus that starting a new podium development is financially infeasible in current economic conditions of the greater U.S. economy.
    - Disagreement on impacts of revising inclusionary zoning requirements.
      - One view was that changes would delay future housing development in Overlake and be detrimental to overall affordability.
      - Another view was that the recommended changes to inclusionary zoning were supported by analysis and needed to help facilitate provision of additional affordable housing units.
    - Interest from stakeholders in staff further exploring revisions and opportunities for the 12-year Multifamily Property Tax Exemption program.
      - Note: MFTE is codified in the Redmond Municipal Code, not the zoning code. As such, MFTE amendments do not go to PC for authorization, but often MFTE is discussed at PC because the MFTE program is intertwined with the inclusionary zoning code.
    - Interest in a graceful transition from current requirements to new requirements.
- Overlake Regulations
  - Major changes, so a lot of excitement but also some concern since new regulations can add uncertainty.
  - Simplification of code and zoning is much appreciated.
  - Part 1 items generated few comments.
    - 21.04 General Provisions (includes some housing related updates)
    - 21.05 Special Districts (new)
    - 21.22 Public Art (new)
    - 21.28 High-Capacity Transit Corridor Preservation (repeal)
    - 21.45 Solid Waste (new)
    - 21.50 Transition Overlay Areas
    - 21.76.070.P, Land Use Actions and Decision Criteria (Master Planned Developments)
    - 21.78 Definitions (includes housing and RZCRW definitions)
  - Development Regulations and Design Standards (21.12, 21.58, 21.60, 21.62)
    - Major changes, so much discussion and revisions based on testing phases and specific stakeholder feedback.
    - Discussion around Master Planning / phasing requirement updates - to ensure area is not underdeveloped. Sets threshold for requiring phasing and plan that shows how

- more can be added in future if application shows proposal that is less than what we see as typical development in Overlake today. Added incremental development provisions to address concerns about flexibility while still ensuring that we can meet growth targets.
- Significant discussion on first floor building heights. Testing phase and stakeholder feedback resulted in a lower proposed ceiling height and extensive flexibility through footnotes in table 21.12.500.
  - Extensive feedback on incentive program resulted in some adjustments to categories, specific incentive items, points and bonuses earned. This included working with OneRedmond on the small business and anti-displacement items and the Northwest Universal Design Council for the inclusive design category.
  - Stakeholder interviews with developers currently developing towers and/or mass timber developments resulted in changes to the design guidelines to ensure the regulations work well with building materials and building codes and support mass timber construction needs.
  - Added section on transitions to new standards to address developer concerns for projects currently in the review cycle and for property owners who want to make some updates but cannot afford a major redevelopment in the current market conditions. Allows projects in the review cycle to choose if they want to stay under current regulations (with an expiration date and other criteria) or move to new standards. Adds flexibility for incremental redevelopment.
- Green Building program updates. Feedback was given on various aspects of the green building program, including feedback on estimated costs, priorities, and specific programmatic requirements.
    - Keep it voluntary.
    - Maintain flexibility in options and scale of impacts (matching the points-based menu of options to Overlake incentives structure): the more you do, more points you earn towards a bonus.
    - Focus on outcomes and not specific ways to achieve them.
    - Easy to understand, work on implementing new structure and new focus areas and then expand over time.
    - Add water conservation, embodied carbon goals/incentives.
    - Be mindful of impacts of 2021 Energy Code Update.
    - Align with state and regional goals.

**BUDGET IMPACT:**

**Total Cost:**

\$4,616,401 is the total value of the Community and Economic Development budget offer. This budget offer includes staff and consultant resources necessary to complete Redmond 2050.

**Approved in current biennial budget:**      ☒ **Yes**      ☐ **No**      ☐ **N/A**

**Budget Offer Number:**

0000040

**Budget Priority:**

Vibrant and Connected

**Other budget impacts or additional costs:** ☐ Yes ☐ No ☒ N/A

**If yes, explain:**

N/A

**Funding source(s):**

General Fund, Washington State Department of Commerce grants

**Budget/Funding Constraints:**

Two Commerce grants supported updates to the Housing Element

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
10/6/2020	Business Meeting	Approve
11/17/2020	Business Meeting	Receive Information
3/16/2021	Business Meeting	Receive Information
3/23/2021	Study Session	Provide Direction
6/15/2021	Business Meeting	Receive Information
6/22/2021	Study Session	Provide Direction
9/21/2021	Business Meeting	Receive Information
9/28/2021	Study Session	Provide Direction
11/16/2021	Business Meeting	Receive Information
11/23/2021	Study Session	Provide Direction
2/15/2022	Business Meeting	Receive Information
5/3/2022	Business Meeting	Receive Information
5/10/2022	Study Session	Provide Direction
6/7/2022	Committee of the Whole - Planning and Public Works	Receive Information
7/19/2022	Business Meeting	Receive Information
7/26/2022	Study Session	Provide Direction
8/9/2022	Study Session	Provide Direction
10/4/2022	Business Meeting	Receive Information
10/11/2022	Study Session	Provide Direction
1/17/2023	Business Meeting	Receive Information
1/24/2023	Study Session	Provide Direction
3/7/2023	Business Meeting	Receive Information



3/14/2023	Study Session	Provide Direction
7/18/2023	Business Meeting	Receive Information
9/5/2023	Business Meeting	Receive Information
9/12/2023	Study Session	Provide Direction
9/26/2023	Study Session	Provide Direction
10/3/2023	Business Meeting	Receive Information
10/10/2023	Study Session	Provide Direction
11/28/2023	Study Session	Provide Direction
1/9/2024	Study Session	Provide Direction
1/23/2024	Study Session	Provide Direction
2/6/2024	Business Meeting	Receive Information

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
2/27/2024	Study Session	Provide Direction

**Time Constraints:**

The Comprehensive Plan periodic update must be complete by Dec. 31, 2024.

**ANTICIPATED RESULT IF NOT APPROVED:**

Staff is not requesting action at this time.

**ATTACHMENTS:**

Attachment A: Council Discussion Topics

Attachment B: Presentation Slides

Topic	Discussion Notes
<b>Housing</b>	
1. IZ: step-down provisions (Salahuddin); AMI choices (Forsythe); changes generally (Stuart)	<p><u>Council Discussion</u></p> <ul style="list-style-type: none"> <li>• Would like to know more about the Overlake IZ phasing from 80% area median income (AMI) to greater levels of affordability, why that is recommended, and how that would work.</li> <li>• Would like to understand the final recommendation of AMI %.</li> </ul> <p><u>Staff Response</u></p> <p><b>Step-down provisions:</b> The Planning Commission recommends including step-down provisions as a way of gradually increasing levels of affordability and not surprising the development community. There is precedent for phasing-in affordable housing regulations: the City used phasing both in Downtown and Overlake when inclusionary requirements were adopted.</p> <p>The Commission also considered a phased approach that would be time-based instead of unit-based. The Commission opted for a unit-based approach because a time-based approach would require the City to time the development market.</p> <p>Separately, the Commission is recommending allowing projects in the pipeline to continue using today's regulations as part of amendments to RZC 21.12, Overlake Regulations. The effect of this is that the phase-in for affordable housing will begin with projects that are not yet in the pipeline.</p> <p>Step-down (or catalyst) incentives are not always included in new incentive or inclusionary programs. When they are, the purpose is to encourage "early adopters" of new zoning.</p> <p><b>AMI Choices:</b> The updated Housing Element, as recommended by the Planning Commission, directs the City to adopt strategies to meet affordable housing needs (see especially policy HO-6). The majority of Redmond's estimated affordable housing need is for households earning up to 50% AMI. Inclusionary zoning is one tool that can help meet this need. The Planning Commission recommends using inclusionary zoning to target households earning up to 50% AMI because that is where the greatest need exists that inclusionary zoning can help meet.</p>

The Housing Element and Housing Element Technical Appendix contain the following data related to the King County Countywide Planning Policies. The following table shows:

- Redmond's housing stock as of 2019.
- Estimated affordable housing need through 2044.
- Estimated affordable housing need extrapolated to 2050.

**Table TA-2: Housing Now and Estimated Housing Needed by Area Median Income Bracket**

	Total Units	≤30% AMI	AMI	AMI	AMI	AMI	AMI	AMI
		Non-PSH	PSH	>30-- ≤50%	>50-- ≤80%	>80-- ≤100%	>100-- ≤120%	>120%
Baseline Housing Supply: 2019	31,739	753	58	1,404	2,184	9,270	4,839	13,231
KC-CPP-Net-New-Housing-Needed: 2019-2044	20,000	7,025	3,694	3,870	2,765	348	394	1,904
KC-CPP-Total-Future-Housing-Needed: 2044	51,739	7,778	3,752	5,274	4,949	9,618	5,233	15,135
Extrapolated-KC-CPP-Net-New-Housing-Needed: 2019-2050	24,800	8,711	4,581	4,799	3,429	432	489	2,361
Extrapolated-KC-CPP-Total-Future-Housing-Needed: 2050	56,539	9,464	4,639	6,203	5,613	9,702	5,328	15,592

#### IZ Changes, generally:

Inclusionary Zoning in Overlake today:

- Mandatory
- Same requirements for ownership units and rental units
- 10% of units at 80% AMI
- Alternative compliance available

Inclusionary Zoning, Overlake specific changes:

- Mandatory
- Different requirements for ownership units and rental units
- Ownership units
  - 12.5% of units at 80% AMI
- Rental units
  - 12.5% of units at 50% AMI
  - Step-down implementation from 80% to 50% AMI
- Alternative compliance available

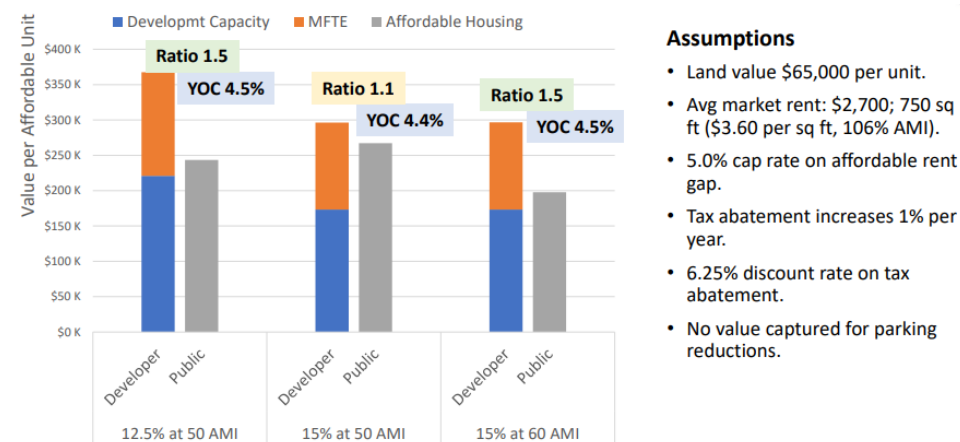
<p>2. Inclusionary zoning - financial model and engagement process (Kritzer)</p>	<p><u>Council Discussion</u></p> <p><u>Staff Response</u></p> <p>Action 1.3 of the City of Redmond’s Housing Action Plan (adopted 2021) directs city efforts to review IZ and MFTE, in concert with zoning changes, to consider options that create deeper affordability and/or more affordable units. The comprehensive plan periodic update, which occurred simultaneously with this analysis, includes zoning changes.</p> <p>The cumulative analysis used to inform these Overlake Mandatory Inclusionary Zoning amendments represents a multiyear effort which involved numerous stakeholders and synthesized numerous distinct analyses. The work for this analysis was conducted by City staff, City consultants, and ARCH. The work was reviewed by for profit developers, nonprofit developers, and interested non-profit organizations. For profit developers especially demonstrated a high interest in participation and have been involved consistently throughout the process.</p> <p>Multiple major sources contributed to this effort:</p> <ul style="list-style-type: none"> <li>• City of Redmond - Overlake Incentives Analysis - Consultants (ECONW)</li> <li>• City of Redmond - Housing Action Plan Implementation (HAPI) - Consultants (CAI)</li> <li>• ARCH - Affordable Housing Analysis (for member jurisdictions, not just Redmond) - Consultants (BAE)</li> </ul> <p>Each of these three projects, with distinct consultants, conducted engagement with developers. In addition, the projects all made use of a variety of data to make projections of the ways in which current conditions and housing policies are likely to shape housing production in the future. The market analysis draws on a variety of data sources, including but not limited to the City of Redmond, CoStar, Zillow, Building Journal, CBRE, NCREIF, American Housing Survey, comparative jurisdictions, and HUD. Importantly, the different consultants had very similar inputs/outputs for the financial feasibility modeling performed.</p> <p><b>Analysis Measurements:</b></p>

	<p>Analysis of Inclusionary Zoning (IZ) and Multifamily Property Tax Exemption Program (MFTE) impacts uses multiple metrics to gauge financial returns. The two most relevant are Internal Rate of Return (IRR) for ownership developments and Yield On Cost (YoC) for rental developments.</p> <p>The <u>internal rate of return (IRR)</u> is the annual rate of growth that an investment is expected to generate over a certain amount of time. The IRR can be thought of an “average” annual rate of return on the investment costs to develop a project. IRR is presented as a percentage. IRR considers the time-value of money.</p> <ul style="list-style-type: none"> <li>• Ownership Units: IRR is calculated over a 33-month period, representing the start of site acquisition through the end of selling the final home.</li> <li>• Rental Units: IRR is calculated over a 15-year holding period, representing the start of site acquisition, through operation of the project for some years, then selling the project. (Note that Yield on Cost is the primary metric to analyze rental developments.)</li> </ul> <p>The <u>yield on cost (YoC)</u> represents the first stabilized year of operation returns divided by the total cost of developing the project. In other words, YoC represents the net operating income divided by the cost of investment. The net operating income (NOI) represents income after operating expenses are deducted, but before deducting interest and taxes. YoC is a common metric used by developers and helps provide the order of magnitude changes generated by each set of scenarios in the analysis. YoC represents how much money, once the project has stabilized, is returned as a percentage of the total investment costs.</p> <p>The <u>benefit ratio</u> represents the economic value added to developers divided by the additional costs to developers, from proposed changes to affordable housing regulations. The benefit ratio is a comparison of status quo to proposed changes. A ratio of over 1.0 indicates that the proposed changes offer more benefits than costs to developers. The ARCH analysis estimates the value of the added development capacity and compares that to the cost of different affordable housing parameter scenarios.</p> <p><b>Project flow for IZ/MFTE Review:</b></p> <p>For Redmond’s IZ and MFTE review process, HAPI consultant work began in earnest in June of 2022 and continued through the summer of 2023. The scope of work included comparative analysis of affordable housing efforts in other jurisdictions, developer stakeholder interviews, and the creation of a financial model. The financial model allows the user to test different IZ and MFTE affordable housing requirements and</p>
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determine an estimated impact to the financial returns of a development project. The initial consultant analysis was substantively completed in June 2023. At this time, stakeholders identified that some areas of the financial model (and thus the analysis conclusions) warranted further review. This review occurred from June 2023 through September 2023. Staff then produced a final HAPI cumulative analysis which reflected the entirety of work done to review IZ and MFTE up to that date.

Redmond staff collaborated with ARCH to synthesize and explore the work of all three consultants. In addition, Redmond staff and ARCH pulled development information for actual case study projects which were recently built in Overlake. These case study projects were analyzed before/after the proposed Overlake amendments. The conclusions of this work were presented to Planning Commission in December 2023.

Staff provided three options for Planning Commission consideration, as shown below.



Further development stakeholder input and Planning Commission discussion resulted in the addition of step-down provisions as discussed in issue 1.



	<table border="1"> <thead> <tr> <th colspan="2">Table RZC 21.20.060.D.1.d</th></tr> </thead> <tbody> <tr> <td><b>Number of Total <del>Market Rate</del> Housing Units in Overlake center</b></td><td>Renter-Occupied: Minimum Percent of Affordable Housing Units and AMI Level Requirements</td></tr> <tr> <td><b>First <del>200</del> 150 market rate units</b></td><td>12.5% of units at 80% AMI</td></tr> <tr> <td><b>Second 150 market rate units</b></td><td><b>12.5% of units at 70% AMI</b></td></tr> <tr> <td><b>Third <del>200</del> 150 market rate units</b></td><td>12.5% of units at 60% AMI</td></tr> <tr> <td><b>All subsequent units</b></td><td>Base requirements in RZC 21.20 .060.D.1.a</td></tr> </tbody> </table>	Table RZC 21.20.060.D.1.d		<b>Number of Total <del>Market Rate</del> Housing Units in Overlake center</b>	Renter-Occupied: Minimum Percent of Affordable Housing Units and AMI Level Requirements	<b>First <del>200</del> 150 market rate units</b>	12.5% of units at 80% AMI	<b>Second 150 market rate units</b>	<b>12.5% of units at 70% AMI</b>	<b>Third <del>200</del> 150 market rate units</b>	12.5% of units at 60% AMI	<b>All subsequent units</b>	Base requirements in RZC 21.20 .060.D.1.a
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3. Multifamily property tax exemption (MFTE) provisions (Stuart)	<p><u>Council Discussion</u> Would like to know more about the MFTE program updates proposed and impacts of those changes.</p> <p><u>Staff Response</u> MFTE is a state-authorized property tax exemption program that Redmond uses to incentivize developers to make required moderate-income units affordable to low-income families. The 8-year MFTE program for Redmond has been popular with developers: most qualifying developments since MFTE's adoption in June 2017 have chosen to participate in the program. The general design of MFTE is that developers provide deeper levels of affordability in return for time-limited property tax exemptions.</p> <ul style="list-style-type: none"> <li>MFTE is <b>not</b> governed by the Redmond Zoning Code.</li> <li>MFTE is governed by the Redmond Municipal Code <ul style="list-style-type: none"> <li>As such, MFTE amendments are not reviewed by the Planning Commission.</li> <li>Staff included MFTE in discussion with the Commission due to the relationship between MFTE and inclusionary zoning.</li> </ul> </li> </ul> <table border="1"> <thead> <tr> <th>MFTE Now</th><th>MFTE Proposed</th></tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Voluntary</li> <li>Applicable in Marymoor, Downtown, Overlake</li> <li>8-year program achieves 50-60% AMI, depending on location</li> </ul> </td><td> <ul style="list-style-type: none"> <li>Voluntary</li> <li>Staff evaluating expanding geographic applicability</li> <li>8-year program designed to be 1:1 match with IZ requirements (i.e., improves financial feasibility of IZ compliance)</li> <li>Staff evaluating changes to 12-year program to improve affordable housing outcomes</li> </ul> </td></tr> </tbody> </table>	MFTE Now	MFTE Proposed	<ul style="list-style-type: none"> <li>Voluntary</li> <li>Applicable in Marymoor, Downtown, Overlake</li> <li>8-year program achieves 50-60% AMI, depending on location</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary</li> <li>Staff evaluating expanding geographic applicability</li> <li>8-year program designed to be 1:1 match with IZ requirements (i.e., improves financial feasibility of IZ compliance)</li> <li>Staff evaluating changes to 12-year program to improve affordable housing outcomes</li> </ul>								
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4. Fee-in-lieu (Stuart)	<u>Council Discussion</u>												

	<p><u>Staff Response</u></p> <p>Fee-in-lieu may, at the Code Administrator's discretion, be used to fulfill inclusionary zoning requirements. Only 3 of the last ~100 projects have used fee-in-lieu. Much of these funds went into the Together Center project.</p> <p>Current alternative compliance methods are located in RZC 21.20.050.</p> <ul style="list-style-type: none"> <li>• 21.20.050.A.: Establishes City priority for locating affordable units into market-rate buildings rather than fee-in-lieu alternative compliance.</li> <li>• 21.20.050.B <ul style="list-style-type: none"> <li>◦ Fee-in-lieu must achieve a result equal to or better than providing affordable housing on-site.</li> <li>◦ Fee-in-lieu must comply based on providing the same type and tenure of units as the market rate project.</li> </ul> </li> <li>• 21.20.050.B.1 <ul style="list-style-type: none"> <li>◦ Fee-in-lieu must achieve a result equal to or better than providing affordable housing on-site.</li> <li>◦ Fee-in-lieu prefers locating off-site affordable units in the same neighborhood planning area as the market-rate site.</li> </ul> </li> <li>• 21.20.050.B.2. <ul style="list-style-type: none"> <li>◦ Fee-in-lieu money can only be used for the subsequent provision of affordable housing units.</li> <li>◦ Payment calculation: <ul style="list-style-type: none"> <li>▪ Includes land costs, development fees.</li> <li>▪ Payment obligation is established at time of issuance of building permits or preliminary plat approval.</li> </ul> </li> </ul> </li> <li>• 21.20.050.C.2: Intent that alternative compliance affordable units be provided/completed before or at the same time as the on-site market rate housing.</li> </ul> <p>The Planning Commission recommends further specifying when fee-in-lieu is appropriate. The proposed amendments to FIL:</p> <ul style="list-style-type: none"> <li>• Further strengthen the City's position that on-site affordable housing is preferred over FIL.</li> <li>• State that FIL requests may only be approved if there is an imminent and viable affordable housing project available to receive the cash payments.</li> <li>• Requires FIL payments to provide better affordable housing outcomes than the baseline on-site affordable housing requirements. <ul style="list-style-type: none"> <li>◦ FIL payments will be valued at the estimated financial cost of providing affordable housing units on-site. The administrator has the authority to consider and require any reasonable method to calculate that amount.</li> <li>◦ The FIL payment must exceed the estimated financial cost of providing affordable housing units on-site by 10%.</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>Factors to consider when evaluating the “better” affordable housing outcomes include: <ul style="list-style-type: none"> <li>Length of time it takes to produce the affordable units.</li> <li>Location of affordable units and nearby amenities.</li> <li>Quantity of affordable units.</li> <li>Affordability levels (AMI) of affordable units.</li> <li>Satisfying other community needs.</li> <li>Duration of affordability for the units.</li> <li>Equity considerations such as racially disparate housing impacts.</li> <li>Other criteria as determined by the Administrator.</li> </ul> </li> </ul>
5. Density bonus on faith-based land (Kritzer)	<p><u>Council Discussion</u> Please explain this change.</p> <p><u>Staff Response</u> These regulatory amendments implement state legislation (SHB 1377) adopted in 2019. The legislation authorizes cities to allow additional density for affordable housing developed on property owned or controlled by faith/religious organizations. The affordable housing must be dedicated to households with incomes under 80 percent of area median income (AMI), for at least 50 years.</p> <p>Recommended amendments to implement this legislation include:</p> <ul style="list-style-type: none"> <li>Adding affordable housing as a permitted use on land owned/controlled by faith organizations to the RZC 21.04.030 comprehensive allowed uses chart.</li> <li>Adding “affordable housing” as an accessory use to the faith-based definitions.</li> <li>Adding a density bonus in development capacity for affordable housing on land owned/controlled by faith organizations.</li> </ul>
6. Changes to neighborhood policies – engagement process (Kritzer)	<p><u>Council Discussion</u> Would like to know more specifics about the referenced updates to policies in the Neighborhoods Element and how those were determined and will be implemented.</p> <p><u>Staff Response</u> Neighborhood plan updates were generally excluded from Redmond 2050. The exception was a review of Neighborhood Element policies for clear conflicts with citywide policy updates as part of the City’s obligation to adopt an internally consistent comprehensive plan. These policies generally represent policies that are:</p> <ul style="list-style-type: none"> <li>Incompatible with regional/state requirements (middle housing, e.g.), or</li> <li>Inconsistent with updated policies in other elements, or</li> </ul>

	<ul style="list-style-type: none"> <li>Redundant/duplicative/obsolete.</li> </ul> <p>Staff engaged with community members using all of the methods identified in Redmond 2050 agenda memos and summarized in quarterly engagement summaries, available at <a href="https://redmond.gov/1495">redmond.gov/1495</a>. Staff did not design engagement specific to the limited changes to Neighborhood Element policies. Neighborhood-specific engagement for neighborhood plan updates is planned for after Redmond 2050 is complete.</p>
<b>Overlake and Centers</b>	
7. Centers character and design – see policy CTR-6 (Stuart)	<p><u>Council Discussion</u> Would like to have a discussion on character and design policies and look at the big picture and goals.</p> <p><u>Staff Response</u> Staff will be prepared for questions and discussion related to character and design at the study session on February 27. The policy guide for this chapter might be helpful to understand the changes proposed:</p> <ul style="list-style-type: none"> <li><a href="https://redmond.gov/DocumentCenter/View/31167/2024_01-24---Memo-Att-A---Centers-Policy-Guide-PDF">redmond.gov/DocumentCenter/View/31167/2024_01-24---Memo-Att-A---Centers-Policy-Guide-PDF</a></li> </ul> <p>This Planning Commission recommendation only includes policies under the General Centers and Overlake headers, but there is a design section later in the chapter reviewed with the <a href="#">Community Development and Design Chapter</a>. The focus of the character and design policies is on placemaking and implementing the themes of equity and inclusion, sustainability, and resiliency. Many policies that related to character that had exclusionary outcomes were removed in this update.</p> <p>Related resources:</p> <div> <a href="#">Background/Engagement</a> <a href="#">Policy Considerations</a> <a href="#">Policy Drafts</a> </div>

	<p>Introduction to Community Design (January 11, 2023 briefing)</p> <ul style="list-style-type: none"> <li>• <a href="#">Memo</a></li> <li>• <a href="#">Presentation</a></li> </ul> <p>Visioning/Community Comments</p> <ul style="list-style-type: none"> <li>• Design Elements (April 2021) <a href="#">Summary</a></li> <li>• Equity in Our Built Environment <a href="#">Summary</a> (Fall 2021)</li> </ul>	<p>Community Character/ Design Policy Considerations (August 10, 2022 Study Session)</p> <ul style="list-style-type: none"> <li>• <a href="#">Memo</a></li> <li>• <a href="#">Presentation</a></li> <li>• <a href="#">Existing Conditions Report</a></li> </ul> <p>Land Use Policy Considerations (October 12, 2022 Study Session)</p> <ul style="list-style-type: none"> <li>• <a href="#">Memo</a></li> <li>• <a href="#">Presentation</a></li> <li>• <a href="#">Existing Conditions Report</a></li> </ul> <p>Centers Policy Considerations (April 13, 2022 Study Session)</p> <ul style="list-style-type: none"> <li>• <a href="#">Memo</a></li> </ul>	<p>First Draft Policies (September 17, 2023 Study Session)</p> <ul style="list-style-type: none"> <li>• <a href="#">Memo</a></li> <li>• <a href="#">Community Design Policies - First Draft</a> (v 1.0)</li> <li>• <a href="#">Presentation</a></li> </ul> <p>Second Draft of Community Development and Design Element (January 24, 2024)</p> <ul style="list-style-type: none"> <li>• <a href="#">Memo</a></li> <li>• <a href="#">Draft 2</a></li> <li>• <a href="#">Presentation</a></li> </ul>
8. Overlake relationship of buildings to street (Stuart)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u></p> <p>The existing code has multiple ways to address streets, streetscapes, build-to lines, and setback lines. In some cases, there are several sections of code that need to be referenced to determine if there is a different standard that applies to a specific property (for OBAT there are three sections of code that need to be reviewed to determine setbacks).</p> <p>To simplify the code and take advantage of the consolidations underway, as well as improve transparency to the community, a new street-based system forms the basis for many dimensional requirements. This proposal:</p> <ul style="list-style-type: none"> <li>• Updates and adopts the Overlake Village South Infrastructure Plan</li> <li>• Consolidates information into one map and table for ease of use and clarity; and</li> <li>• Refocuses areas around the light rail stations to be pedestrian and bicycle-oriented design.</li> </ul> <p>The format of the code has been revised to be based on a map and a table:</p>		

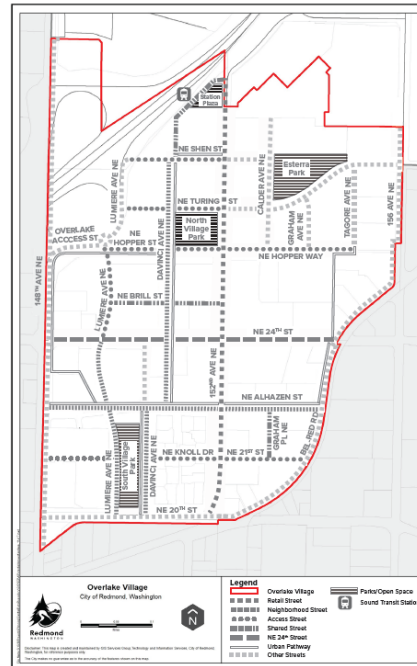


Table 21.12.510.B – Overlake Village Building and Street Relationships

		Street Type					
		Retail (A)	Neighborhood (B)	Access (C)	Shared (D)	NE 24 <sup>th</sup> St. (E)	Other (F)
Building Placement	Minimum setback (side, rear)	0 feet	0 feet	0 feet	0 feet	0 feet	0 feet
	Front and side facade zone	0-10 feet	0-10 feet	0-15 feet	0-10 feet	0-15 feet	0-15 feet
	Minimum building edge in facade zone	80%	50%	50%	80%	50%	50%
Building orientation		Building fronts shall be oriented, in priority order, to: Retail Street, Neighborhood Street, NE 24 <sup>th</sup> St., Other Street, Access Street, or Shared Street.					
Building Design	Ground floor finish level above sidewalk grade	Maximum 6 inches	Residential use: 2 to 5 feet  Non-residential use: maximum 6 inches	Residential use: 2 to 5 feet  Non-residential use: maximum 6 inches	Non-residential use: maximum 6 inches	Residential use: 2 to 5 feet  Non-residential use: maximum 6 inches	Residential use: 2 to 5 feet  Non-residential use: maximum 6 inches
	Maximum distance between ground floor non-residential entries	50 feet	50 feet	no standard	50 feet	no standard	no standard
	Minimum ground floor non-residential depth	20 feet	no standard				
	Residential privacy standards		RZC 21.62.020.F.1 applies				
	Ground floor pedestrian-oriented uses	Required	no standard				
Building Use	Ground floor residential uses	Prohibited	no standard	no standard	Prohibited	no standard	no standard
Public Realm	Width from zero-setback building edge to back of curb	26 feet, see RZC Appendix 7	15-25 feet, see RZC Appendix 7	14 feet, see RZC Appendix 7	20 feet, see RZC Appendix 7	21.5 feet, see RZC Appendix 7	12-18 feet, see RZC Appendix 7

Additional updates were made to streets, public realm, and streetscape standards as well as parking requirements. In future efforts, standards will be updated to include inclusive/universal design features.

9. Overlake incentive program (Stuart), including points chart (Forsythe)

#### Council Discussion

Would like to spend time reviewing the incentive package and understanding the points system.

#### Staff Response

The Overlake Incentive Program proposal is a new system, based on a menu of options that the applicant can choose from: more points = more incentives. The program is described below, but the Council might find the draft calculator helpful to see how it will be used (calculator will be provided to Council).

For the past two years staff have been working with stakeholders, boards and commissions, and City leadership to develop the types of incentives and priorities for Overlake. Early this year, a consultant was hired to conduct an analysis based on costs, market feasibility, and other factors. Staff utilized information provided



	<p>by the consultant and additional information from industry professionals after review of those findings, to finalize a draft proposal.</p> <ul style="list-style-type: none"> <li>• There are five main categories, and applicants must choose at least one item from each category.</li> <li>• Based on community input, the family/child-friendly bonus is within the catalyst category.</li> <li>• There is a custom category to allow for new ideas.</li> </ul> <p>City priorities points were assigned based on outcomes from community engagement over the past two years. The draft code will indicate the intent to review options and points from time to time to remain current.</p> <p><b>Stakeholder feedback:</b> Staff conducted workshops and interviews to review the draft consultant memo and assumptions and received several comments that were helpful to refine the proposal. Developer comments included both a comment that we were underestimating costs from one to several mentioning that the costs were generally in line with what they were seeing in the field at first glance.</p> <p>Staff conducted one-on-one engagement with high-rise and mass timber developers and universal design professionals. The state also provided several comments that helped finalized the proposal for housing for individuals with intellectual or developmental disabilities (IDD housing):</p> <ul style="list-style-type: none"> <li>○ IDD housing should be 6% to a max of 20% of total dwelling units. The state has integrated housing rules they follow for IDD housing that maximizes at 20%.</li> <li>○ IDD housing must be registered through and approved by the state - tenancy is managed through their program.</li> <li>○ IDD units can be either universally designed or ADA accessible units, but must have: <ul style="list-style-type: none"> <li>▪ at least one accessible/roll in shower in the unit</li> <li>▪ wide door way,</li> <li>▪ reinforcement in the wall,/floor/window, add more grabbing bar, etc.</li> </ul> </li> </ul> <p><b>Changes from early proposals:</b></p> <ul style="list-style-type: none"> <li>• Confirmed compatibility with affordable housing consultant work and assumptions.</li> <li>• Added and removed a few ideas, added clarity and additional details for others.</li> <li>• Open space and amenities category reorganized to match format of other categories to simplify points calculations.</li> <li>• Pulled-in cost information where available (consultant hired to evaluate costs) <ul style="list-style-type: none"> <li>• used assumptions and similarities where not available, or</li> <li>• left blank and used only City priorities.</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>• Added City priority points.</li> <li>• Easier and less expensive to get to full FAR bonus; time-limited bonus to facilitate market transition. <ul style="list-style-type: none"> <li>• Selected less costly options in each category to determine points, resulting in total cost for 100 points being reduced by half.</li> </ul> </li> <li>• Moved some items to “catalyst” category and clarified that this category can be used independently or with main categories for additional flexibility for user who only need a few points to make a project pencil.</li> <li>• Added option for Council approval of other/new ideas.</li> <li>• Max defined as over 200 points, with no FAR maximum and the max building height to 300 feet.</li> <li>• Added child-friendly bonus.</li> </ul> <p>Three major things to note:</p> <ul style="list-style-type: none"> <li>• The code is written with an <u>initial</u> incentive where 200 points earns 4.0 FAR. This is a <b>time-limited</b> provision to catalyze mass timber and high-rise development. The intent is that, over time, the package would be adjusted to 100 points = 1.0 FAR bonus. This incentivizes early adopters.</li> <li>• Two major thresholds for the TOD Focus Areas: <ul style="list-style-type: none"> <li>○ At 100 points, can combine with transfer of development rights (TDR) program.</li> <li>○ Over 200 points, removes FAR and lifts height to 300 feet.</li> </ul> </li> <li>• An option for a customize package for new ideas was added with some process requirements and limitations. <ul style="list-style-type: none"> <li>○ Major Project / Pilot Project with significant public benefit</li> <li>○ Approved through Council via a development agreement.</li> <li>○ Points must match or exceed public benefit of incentive program and not exceed FAR calculations per point. (No customized points system or FAR variables.)</li> <li>○ City may hire a consultant to evaluate the proposal at cost of the developer</li> </ul> </li> </ul>
10. Intercultural district – future process, vision (Salahuddin, Kritzer)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u></p>

Through community engagement done for Redmond 2050, Redmond community members have expressed a need for better representation of diverse communities in Redmond; preservation of Black, Indigenous, and People of Color (BIPOC) businesses; additional opportunities for new BIPOC business starts, with specific interest in small food-based businesses for immigrants; a place for art and cultural venues and representation; and concern about business displacement in Overlake Village.

Redmond community members have expressed a desire for places in the city to better support different cultures and communities.

- At Redmond Youth Partnership Advisory Committee (RYPAC) meetings, participants expressed that often communities of color feel invisible in Redmond, and that they would like to see them better represented, including better access to culturally relevant stores.
- At the Holi festival and Asian and Pacific Islander festival in 2022, attendees ranked “Cultural Spaces and Events” in the top five of priorities for the City, and at the Cinco de Mayo festival it ranked first.
- BIPOC & Small Business focus groups and interviewees stated that one of the unique characteristics of the Overlake neighborhood is the variety of cuisines from all over the globe. Across the region, in neighborhoods like Bellevue’s Crossroads and Seattle’s Rainier Valley, local governments have partnered with neighborhoods to develop and sustain international character and make these places destinations for visitors from outside the area. Redmond community members mentioned amenities like the Uwajimaya food court and the Global Food Hall in Tukwila.
- Community members also expressed that for Redmond’s different cultural and language communities, people with disabilities, and young people, it is important to sustain a culture that is welcoming and supportive of all people. Redmond residents want to be able to walk in their neighborhoods or visit communal spaces and feel safe, welcome, and supported. Some feel this may be a challenge as Redmond grows.

#### Intercultural District Intent and Policies



	<p>The Intercultural District seeks to honor and celebrate the rich cultural diversity in the area as a key component of the placemaking strategies for the Overlake Village area. Staff researched what other communities are doing with similar areas/goals. The most common approaches include:</p> <ul style="list-style-type: none"> <li>• <b>Neighborhood Plan</b> to revitalize neighborhood and protect mixed-use development (<i>Philadelphia, Dallas</i>)</li> <li>• <b>Coded design and use restrictions</b> into Zoning Code to protect Chinatown/ International District (<i>Seattle, Portland, Honolulu, San Francisco</i>)</li> <li>• <b>Cultural districts to promote economic development</b> and/or support small and start-up businesses (<i>Austin; Washington DC, Honolulu</i>)</li> </ul> <table border="1"> <thead> <tr> <th data-bbox="548 602 1209 667">Redmond Concept/Intent</th><th data-bbox="1209 602 1877 667">High Level Goals</th></tr> </thead> <tbody> <tr> <td data-bbox="548 667 1209 1011"> <ul style="list-style-type: none"> <li>• Overlake Intercultural District</li> <li>• Based on people and businesses, not focusing on architecture / form of the building (historical forms would be ok, but contemporary cultural references are a better fit)</li> <li>• Supporting/celebrating all our cultural diversity, intentionally not choosing one</li> <li>• Based on community input/needs, including extensive community conversations and participation</li> </ul> </td><td data-bbox="1209 667 1877 1011"> <ul style="list-style-type: none"> <li>• Protect BIPOC owned businesses and create places for start-ups</li> <li>• Create visual cues to demonstrate cultural capacity of area</li> <li>• Create relevant cultural gathering spaces and ways to activate those spaces (look at partnerships for ongoing management of District)</li> </ul> </td></tr> </tbody> </table> <p>The following policies that are related to the establishment of an International District:</p> <p><b>Common Centers Policies - Character and Design</b></p> <p>Thousands live or work in the centers so it is especially important that they be great places to spend time. Urban character and design attributes are critical to creating great places and universal design considerations are critical to designing an inclusive community.</p>	Redmond Concept/Intent	High Level Goals	<ul style="list-style-type: none"> <li>• Overlake Intercultural District</li> <li>• Based on people and businesses, not focusing on architecture / form of the building (historical forms would be ok, but contemporary cultural references are a better fit)</li> <li>• Supporting/celebrating all our cultural diversity, intentionally not choosing one</li> <li>• Based on community input/needs, including extensive community conversations and participation</li> </ul>	<ul style="list-style-type: none"> <li>• Protect BIPOC owned businesses and create places for start-ups</li> <li>• Create visual cues to demonstrate cultural capacity of area</li> <li>• Create relevant cultural gathering spaces and ways to activate those spaces (look at partnerships for ongoing management of District)</li> </ul>
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CTR-6 Maintain and periodically update Develop design standards that ensure a distinct character for each center and accommodate a variety of urban building types and forms (block/site/neighborhood).

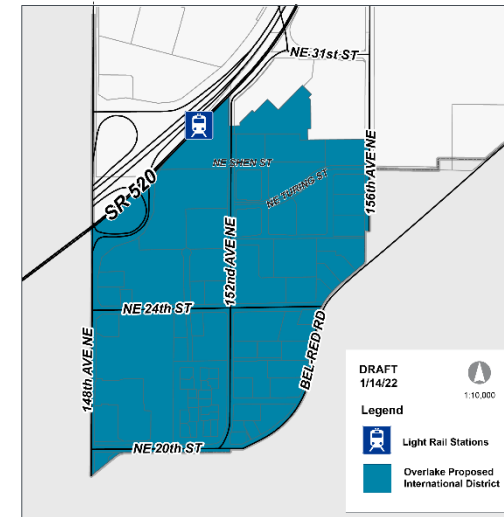
- Overlake shall emphasize contemporary design form and features while also drawing on the rich multi-cultural composition of our community.
- Downtown shall emphasize Pacific-Northwest design features with a focus on materials and native landscaping that reflect that aesthetic.
- Marymoor is eclectic and emphasizes natural materials, inclusive design, and the importance of the area to local tribes.

#### Overlake Policies - Character and Design

Overlake Village has its own unique character within the Overlake Neighborhood. This character reflects not only nearby high-tech businesses, but also the many international businesses that have located here. The policy below is designed to ensure that new developments in Overlake Village reflect the vision of the area as an urban, mixed-use neighborhood that provides a comfortable pedestrian and residential environment and yet is unique to the area.

OV-11 Establish a unique image related to the concentration of diverse ethnic businesses throughout the Overlake International District area (see map).

- Developments honor and acknowledge the rich multicultural community in Overlake and display this identity through site design, buildings design, and streetscape improvements.
- Locally relevant cultural references are integrated through thoughtful consideration in the selection of building materials and details, artwork, signage, and open space and recreation design.



MAP OV-2. Overlake International District

*This neighborhood is also home to a number of international businesses, such as the well-loved Mayuri bakery. Many of these businesses are at risk of displacement with redevelopment.*

Redmond is the home to many cultures and nationalities; this district would be inclusive of all of them, reflecting the inclusivity Redmond strives to foster. Debby Lacy from Eastside For All suggested the Term intercultural during our community engagement on this topic. Options explored included:

#### IMPLEMENTATION OPTIONS



There are several ways that this plan could be carried out to create a useful and culturally relevant intercultural district. Some of the essential neighborhood characteristics, such as ensuring adequate affordable housing, are already included in other updates to the Redmond zoning code.

The proposed code revisions include incentives for contributing features:

- Public art (mural, installation, etc.) that is representative of the diversity of Redmond
- Architectural details or elements in prominent location (entryway, etc.)
- Cultural facility (art studio, etc.)
- Multi-lingual signage

Staff is working with the Arts and Culture Commission, Economic Development staff, and OneRedmond to explore additional ways to further this district in the future. A new section is proposed to be added to the Redmond Zoning Code as part of the Overlake code package to establish the ability to create cultural districts and create the Overlake Intercultural District (RZC 21.04). The Arts and Culture Commission will serve as an



	<p>advisory body for revisions to the items that qualify as a contributing feature for incentive purposes and future implementation measures.</p> <p><b>Partnerships.</b> The City will not be able to create and maintain a successful Intercultural District alone and will need to work with stakeholders throughout the process of creating and maintaining this neighborhood to ensure its success. Some important partnerships will include:</p> <ul style="list-style-type: none"> <li>• Reaching out to cultural advocacy groups across the Eastside, including the Seattle Chinatown-International District Business Improvement Area non-profit group</li> <li>• Partnering with Arts and Culture Commission for feedback and ideas on how to bring cultural elements into the space.</li> <li>• Continued work with focus groups, such as the BIPOC business owners group, that have been formed during the Redmond 2050 project, and targeted outreach to Redmond's diverse population</li> </ul>
11. Demonstrations of Bellevue's plans for Overlake (Stuart)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u> Bellevue just released their Final EIS for their comprehensive plan update. Planning staff will review and if possible meet with Bellevue staff to be able to better understand the most current information on their plans for the Overlake area and share that information with Council.</p>
12. Metro center boundary expansion impacts (Kritzer)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u> The primary goal of the expansion was to capture the TOD walkshed and the bulk of the office development within the center. The primary benefit of the Center designation is the eligibility for regional, state, and federal funding, especially transportation related grants.</p> <p>To develop the new boundary proposal, a series of criteria was developed to guide decisions. That initial organizing criteria included:</p> <ul style="list-style-type: none"> <li>• <b>Must meet <a href="#">PSRC Metro Center criteria</a> or be able to explain clearly why deviating.</b> The proposed boundary is larger than the PSRC guidelines, so we will need provide justification for our request in the certification process.</li> <li>• TOD boundary included (10-min. walkshed, from regional Growing Transit Communities project), but excludes lower-density residential areas.</li> <li>• Include adjacent parcels with the same owner</li> <li>• Follow transportation analysis zone (TAZ) boundaries so we can use TAZ data for validation/reporting.</li> <li>• Follow street centerlines or other physical feature apparent to pedestrians, with limited exceptions.</li> </ul>

	<ul style="list-style-type: none"> <li>Avoid bizarre lines/shapes that would create odd extensions or gaps.</li> </ul>
<b>Green Building</b>	
13. Green Building program generally (Stuart)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u> The City is updating its <a href="#">Green Building Incentive Program</a> (RZC 21.67) to align with the ESAP and modernize the program. Key elements of the proposed Green Building Incentive Program include:</p> <ul style="list-style-type: none"> <li>100% voluntary (consistent with the current program).</li> <li>Reorients towards outcomes rather than specific certification programs</li> <li>Applicable to multifamily and commercial projects.</li> <li>Requires all electric buildings.</li> <li>Aligns with the Washington <a href="#">Clean Building Performance Standard</a>, which creates energy performance requirements for existing buildings 20,000 SF and above. Alignment with the CBPS promotes higher long term compliance with the state law and leverages a widely used standard defined and managed by the state.</li> <li>Creates flexibility for developers to select the additional techniques most relevant to their project (solar, EV charging stations, energy storage, water conservation, tree preservation, etc.).</li> <li>Provides land use incentives identified by the underlying zoning district.</li> </ul>
<b>Code Rewrite</b>	
14. Solid waste: how will the City's vision of increased waste diversion rates be managed? (Stuart)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u> New code requiring developers to plan for, design, and build adequate space for collection of solid waste, recycling and organics within each building will ensure space is large enough to allow for effective diversion. In addition, the City will continue to conduct proactive outreach to multifamily property managers and residents to affect permanent behavior change for residents living within multifamily properties in Redmond.</p>
15. Live-work: (Kritzer)	<p><u>Council Discussion</u></p> <p><u>Staff Response</u> Live-work units, offering a combination of living and working floor area within one dwelling unit, are one of several types of housing that support the city's variety of housing types. In addition, live-work units allow for small forms of brick-and-mortar commercial in places where people can easily access goods and services near their home and place of employment.</p>

	<p>The live-work unit is owned or rented by one party in comparison to leased commercial spaces within mixed-use buildings. This type of housing is supported, encouraged, or required along street frontages where an active pedestrian environment is envisioned by city policy.</p> <ul style="list-style-type: none"> <li>○ The first live-work units in Redmond were developed in the Sammamish Trail zoning district. These are located along 160<sup>th</sup> Avenue NE and NE 83<sup>rd</sup> Street.</li> <li>○ Design standards for downtown zoning districts such as Sammamish Trail, Anderson Park, and Town Square (<a href="#">RZC 21.62.020.H Downtown Design Standards</a>) encourage retail uses at the ground floor to support pedestrian activity.</li> <li>○ More recently, the establishment of Marymoor Village also identified requirements for pedestrian-oriented uses along several streets anticipated to provide neighborhood connections to the Marymoor Light Rail station (<a href="#">RZC 21.13.140 MDD Building Placement and Form</a>). Some of these units also allow future conversions from residential uses to nonresidential uses, offering flexibility to the occupant for the initial use of the dwelling unit.</li> </ul> <p>The current series of recommended amendments to provide clarity and to include standards for live-work units to be included in new development, where applicable in centers for street and pedestrian activation.</p> <ul style="list-style-type: none"> <li>• The standards are consistent with the Building Code regarding separation of uses for safety.</li> <li>• Live-work units are counted for inclusion of affordable housing and supported by the Multifamily Housing Property Tax Exemption.</li> <li>• Design standards ensure the use of elements to create visual interest at entryways to the work portion of individual live-work units, thereby distinguishing these from ground-floor residential units.</li> </ul>
<b>Other</b>	
<p>16. Existing development agreements – what happens when code is updated? (Fields)</p>	<p><u>Council Discussion</u></p> <p><u>Staff Response</u></p> <p>Development agreements, authorized in <a href="#">RCW 36.70B.170</a>, are contracts between the City and a property owner. The terms of each development agreement (DA) dictate what happens when zoning provisions are updated during the term of the DA. Common provisions include:</p> <ul style="list-style-type: none"> <li>• <u>Vesting</u>: many DA's vest development on the subject property to development regulations in place at the time the agreement is executed. Thus, when zoning provisions are updated, the updates do not apply to the property covered by the DA. There are exceptions to this, for example, DA's do not vest development to non-land use regulations (such as building codes, impact fees, etc.).</li> <li>• <u>Asking City to apply newer standards</u>: some DA's allow the owner of the subject property to ask the City to apply land use regulations adopted since the execution of the DA. In this case, a new regulation would apply if an owner requested it and the City agreed.</li> </ul>

	<ul style="list-style-type: none"> <li>• <u>Expiration</u>. DA's contain expiration dates. If a land use regulation is applied after a DA expires, the new regulation applies as it would to any other property.</li> <li>• <u>Affordable Housing Units</u>. Affordable units are bound by covenants which run with the land. As such, existing affordable housing units do <u>not</u> change when new regulations are adopted.</li> </ul> <p>Two related questions are:</p> <ol style="list-style-type: none"> <li>1. <i>What happens to developed property when new land use regulations are adopted?</i>          New land use regulations are applied when a property owner seeks to redevelop land. Until that time, the structure, site, or use may be considered legally non-conforming if there is a conflict between the site/use/structure and the newly-adopted land use regulation.</li> <li>2. <i>What happens to projects in the pipeline when new land use regulations are adopted?</i>          Redmond adopts Washington state statutory vesting rules. A project is vested to land use regulations when the applicant files either 1) a complete subdivision application, or 2) a complete building permit application. Depending on a project's complexity, these milestones may be many months into the design process. In recognition of that, the proposed RZC amendments for mandatory inclusionary zoning include step-down provisions so that they become effective gradually. The proposed RZC amendments for Overlake contain provisions to 1) allow projects in the pipeline to continue using existing regulations until they are complete, provided they continue to make diligent progress, and 2) allow property owners to make interim improvements to their site as long as those interim improvements are headed in the direction of meeting new code requirements.</li> </ol>
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# REDMOND »»» 2050

From suburb to city

**Planning Commission  
Recommendation:**

**Housing Element and Regulations**

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City Council Study Session  
February 13, 2024



# Agenda

## **Tonight:**

- Discuss housing topics identified by Councilmembers

## **Feb. 27:**

- Overlake
- Green Building and RZCRW
- (Time Permitting) Continuation of Housing

## **Objective**

Obtain Council direction on housing-related discussion topics



# Major Topics

- Rationale for fee-in-lieu changes
- Process and substance related to financial models
- Rationale for IZ changes to 50% AMI

# Fee-In-Lieu

# Fee-in-lieu is a type of alternate compliance

- RZC 21.20 (Affordable Housing) requires affordable housing
  - On site preferred
  - City offers alternative compliance methods
- RZC 21.20.050 Alternative Compliance Methods
  - Affordable housing units, off-site
  - Cash payments (**fee-in-lieu**)
  - Other options

# Fee-in-lieu has a limited role

- Planning Commission supported priority of on-site affordable units
- Concern:
  - Geographic equity
  - Time value of money
  - Lag in construction of affordable housing



# Recommended Amendments

- Strengthens City's preference of on-site affordable.
- Fee-in-lieu (FIL) only if imminent and viable affordable housing project exists.
- FIL must get **better** affordable outcomes than base requirements.
- Defines factors to consider when evaluating the **better** outcomes.
- **Goal: FIL used only in special circumstances**

# Financial Modeling



# Collaborative and Multiyear Modeling

- Efforts began in 2022
- ARCH and City
- 3 Consultants
  - ECONW (consulting for Redmond)
  - CAI (consulting for Redmond)
  - BAE (consulting for ARCH)
- Other stakeholders:
  - For-profit developers
  - Non-profit developers
  - Comparative jurisdictions



# What is the substance of the models?

- Financial models test different IZ scenarios to provide reasonable estimates of the financial impacts.
- What to do with those estimates is purview of policy makers.

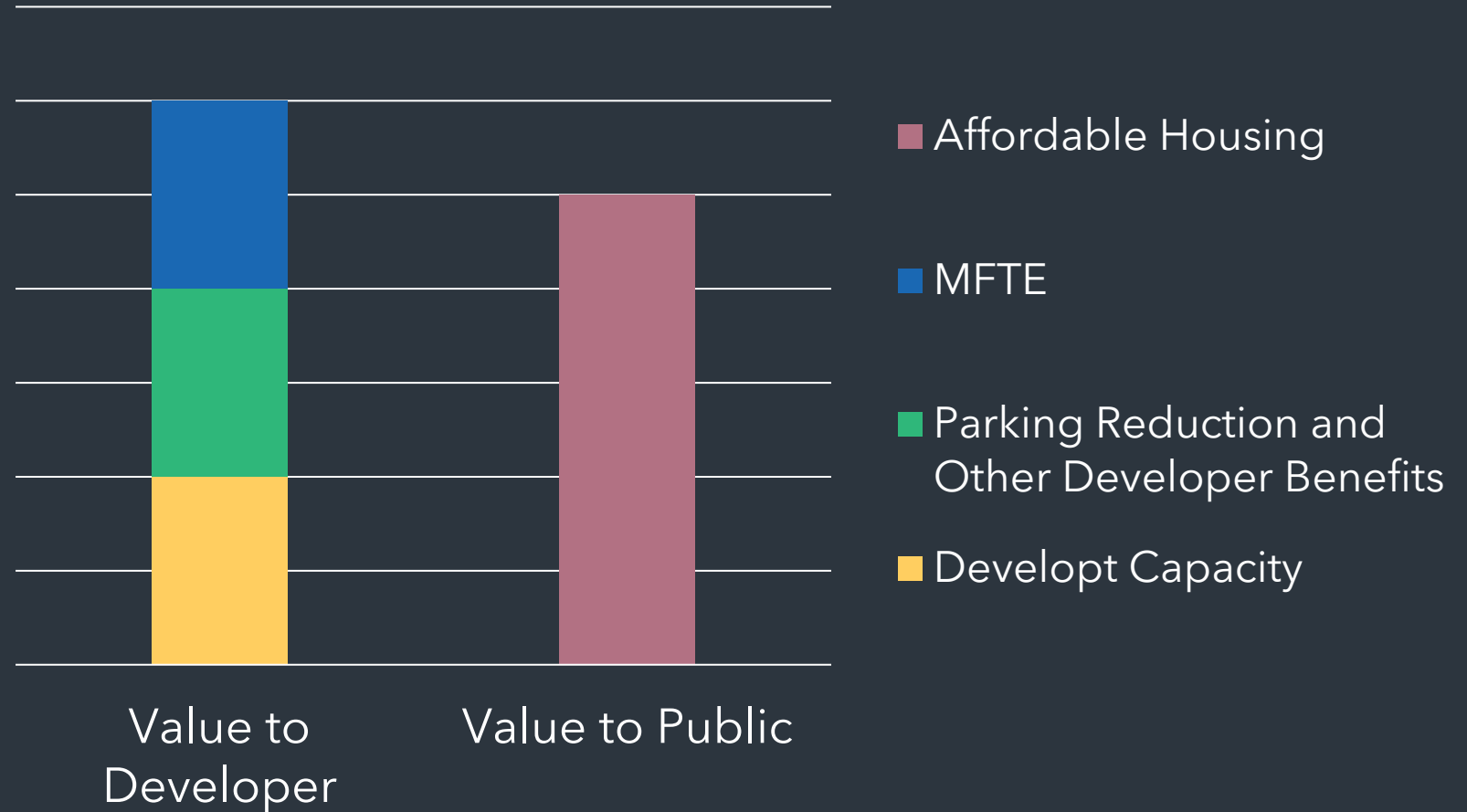
Some Inputs	Some Outputs
<ul style="list-style-type: none"><li>• Land value</li><li>• Type of structure</li><li>• Geographic</li><li>• Financing costs</li><li>• Parking costs</li><li>• Rents</li></ul>	<ul style="list-style-type: none"><li>• Internal rate of return</li><li>• Yield on cost</li><li>• Benefit ratio</li></ul>

# Financial Model Output Metrics

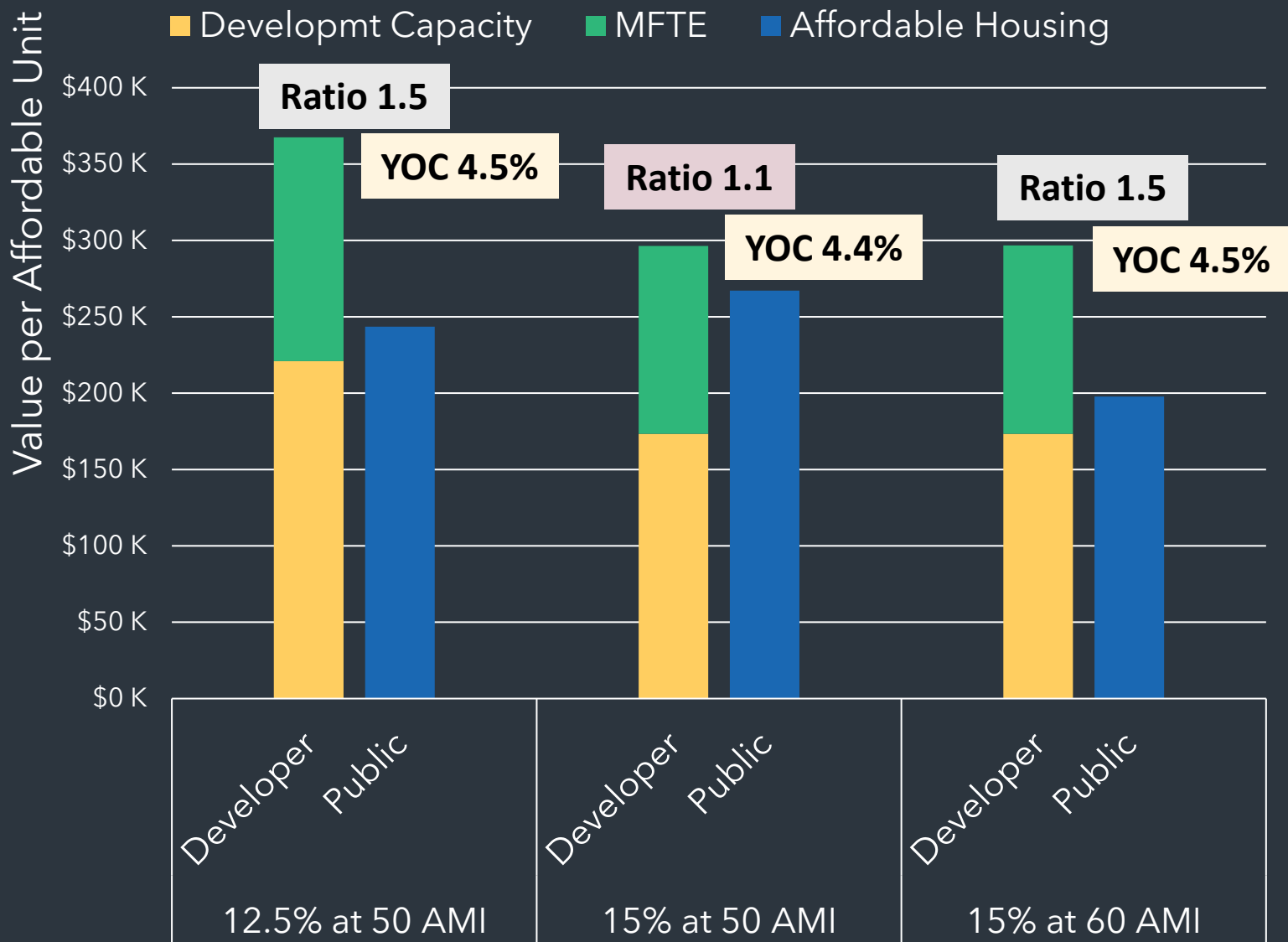
- The **internal rate of return (IRR)** is the annual rate of growth that investment generates over a certain amount of time.
  - Ownership Units: IRR is calculated over a 33-month period.
  - Rental Units: IRR is calculated over a 15-year holding period.
- The **yield on cost (YoC)**: net income generated as a percentage of total investment costs...
  - ... once the project has stabilized.
  - Main metric to analyze rental developments.
- The **benefit ratio** is a per-housing-unit measurement of the economic value added to development divided by economic costs to development.
  - A ratio of over 1 indicates more benefit than cost.
  - Measures benefits and costs compared to status quo.

# Benefits Ratio Analysis

- Isolates and compares, per affordable unit:
  - Value created for owners/developers.
  - Value captured for affordable housing.
- **Objectives: optimize value for the public and net benefit for owners/developers.**



# 2X Residential FAR, 8-Year MFTE, OV Zone



## Assumptions

- Land value \$65,000 per unit.
- Avg market rent: \$2,700; 750 sq ft (\$3.60 per sq ft, 106% AMI).
- 5.0% cap rate on affordable rent gap.
- Tax abatement increases 1% per year.
- 6.25% discount rate on tax abatement.
- No value captured for parking reductions.
- Compared to baseline IZ (10% at 80% AMI), no MFTE
  - YoC 4.1%

# **Rationale for IZ changes to 50% AMI**



# 50% is Achievable

- We **want housing to be built.**
- Modeling shows 50% AMI can work in supportive market
  - 50% AMI OV IZ parameters combined with increase in development capacity results in similar **Yield on Costs** as current conditions.
- Marymoor produces 50% AMI units.

# 73% of Estimated Need is at 50% AMI or Below

		≤30% AMI		AMI	AMI	AMI	AMI	AMI
	Total Units	Non-PSH	PSH	>30 - ≤50%	>50 - ≤80%	>80 - ≤100%	>100 - ≤120%	>120%
Baseline Housing Supply: 2019	31,739	753	58	1,404	2,184	9,270	4,839	13,231
KC CPP Net New Housing Needed: 2019-2044	20,000	<b>7,025</b>	<b>3,694</b>	<b>3,870</b>	2,765	348	394	1,904
KC CPP Total Future Housing Needed: 2044	51,739	7,778	3,752	5,274	4,949	9,618	5,233	15,135
Extrapolated KC CPP Net New Housing Needed: 2019-2050	24,800	8,711	4,581	4,799	3,429	432	489	2,361
Extrapolated KC CPP Total Future Housing Needed: 2050	56,539	9,464	4,639	6,203	5,613	9,702	5,328	15,592

# Changes to Overlake Inclusionary Zoning: Area Median Income (AMI) and % Set Aside

NOW	PROPOSED			
	<i>First Step</i>	<i>Second Step</i>	<i>Third Step</i>	<i>Final Step</i>
Rentals: • <b>10% of units at 80% AMI</b>	Rentals: • <b>12.5% of units at 80% AMI</b>	Rentals: • <b>12.5% of units at 70% AMI</b>	Rentals: • <b>12.5% of units at 60% AMI</b>	Rentals: • <b>12.5% of units at 50% AMI</b>
Ownership: • <b>10% of units at 80% AMI</b>	Ownership: • <b>12.5% of units at 80% AMI</b>	Ownership: • <b>12.5% of units at 80% AMI</b>	Ownership: • <b>12.5% of units at 80% AMI</b>	Ownership: • <b>12.5% of units at 80% AMI</b>

- Step-down rationale: PC did not want to surprise development, offer a graceful transition



# Thank You

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Any Questions?

Ian Lefcourte, Senior Planner, [ilefcourte@redmond.gov](mailto:ilefcourte@redmond.gov)



# Appendix

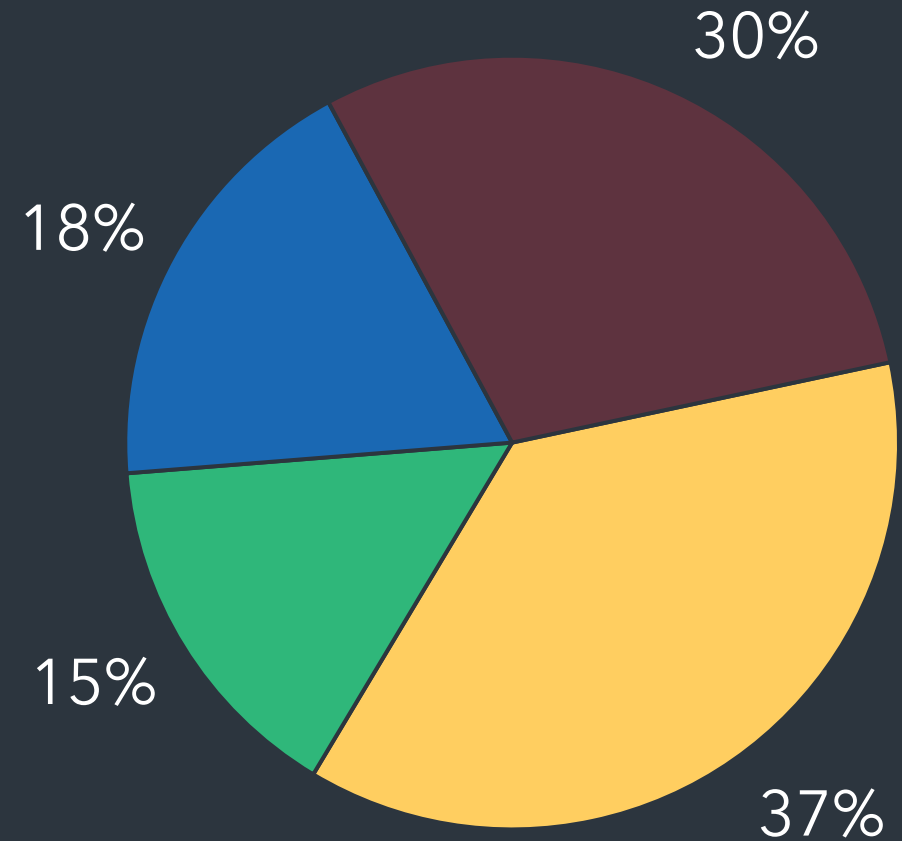
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# Typical Housing Strategies for Different Income Levels

Area Median Income	Types of Affordable Housing Strategies	Examples
<div> <div>120% +</div> <div>110%</div> <div>100%</div> <div>90%</div> <div>80%</div> <div>70%</div> <div>60%</div> <div>50%</div> <div>40%</div> <div>30%</div> <div>20%</div> <div>10%</div> </div>	<div>1. Market Rate and Development Options</div> <div>2. Land Use and Tax Incentives</div> <div>3. Direct Assistance</div>	<ul style="list-style-type: none"> <li>Market Rate Housing</li> <li>Flexible Zoning</li> <li>"Missing Middle"</li> <li>"Size Limited" Homes</li> <li>Innovative Housing</li> <li>Partnerships</li> <li>Inclusionary Zoning</li> <li>Multifamily Tax Exemption</li> <li>Minimum Density</li> <li>Density / Height Bonuses</li> <li>First-Time Buyer Loans</li> <li>Fee Waivers</li> <li>Partnerships</li> <li>ARCH / Housing Trust Fund</li> <li>CDBG</li> <li>LIHTC</li> <li>Surplus Land</li> <li>Non-profits / KCHA</li> <li>Special Projects</li> <li>Fee Waivers</li> <li>Partnerships</li> </ul>

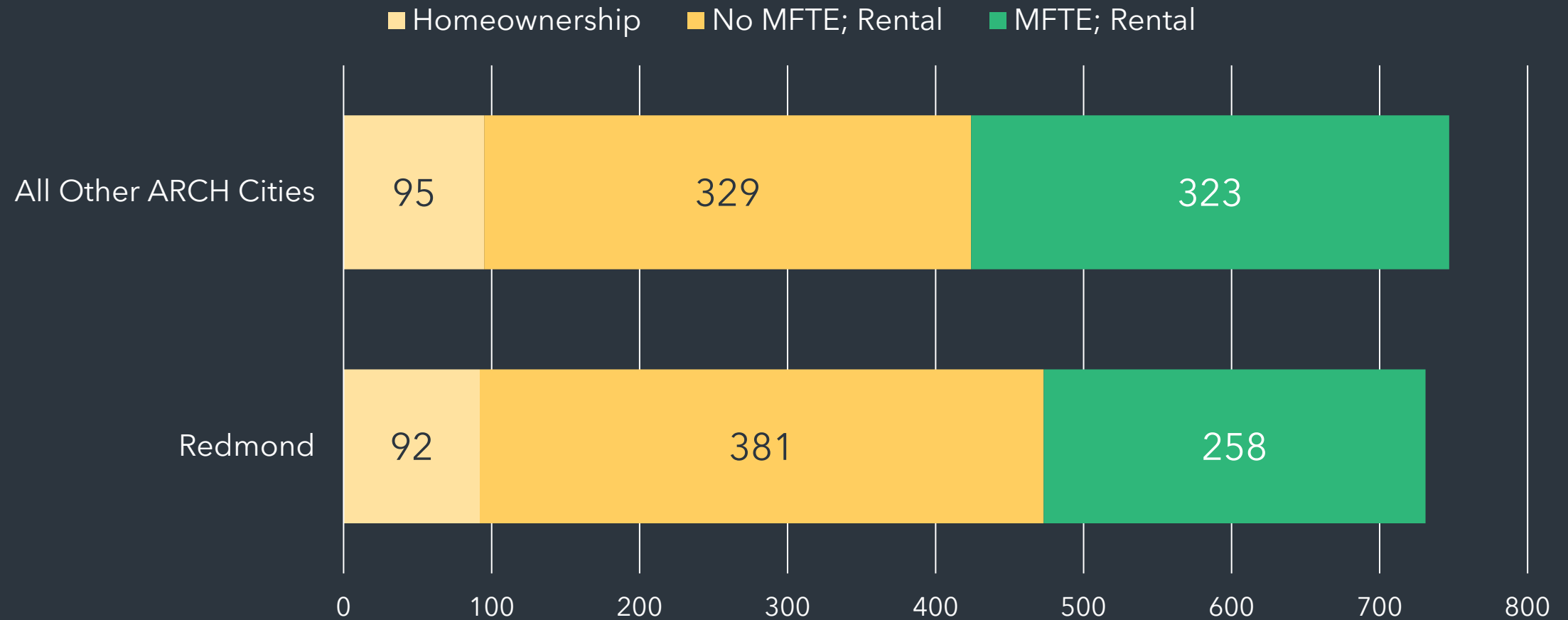
# Redmond Affordable Housing Unit Estimated Share

- IZ/MFTE
- Special Projects
- KCHA
- Section 8 Vouchers



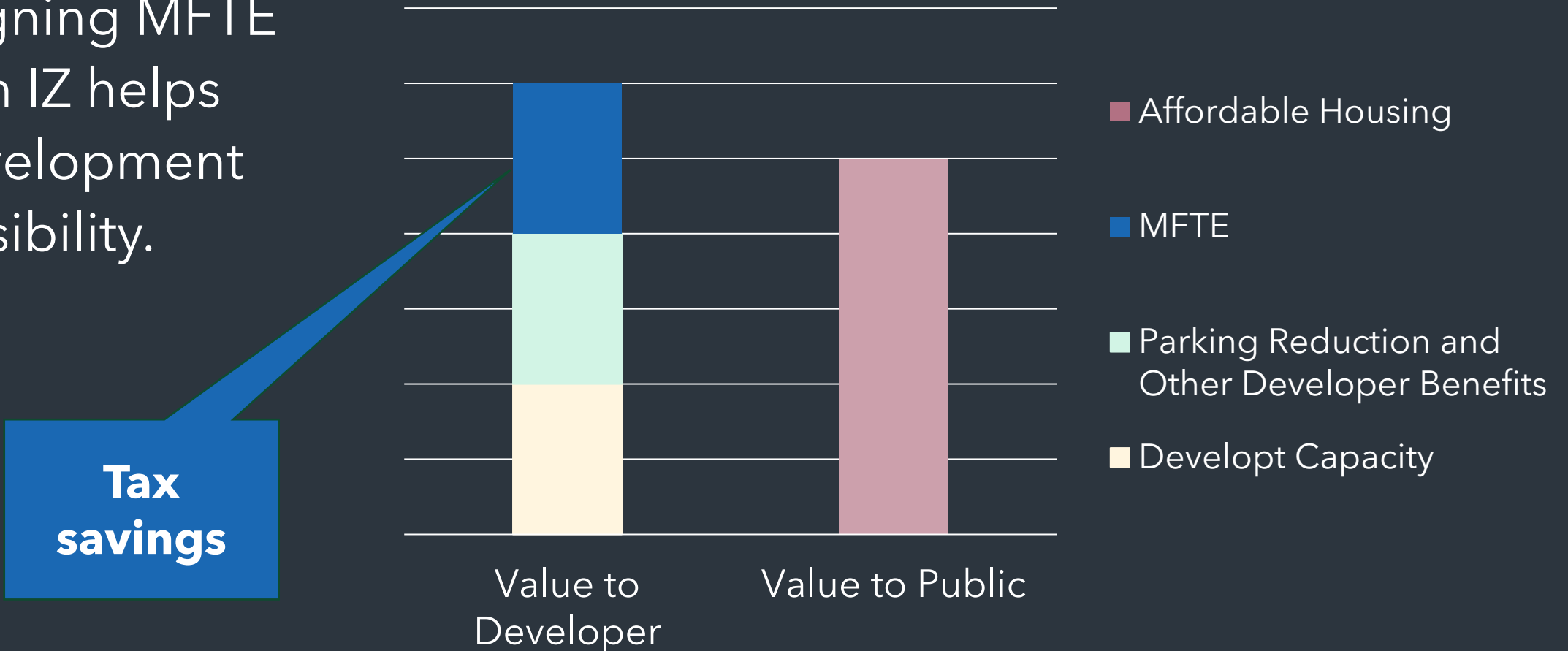


# Affordable Units: 2011 - Present



# MFTE Amendments to Align with IZ

- Aligning MFTE with IZ helps development feasibility.



# Changes that Help Development

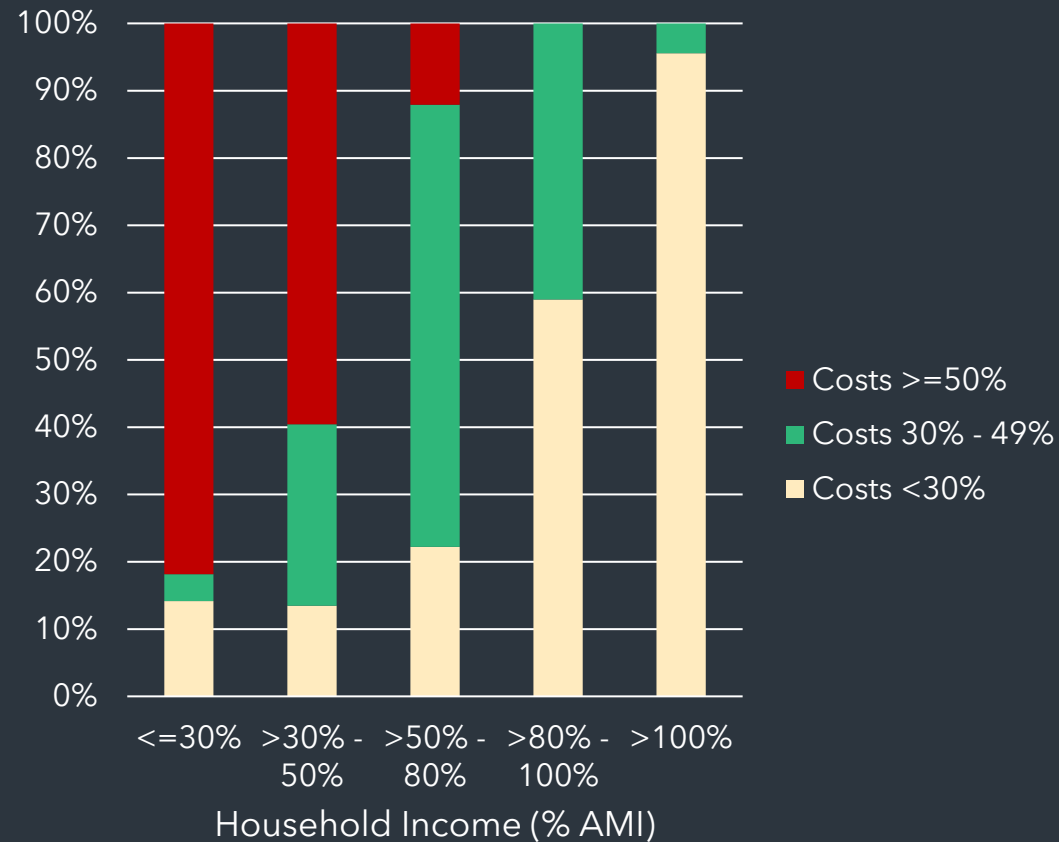
<b>Now:</b>  <b>Baseline Maximum Floor Area Ratio (FAR)</b>	<b>Proposed:</b>  <b>Baseline Maximum FAR</b>	<b>Removed Requirements, Streamlined Processes, and Other Development Benefits</b>
<ul style="list-style-type: none"> <li>• <b>OV: 2.5</b></li> <li>• <b>OBAT: 1.0</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>OV: 5.0</b></li> <li>• <b>OBAT: 3.0</b></li> </ul>	<ul style="list-style-type: none"> <li>• Multiyear transition to new code</li> <li>• “Step-down” provisions for inclusionary zoning</li> <li>• Alternative compliance, including fee-in-lieu</li> <li>• Eliminate off-street parking requirements</li> <li>• Eliminate need for incentive program to achieve 5.0 FAR</li> <li>• Extend SEPA Planned Action</li> <li>• Streamline design review</li> <li>• Align permit timelines to meet SB 5290 requirements</li> <li>• Tracking production and adjusting as needed</li> </ul>

# RZC Amendment Summary - Housing

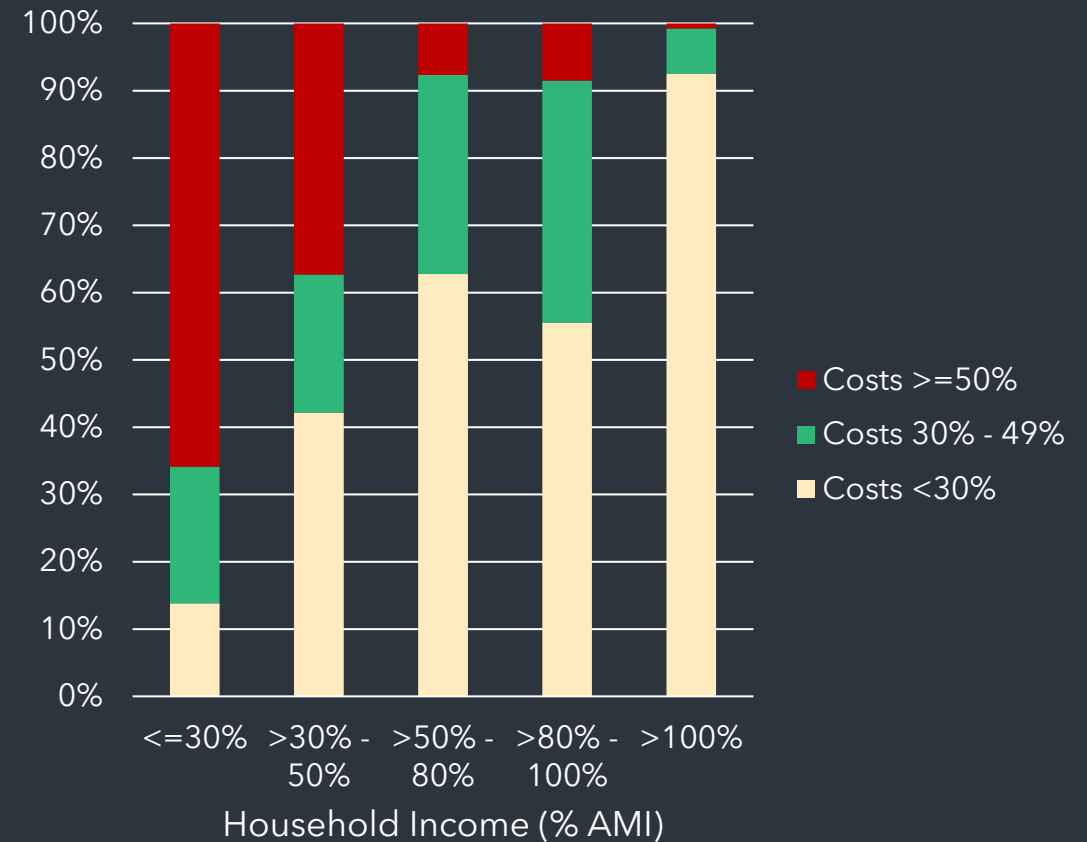
RZC CHAPTER	Amendments
21.04.030 Comprehensive Allowed Uses Chart	<ul style="list-style-type: none"><li>Allows affordable housing on land owned by faith organizations in select areas.</li></ul>
21.20 Affordable Housing	<ul style="list-style-type: none"><li>Allows a density bonus for affordable housing developed on faith lands.</li><li>Updates mandatory inclusionary zoning provisions for Overlake.</li><li>Adds “step down” provision for a gradual transition to new inclusionary zoning.</li><li>Adds parameters for fee-in-lieu.</li><li>Adds clarity on income recertification.</li><li>Adds alternative compliance option as part of entitlement review.</li><li>Adds provision of equity between affordable units and market rate units regarding energy saving fixtures and potential electrification provision.</li><li>Establishes provisions for distribution of parking for affordable units.</li></ul>
21.35 Live/Work Units	<ul style="list-style-type: none"><li>Creates a new chapter that is consistent with the existing Comprehensive Plan. The purpose is to define and establish clear provisions for live/work units.</li></ul>
21.57 Permanent Supportive Housing, Transitional Housing, Emergency Shelters, and Emergency Housing	<ul style="list-style-type: none"><li>Eliminates spacing and density limits for emergency housing and emergency shelters to demonstrate sufficient capacity for such uses.</li></ul>
21.78 Definitions	<ul style="list-style-type: none"><li>Adds affordable housing to accessory uses for faith-based.</li></ul>

# Cost Burden and Income

## Renter-occupied



## Owner-occupied





# City of Redmond

15670 NE 85th Street  
Redmond, WA

## Memorandum

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**Date:** 2/13/2024

**Meeting of:** City Council Study Session

**File No.** SS 24-004

**Type:** Study Session

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Council Talk Time