

## **Analysis of Affordable Housing Provisions for the Marymoor Subarea of the Southeast Redmond Neighborhood**

In 2006, the Washington State Legislature passed HB 2984 which provides for voluntary and mandatory affordable housing programs. Section 3 of RCW 36.70A.540 establishes the provisions for mandatory programs, which is provided below for reference. The analysis below describes how the proposed affordable housing provisions for the Marymoor Subarea comply with the provisions of this legislation.

RCW 36.70A.540 (3):

(3) Affordable housing incentive programs enacted or expanded under this section may be applied within the jurisdiction to address the need for increased residential development, consistent with local growth management and housing policies, as follows:

- (a) The jurisdiction shall identify certain land use designations within a geographic area where increased residential development will assist in achieving local growth management and housing policies;
- (b) The jurisdiction shall provide increased residential development capacity through zoning changes, bonus densities, height and bulk increases, parking reductions, or other regulatory changes or other incentives;
- (c) The jurisdiction shall determine that increased residential development capacity or other incentives can be achieved within the identified area, subject to consideration of other regulatory controls on development; and
- (d) The jurisdiction may establish a minimum amount of affordable housing that must be provided by all residential developments being built under the revised regulations, consistent with the requirements of this section.

### **Marymoor Subarea - Designated for Increased Residential Development**

In October, 2014, the City Council adopted a major update to the Southeast Redmond Neighborhood Plan. The Marymoor Subarea is part of the Southeast Redmond Neighborhood and is bounded by Marymoor Park, SR 520, and the East Lake Sammamish Trail. Consistent with City Council's direction in Resolution 1415, the Technical Committee has completed a recommendation for updates to the Zoning Code, Comprehensive Plan and Functional Plans to support the vision for the Subarea.

Consistent with (3)(a) above, adopted and proposed policies together with the proposed Zoning Code amendments designate the Marymoor Subarea for increased residential development to support Redmond's housing and other growth management policies. The adopted vision for the Marymoor Subarea is to transition over time to be a walkable, denser subarea that features opportunities for living, employment, community gathering, education, shopping and commuting to other Redmond and regional destinations. The recommended change in zoning from Manufacturing Park (MP) to Marymoor Design Districts provides significant capacity for residential development that will be served by light rail and other transit connecting it with nearby employment and retail areas in Southeast Redmond, Downtown and the region.

In addition, the Technical Committee recommended Comprehensive Plan amendments to designate the Marymoor Subarea as a Local Center. Locally-designated centers are activity nodes where employment, services and housing are accommodated in a compact and moderately dense form to make efficient use of urban land and support multimodal access. A local center designation reinforces and is consistent with the long-term vision and plan for the Marymoor Subarea and supports a primary goal of the region's vision, in accommodating planned growth and making efficient use of infrastructure investments.

Redmond's Comprehensive Plan identifies the Marymoor Subarea as a key location for increased residential development, consistent with the growth management goals to focus growth in urban areas and reduce sprawl, encourage the availability of affordable housing, and encourage efficient multi-modal transportation systems. Summaries of key existing and proposed policies include:

- **N-SE-20:** Complement Redmond's urban centers by planning for mid-density residences, regional retail, neighborhood retail, manufacturing and business parks, and industrial uses.
- **N-SE-22:** Ensure housing opportunities in Southeast Redmond that are affordable to all economic segments of the population...Pursue opportunities to increase the number and affordability level of dwellings through combining land use requirements and other programs...

Policies for the Marymoor Subarea:

- **N-SE-37:** Use zoning regulations and public investments to facilitate opportunities for housing, employment, community gathering, education, and small scale shopping in this subarea.
- **N-SE-39:** Focus employment growth in a mixed-use context nearest the light rail station. Focus residential growth near Marymoor Park. Accommodate at least 700 new homes in the subarea or other parts of Redmond to offset reductions in residential capacity in the Northeast Subarea.
- **N-SE-40:** Incorporate housing into the Marymoor Subarea that is walkable to the station. Maintain opportunities for transit oriented development that includes housing capacity in close proximity to the light rail station and for housing capacity in the areas closest to Marymoor Park.

The Marymoor Subarea is planned to accommodate over 1,500 additional housing units by the year 2030. The subarea provides significant opportunities to locate housing close to one of the region's light rail transit locations, with the planned development of the Southeast Redmond station area by 2024. Residential development in South Marymoor will be close to a variety of employment and shopping opportunities, both in Southeast Redmond and nearby Downtown Redmond, as well as major recreational facilities, such as Marymoor Park and the SR 520 Bike Trail.

## **Increased Residential Development Capacity through the Marymoor Subarea Plan**

In 2015, the City of Redmond initiated work on the Marymoor Subarea Plan. This work was directed by City Council through Resolution 1415 concurrently with the adoption of the Southeast Redmond Neighborhood Plan. The resolution includes four sections:

- Section 1 established the South Marymoor Subarea Committee to recommend a land use transition strategy for the South Marymoor Subarea;
- Section 2 called for an infrastructure planning study, transit-oriented development (TOD) strategy, and affordable housing strategy for the Marymoor Subarea;
- Section 3 directed staff to refine draft zoning regulations in light of the work described above; and
- Section 4 set a deadline of January 1, 2018 for Council action on the above work.

Proposed updates to the Zoning Code for the Marymoor Subarea include several changes that serve to increase residential development capacity in this portion of the Southeast Redmond neighborhood. Key proposed updates to the Zoning Code are consistent with (3)(b) of RCW 36.70A.540 and include:

1. Rezone from Manufacturing Park to Design District: Multi-family housing is not a permitted use in the current MP zone, but is proposed to be permitted within Marymoor Design Districts 1, 2 and 5. These zones are shown on the attached map and apply to the majority of the Marymoor Subarea. Further, a minimum of 25% of total floor area for new development for each site is required to be residential in MDD1, and 50% of total floor area for new development is required to be residential within MDD2 and MDD5.
2. Proposed Zoning density: For residential uses the FAR maximum with incentives is proposed as 1.28 in MDD1, 1.91 in MDD2 and 1.65 in MDD5. In terms of height, these proposed increases will allow residential mixed use development of up to six stories in the Southeast Redmond light rail station area, with three to five story height limits elsewhere in the subarea.
3. Zoning Code incentive program: In the MDD1 zone, if multi-family housing exceeds 50% of gross floor area, one additional story of height is proposed to be allowed.

In summary, this proposed area-wide rezone from the existing Manufacturing Park to the Design District, residential/mixed use zones will create residential capacity in the Marymoor subarea in support of significant residential development.

### **Achievement of Increased Residential Capacity**

The consulting firm, Heartland, completed an economic analysis for the City of Redmond in August, 2016 which evaluated development scenarios at two sites in the Marymoor Subarea. These scenarios were based on proposed zoning which would accommodate multifamily residential development.

The analysis found that infrastructure costs and the current lack of neighborhood identity create some challenges for new development particularly for parcels with high value in current uses.

However, of the two development scenarios analyzed, one would likely support redevelopment in the form of five-story residential/mixed use buildings with underground and surface parking given today's market conditions. The other site assumed apartments and townhouse development. Assumed densities would need to be increased above the level used in the scenario to be financially compelling. In the end, the analysis also found that whether redevelopment would occur on a given site is very sensitive to model assumptions; a 10% increase in rents would provide positive development incentive for a scenario that is not likely to move forward in current market conditions. (RCW. 36.70A.540 (3)(c)).

#### **Minimum Amount of Affordable Housing**

Consistent with RCW 36.70A.540 (3)(d), the proposed land use requirements for the Marymoor Subarea would establish that a minimum of 10 percent of the dwellings in rental residential developments of 10 dwellings or more must be affordable to households earning 50 percent or less than the King County Median Household income/Area Median Income (AMI). This affordability level and amount is proposed to correspond to the opportunity for an eight-year exemption from property tax on the residential portion of a new building. For residential ownership projects of 10 dwellings or more, the proposed code would require that 10 percent of the dwellings be affordable to households earning 70% or less of AMI.

In conclusion, the analysis above describes how the proposed affordable housing provisions for the Marymoor Subarea comply with the provisions of RCW 36.70A.540 (3)(a) through (3)(d).