

**CITY OF OLYMPIA
LAND USE AND ENVIRONMENT
COMMITTEE
MINUTES
February 23, 2009**

Members Present: Councilmember Messmer, Councilmember Machlis, Councilmember Strub

Staff Present: Steve Hall, Subir Mukerjee, Keith Stahley, Jennifer Kenney, Steve Friddle

Guests Present: Jason Robertson - Barney and Worth, Mike McCormick

Please note: The agenda has been changed. Economic Indicators for Downtown has been removed from this week's agenda. The Mobility Strategy Update has been moved to number two.

1. Approval of January 26, 2009 Land Use and Environment Committee Minutes.

Minutes of the January 26, 2009 LUEC approved with no changes.

2. Mobility Strategy Update - Oral Report (Councilmember Messmer)

Councilmember Messmer said that all the information and recommendations of the Ad-Hoc Transportation Advisory Committee are available online at

http://www.olympiawa.gov/citygovernment/advisory/transportation_ad_hoc/ATAC+-+Member+Resources.htm

Councilmember Messmer said that Council will get to see the recommendations on March 10. Some of the issues addressed were:

- Connectivity. This is the most important factor in getting people to the bus, reducing car trips, and ability to get around town.
- Incorporating non-motorized vehicles.
- How to measure the serviceability of Intercity Transit.
- Sidewalks. On certain portions of the run, there are still no sidewalks.
- Quality of service. In addition to providing IT with customers by enabling them to get to the transit system, how else can we support transit? How do we prevent them from getting stuck in traffic? Traffic slowdowns makes it less desirable from IT's perspective as well as from customers'. We can give them a chance to jump the traffic light by holding it for a while longer, but more congestion and pollution could happen because people are sitting at traffic lights waiting.
- Density. If you don't have the density around transit, it doesn't feed itself or become a high enough frequency to be attractive to riders.
- Built-out areas. Streetscapes seen on Pacific, Martin, and Harrison and Legion/Cherry are examples of built-out streetscapes. For areas like West Bay, or other hillsides and shorelines, the consultants suggested that we detail out and draw a picture of the streetscape we are looking for - but we may not be able to get everything we want.
- The transit chapter is more substantial because the City has not studied this as much in the past. The consultant has provided a larger amount of background and recommendations for transit.
- Tumwater council member and IT Board member Valenzuela has become a County Commissioner, so she will no longer represent IT on the *ad hoc* committee. Councilmember Messmer, Ms. Simpson and Mr. Riker will be meeting with the IT Board to discuss the mobility strategy. Combined with having Dennis Bloom of IT on our resources group, this meeting with the board will work to fulfill our IT involvement.

3. Downtown Plans Consolidation Update (*Jennifer Kenny, CP&D*)

Mr. Robertson briefly summarized what Barney and Worth were doing for the City. He said that the financial tool kit they will provide enumerates different organizational and financial tools the City can use in public/private partnership in executing redevelopment projects and fostering mixed-use projects. It's a database and a stand-alone document that City staff can use on other types of projects as well.

Mr. Robertson reviewed the Site Selection Criteria looking at the five key emphasis areas: 1. Build on natural strengths: compact, close to existing activity nodes, etc. 2. Urban design standards. 3. Fixing multi-modal parking issues. 4. Addresses the City's role in public/private partnerships. 5. Incorporates sustainable practices in planning and building.

He focused on sites in east downtown because of current investments like the new City Hall and parking garage. He looked for parcels that don't have a lot of improvement on them already.

He described the Pro Forma Analysis where they will be looking at financial feasibility and private/public options. The public end will have to stimulate the mixed use development, and parking is one area where it is very feasible to put public money. The City is working with Rick Williams now on this.

The remaining deliverables are two renderings of what mixed use plan looks like on real-life sites. The Action Plan consists of steps to take to stimulate renaissance in downtown.

He is asking the LUEC which models he should focus on. Is there anything from the best practices document that should be included? Do you have any specific financial tool you want to explore?

In response to a question about whether he thinks that housing will revitalize downtown, Mr. Robertson said that believes that more people living downtown means more people spending money downtown, "more people with eyes on the street."

With regard to environmental clean-up, i.e. factoring contamination of the sites, whether he has some tools to minimize risk, Mr. Robertson said clean-up would be added on to expenses; the numbers can be run in different ways. They use standard figures for acquisition, demolition and clean up for typical projects anywhere in the Puget Sound region. He gave two examples of how the City could proceed:

1. With one client who wanted to do mixed use development, first they did a pro forma and identified sources of public funding. Then they identified a broader range of sites, tested those sites, and knew going into it what they had to deal with. They spent the money up front to do soil testing.
2. A city acquired various properties, planned development action (through DOE), pre-permitted for specific uses in advance, and then issued an RFP to a developer to develop the kind of development they wanted.

Mike McCormick's Comments:

- Olympia needs housing. Consider a model that has an inclusionary mix - some portion that requires subsidy at the lower end. A mandatory inclusionary provision may be a factor in the future - other cities are requiring it. In Olympia it is not required and it may happen that this community will ask for it too.
- Determine if the action plan includes working with the existing lending and developing community that doesn't have experience with mixed use. That could be a significant impediment. Consider how we reach out to the community that is going to make this happen. This is particularly challenging in this economic environment. Make this part of the action plan.

Councilmember Messmer's Comments and Questions:

- The Action Plan is of the most interest to her. What are the specific steps to take and how do we prioritize and focus what investments we have to help make this happen? We have existing project and program funds that we use in the downtown area.
- Do we have something in place now that will either prevent or cause a situation where we don't get what we envision? We will see this near the Market or at the corner of Union and Capital - because it's going up now. Are we getting what we really want, or will it change?
- As far as public/private partnerships, if we don't ask for what we want for the public good, then we are not going to get the next investment across the street, because it won't be attractive to investors. Can we help by investing in the sidewalk/streetscape part?
- If we bring in the elements of mix of housing type or affordability/pricing, does that give us some different opportunities in terms of financing? Whether it does or not, we need to be looking at that. There may be a need to support the development and inclusion of certain sizes. We can have two floors of high amenity, smaller units on the bottom floors without views, instead of parking on the bottom and two floors of high amenities.
- Affordable market-rate is different than a situation where someone leverages by purchasing the building and has subsidized housing in it.
- What is the public outcome we are looking at in terms of fewer cars, being closer to jobs, etc.?
- The housing/parking mix is what we are interested in, but it may be one of the most difficult.
- We don't need to use public funds to leverage offices. The public good wouldn't necessarily be benefited by office space. The focus for us is housing, but how do we leverage it?

Councilmember Strub's Comments and Questions

- Councilmember Strub noted that that the consultant did not take into consideration the tax abatements already in place in the City.
- Housing rather than offices - that is what people are telling us.
- Try a 2C that does parking-housing. Replace the office floors with housing.
- It wasn't obvious that the plans don't include tax abatements.
- The three poorest census tracts in the county are in downtown Olympia. What we are missing is the higher income mix. Focus on workforce and market-rate housing, not subsidized housing. Our downtown is looking for people who have more money to spend. The affordable housing in Olympia is all downtown. If it makes the project works, she is not opposed to affordable housing, but she doesn't want to say it's mandatory to have the affordable housing.

Councilmember Machlis' Comments and Questions:

- We might have different tools or different economics if we have housing units for the different markets. We haven't been shown a "for sale" or lower income option, which may bring in other financing tools. New market tax credits are used to make some of these projects more affordable. We could use \$1-2 million against our future block grant income.
- We will need more detail to know what kind of parking is affordable. In no case was enough parking provided. Why is parking not mandatory for offices, but it is mandatory for condos? Why do we need more than one space per unit? Larida Passage is one parking space/unit, and that is about as high end as you get. We are trying to sell all this based on reduction of car use, so we should try to do that.
- Offices are already getting done. We have a big need for housing in our Comp Plan. We are unbalanced with affordable housing because we don't have much housing *at all* downtown
- Are there any turnkey opportunities - shifting back between private and public? This can be a financing tool in some cases.
- She liked the best practices part and the fact that we can get an analysis of where our code falls short.
- Does the 12 year tax exemption made any difference, with the 20% mix? We should include tax abatement in the pro forma, because we have it, we don't have to apply for it. A 20/80 mix if it's an apartment would be a very useful pro forma for us because we have the abatement, we know

it would narrow the gap, it would give us tools for affordable housing, and it doesn't really disrupt the mix of market/affordable housing downtown.

Mr. Robertson's ending comments:

- Mr. Robertson said he was told to look at market rate housing. However, the City can certainly have mixed renters.
- As far as focusing investments, Mr. Robertson said that his company might suggest the process of decision-making the City has to go through as an organization to be comfortable in order to proceed. They will offer some top picks. There is a mixed use development RFP, where they identify sources of public funds that can be invested in projects.
- He will provide renderings that employ the best practices. If one of the best practices isn't consistent with the existing code, he will note that. When he moves to the rendering stage on mixed use buildings, people will have to find parking. If a parking garage is going to be built, he needs to know in advance in order to incorporate it in his plans.
- With regard to 80/20, some people think the 80/20 is wonderful, others have difficulty with it. Whether it's 80/20 federal housing money or historic grant money, you accept a set of rules that come along with it. Every time you add a new layer, it makes it harder for the developer to get excited.
- He will do a 2C with parking-housing as one of the options. The City can choose to look at the possibility of a multi-use parking structure which could serve double-duty - for City Staff parking and nearby residential parking. He said that the City can have a whole separate model about where to do more affordable.
- Mr. Robertson agreed to do a site plan using the 80/20 mix for both scenarios as well as one with market rate mixed use that has housing/retail/parking.
- He will pick a cost for environmental clean-up, but said to take into consideration that it can only be a range of costs.

It was requested that Mr. Robertson be filled in about the ARTSPACE possibility, and Mr. Friddle agreed to do this.

It was agreed that this topic will be brought back to the LUEC in April or May, before it goes to Council.

Councilmember Messmer said that she needs to get together with Mr. Stahley and send their work plan to Council.

Meeting adjourned 5:25 p.m.