

AGENDA

Finance and Economic Development Committee Meeting

Tuesday, January 28th, 2014

5:30 p.m. – 7:00 p.m.

South Conference Room

- 1. Selection of Committee Chair**
- 2. Approval of the November 19th, 2013, meeting minutes**
- 3. Pacific Highway South Charter and Work Program**
- 4. Mixed Use Projects in Marina District**
- 5. Requirement for On-Site Parking in the Marina District**
- 6. Building Heights in the Marina District**
- 7. Fee Simple Ordinance**
- 8. Changing the Committee Name**

MINUTES – FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE MEETING

November 19, 2013

Police Department Meeting Room

Des Moines, WA

Council Members

Chair Matt Pina
Carmen Scott
Jeanette Burrage

Guest

Andy Langsford
Jamie Langsford
Rod Butler

City Staff

Tony Piasecki – City Manager
Lorri Ericson – Assistant City Manager
Dan Brewer – Planning Building PW Director
Denise Lathrop – Community Development Mgr
Marion Yoshino – Economic Development Mgr
Grant Fredricks – Consultant

1. Call to Order

The meeting was called to order at 5:33 by Chair Matt Pina

2. Approval of the October 29, 2013 Meeting Minutes

Minutes approved as submitted.

5. Commercial Space requirements in Mixed Use within the Marina District

ED Manager, Marion Yoshino outlined the request to decrease the commercial space required in new mixed use development projects. Mr. Langsford discussed his vision for developing his downtown property and how he would like to assure the ground floor could support commercial uses in the future, but that he didn't believe the market would currently support it. He spoke to the fact that it will be more difficult for the first projects that build in the Marina District due to the already empty and available commercial space that exists. Discussion ensued.

Mr. Butler shared a sketch showing the property for which he's the architect on the corner of 7th Ave S. and 227th St. S. It has the same problem as Mr. Langsford's when it comes to the commercial space and his situation is also exasperated by the commercial parking retirements. Discussion ensued.

Council identified several options to deal with the issues identified above. They included changing the Marina District zoning code to:

1. Require currently required 1st floor space to be designed to commercial standards but not require it to be used initially as commercial space as a condition for a Certificate of Occupancy.
2. Reduce the required amount of 1st floor commercial space from the 60% overall and/or 75% of frontage and/or 55 feet of depth.
3. Eliminate all 1st floor commercial space requirements for all new developments for the next 3 or 4 years.
4. Require some 1st floor commercial space but leave it to the discretion of the developer to select the amount which is commercially viable.
5. Provide more administrative discretion on adjusting the amount and configuration of commercial space based on other market and project factors such as vacancies, project parking, etc.
6. Vary the amount of required commercial space depending on streets the building fronts, e.g., require more commercial space on projects fronting on or adjacent to S. 223rd and S. 227th and on Marine View Drive and less (or none) on mid-block projects on 7th.

There was also discussion about the need to extend the parking moratorium for another year since the plans each of the guests discussed included the current parking requirements which revert back after December 31, 2013.

Staff will put together a policy level discussion for the entire council to review.

4. 2014 Work Plan – Update

City Manager Piasecki pointed out that item 6. Business Attraction Program was a new addition to the plan.

Councilmember Burrage suggested moving item #3. Pacific Highway South Corridor (Kent Des Moines Road to South 272nd Street) of the work plan further down in the priority list. She also suggested moving the Comprehensive Plan Update down in priority. City Manager Piasecki advised the Comp Plan update is required. We will move through it as quickly as possible and have already started.

The work plan was left as written with the caveat that the items may be moved or adjusted at a later date.

3. Parking and Business Improvement Area

Councilmember Scott requested staff expand the concept of the Parking and Business District. She specifically mentioned she would like to discuss the possibility of a Main Street Association.

Chair Pina felt any business improvement district should be marketed more toward the business community because the City doesn't have the capacity and it would ultimately be funded and operated by the businesses. He also pointed out that the majority of cities that have a Parking and Business Improvement area are considerably larger than Des Moines. Discussion ensued about the cost to the local businesses.

City Manager Piasecki and Economic Development Manager Yoshino will come back to the council with a bare bones plan for further committee discussion.

5. Future Meeting

Next meeting is December 31, 2013 5:30-7:00 p.m. in the South Conference room.

Adjourned at 7:50 p.m.

Respectfully submitted by:

Lorri Ericson, Assistant City Manager

Pacific Highway South Corridor – Charter and Work Program
Council Finance and Economic Development Committee Meeting
January 28, 2014

Council Directive: Focus planning on the *South 240th Street/Highline Community College Node*.

Guiding Principles:

- ✓ Economic Development Top Priority
- ✓ Respond to opportunities - “Highline Place”
- ✓ Leverage investments to benefit and simplify our process
- ✓ Be Aggressive: Complete in under 12 months

Goals and Outcomes: Transform the South 240th Street/Highline Community College Node (S 240th Street/HCC Node) from lower density, auto-oriented strip development to a mixed use employment/activity center that capitalizes on the opportunities provided by Highline Community College and the multi-million dollar public transportation investments that will be made in this corridor over the next decade in order to foster economic development, increase revenues and job opportunities, and provide more housing choices. Key outcomes include but are not limited to:

1. Land uses that increase revenues, job opportunities, and housing choices.
2. Consistent development standards along the border between Des Moines and Kent.
3. Land uses and regulations that capitalize on Highline Community College, Rapid Ride and Sound Transit’s Link Extension investments.
4. Leverage work being completed by others to inform our process.

Approach: By the fall of 2014, update zoning and development regulations around the South 240th Street/Highline Community College Node:

1. Build upon Envision Midway planning work.
2. Immediately revise regulations in support of specific projects when those projects have the potential to achieve the full economic potential of their properties while advancing the City’s development vision of the corridor. Use these changes to inform further planning.
3. Evaluate potential to expand commercial and multi-family uses up to ½ mile west of Pacific Highway S, based on vacant and re-developable land, improvement value/land value, proximity to College/employment, and proximity to transit.
4. Evaluate opportunities to further modify and improve land use, zoning, and development regulations in a way that will foster economic growth that best fits the area.
5. Engage the community throughout the planning process via public open houses, City website, City Currents and periodic press releases.

Conceptual Schedule:

1st Quarter:

- Finalize Work Program
- Existing Conditions Report
- Develop Land Use Alternatives/Concepts
- Public Open House #1

2nd - 3rd Quarter

- Market Analysis
- Revise Alternatives
- Develop Land Use Policies and Development Regulations
- SEPA Review
- Public Open House #2

4th Quarter:

- Finalize Policies and Zoning
- Council Review/Adoption

Assumptions for Moving Forward:

- Use the Envision Midway, Subarea Plan, and Design Guidelines as a spring board for moving forward and conducting updated planning and analysis.
- Build on the recent Pacific Ridge Zone changes and integrate City of Kent Midway changes into Des Moines' plans and regulations for the Highway-Commercial (H-C) zone. This should be done in ways that are complementary and transparent to property owners and developers.
- Consider combining Pacific Ridge Commercial (PR-C), Highway Commercial (H-C) and Community Commercial (C-C) zones.
- Inform and be informed by the Sound Transit FWTE Draft EIS and on-going planning effort. Use the Sound Transit effort to help us better understand the economic, land use and other activity through the corridor, assess potential impacts of the FWTE alignments and station locations, mitigate the potentially adverse impacts and realize the opportunities that light rail will provide the corridor.
- Inform and be informed by the needs for the College and King County METRO Transit Center. Help Highline Community College implement its campus master plan, including creation of a King County METRO transit center at the College, by Comprehensive Plan, zoning and development regulation changes.
- Be informed by demographic data from Highline Community College.

Staff Capacity:

Existing staff may be able to complete this work and on-going commitments by the fall of 2014 as shown, but additional resources could be needed if level of new development applications increases beyond what was forecast in the 2014 work program.

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Public Hearing for Draft Ordinance
14-011, Marina District Commercial Space
Requirement

ATTACHMENTS:

1. Draft Ordinance 14-011 amending Chapter
18.27.030

FOR AGENDA OF: February __, 2014

DEPT. OF ORIGIN: Economic Development

DATE SUBMITTED: February __, 2014

CLEARANCES:

- Legal _____
- Finance N/A
- Marina N/A
- Parks, Recreation & Senior Services N/A
- Planning, Building & Public Works _____
- Police N/A
- Economic Development Manager _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: _____

Purpose and Recommendation

The purpose of this agenda item is for the Finance and Economic Development Committee to consider amending the commercial space requirement in the downtown commercial zone.

Suggested Motion

Motion: "I move to continue the public hearing on Draft Ordinance No. 14-011 amending DMMC 18.27.030 , to February __, 2014 or as soon thereafter as the matter may be heard."

Background

At the Finance and Economic Development Committee meeting in November 2013, Council Members heard input from property owners stating that accommodating the commercial space requirement was obstacle to development projects in the d-c zone. The matter was subsequently put to the Council who remanded it to the Committee for consideration. Staff was directed to bring forward a draft ordinance amending the commercial space requirement in the d-c zone.

Discussion

Prospective buyers of real estate listings, as well as property owners, have expressed concern regarding the amount of commercial space required for projects in the d-c zone. With some parcels, it is not possible to accommodate both the parking requirement and the commercial space requirement given the physical limitations of the lot size - as both uses are competing for space with the residential portion of a mixed use project.

By reducing or eliminating the commercial space requirement, new projects could be built that would support existing businesses and commercial space in the area. Given the current overabundance of commercial space in the Marina District this would better balance the proportions of residential and commercial uses.

It is important to note City revenues are generally not substantially impacted by the addition of mixed use storefront retailers, who generate only a modest amount of excise and business & occupation taxes – generally in the \$5,000 to \$10,000 range. Also, given that the businesses are mainly all drawing from the same limited customer pool, there may be no net tax gain from additional commercial space.

Also, it has been popular public policy over the last several decades for cities to require mixed use development along arterials, and it is a common lament of developers that they must write off the cost of the retail space portion of an office or residential development as it will possibly remain vacant indefinitely. There has been a plethora of built commercial spaces with no tenants that can be observed in many area cities in the Puget Sound region, such as nearby Burien, and some vacancies have persisted over several decades since the spaces were built.

Financial Impact

Reducing the amount of commercial space required for development will allow several new projects in the Marina District to move forward, with a positive financial impact on City revenues and the local economic climate.

Concern has been expressed that additional residential development can put an added cost burden on City services, and therefore this type of development represents a net loss to the City. However, the newly developed property will generate higher property and utility taxes than the former vacant property, and the developer will be paying directly for increased use of roads and parks. Although it would be best to calculate the net impact precisely, it would seem likely that the net result is a positive impact on City finances.

Alternatives

The Committee may choose to recommend that the commercial space requirement to remain at 60%, or a 33% requirement, or make another recommendation.

The committee may also want to consider clustering the commercial space at the ‘node’ intersections of 223rd and 227th, and eliminating the requirement along interim stretches of 7th Ave. This would boost the activity in the node areas, and not lead to more vacancies spread out along 7th Ave and Marine View Dr.

Recommendation or Conclusion

Staff recommends that the Committee reduce the commercial space requirement in the d-c zone.

Economic Development First Draft
DRAFT ORDINANCE NO. 14-011

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON, relating to modifications of the zoning requirements regulating commercial space requirements for the area identified as the Marina District in the Des Moines Comprehensive Plan.

WHEREAS, approximately 53 acres of land area exists in the City's Marina District adjacent to Marine View Drive, 7th Avenue South, and within the City's Marina that is zoned DC, Downtown Commercial, and

WHEREAS, the Marina District neighborhood serves as the City's downtown core providing for multi-family residential, commercial and mixed use development, and

WHEREAS, the Council Finance and Economic Development Committee has determined that land in the Marina District is highly underutilized and that growth and vitality in the neighborhood is linked to providing for, accommodating, and encouraging property owners to develop to the highest and best use for, and

WHEREAS, personal service oriented commercial use and high residential density within mixed use development are both considered highest and best uses that are desired by the City, and

WHEREAS, notice of the public hearing was given to the public in accordance with law and a public hearing was held on the _____ 2014, and all persons wishing to be heard were heard, and

WHEREAS, pursuant to DMMC 18.56.080 amendment of the zoning code (Title 18 DMMC) is a legislative (Type VI) land use decision, and

WHEREAS, the textual code amendments proposed by this ordinance have been processed in accordance with the requirements of SEPA, a determination of nonsignificance (DNS) was issued on _____ by the responsible official, and the applicable SEPA comment period has concluded, and

WHEREAS, the textual code amendments proposed in this ordinance were provided to the Department of Commerce as required by RCW 36.70A.106, and

WHEREAS, the City Council finds that the amendments contained in this ordinance are appropriate and necessary; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1 DMMC 18.27.030 and section 3 of Ordinance No. 1104 as amended by section 3 of Ordinance No. 1237 as amended by Section 2 of Ordinance No. 1493 are each amended to read as follows:

(9) Mixed use development shall conform to the following limitations and standards:

(a) Mixed use structures shall contain area for retail trade or personal and business services, at street level as follows:

(i) Pedestrian access from the public sidewalk to the retail trade or personal and business services shall be provided, and

(ii) A minimum of 60 percent of the street level floor area shall be occupied by retail trade or personal and business services;

(iii) A minimum of 75 percent of the street level building frontage adjacent to public right(s)-of-way shall contain floor area for retail trade or personal and business services uses;

(iv) Building space allocated for retail trade or personal and business service uses at the street level shall have a minimum gross interior depth dimension of 55 feet measured perpendicular to the property line abutting the public street(s) serving the site.

(b) The City Manager or designee is authorized to consider and approve up to a 20% reduction of the bulk requirements specified in subsection (9)(a) of this section when a development proposal incorporates on-site parking substantially at street floor level for retail trade or personal and business service uses and the City Manager or designee determines that the proposed reduction(s) does not compromise, interrupt, or interfere with the desired functionality of the building or the continuity of City pedestrian-oriented design goals in the general area and pedestrian access to the site from the public sidewalk or right-of-way.

(c) Mixed use developments shall comply with all the requirements of chapter 18.45 DMMC, except for private recreational requirements established by DMMC 18.45.020(2).

(d) A detached structure that contains residential uses and does not meet the requirements for mixed use structures is prohibited. [Ord. 1514 § 4, 2011; Ord. 1493 § 2, 2010; Ord. 1237 § 3, 1999; Ord. 1104 § 3, 1994.]

(e) Except that 9 (a) ii through iv shall not apply through December 31st 2015.

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Sec. 2. Severability - Construction.

(1) If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

(2) If the provisions of this ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this ordinance is deemed to control.

Ordinance No.
Page 4 of 4

Sec. 3. Effective date. This ordinance shall take effect and be in full force thirty (30) days after its passage, approval, and publication in accordance with law.

PASSED BY the City Council of the City of Des Moines this _____ day of _____, 2014 and signed in authentication thereof this _____ day of _____, 2014.

M A Y O R

APPROVED AS TO FORM:

Assistant City Attorney

ATTEST:

City Clerk

Published:

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Public Hearing for Draft Ordinance
13-279, Marina District Commercial Parking
Requirement

ATTACHMENTS:

1. Draft Ordinance 13-279 amending Chapter
18.44 DMMC, Parking Code.

FOR AGENDA OF: February __, 2014

DEPT. OF ORIGIN: Economic Development

DATE SUBMITTED: February __, 2014

CLEARANCES:

Legal _____

Finance N/A

Marina N/A

Parks, Recreation & Senior Services N/A

Planning, Building & Public Works _____

Police N/A

Economic Development Manager _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: _____

Purpose and Recommendation

The purpose of this agenda item is for the Finance and Economic Development Committee to consider Draft Ordinance 13-279 which amends the Parking Code codified as Chapter 18.44 DMMC.

Suggested Motion

Motion: "I move to continue the public hearing on Draft Ordinance No. 13-279 amending DMMC 18.44, Parking Code, to February __, 2014 or as soon thereafter as the matter may be heard."

Background

In November 2009 the City Council approved a temporary waiver of the commercial parking requirement in the downtown commercial (d-c) zone in order to facilitate redevelopment in the Marina District. The waiver has since been extended twice, and expired on December 31st 2013.

Discussion

Because many parcels in the downtown commercial (d-c) zone are small in size, particularly on Marine View Dr, they conceivably could not redevelop, and at the same time accommodate the number of stalls

required by the DMMC, without the current waiver in place. When sites are considered in conjunction with dimensional requirements such as height limits, they may be constrained as to maximum developable square footage. Required parking per DMMC may not leave enough available space on the site to justify redevelopment.

The City Council's continued support of the redevelopment of the Marina District as a commercially viable mixed use neighborhood is essential, it has become clear that many Marina District properties are not improved to the extent presently allowed by the City of Des Moines Comprehensive Plan and the Zoning Code. Commercial parking requirements in the Downtown Commercial zone make it uneconomically feasible for property owners to redevelop their properties under current and projected future market conditions.

Strategy 2-04-08 of the Land Use Element of the Comprehensive Plan states that the City should "encourage improvement of the Downtown Neighborhood by working with the business community and other representative organizations to achieve the goals of the City of Des Moines Comprehensive Plan".

Financial Impact

There has been no financial impact of the d-c zone commercial parking waiver since it was enacted. However if development projects move forward due in part to the waiver, the impact would be positive. There are several proposed projects that would benefit from the waiver.

Alternatives

The Committee may choose to recommend, or not recommend, extending the waiver. The Committee could also choose to extend the waiver through 2015.

Recommendation or Conclusion

Staff recommends that the Committee continue the waiver of the commercial parking requirement in the d-c zone.

ECONOMIC DEVELOPMENT FIRST DRAFT 01/22/2014

DRAFT ORDINANCE NO. 13-279

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON relating to the Des Moines Parking Code amending DMMC 18.44.040.

WHEREAS, DMMC 18.44 establishes regulations for loading areas and off-street parking throughout the City as well as in the Downtown Commercial zone specifically, and

WHEREAS, the City Council supports reducing restrictive development regulations in the Marina District to facilitate redevelopment as a commercially viable mixed use neighborhood, and

WHEREAS, many Marina District properties are not improved to the extent presently allowed by the City of Des Moines Comprehensive Plan and the Zoning Code and are unlikely to be redeveloped in the near future without continued waiver of the downtown commercial zone parking requirement, and

WHEREAS, Strategy 2-04-08 of the Land Use Element of the Comprehensive Plan states that the City should "_____ to achieve the goals of the City of Des Moines Comprehensive Plan", and

WHEREAS, those development professionals and Marina District property owners have encouraged the City to be more flexible in waiving required parking and reducing parking requirements by capitalizing on the proximity to _____ and allowing the marketplace to decide how best to achieve the City's broad development goals, and

WHEREAS, current parking regulations in the Marina District commercial zone appear to be unduly burdensome and restrictive, helping to make it uneconomically feasible for property owners to redevelop their properties under current and projected future market conditions, and

WHEREAS, the City Council directed City staff to prepare an ordinance for its consideration which would continue a waiver of the commercial parking requirement for the Marina District, and

WHEREAS, pursuant to DMMC 18.56.080 amendment of the Zoning Code (Title 18 DMMC) is a legislative (Type VI) land use decision, and

WHEREAS, pursuant to DMMC 18.56.200 amendments to the Zoning Code (Title 18 DMMC) require the City Council to conduct a public hearing to receive public comment regarding this proposal, and

WHEREAS, DMMC 18.60.120(3) requires that the date of the public hearing to consider amendments to Title 18 DMMC be set by motion of the City Council, and

WHEREAS, the City Council set the date for the public hearing by Resolution No. _____, fixing the public hearing for _____, 2014, and

WHEREAS, the textual code amendments proposed in this Ordinance were provided to the Department of Commerce as required by RCW 36.70A.106, and

WHEREAS, notice of the public hearing was issued on _____, 2014 in accordance with the DMMC, and

WHEREAS, a public hearing was held on _____, 2014 and all persons wishing to be heard were heard, and

WHEREAS, the City Council finds that the amendments contained in this Ordinance are appropriate and necessary; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1. DMMC 18.44.040 and section 4 of Ordinance No. 695 as amended by section 62 of Ordinance No. 770 as amended by

section 1 of Ordinance No. 1448 as amended by section 1 of Ordinance No. 1453 as amended by section 1 of Ordinance No. 1475 as amended by section 1 of Ordinance No. 1530 are amended to read as follows:

(3) **Marina District.** The parking provisions for commercial uses established by DMMC 18.44.060 are waived; provided, that there is compliance with all the following standards:

(a) The property is zoned downtown commercial according to the official zoning map.

(b) Residential uses within a mixed-use development are not included in this exemption. Residential uses in a mixed use building shall comply with the requirements established by DMMC 18.44.060.

(c) The property owner shall enter into a no protest agreement regarding the formation of a downtown business or parking improvement district.

(d) This provision is only valid until ~~December 31, 2013~~December 31, 2014.

Sec. 2. Severability - Construction.

(1) If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

(2) If the provisions of this ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this ordinance is deemed to control.

Ordinance No. ____
Page 4 of 4

Sec. 3. Effective date. This ordinance shall take effect and be in full force thirty (30) days after its passage, approval, and publication in accordance with law.

PASSED BY the City Council of the City of Des Moines this ____ day of _____, 2014 and signed in authentication thereof this ____ day of _____, 2014.

M A Y O R

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

Published: _____

Effective Date: _____

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Draft Ordinance 14-010, Marina
District Building Height Limits

ATTACHMENTS:

1. Draft Ordinance 14-010 amending Chapter 18.27.040 DMMC Maximum Building Height.

FOR AGENDA OF: February __, 2014

DEPT. OF ORIGIN: Economic Development

DATE SUBMITTED: February __, 2014

CLEARANCES:

Legal _____

Finance N/A

Marina N/A

Parks, Recreation & Senior Services N/A

Planning, Building & Public Works _____

Police N/A

Economic Development Manager _____

APPROVED BY CITY MANAGER

FOR SUBMITTAL: _____

Purpose and Recommendation

The purpose of this agenda item is for the City Council to consider Draft Ordinance 14-010 which amends the maximum building height for development in the Marina District, codified as Chapter 18.27.040 DMMC.

Suggested Motion

Motion: "I move to continue the public hearing on Draft Ordinance No. 14-010 amending DMMC 18.27.040, Dimensional Standards, to February __, 2014 or as soon thereafter as the matter may be heard."

Background

During the year 2011 the City initiated a public process to review the maximum building height and other dimensional code requirements for development in the Marina District zone. During a six-month period, changes to requirements in the downtown commercial zone were presented at open houses and public meetings, and subject to public comment.

In the draft ordinance that was the basis of the public outreach, it was proposed that buildings on the west side of Marine View Dr (MVD) would be allowed 45 ft of height, and the QFC block be allowed

55 ft as measured from MVD highest frontage grade. These and other dimensional changes were presented at visually open houses and public meetings, with illustrations of the changes in elevation in the downtown and impact on views, and subject to public comment.

The two proposed dimensions mentioned above were removed from the draft ordinance before it was approved.

Discussion

At the present time several development projects would benefit from these changes being included in the ordinance as it was originally drafted.

The City Council's support of the redevelopment of the Marina District as a commercially viable neighborhood is essential, it has become clear that many Marina District properties are not improved to the extent presently allowed by the City of Des Moines Comprehensive Plan and the Zoning Code.

With some Marina District properties deteriorated and/or vacant, and the investment climate would benefit from an invigoration of capital. Historically for investors it is not profitable to be 'the first one in' (or 'pioneering'). Financers need to see that there is a synergy of multiple stakeholders making investments simultaneously, if not previously, to feel that their project will not be an isolated effort. The first projects can then create a 'domino effect' that will encourage further development.

Also, investors look at area rents (comparables) to see what their return will be. Many prospective investors have been shown properties in the Marina District, but have not proceeded because they cannot see evidence of a positive return. Initiating new construction projects can kickstart an upward spiral of investment, once higher rents, and positive returns, can be established.

Some Marina District businesses are not thriving; of note recently Corky Cellars wine store and Blue Vanilla Bakery have closed. Comments heard from these businesses reflect concern regarding the limited size of the downtown area and limited customer base, comprised of retirees on fixed incomes. Buildings with more view levels would add not only more, but higher income, residents that associate with view property. All residents in the downtown would benefit from a population increases that keep the local business district viable.

Financial Impact

Tax revenues, as well as the City economy, benefit from new development projects in many, mostly obvious, ways. New employment is created, property and sales taxes increase. Surrounding property owners are prompted to participate in investment and maintenance that may have been deferred, because the result is a net increase in value to their property.

Alternatives

The Committee may choose to recommend an increase of 65 ft as measured from 7th Ave, to the sites which have frontage on both MVD and 7th which would address constraints on the QFC block.

Or, the Committee may reinstate the dimensions which were proposed in the original draft ordinance, and allow Area 1 in Figure 1 (see map) to have 45ft building heights on the west side of MVD, as well as allowing 55ft as measured from MVD for the QFC block.

Finally, the Committee could choose an option which would favor initial 'first in' projects, such as allowing three properties to have an additional 10 ft of development on MVD, as was done for properties on 7th Ave.

Recommendation or Conclusion

Staff recommends that the Finance and Economic Development Committee amend building heights in the Marina District to encourage prospective development projects.

**Economic Development First Draft
DRAFT ORDINANCE NO. 14-010**

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON, relating to modifications of the zoning requirements amending maximum building heights for the area identified as the Marina District in the Des Moines Comprehensive Plan.

WHEREAS, approximately 53 acres of land area exists in the City's Marina District adjacent to Marine View Drive, 7th Avenue South, and within the City's Marina that is zoned DC, Downtown Commercial, and

WHEREAS, the Marina District neighborhood serves as the City's downtown core providing for multi-family residential, commercial and mixed use development, and

WHEREAS, the Council Finance and Economic Development Committee has determined that land in the Marina District is highly underutilized and that growth and vitality in the neighborhood is linked to providing for, accommodating, and encouraging property owners to develop to the highest and best use for, and

WHEREAS, personal service oriented commercial use and high residential density within mixed use development are both considered highest and best uses that are desired by the City, and

WHEREAS, notice of the public hearing was given to the public in accordance with law and a public hearing was held on the _____ 2014, and all persons wishing to be heard were heard, and

WHEREAS, pursuant to DMMC 18.56.080 amendment of the zoning code (Title 18 DMMC) is a legislative (Type VI) land use decision, and

WHEREAS, the textual code amendments proposed by this ordinance have been processed in accordance with the requirements of SEPA, a determination of nonsignificance (DNS) was issued on _____ by the responsible official, and the applicable SEPA comment period has concluded, and

WHEREAS, the textual code amendments proposed in this ordinance were provided to the Department of Commerce as required by RCW 36.70A.106, and

WHEREAS, the City Council finds that the amendments contained in this ordinance are appropriate and necessary; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1 DMMC 18.27.040 and section 4 of Ordinance No. 1104 as amended by section 1 of Ordinance No. 1120 are each amended to read as follows:

Dimensional standards.

(1) Maximum Building Height.

(a) Area 1 on Figure 1. The maximum building height is 35 feet as measured from the highest sidewalk grade of the north-south roadway adjacent to the property; provided, that building heights shall not be measured from 8th Avenue South or the alleys.

(b) Area 2 on Figure 1. The maximum building height is 45 feet as measured from the highest sidewalk grade of the north-south roadway adjacent to the property line; provided, that building heights shall not be measured from the alleys.

(c) Area 3 on Figure 1. The maximum building height is 55 feet as measured from the highest sidewalk grade of 7th Avenue South adjacent to the property line.

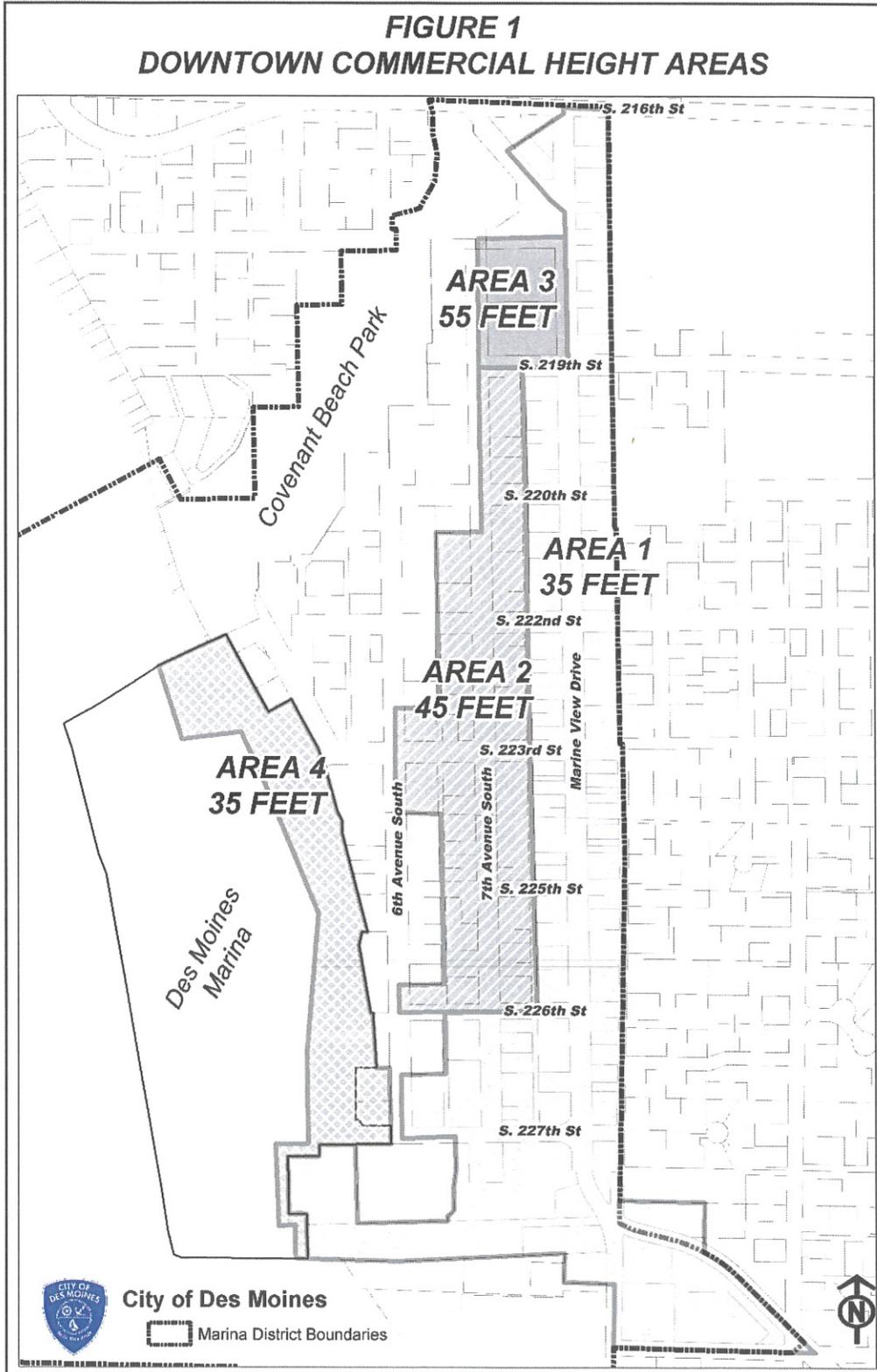
(d) Area 4 (the Des Moines Marina) on Figure 1. The maximum building height is 35 feet as measured from the Des Moines Marina Floor.

(e) Except that, for properties fronting on both MVD and 7th the maximum building height is 65', as measured from the

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highest sidewalk grade of 7th Avenue South adjacent to the
property line.

FIGURE 1
DOWNTOWN COMMERCIAL HEIGHT AREAS



(2) Building Height Bonus. In the D-C zone, the city manager or designee may authorize additional building heights as provided in this subsection:

(a) Area 1 on Figure 2. The maximum building height is 55 feet as measured from the highest sidewalk grade of the north-south roadway adjacent to the property line; provided, that building heights shall not be measured from the alleys.

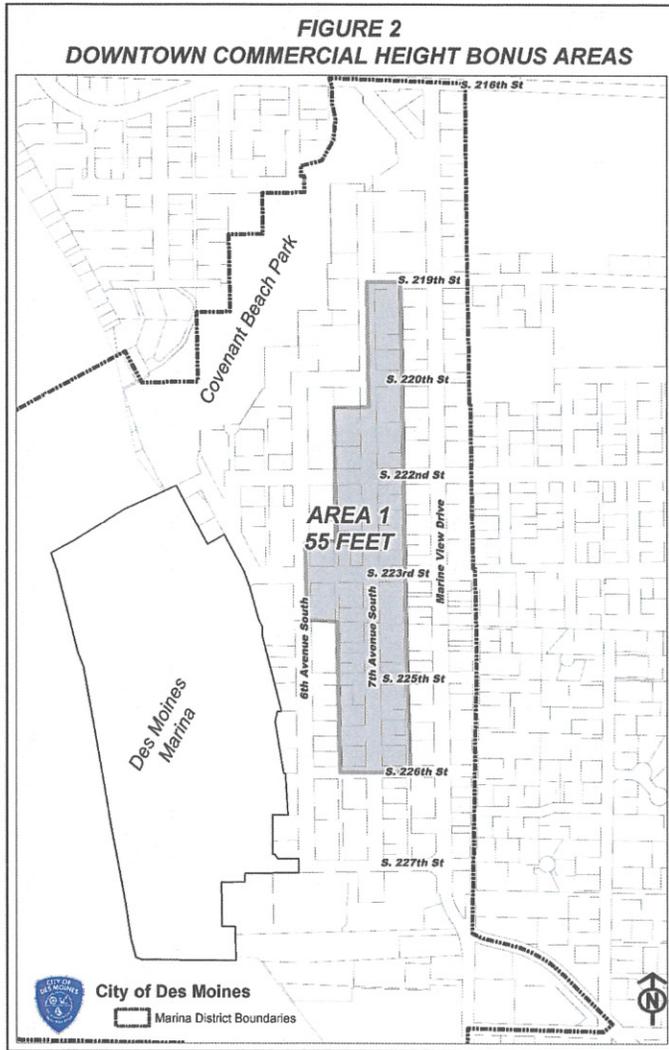
(b) The total maximum number of buildings within the bonus area that can be authorized to utilize the height bonus by the city manager or designee under this section is three buildings.

(c) The total floor area of the building does not exceed the total allowable floor area ratio as determined by DMMC 18.27.060(3).

(d) The minimum building site area is 20,000 square feet.

(e) Pedestrian oriented spaces as defined in the Marina District Guidelines are provided.

f) The property owner shall enter into a no protest agreement regarding the formation of a Parking Business Improvement Area as regulated in chapter 35.87A RCW.



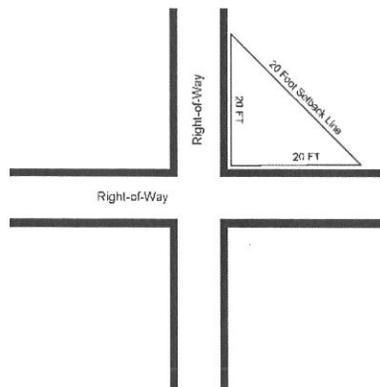
(3) Setbacks. All structures shall maintain setbacks from property lines as set forth in this subsection:

(a) Where any lot line lies adjacent to a public right-of-way or private street and residentially zoned property lies adjacent to such public right-of-way or private street, or when the lot line abuts a residentially zoned property, a minimum building or structure setback of 10 feet shall be maintained.

(b) Corner Lot Building Setback.

(i) All buildings located on corner lots shall observe a 20-foot setback from the corner as measured from the corner of the right-of-way as illustrated in Figure 3

**FIGURE 3
CORNER SETBACK**



below:

(ii) The city manager or designee may allow encroachments into this corner setback area if the total area within the setback does not fall below 200 square feet and preserves a building setback at the corner.

(c) Underground structures are permitted in all required setback areas.

(d) All buildings adjacent to South 223rd Street and South 227th Street shall maintain a 15-foot setback from the

property line adjacent to South 223rd Street or South 227th Street for that portion of the building above the third story. [Ord. 1514 § 5, 2011: Ord. 1120 § 1, 1995: Ord. 1104 § 4, 1994.]

Sec. 2. Severability - Construction.

(1) If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

(2) If the provisions of this ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this ordinance is deemed to control.

Sec. 3. Effective date. This ordinance shall take effect and be in full force thirty (30) days after its passage, approval, and publication in accordance with law.

PASSED BY the City Council of the City of Des Moines this _____ day of _____, 2014 and signed in authentication thereof this _____ day of _____, 2014.

M A Y O R

APPROVED AS TO FORM:

Assistant City Attorney

ATTEST:

Ordinance No.
Page 9 of 9

City Clerk

Published:

Economic Development Memorandum January 2014

City of Des Moines

Fee Simple Ownership for Town Homes

The Master Builders Association recently approached the City of Des Moines with a recommendation that the DMMC be modified to allow ‘fee simple ownership’ for town home developments.

This code change would encourage developers who are considering a town home project to move forward, as the homes are much easier for the purchaser to finance. Banks are more reluctant to lend on condominiums than on a separately owned parcel, because jointly owned property is considered a higher risk than property that is owned outright.

There are many lending restrictions on condominiums, particularly regarding owner occupancy vs. tenant occupancy in the development. Higher lending fees and a higher interest rate apply.

And, there are additional benefits for a resident owning a ‘fee simple’ home such as: no special assessments, no homeowners association dues, and no association rules that must be followed.

Some area jurisdictions have responded to the Master Builder Association request and modified their code accordingly, including Snohomish County, Marysville, Bothell, Seattle and Renton. More are in the process of doing so. Please see attached an example of the code revisions for the City of Seattle.

Seattle Municipal Code

Information retrieved August 14, 2013 9:16 AM

Title 23 – LAND USE CODE
Subtitle II. – Platting Requirements
Chapter 23.24 – SHORT PLATS

23.24.045 Unit lot subdivisions

- A. The provisions of this Section 23.24.045 apply exclusively to the unit subdivision of land for townhouse, rowhouse and cottage housing developments, as permitted in Single-Family, Residential Small Lot and Lowrise zones, and for single-family dwelling units in Lowrise zones, or any combination of the above types of residential development, as permitted in the applicable zones.
- B. Except for any lot for which a permit has been issued pursuant to Sections [23.44.041](#) or [23.45.545](#) for a detached accessory dwelling unit, lots developed or proposed to be developed with uses described in subsection 23.24.045.A above may be subdivided into individual unit lots. The development as a whole shall meet development standards applicable at the time the permit application is vested. As a result of the subdivision, development on individual unit lots may be nonconforming as to some or all of the development standards based on analysis of the individual unit lot, except that any private, usable open space or private amenity area for each dwelling unit shall be provided on the same unit lot as the dwelling unit it serves.
- C. Subsequent platting actions, additions or modifications to the structure(s) may not create or increase any nonconformity of the parent lot.
- D. Access easements and joint use and maintenance agreements shall be executed for use of common garage or parking areas, common open space (such as common courtyard open space for cottage housing), and other similar features, as recorded with the Director of the King County Department of Records and Elections.
- E. Within the parent lot, required parking for a dwelling unit may be provided on a different unit lot than the lot with the dwelling unit, as long as the right to use that parking is formalized by an easement on the plat, as recorded with the Director of the King County Department of Records and Elections.
- F. The facts that the unit lot is not a separate buildable lot, and that additional development of the individual unit lots may be limited as a result of the application of development standards to the parent lot shall be noted on the plat, as recorded with the Director of the King County Department of Records and Elections.

Legislative history/notes:

(Ord. [123495](#) , § 3, 2011; Ord. [123046](#) , § 2, 2009; Ord. [122190](#) , § 2, 2006; Ord. [119618](#) § 2, 1999; Ord. [119239](#) § 4, 1998; Ord. [118794](#) § 6, 1997; Ord. [118414](#) § 3, 1996; Ord. [117430](#) § 3, 1994.)

New legislation may amend this section!

The above represents the most recent SMC update, which includes ordinances codified through Ordinance 124172 except 124105 with effective dates prior to May 7th, 2013.

Recently approved legislation may not yet be reflected in Seattle Municipal Code. See the legislative history at the bottom of each section to determine if new legislation has been incorporated.

[Search for recently approved legislation referencing this section.](#) (Searches for legislation approved within the past six months, which may not yet be incorporated into the SMC. See the legislative history for each section to confirm whether an ordinance is reflected.)

[Search for proposed legislation that refers to this section.](#) (Searches for Council Bills introduced since 01/2012 and not yet passed.)

Note: The above searches are provided to assist in research, but they are not guaranteed to capture all relevant legislation. Search directly on the [Council Bills and Ordinances Index](#) for the most comprehensive results.

For research assistance, contact the Seattle City Clerk's Office at (206) 684-8344, or by e-mail, clerk@seattle.gov.

For interpretation or explanation of a particular SMC section, please contact the relevant City department