

**Ordinance No. 2383, Exhibit 2:
Analysis of Affordable Housing Provisions for Overlake**

In 2006, the Washington State Legislature passed HB 2984 which provides for voluntary and mandatory affordable housing programs. Section 3 of the legislation establishes the provisions for mandatory programs. The analysis below describes how the proposed affordable housing provisions for Overlake comply with the provisions of this legislation.

Overlake - Designated for Increased Residential Development

Overlake is a designated growth center in Redmond's Comprehensive Plan and in regional plans. The adopted vision for Overlake is for it to be an attractive, diverse place to live, work, shop and play. A vibrant neighborhood with a mix and density of uses, Overlake will include plazas, parks, trails and other amenities for its residents and visitors. It will be walkable, bikeable and served by frequent transit service and will continue to thrive as an employment center, residential neighborhood, and commercial center serving nearby areas. Strong multimodal linkages—including sidewalks and bike lanes, multi-use pathways, a bus rapid transit line, and a high-capacity transit/light rail line—will connect the employment area with the retail and mixed-use core, known as Overlake Village.

Redmond's Comprehensive Plan identifies Overlake 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 Redmond policies include:

- LU-43 Designate Overlake as an Urban Center for focused office, retail and housing growth and a supportive transportation system. Recognize and support the Overlake Urban Center in all relevant planning forums.
- HO-17 Ensure an appropriate supply and mix of housing and affordability levels within centers such as Overlake.
- FW-24 Support the Overlake Urban Center as a focus for high technology and other employment located within a vibrant urban setting, as well as a place for opportunities to live, shop and recreate close to workplaces.

Overlake is a primary location within Redmond for increased residential development for several reasons. First, Overlake provides significant opportunities to locate housing close to one of the region's key employment locations, where more than 43,000 people work at Microsoft, Nintendo and other companies. Second, residential development in Overlake is close to a variety of shopping opportunities, significant existing and planned transit service, and major recreational facilities, such as Marymoor Park and the SR 520 Bike Trail. Third, this area is important because Overlake together with Downtown Redmond account for 75 percent of the City's housing capacity based on a 2006 analysis, a reflection of the shrinking supply of land in Redmond's single-family neighborhoods.

Increased Residential Development Capacity through the ONP

In 2005, the City of Redmond initiated work on the Overlake Neighborhood Plan (ONP) Update and Implementation Project. The objectives for the neighborhood plan update and implementation project were to: 1) account for change, such as relocation of Group Health's inpatient and clinic services to Overlake Hospital and Sound Transit's planning for extension of high-capacity transit/light rail, 2) refine and clarify the vision, including clarifications for key elements such as parks, open space, and transportation, 3) extend the planning horizon to 2030, and 4) identify actions to implement the vision and neighborhood plan the City Council adopted in 1999.

Proposed updates to the ONP include several changes that serve to increase residential development capacity in the Overlake Village portion of the neighborhood, including:

1. Reduction in parking minimums: Redmond's existing parking standard for Overlake is based on number of bedrooms and establishes a minimum of 2 stalls per dwelling for 3+ bedroom dwellings, 1.8 stalls per dwelling for 2 bedroom dwellings, 1.5 stalls per dwelling for 1 bedroom dwellings, and 1.2 stalls per dwelling for studios. The proposed standard is a minimum of 1 stall per dwelling (regardless of number of bedrooms) plus 1 guest space per 4 dwelling units. This change supports increased residential development capacity by decreasing the amount of required parking, as well as the impact of the cost of parking to total project costs.
2. Credit for commercial floor area: Redmond's existing code contains a maximum commercial floor area ratio, established in 1999, which for some parcels in Overlake Village would allow less floor area than currently exists. The proposed code includes a credit for existing commercial floor area when housing is added per the proposed regulations (a minimum of 25 to 50 percent of the total floor area on the site).

This change would allow property owners to maintain existing commercial buildings on their property and add residential development to underutilized portions such as parking areas, or redevelop the site, adding residential development and incorporating the amount of existing commercial floor area as part of the new project. This change supports increased residential development capacity by eliminating an existing disincentive to redevelopment.

3. Bonus floor area and building height as part of affordable housing program. The existing code includes a base maximum residential floor area ratio of 2.5 and a base maximum height for mixed use buildings of 5 stories. Applicants can increase building height and floor area above the base by purchasing transfer of development rights.

The proposed affordable housing provisions for Overlake would provide a two for one bonus for residential floor area for every affordable dwelling provided. This additional floor area could be applied towards up to one additional story of building height above the base, without needing to purchase transfer of development rights as the existing code requires.

Applicants can also seek additional residential floor area and building height above the base through the proposed incentive program by providing bonus features that implement neighborhood goals. This includes features such as a plaza, a greater proportion of

residential development than the minimum amount required, below grade or other special parking structure treatment, and LEED Silver or comparable Built Green certification.

4. Increased Residential Capacity for the Overlake Design District

The proposed code increases the residential floor area ratio for the Overlake Design District from 1 to a base of 2.5, which makes it equivalent to the base residential FAR for the rest of the Overlake Village Sub-Area.

Achievement of Increased Residential Capacity

The consulting firm Community Attributes completed an economic analysis for the City of Redmond in May 2006 which evaluated development scenarios at two sites in Overlake Village. The analysis included the minimum parking standard proposed in the ONP update of 1 stall per dwelling unit. Otherwise, these scenarios were based on the existing zoning, though as described below the analysis did not assume a maximum site potential.

The analysis found that of the two development scenarios, one would likely support redevelopment in the form of six-story residential/mixed use buildings. For the other site, which included a much higher level of demolition and site improvements, the densities would need to be increased above the level assumed in the scenario. This is achievable under the existing code, since this scenario assumed only 242,000 square feet of residential space and 1 to 4 story buildings while up to 2.2 million square feet of residential space and up to 5 story buildings are allowed as a base, with the option to add 1 floor through purchase of transfer of development rights.

The proposed code for Overlake would allow increased residential floor area above the existing maximum FAR of 2.5. The allowed increase is two times the equivalent floor area provided for affordable dwellings and up to 1 additional floor of building height (up to 6 stories). This building height is typical of recent construction in Downtown Redmond and other communities in the area.

The proposed code includes a new requirement for a minimum amount of useable open space for residents of new developments. The minimum amount is 6.25 percent of the gross residential floor area. However, this is unlikely to impact the achievement of increased residential capacity. The existing code requires a minimum of 15 percent of sites to be pervious. Using the sites analyzed in 2006 and taking into account the increased residential floor area and open space requirement, up to 75 percent of the space needed for residential open space could be satisfied using the amount of space required for pervious area. The remainder could be met through individual balconies or rooftop decks.

Minimum Amount of Affordable Housing

The proposed code establishes that a minimum of 10 percent of the dwellings in residential developments of 10 dwellings or more must be affordable to households earning 80 percent or less than the King County Median Household income. The proposed code is based on phasing of the affordable housing requirement, similar in concept to what was done in Downtown Redmond when the affordable housing program was established.