



City Council Agenda Bill

20047

Bill Number

Subject: A discussion regarding the concept of opportunity zones.

Summary Statement: The City Council requested a work session on the concept of opportunity zones. These were envisioned as geographic zones to encourage economic development. As detailed in the attached memorandum, staff will present existing information on the adopted Urban Village designation as well as other existing zoning incentives to promote economic development. Staff is not requesting direction or action at this time from City Council. Rather, it is intended that work with the concept will continue as other activities such as the City's implementation of CHAT actions, Urban Village implementation, SEPA Threshold reform and amendments to development regulations such as parking standards continue.

Previous Council Action: March 25, 2013; City Council direction to staff.

Fiscal Impact: Undetermined

Funding Source: N/A

Attachments: Staff Memorandum

Meeting Activity	Meeting Date	Staff Recommendation	Presented By	Time
Committee Briefing Information Only	15-Jul-2013	Information Only	Darby Cowles, Senior Planner	15 min

Council Committee:

Planning & Community Development
 Jack Weiss, Chair
 Michael Lilliquist; Gene Knutson

Committee Actions:

Council Action:

Agenda Bill Contact:
 Darby Cowles, Senior Planner 778-8300

Reviewed By	Initials	Date
Jeff Thomas, PCD Director	JBT	7-9-2013
Legal	AKM	7/9/13
Mayor	KL	7/9/13

Achieving Infill: Encouraging Development in Urban Villages

“To encourage development of the urban centers, activities such as assembling land, approving tax exemptions, reducing parking requirements, approving density bonuses, and providing assistance with predevelopment tasks such as site planning and environmental review and others should be examined.”

- 2006 Comprehensive Plan, FLU-18 (LU-35)

To fulfill the primary infill growth strategy of development within a series of urban centers (or villages), the *2006 Bellingham Comprehensive Plan* urged the City to develop Subarea Plans to enhance the development potential of these areas. The City Center and Fairhaven urban villages already had zoning regulations and development standards in place to support urban levels of development when the plan was adopted. Since 2008, Urban Village Subarea Plans have been developed for the following three areas:

- Old Town (OT)
- Samish Way (SW)
- Fountain District (FD)

These plans, along with Fairhaven (FH) and Downtown (DT), contain development opportunities to encourage population and job growth in these districts. The following list outlines the incentives and advantages that apply to some or all of these areas:

Transportation Impact Fee Reductions (ALL, plus Barkley Village and GO lines) See Map, “Urban Villages Eligible for BMC 19.06 TIF Reduction”

In urban villages, developers can reduce their transportation impact fees automatically by 22% to 25%, depending on the project’s proximity to Whatcom Transportation Authority (WTA) high-frequency transit routes, and by up to 50% by using a variety of voluntary measures to reduce vehicle trips generated on and off their development sites (BMC 19.06.040).

Multi-family Tax Exemption Program (DT, OT, SW, FD) See Map, “Multi Family Tax Exemption Program Target Area”

An eight-year property tax exemption is available on the residential portion of new construction in urban villages (or 12 years for projects that include a minimum of 20% affordable units).

Reduced Parking Requirements (ALL)

New urban village plans have included the adoption of uniform and highly reduced parking requirements, i.e. 1 stall per 250 s.f. for any commercial use. In some areas within downtown and Fairhaven, no parking is required. Many more opportunities are available, including shared parking and administrative parking reductions.

Limited Development Regulations (ALL)

Development regulations in urban centers differ from regulations in other areas of the city. For instance, most urban village plans utilize a floor area ratio (FAR) system, which provides developers with flexibility in the use of property without the additional constraint of lot coverage, density, or setback limitations. Opportunities for administrative variances and design departures have also been adopted for urban village development. In some cases, properties have been drastically upzoned, with accompanied increases in height limits. A wide range of uses are permitted and encouraged, including the permitted use of the infill toolkit in some areas formerly zoned single-family (SW, FD, FH).

Density Bonuses (OT, SW,)

Several plans, including Old Town and Samish Way, utilize FAR bonus options for projects that incorporate public amenities. These include:

Table .130-B: Summary of Floor Area Ratio Bonus Options In Samish Way Urban Village

Bonus Option	Floor Area Bonus (1)
Public Plazas and Open Spaces	Dedicate 1 SF; Receive 2.5 SF
Affordable Housing	Provide 1 SF; Receive 4 SF
Minimum LEED Silver Certification (or equivalent)	1.0 FAR Bonus
Lake Whatcom Watershed Property Acquisition Program	Receive 1 SF for each Fee Unit paid (see fee schedule)

City Infrastructure Investment (ALL)

Another benefit of developing within an adopted urban village is the understanding that the City will undertake infrastructure investments over time that are necessary to support increased development densities. This includes commitments from WTA to expand service as demand grows, omission of some street improvement requirements, e.g. Samish Way, expansion of public spaces with the ability for developers to request PIF credit in some circumstances, bike/pedestrian improvements, and others.

Targeted Staff Assistance (ALL)

Most project applications that are applied for in adopted urban villages receive significantly more attention than those in other areas. This includes notification of the urban village project manager to provide oversight of the process and an additional point-of-contact for the applicant.

Incentives for Rehabilitation of Existing and/or Historic Buildings

These incentives apply city-wide; however, many of the applicable structures (especially historic) lie within the City's adopted urban village plans. Incentives include use of the IEBC (int'l existing building code), which allows additional discretion in building code application for existing buildings; local and federal tax credits; and adaptive reuse (zoning variance).

Additional Opportunities for Discussion:

In addition to the aforementioned programs benefitting those seeking to develop in urban villages, additional opportunities could be pursued by the City to encourage investment in these areas. These include, but are not limited to, the following:

- **Bin-Bump Up** (Currently only applicable to green building projects)
- **Design Review** - The design review process for projects within Urban Villages could be streamlined. For example, plans for such projects as detached units could be pre-approved.
- **Development regulation review** - Reductions in parking requirements could be applied to all urban villages. Reduced parking requirements would save applicants time and money, and would allow more flexibility in the design of redevelopment projects.
- **Implementation teams for each urban village** - Staff teams for each urban village could be formed to pursue and promote implementation of these plans.
- **SEPA exemption thresholds**
- **Impact Fee analysis**
- **System Development Charge Assessment**
- **Application of incentives to areas within proximity to GO lines** (similar to TIF reduction credit)