



MINUTES

SPECIAL JOINT MEETING PLANNING POLICY COMMISSION & ECONOMIC VITALITY COMMISSION 6:30 p.m. – Thursday, January 11, 2024

1. Call to Order

The hybrid meeting was called to order at 6:38 p.m. by CHAIR VOISS.

Planning Policy Commissioners

Present: Chair Voiss, Vice-Chair Bader, Commissioners Altimore, Esemuede, Krass, Milligan, and Patterson

Absent: Commissioner Kennedy (Excused)

Economic Vitality

Commissioners Present: Chair Reichley, Commissioners Lee, Garrard, Tadepalli, and Larson

Staff Present:

Jen Davis Hayes, Economic Development Manager
Christen Leeson, Senior Planner
Stephen Padua, Long Range Planning Manager
Valerie Porter, Associate Planner

2. Approval of Minutes

a) PPC Minutes of 12-07-23

With no comments or concerns, the Minutes were approved.

3. Public Comments (General)

- **Connie Marsh**, Squak Mountain, stated that the Comprehensive Plan Docket is a summary glimpse into changes expected within the next year, and that the term *2024 Updates* was vague. A summary page for the updates would be helpful.

4. Public Hearing (00:06)

a) Recommendation on Proposed Central Issaquah Pioneer Program (A)

Presented by:

Stephen Padua, Long Range Planning Manager

Jen Davis Hayes, Economic Development Manager

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PPC CHAIR VOISS described the Public Hearing Order.

Hayes gave the presentation.

PPC CHAIR VOISS opened Clarifying Questions from Commissioners. (00:11)

PPC COMMISSIONER MILLIGAN asked what Inclusionary Zoning is being replaced. Hayes replied Urban Core and Mixed-Use Central Issaquah and described the formulas and options.

EVC COMMISSIONER LEE asked for clarification regarding *Relaxed Incentive* and *Base Height Exemption*, E-2 and E-3. Leeson explained, and COMMISSIONER LEE stated understanding but concerned that the public may need more explanation. Leeson replied that clarification would be added.

PPC COMMISSIONER KRASS asked for clarification regarding *8% at 60% Average Median Income (AMI)* and *10% at 80% AMI*. Hayes replied feedback was received from Council and A Regional Coalition for Housing (ARCH) and is the administration recommendation, but more input is welcome.

EVC COMMISSIONER TADEPALLI asked if data had been received regarding the percentage of populations that fall into each AMI bucket, to inform decisions. Hayes replied that the information is provided by King County and is not split out. Leeson replied that current residents can be broken down but not by need. COMMISSIONER TADEPALLI stated that more units are better so that the amount of affordable housing can be increased. Hayes replied that deliberations would occur later in the meeting and that clarifying questions were being asked at this time and asked for clarification of the statement. COMMISSIONER TADEPALLI replied that there are two options at this time, 8% at 60% AMI and 10% at 80% AMI, and Hayes replied that the administration has only presented 8% at 60% AMI and reiterated that deliberation would occur after the Public Hearing.

PPC VICE-CHAIR BADER asked why both levels are not being considered if the goal is to incentivize development despite the greater need at 60% AMI. Hayes replied that the administration recommendation considers the need and changing affordable requirements.

PPC COMMISSIONER ESEMUEDE asked what will happen to over 60% AMI. Hayes replied that there is a project next to the transit center with varying degrees of affordability, and one project will not solve all levels of affordability. Leeson replied that there are Development Agreements which require affordable housing up to 80% AMI as well as the Development Bonus Program.

PPC COMMISSIONER KRASS asked how the minimum number of 100 units was decided on and if the large number will discourage development. Hayes replied that the project next to the transit center mentioned earlier is 375 units and proposals for two other projects are from high 200 units to mid 300 units. The number 100 was to ensure smaller lots will be developed. Leeson gave the example of Vale at 110 units. The Pioneer Project is not about affordability but is being included and 100 units will provide 8 affordable units.

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EVC COMMISSIONER LARSON asked how Issaquah currently compares to other surrounding communities in the number of affordable units available. Mike Stanger *with* ARCH replied that Issaquah is among the cities with the most affordable units created from Land Use, incentives, and direct public funding, the majority in the Highlands created in the last 20-25 years. The affordability level of units tends to be higher than, in example, Redmond and Kirkland. In terms of number of units, Issaquah has a high count.

EVC CHAIR RITCHLEY asked why change is needed if Issaquah already has one of the highest amounts. Hayes replied that the project is to spur affordable housing where it has not occurred. Many of the units in the Highlands were created through a Development Agreement. Development Agreement requirements are not changing. CHAIR RITCHLEY stated that the public may be confused that the Pioneer Project is not an affordable housing project.

PPC CHAIR VOISS opened the Public Hearing. (00:34)

- Brian Runberg stated representing ownership and potential design for the Red Robin site in Pickering Place in the Urban Core. The site has great transit, services, open space and infrastructure. Lending institutions are aware that the 80% model with MFTE works, an industry benchmark. The preference is for Option Two, providing a broader financing opportunity. There is no mixed-use project that can carry the current policy of 12.5% without significant financial offset. The two-year period should be adjusted to three-year due to market conditions.
- Connie Marsh, Squak Mountain, stated having sent a late email. The Central Issaquah Plan was meant to be long-term involving patience, 30 to 40 years. Developers developed in areas easiest to develop without as many rules. There is a large amount of housing, but not in the Urban Core. Issaquah is well ahead of neighboring cities, but jobs are lacking. Marsh stated not being in favor or using the Multi-Family Tax Exemption (MFTE) as when land value can support this type of development, it will happen. Infrastructure and transportation need to be examined that will support the population. Code language is not understandable and should be tightened, in example the term *Relaxed Incentive*. The word *Unit* needs to be more specifically defined. Overarching goals of the Central Issaquah Plan such as shopping and working have not been adequately addressed in code language, unclear. The application is confusing and component parts of what an application must have are needed.
- James Rivard, with SRM Development, Spokane, WA, stated that Issaquah has created less affordable housing units in Urban Core than other communities on the Eastside such as Bellevue where there are options but not requirements, creating housing through an aggressive MFTE program. Requirements proposed extend beyond the MFTE, perpetual. The public comment that Issaquah is well ahead of neighboring cities is incorrect. The MFTE is a property tax abatement with funds going to the County.

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CHAIR VOISS closed the Public Hearing. (00:51)

The Economic Vitality Commission began deliberation. Leeson stated that the Planning Policy Commission was present but would not be allowed to ask questions or respond as there was not a quorum present in the room.

EVC COMMISSIONER LEE stated that given that the program is intended to promote housing, optionality should not be ignored, and stated full support to include both options. Language should be tightened, particularly the Validity section. Because the applicant does not have full control over the permit process timeframe, three years rather than two would be preferable.

EVC CHAIR REICHLEY stated agreement with COMMISSIONER LEE, and that more options should be offered than less for the opportunity to develop affordable housing.

EVC COMMISSIONER TADEPALLI stated agreement with optionality, while knowing from the past how the development community will lean. The Planning Commission will need to be sure that infrastructure required to support additional population within the Urban Core is planned before the population arrives. Small businesses need to be more successful in Issaquah and while housing availability for customers and employees are necessary, roads and utilities, in example, need to be planned prior to construction. The small business community have expressed that there has been a reduction in business because of traffic and parking availability.

EVC COMMISSIONER LARSON stated agreement regarding tightening language, and that updating from two years to three years makes sense. Options are sensible, but a critical area of affordability is 60% AMI and although slightly fewer units may be built, 60% AMI should be the focus.

EVC COMMISSIONER GARRARD stated that the conversation is compelling.

At the end of Economic Vitality Commission deliberation, CHAIR VOISS stated that Economic Vitality Commissioners could remain to observe the Planning Policy portion but were also free to leave the meeting.

5-minute Break

The Planning Policy Commission began deliberation. (01:09)

MOTION by VICE-CHAIR BADER to recommend approval of proposed amendments to IMC 18.514 Affordable Housing, adding section 18.514.055 to establish the Central Issaquah Pioneer Program. MOTION seconded by COMMISSIONER PATTERSON.

COMMISSIONER KRASS stated that the metric of success is binary. Flexibility is good and if too restrictive, there will be nothing built.

COMMISSIONER ALTIMORE stated that public testimony was very helpful. The goal is to build, but there have been many missed opportunities. A Red Robin location example given earlier

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was interesting in that the two options were economically the same. Corporate Costco employees will fall into market rate units while Warehouse employees would need the 60%. Most incentive-based programs are at the 80% level, still a very high rent, and the recommendation of 8% at 60% AMI was supported. Traffic will be impacted.

COMMISSIONER ESEMUEDE stated agreement with the 8% at 60% AMI recommendation as the goal is to bring development and for people working in Issaquah to be able to live in Issaquah.

COMMISSIONER MILLIGAN stated that affordable housing objectives are being relaxed and stated not being in favor of the recommendation. Jobs need to be incentivized. Inclusionary zoning, which increased affordable housing allocation, was included in the Central Issaquah Plan and is perpetual. The options are the two administration proposals, but also neither of those. The pilot program should be moved out of the affordable housing chapter, misleading.

COMMISSIONER PATTERSON stated that the existing Central Issaquah plan is long term and that the bulk of affordable housing will come with the existing Plan. The priority is to spark development and both options should both be enacted. Public comments from Developers are in support of 10% at 80% AMI. Either option was supported.

VICE-CHAIR BADER stated agreement with COMMISSIONER PATTERSON and was in support of staff perspective.

COMMISSIONER KRASS stated that to spark building, giving Developers the choice is good. If there is no financing, there will be no building. If doing nothing is on the table, a program with a tax incentive could spur development more quickly.

CHAIR VOISS stated that which option Developers will use is known. Not everything wanted is included but the combined participation of the Economic Vitality Commission, Planning Policy Commission, and Council are apparent and appreciated. The MFTE is necessary. Council is listening to the Commissions, and also needs to listen to constituents who want more affordable housing. Educated guesses are being made. The situation can be revisited in one year to determine if progress is occurring. Issaquah has failed to build out the Urban Core, the point of the Pioneer Program. CHAIR VOISS stated agreement with COMMISSIONER MILLIGAN that the pilot program should be moved out of the affordable housing chapter as it is misleading. Leeson replied that staff had examined moving the section, but every other code related to the Pioneer Project is in the affordable housing chapter, a revision to affordable housing.

COMMISSIONER MILLIGAN stated appreciation for the comments by COMMISSIONER KRASS and responded to comments by VICE-CHAIR BADER. COMMISSIONER MILLIGAN stated not intending to vote yes to the MOTION, but not being completely against the program.

CHAIR VOISS read the initial MOTION by VICE-CHAIR BADER. Votes were taken by roll call and COMMISSIONER KRASS would be a voting member, filling in for a regular position. Two nays were COMMISSIONERS MILLIGAN and PATTERSON. Five ayes were COMMISSIONERS ESEMUEDE, BADER, ALTIMORE, KRASS, and VOISS. The MOTION passed.

5. Regular Business

a) Comprehensive Plan Docket (D) (01:39)

Presented by:

Valerie Porter, Associate Planner

Porter presented the 2024 Docket process and items. The Commission was asked if there are amendments that are not relevant or necessary and if there are refinements to be made. An Approval of the docket will be a recommendation regarding the list of amendments to be processed and not a recommendation regarding the individual amendments. One or more items can be moved to 2025, one or more items can be added to the docket, or the docket not approved. CHAIR VOISS reiterated that at this meeting the docket items are not being debated.

COMMISSIONER MILLIGAN asked for clarification regarding spot zoning and Land Use. Leeson replied that currently the Community Facilities Facilities Zone lies under the Community Facilities Land Use designation but there is a request to be under Urban Core, the mixed-use Land Use designation. COMMISSIONER MILLIGAN asked for clarification that a request for a change for one parcel is not spot zoning. Leeson replied that a spot zone would be changing to single-family suburban with no other single-family suburban surrounding; this situation is a Quasi-Judicial zone which is site specific and decided by the Hearing Examiner as opposed to Legislative, many parcels at once, decided by the Planning Policy Commission. COMMISSIONER MILLIGAN stated that the Planning Policy Commission would not be handling this situation, and Leeson replied correct, the situation goes to the Hearing Examiner. The Commission currently is only looking at the Comprehensive Plan and not the rezone. COMMISSIONER MILLIGAN asked for clarification regarding the zoning history of the State Park across the street and Leeson replied. COMMISSIONER MILLIGAN stated that changing the zone is not a bad idea but needs to be done in the right way. Leeson replied that the Hearing Examiner is completely objective, taking decision making pressure from the Planning Policy Commission.

COMMISSIONER PATTERSON asked about a blue triangle. Leeson replied that the area is labeled by King County as UNK, the property owner unknown, but possibly WSDOT property.

Leeson stated that a vote would be held at the next meeting.

5. Reports

a) Council Update (01:55)

Presented by Stephen Padua, Long Range Planning Manager

Padua stated that the conversation held will be helpful to Council. Council reviewed the Pioneer Program previously and the meeting video is uploaded. Council also reviewed the Comprehensive Plan Environmental Impact Statement (EIS) draft alternatives last week.

6. Other Business/Announcements

a) Upcoming Schedule

There were no announcements.

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7. Adjournment

CHAIR VOISS adjourned the meeting at 8:34 p.m.

Respectfully submitted,

Carolyn Garza, LLC
Recording Secretary