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CITY OF SNOQUALMIE  
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**CITY OF SNOQUALMIE**  
**DEPARTMENT OF PLANNING**

**Decision:** Minor Modification to SRII MUFP

**Report Date:** October 29, 2009 DRAFT FOR November 2, 2009 Planning and Parks Committee Meeting

**File Number:** MUFP-MOD 09-01

**Applicant:** Snoqualmie Ridge II Development LLC

I. NATURE OF REQUEST

Snoqualmie Ridge II Development LLC (SRII LLC) has requested a minor modification of certain development conditions of the Mixed Use Final Plan (MUFP) for Snoqualmie Ridge II (SRII) that was approved by the City Council on March 31, 2004 and modified on June 28, 2004 and November 18, 2008. Such requests are made pursuant to Section 6.4.1 of the Development Agreement signed on June 28, 2004, which authorizes the City Director of Planning to make minor modifications to the Conditions of Approval, with concurrence of the Chair of the Parks and Planning Committee of the City Council, provided certain specified criteria are met. The proposal for minor modification was submitted via email by Dave Dorothy for SRII LLC on September 24, 2009 and is attached hereto as Exhibit A.

The specific modifications proposed by SR II LLC is a modification of MUFP Attachment G to condition 4.12 to revise the affordable housing dispersal requirements and add a new affordable housing credit option. As currently written, Attachment G requires the multifamily rental housing required by the MUFP conditions to be located in a minimum of two parcels in SRII that are not adjacent to each other and requires a minimum of 50 for-sale detached affordable units to be dispersed with a minimum of 20 units in the north parcels, a minimum of 20 units in the south parcels east of the Snoqualmie Parkway and a minimum of 20 units in the south parcels west of the parkway. The proposed modification would eliminate the requirement for a minimum of 20 for-sale affordable units west of the parkway in SRII south. The proposed modification would eliminate the affordable rental dispersal requirement and allow the remaining affordable housing credit requirements to be met entirely within parcel S20. The proposed modification would also provide a new section to Attachment G that would add an option to allow but not require up to 44 affordable housing credits to be satisfied by non-covenanted market-rate apartments on one or more of the undeveloped SRII parcels other than S20, provided that the initial rent meets the affordability size and price criteria established in Section 7 and the unit size limitation of section 10 of Attachment G.

II. FINDINGS AND CONCLUSIONS

1. As set forth in Resolution 712, a Development Agreement for Snoqualmie Ridge Phase II was approved by the City Council on June 28, 2004 and subsequently recorded (recording number 20040629001943).

2. The standards governing consideration of requests for Minor Modifications are set forth in Section 6.4 of the Development Agreement, which provides for a review process to modify the Mixed Use Final Plan Conditions of Approval. Specifically, Section 6.4.1 of the Development Agreement states that *"A Minor Modification to the proposed development from that specified in the Conditions of Approval may be approved by the City Director of Planning, with concurrence of the chair of the Parks and Planning Committee of the City Council, provided he or she determines that the modification is in fact minor and is consistent with the overall scope and intent of the Conditions of Approval, satisfies the requirements of SMC 17.30.150 and meets the additional criteria listed in this subsection. The Flexibility Objectives as defined in subsection 1.4 [actually 1.5] of this Agreement shall be considered by the City in interpreting the scope and intent of the Conditions of Approval in evaluating any requested Minor Modification."*
3. In regard to the review process for Minor Modifications (Section 6.4.1), Planning Department staff provided a briefing to the Council Planning and Parks Committee on November 2, 2009 regarding the proposed modifications to the MUFP Conditions of Approval. Materials presented to the Council Committee demonstrated that the modification is in fact minor and subject to specific conditions of approval is consistent with the overall scope and intent of the Conditions of Approval, satisfies the requirements of SMC 17.30.150 and meets the additional criteria listed in subsection of 6.4.1.
4. The modification meets the criteria for minor modifications set forth in the Development Agreement Section 6.4.1 as described below in findings 5-12 below:
5. Section 6.4.1.1 – *"The proposed modification does not result in more than the total number of residential units approved in the Conditions of Approval."* The proposed modification will not result in more than the total number of residential units approved. The requirement of Section 6.4.1.1 is met.
6. Section 6.4.1.2 – *"The proposed modification does not reduce the number of parks or the total amount of active park acreage, and does not reduce the total acreage identified as open space."* The proposed modification will not result in a reduction in the number of parks or total amount of active park acreage, and does not reduce the total acreage identified as open space. The requirements of Section 6.4.1.2 are met.
7. Section 6.4.1.3 – *"The proposed modification does not result in a reduction in the amount or the minimum percentage of rental or for-sale affordable housing required by the Conditions of Approval."* The proposed modification will not result in a reduction in the amount or minimum percentage of rental or for-sale affordable housing required. The proposed minor modification merely revises the requirements for dispersal of the required affordable housing units within SR II. The requirements of Section 6.4.1.3 are met.
8. Section 6.4.1.4 – *"The proposed modification does not trigger the need for new SEPA review, pursuant to the provisions of Subsection 6.5"* of the Development Agreement. As described below, the proposed modification does not trigger the need for new SEPA review. The requirement of Section 6.4.1.4 is met.
9. Draft and Final Environmental Impact Statements for Snoqualmie Ridge II were issued on June 2, 2003, and February 23, 2004, respectively. This environmental review identified and evaluated impacts, and recommended mitigations for the probable significant environmental impacts from development of the Snoqualmie Ridge II proposal. The proposed modification to the dispersal requirements for affordable housing will not change the total number of allowable units or change the allowable density within any parcels. The modification does not involve changes that are likely to have significant adverse impacts not previously analyzed in the existing environmental documents. The proposed modification does not involve any new information that would indicate new or different environmental probably significant adverse impacts that have not been previously evaluated and mitigated. No new SEPA review is required.
10. Section 6.4.1.5 – *"The proposed modification does not include a reduction in the width, proposed plantings, or type of any required perimeter or Parkway buffers, unless the City determines that the modification will accomplish all of the same screening functions that the original requirements would*

*provide.*" The proposed modification will not affect any required perimeter or Parkway buffer. The requirement of Section 6.4.1.5 is met.

11. Section 6.4.1.6 – "*The proposed modification does not include uses that were not included in the original Conditions of Approval, eliminate uses that were included in the original Conditions of Approval, or materially change the mix of housing density.*" The proposed modification does not include new uses, eliminate uses or materially change the mix of housing density. The requirement of Section 6.4.1.6 is met.
12. Section 6.4.1.7 – "*The proposed modification is functionally equivalent to, or superior to, the original standard or requirement in fulfilling the intent and purpose of that original standard or requirement.*" As described below, proposed modification is functionally equivalent to the original requirements for dispersal of affordable housing units. The requirement of Section 6.4.1.7 is met.
13. For the 1,850 units allowed under Alternative 1 of the SRII MUFPP, 278 affordable housing credits would be required, provided, if the total number of units constructed falls below the 1,850 cap, the affordable housing credit requirement would be reduced accordingly. With 278 units required, a minimum of 33%, or 92 units, are required to be for-sale units.
14. The Attachment G affordable housing program was designed so that the project would provide both for-sale and for-rent low income housing units, within minimum amounts for each type and requirements that the affordable housing units be dispersed to several locations within SRII. A minimum of 20 for-sale units was to be provided in SRII North and a minimum of 40 units was to be provided in SRII South, with a minimum of 20 units east of the Parkway and 20 units west of the Parkway.
15. To date, a total of 94 for-sale affordable units have been constructed. 50 units were constructed in SRII North in parcels N1 and N2, and 44 units have been constructed in SRII South in parcel S1A. While no for-sale units have been provided west of the Parkway, the minimum number of for-sale units required for 1,850 total units has been met (exceeded by 2 units); the minimum number of units required to be provided in the North and South has been met; and the 92 for-sale units have been dispersed in three separate locations. Thus, the overall intent for dispersion of the for-sale units has been met, such that provision of additional for-sale units west of the Parkway is not needed to achieve substantial compliance with MUFPP Attachment G requirements.
16. For 1,850 total units, an additional 184 affordable housing credits remain to be fulfilled. These must include at least 70 rental units. The remainder of the required number of affordable unit credits can be achieved through provision of either for-sale or rental units, as determined by the developer.
17. Section 1.5 of the SRII Development Agreement establishes "flexibility objectives" to be considered with proposals for minor modifications, and include the ability to incorporate new information, respond to changing community and market needs, encourage reasonable priced housing, respond to changes in technology or patterns of living and working, and encourage modifications that provide comparable benefit or functional equivalence with no significant reduction of public benefits, environmental protection or increased material cost or loss of revenue potential to Quadrant or to the City.
18. As stated in their modification proposal, SRII LLC has been working for several years to market one or more of the higher density parcels to apartment builders, for both affordable and market rate units, and believes those efforts have been hindered by a number of factors, including the recent economic downturn and its impact on housing sales and financing. SRII LLC also believes the requirement for dispersal of the affordable rental units between at least two parcels creates economy of scale issues which make it difficult for a smaller affordable rental project to pencil and obtain financing, particularly when the units must also carry a 15 year covenant.
19. SRII LLC believes that their ability to provide two multifamily apartment projects in SRII would be increased if one site could be designated for meeting the total remaining requirement for 184 affordable housing credits, including the minimum 70 affordable rental units, in one apartment project. Such economies of scale may allow for some units to be developed to be affordable at 60% of median income, increasing the range of affordability provided.

20. To support the minor modification to eliminate the affordable rental housing dispersal requirement, SRII commits to preserve Parcel S20 for a multifamily affordable apartments by recording a covenant against Parcel S20 that restricts its use to affordable rental apartment development. Parcel S20 contains approximately 14 acres with allowed density of 8 to 16 units/acre and SRII projects it could accommodate approximately 140 units. The proposed covenant would remain in place until the remaining required affordable housing credits have been satisfied either at another location or through inclusion of lower income units that would qualify for 1.5 credits per unit. By providing a mix of low income and very low income units, all remaining affordable housing credits could be provided on parcel S20.
21. The proposed modification to add a new provision to the Attachment G affordable housing program to allow affordable housing credits to be obtained on a parcel separated from the proposed parcel S20 affordable apartments would allow for a limited number of non-covenanted rental units to receive affordable housing credits without providing the rental covenant required for affordable rental units provided in parcel S20.
22. The proposed new provision is intended to serve as an incentive to include affordable market rate units within housing developments located in other parcels.
23. The intent of the MUFPP affordable housing requirements is to provide units affordable to households earning 80% or less than the median income for King County. The proposed modifications to the affordable rental housing dispersal requirement do not alter the total number of affordable housing credits to be fulfilled. The public benefit, which is the provision of affordable rental housing, is not diminished by the proposed modifications.
24. It is consistent with the flexibility objectives to consider the current economic climate and ability to attract both affordable and market rate apartment developers to SRII as they relate to the proposed modifications to Attachment G. The proposed modifications will provide comparable benefit and functional equivalence to the existing affordable housing program with no significant reduction of public benefits, environmental protection, or increased material cost or loss of revenue potential to Quadrant or to the City.
25. Section 6.4.1.8 – *"The proposed modification is compatible with the scale and character of the properties and uses adjacent to the location of the proposed modification, whether such properties and uses are inside or outside the SR II Property."* The proposed modification does not change the allowable uses, density or total number of units for any parcels and will not alter the compatibility of future development subject to the modified requirements with the scale and character of the adjacent properties and uses. The requirement of Section 6.4.1.8 is met.
26. Section 6.4.1.9 – *"The proposed modification does not include additional access off the Snoqualmie Parkway."* The proposed modification does not include additional access off the Snoqualmie Parkway. The requirement of Section 6.4.1.9 is met.
27. SMC 17.30.150 requires applications subsequent to MUFPP approval be in substantial conformance with the approved final plan, as shown by conformance with five criteria. As described in findings 28 through 32 below, the proposed modification satisfies the requirements of SMC 17.30.150 and is in substantial conformance with the SRII MUFPP.
28. SMC 17.30.150(C)(1): *The proposal is within the scope and intent of the approved final plan.* The proposed modification revises only the dispersal requirements for the remaining required affordable housing units. The total number of required affordable housing credits as well as the minimum numbers of for-sale and rental credits to be provided remains unchanged. The SRII Affordable Housing Program with the proposed modifications is within the scope and intent of the approval final plan to provide affordable housing within SRII.
29. SMC 17.30.15(C)(2): *The proposal is of a similar size and scale and does not present appreciably different environmental effects from those identified during the final plan review process.* As discussed in

finding XX above, the proposed modifications does not present appreciably different environmental effects from those identified and evaluated during the final plan review process.

30. SMC 17.30.150(C)(3): *The proposal does not reduce overall acreage identified as dedicated public areas, open space or buffering areas.* The proposed modification to Attachment A affordable housing dispersal requirements does not reduce acreage identified as dedicated public areas, open space or buffers.
31. SMC 17.30.150(C)(4): *The proposal does not materially change the balance of uses.* The proposed modification to the dispersal requirements for the remaining affordable housing units does not affect the balance of uses.
32. SMC 17.30.150(C)(5): *The proposal does not exceed the limitation of any development standards approved pursuant to SMC 17.30.070.* The proposed modification of the affordable housing dispersal requirements do not alter or affect development standards.
33. The proposed modifications to the MUFPP Attachment G Affordable Housing Program meet the criteria for minor modifications set forth in section 6.4.1 of the SR II Development Agreement to confirm that the proposed modifications are minor and consistent with the scope and intent of the SR II MUFPP.
34. The proposed modifications to the MUFPP Attachment G Affordable Housing Program meet the criteria of SMC 17.30.150 to demonstrate substantial conformance with the approved SR II final plan.

### III. APPROVAL OF MINOR MODIFICATION

On the basis of the foregoing findings and conclusions, and subject to the conditions set forth in Section IV, the following minor modification of the SR II Mixed Use Final Plan is hereby approved:

1. Attachment G to the SR II Mixed Use Final Plan dated March 12, 2004 is hereby modified at Section 4 as follows to revise the affordable housing requirements:

4. Dispersal Requirements: A minimum of 50 affordable housing credit units shall be located on the north parcel and a minimum of 100 affordable housing credit units shall be located on the south parcel. ~~The multifamily rental housing required by these conditions shall be located in a minimum of two parcels in SR II that are not adjacent to each other.~~ At the Applicant's option, up to 44 affordable housing rental credits are allowed on SR II parcels other than Parcel S20 ("Other SR II Parcels"), in the following circumstances:

(a) If SR II is able to close the sale of one or more Other SR II Parcels to an apartment developer/builder; and

(b) If such apartment developer/builder is successful in permitting, financing, and constructing a market-rate apartment complex; and

(c) If the initial rents of some units constructed on such Other SR II Parcels meet the SR II Affordable Housing Program pricing criteria as affordable to households at or below 80% of median income in King County and meet the size limits established in section 10;

(d) Then in those events, the City will grant the Applicant affordable housing credits for those units, up to a maximum of 44 affordable housing credits.

(e) Affordable housing credits for Other SR II Parcels are at the option of the Applicant, and the affordable units will be granted such credits by the City based on initial rental price, without imposing affordable housing covenants on the Other SR II Parcels and without meeting any requirements to rent initially to an income-qualified household.

The for-sale housing to be provided by these conditions shall be located on a minimum of ~~3~~ three different parcels in SR II including:

- A. A minimum of 20 units in the north; and
- B. A minimum of 40 units in the south, ~~on the east side of the parkway.~~
- C. ~~A minimum of 20 units in the south, on the west side of the parkway.~~

If the Applicant proposes to locate the for-sale housing in more than these ~~3~~ three locations, then any two affordable for-sale projects or neighborhoods must be separated by an intervening neighborhood of market-rate housing.

#### IV. CONDITIONS OF APPROVAL

This approval is made upon the following conditions:

1. SR II LLC shall record a covenant against parcel S20 restricting its use to affordable rental apartment development. The covenant shall have terms specifying that it remains in place until all remaining affordable housing credits as required pursuant to MUF P condition 4.12 Attachment G have been constructed. The covenant shall be reviewed and approved by the City prior to recording.

APPROVED as a Minor Modification to the MUF P for SR II, together with modified Attachment G – Affordable Housing Credits.



Kingston Wall  
Chair, Planning and Parks Committee



Nancy Tucker  
Planning Director

Dated: \_\_\_\_\_

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