



**Legislative Department
Seattle City Council
Memorandum**

Date: September 23, 2013

To: Richard Conlin, Chair
Tim Burgess, Vice Chair
Mike O'Brien, Member
Planning, Land Use and Sustainability Committee (PLUS)

From: Eric McConaghy, Council Central Staff

Subject: **Clerks' File (CF) 311081** Application of Katy Chaney to prepare a new Major Institution Master Plan for the Virginia Mason Medical Center campus, located at 1100 9th Avenue (Project No. 3011669, Type IV)

Virginia Mason Medical Center (VM) seeks approval of a new Major Institution Master Plan (MIMP) and rezones to expand the boundary of the related Major Institutional Overly (MIO) boundary and to correct a mapping error.

VM has developed a new MIMP to guide its future growth. If approved, VM's MIMP authorizes future development through the adoption of plans, use requirements and development standards applicable to property it owns within its MIO zone. The MIO is also established by Council, designating the area in which the MIMP shall apply to property VM develops.

This memorandum provides an overview and summary for Council members on a variety of topics related to the proposal including:

1. Council authority concerning MIMPs;
2. Overview of Virginia Mason, site and surrounding area;
3. Summary of MIMP Request;
4. Summary of the environmental review;
5. The Citizen's Advisory Committee (CAC);
6. DPD recommendation;
7. The Hearing Examiner's Review and Recommendation; and
8. Planning Land Use and Sustainability (PLUS) Committee review.

The summary was developed from 18 exhibits provided to the Council by the Hearing Examiner following a hearing on the proposal. This memorandum includes several attachments taken from the Hearing Examiner's exhibits.

1. City Council authority concerning MIMPs

The City Council’s authority to approve a proposed MIMP derives from two City laws: the Land Use Code and SEPA¹ ordinance.

The Land Use Code gives the Council broad discretion to approve, approve with conditions, deny or remand a proposed MIMP. However, the Council’s decision must be based on the evidence in a record compiled in a hearing held by the City’s Hearing Examiner. The record on the MIMP includes testimony, public comment and exhibits that support or oppose the proposed MIMP.

The City’s SEPA ordinance gives the Council the authority to approve, approve with conditions, or deny the MIMP based on the potential impacts to the environment identified in the Final Environmental Impact Statement (FEIS). The FEIS identifies and evaluates significant impacts to the environment as a result of the new MIMP and, where appropriate, includes conditions that would mitigate the significant impacts of the MIMP.

The Council’s decision must be “based on applicable law and substantial evidence in the record” The Council has authority to remand the matter to the Citizen Advisory Committee (CAC), Department of Planning and Development (DPD) and the Hearing Examiner if the Council determines that a significant master plan element was not adequately addressed by the proposed MIMP.

The record contains the substance of the sworn testimony provided at the Hearing Examiner’s open record hearing and the exhibits entered into the record at that hearing. Those exhibits include but are not limited to:

- The Final Master Plan and Design Guidelines (MIMP);
- The Final Environmental Impact Statement;
- The Citizen Advisory Committee Report;
- The recommendation of the Director of DPD;
- The Findings and Recommendation of the Hearing Examiner; and
- Minutes and audio recording of the Hearing Examiner’s open record hearing.

The entire Hearing Examiner’s record is kept in my office and is available for your review.

Council review of a proposed MIMP is a Type IV land use decision under the City’s Land Use Code. As such, it is a quasi-judicial decision that is subject to state and local laws restricting the manner in which such decisions are made. Council review is subject to the City Council’s Rules for Quasi-judicial Proceedings. Among other things, these rules prohibit Councilmember’s from engaging in certain one-sided or “ex parte” communications with proponents or opponents regarding the proposed MIMP.

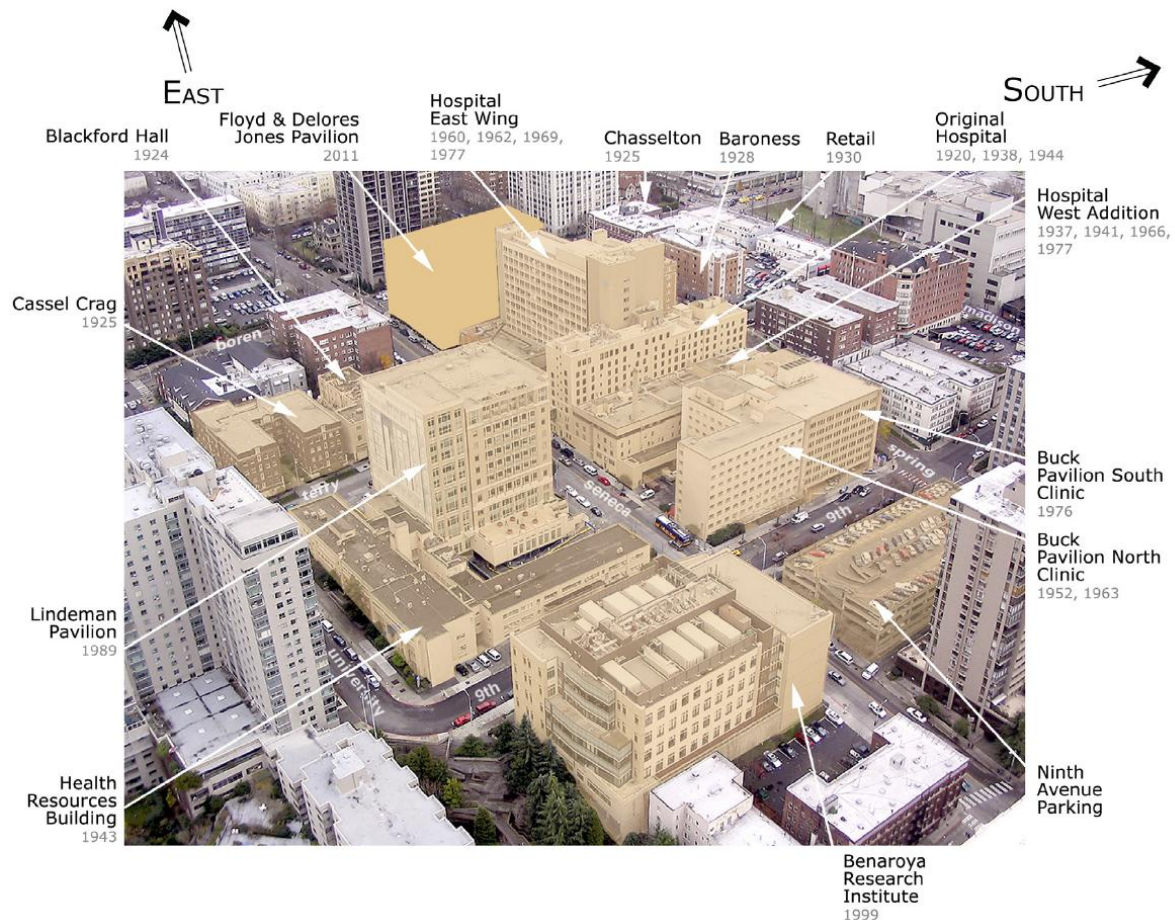
¹ State Environmental Policy Act.

2. Overview of Virginia Mason, site and surrounding area

Virginia Mason is a nonprofit regional health care system that includes 460 primary and specialty care physicians and a 336-bed acute-care teaching hospital. It employs approximately 5,500 people.

In addition to its main campus and the adjacent 1000 block of Madison Street, VM owns a network of seven satellite medical facilities; support facilities located in Georgetown, Bothell, and the Metropolitan Park West building in downtown Seattle; and the Bailey-Boushay House, a skilled-nursing facility and chronic care management program for people with HIV/AIDS and others suffering from life-threatening illnesses, which is located approximately 2 miles outside the VM MIO. VM leases space at 1111 Harvard Avenue for its employee day care program and space on Spring Street, between Boylston and Harvard Avenues, for a playground.

The proposed MIMP and rezones (MIO expansions) would apply to the future development VM's main campus, Virginia Mason Medical Center (VMMC), located just east of downtown, on the west slope of First Hill and within the First Hill Urban Center Village. It has been in this location since 1920. The campus slopes down from southeast to northwest and is bounded generally by University Street on the north, Spring Street on the south, Boren Avenue on the east, and the alley west of 9th Avenue on the west.



Virginia Mason Campus, Looking Southeast from MIMP, Figure, page 23

The surrounding neighborhood is a mix of medium- to high-density residential uses, medical and educational institutions, a few single-family residences, and commercial uses centered on Madison Street. To the north, across University Street, are Horizon House, a continuing care retirement community, and Kindred Hospital. To the east are several multifamily residential buildings and a private fraternal club. To the west, across the alley from the 9th Avenue Parking Garage, are several multifamily residential buildings. North of the Garage and adjacent to the VM's Benaroya Research Institute, is a new multifamily residential building under construction.

The surrounding neighborhood is home to four of the City's major institutions²: Swedish Medical Center; Harborview Medical Center; Seattle University; and VMMC. Figure 9 (MIMP, page 31) shows the existing zoning and the relative locations of nearby major institutions.

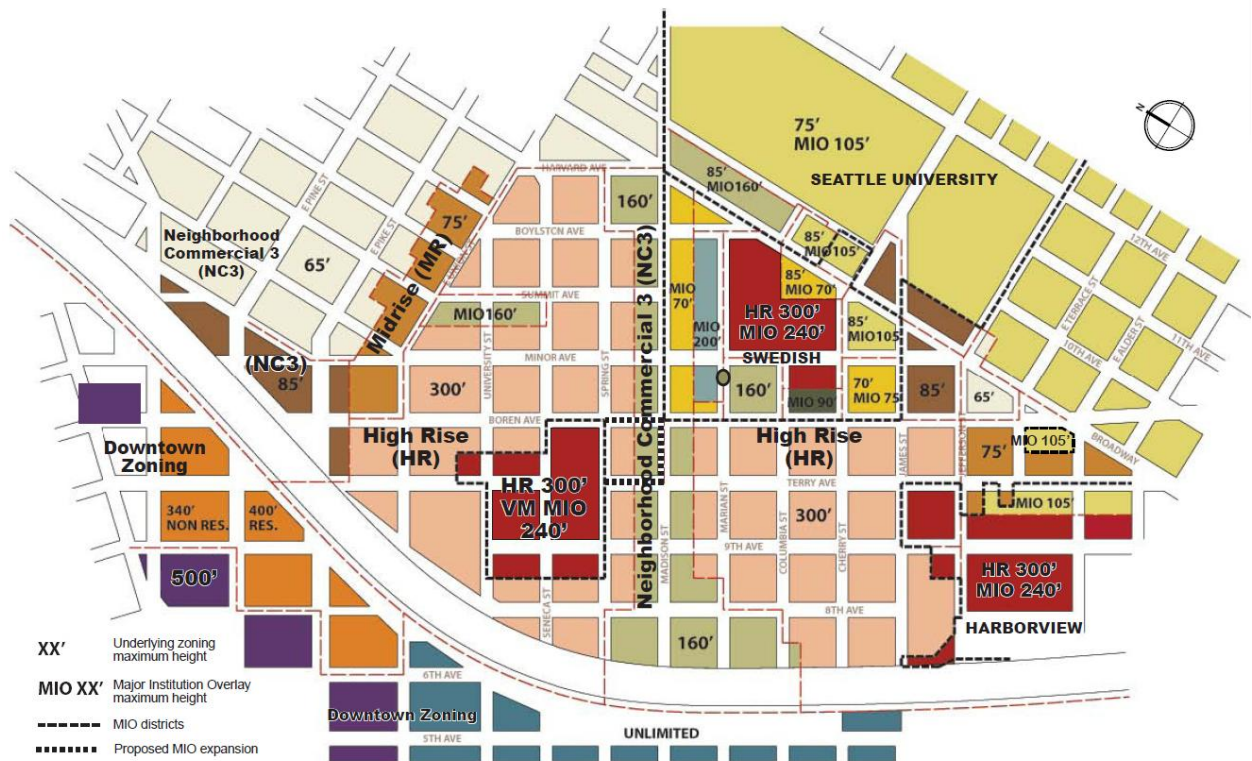


Figure 9 Existing Zoning

To the south is the "1000 Madison Block," which VM owns and proposes to incorporate into its existing MIO. The 1000 Madison Block is comprised of a multifamily residential complex (the Chasselton Court Apartments), a designated landmark (the Baroness Hotel), a small accessory structure, and approximately 25,000 square feet of small scale retail uses fronting Boren Avenue and Madison Street.

² Thirteen major institutions citywide.

Further south, across Madison Street, is the Cabrini First Hill Senior Apartment structure. Diagonally across Madison is the Swedish First Hill Medical Center MIO. West of the 1000 Madison Block and south of the main Virginia Mason hospital are the Sorrento Hotel, also a historic landmark, and several multifamily residential buildings.

3. Summary of MIMP Request

Virginia Mason assessed its need for growth based on the age of its existing facilities, regional growth, the increasing health care needs of an aging population, and the physical space demands associated with current health care delivery. Independent experts from an architecture and planning firm and a consulting firm specializing in healthcare planning determined that the proposed MIMP was within the range of acceptable planning for similar hospitals.

Table 4 Major Institution Master Plan Area Summaries

Use	Total Current Area (A)	Space to be Retained (B)	Area Needed to Replace Core Hospital Functions (C)	Total Area Needed to Replace Existing Aging Facilities(D)	Area Needed for Service Growth (E)	Total Area Needed by Year 2040 (B + D + E)
Hospital	525,757 SF	164,624 SF	422,000 SF ¹	672,589 SF		837,215 SF
Clinic	410,024 SF	125,797 SF		201,200 SF	691,523 SF	1,018,520 SF
Research	109,550 SF	109,550 SF			177,392 SF	286,942 SF
Support and Miscellaneous²	65,341 SF	30,250 SF		181,185 SF	471,160 SF	682,595 SF
Above-ground Parking	69,786 SF					0 SF (all parking to be located below ground)
Hotel	82,015 SF	33,570 SF		48,445 SF		82,015 SF
Housing	37,170 SF					0 SF (housing replacement to be located off campus)
Retail³	24,630 SF	1,200 SF		40,630 SF	80,450 SF	122,280 SF
TOTAL	1,324,273 SF	464,992 SF	422,000 SF	1,144,050 SF	1,420,525 SF	3,029,567 SF
Percentage of Total Area		15%		38%	47%	100%

1 The 422,000 SF of contiguous space needed to replace core hospital functions is included within the total of 889,143 SF needed to replace existing aging facilities.

2 "Support" includes office, food service, storage, maintenance area, physical plant, loading docks and similar uses.

3 "Retail" includes pharmacy, optical, coffee shops and similar uses on existing campus and neighborhood retail proposed for 1000 Madison block.

I am looking into a possible arithmetic mistake in the first footnote.

VM requests that Council approve a new MIMP to accommodate its desired growth. VM's previous MIMP was adopted in 1994 and expired in 2004. VM developed about 1.23 million gross square feet of the 1.66 million GSF allowed under the expired MIMP. The new proposal calls for adding about 1.4 acres to the 7.7 acres of the existing MIO for a total of about 8.1 acres, accomplished with expansion of the MIO to include the 1000 Madison block.

The new MIMP is designed to accommodate about 3 million GSF across the campus with a campus-wide floor area ratio (FAR) of 8.1. The allocation of development is summarized in Table 4, from page 29 of the MIMP, above.

VM proposes to maintain the height limit of 240 feet, in general, across the MIO with lower height limits as conditions for some portions of the campus. VM proposes no changes from the previous, expired MIMP to the height districts within Virginia Mason's existing MIO. MIO-240, height limited to 240 feet, is proposed for the entire 1000 Madison block expansion area, with the Baroness Hotel conditioned to MIO-80, height limited to 80 feet. Figures 19 and 20 from pages 46 and 47 of the MIMP show the existing and proposed MIO boundary with the conditioned heights. Attachment A reproduces these, with my annotation.

VM is also requesting a rezone to correct a mapping error in the existing MIO boundary line at the north end of the Terry Avenue/University Street parking lot and to expand the MIO 240 height to this 20-foot strip under Virginia Mason ownership.

The MIMP includes no expiration date. The projects are conceptual, and the MIMP would remain in place until the allowed square footage was constructed.

The City's Land Use Code requires that a MIMP include both planned and potential development. There are four planned projects, which could be completed by 2025: 1) demolition of all structures on the 1000 Madison block except the Baroness Hotel and construction of a replacement hospital facility; 2) demolition of the Cassel Crag/Blackford buildings and construction of medical office and clinic facilities on the site; 3) demolition of the buildings on next to existing Lindeman Pavilion and construction of medical office and clinic facilities; and 4) demolition of the Ninth Avenue Parking Garage and construction of medical research facilities and underground parking.

There are two potential projects, which could be completed by 2035: 1) demolition of the core hospital building and construction of office and/or medical facilities on the site; and 2) replacement of the parking lot on the northeast corner of the intersection of Terry Avenue and University Street with new office and/or medical facilities.

Please, refer to Figure 8 of the MIMP (included above) for existing development. The range of planned and potential future development including street configuration is illustrated Attachment B, reproducing Figure 23 from page 64 of the MIMP.

Under the SMC, a master plan is a conceptual plan for a major institution that consists of a development standards component; a development program component; and a transportation management program. The proposed MIMP includes all three components.

“The **development standards component** in an adopted master plan shall become the applicable regulations for physical development of Major Institution uses within the MIO District and shall supersede the development standards of the underlying zone. Where standards established in the underlying zone have not been modified by the master plan, the underlying zone standards shall continue to apply.” (SMC 23.69.030.B, emphasis mine)

(Jump down to the description of the development program for the reference comparing the proposed MIO standards to those of the underlying zoning, described in the MIMP as “consistency with the Seattle Land Use Code”.)

The MIMP addresses the requirements of SMC 23.69.030.B in its Development Standards chapter. Below, is an excerpt of the Table of Contents from the MIMP, listing of standards covered by the MIMP, with page numbers.

<u>DEVELOPMENT STANDARDS</u>	<u>page</u>
1. Existing Underlying Zoning	31
2. Proposed Expansion Areas	32
3. Structure Setbacks	32
4. Width and Floor Size Limits	33
5. Existing and Proposed Height Limits (MIO Heights)	33
6. Exemptions from Gross Floor Area	49
7. Existing and Proposed Lot Coverage for Entire Campus	49
8. Street-Level Uses and Facades in NC Zones	50
9. Existing and Proposed Landscaping and Open Space	50
10. Loading and Service Facilities	55
11. Preservation of Historic Structures	56
12. View Corridors	57
13. Pedestrian Circulation Within and Through the Campus	59
14. Transit Access	60

“With regard to future development, the **development program component** shall describe planned physical development, defined as development which the Major Institution has definite plans to construct. The development program may describe potential physical development or uses for which the Major Institution's plans are less definite.” (SMC 23.69.030.D, emphasis mine.)

SMC 23.69.030.E lists the required and optional parts of the development program requirement. With only one exception, the MIMP addresses each of the parts of the development program requirement in the same order as they are listed in SMC 23.69.030.E.

Below, is another excerpt of the Table of Contents from the MIMP, providing both a brief listing of all of the required and optional parts (with one exception) of the development program and the page numbers.

<u>DEVELOPMENT PROGRAM</u>	<u>page</u>
1. MIMP Alternatives	63
2. Density, Development Capacity and Floor Area Ratio (FAR)	69
3. Maximum Number of Allowed Parking Spaces	70
4. Existing and Planned Future Development	71

5. MIO District Properties and Leased/Owned Properties within 2,500 Feet	71
6. Height, Bulk and Form of Existing and Planned Physical Development	73
7. Planned Infrastructure Improvements	73
8. Planned Development Phases and Plans	73
9. Planned Alley Vacations, Skybridges and Tunnels	76
10. Housing Demolition and Replacement	79
11. MIMP Consistency with Seattle Land Use Code (23.69.006)	80
12. Virginia Mason Decentralization Plans	89
13. Applicable Goals, Policies and Public Benefits	90

The comparison of the MIO standards to those of the underlying zoning is indexed in the table of contents as number 11, and beginning on page 80. This is the exception; the place where the correspondence in the numbering of the Table of Contents deviates from SMC 23.69.030E.

SMC 23.69.030.E.11 deals with the consistency of the MIMP with the purpose and intent of the Major Institution Chapter. The MIMP's analysis of this factor is contained in the discussions under the following sections: MIMP goals, objectives and intent; VM's mission; regional growth and health care needs; the existing campus, including programmatic needs and community-campus integration; applicable goals, policies and public benefits of the development program; and portions of the text in each MIMP element.

SMC 23.69.030F sets minimum requirements for a **transportation master plan (TMP)**, including descriptions of existing and planned facilities for parking, loading, non-motorized travel and circulation systems within the MIO and in relationship to the external street system. The TMP must also include specific programs to reduce traffic impacts and encourage alternatives to single-occupant vehicles (SOV). SMC 23.54.016 establishes a minimum 50% SOV goal for Major Institutions.

The TMP is found at MIMP pages 101 through 108. In 2011, the implementation of Virginia Mason's current TMP achieved a single occupancy vehicle rate of 27%, with 46% of employees using the bus or rail to get to work, and 10% bicycling or walking. The proposed TMP is a continuation of the current TMP with enhancements. A comparison of the TMP elements is found at MIMP pages 103 through 108.

The DPD Director's recommendation included DPD's analysis includes an extensive evaluation of criteria related to **rezone requests**, see pages 56 to 75 of the DPD Report.

The rezone to correct the mapping error is straightforward. When the original MIO boundary was mapped, the line was drawn at the boundary line between lots 8 and 9. The mapping error was not corrected when the 1992 MIMP was adopted. Virginia Mason is requesting the correction and the extension of the height limit of 240 feet to the corrected area.

Virginia Mason proposes expansion of the MIO boundary by 1.41 acres, for a total of 8.48, acres, through the addition of the 1000 Madison block. The northern half of this block is currently zoned HR, and the southern half is zoned Neighborhood Commercial-3 with a 160-foot base height limit and a pedestrian overlay. The MIMP proposes MIO-240 for the entire block, with the height of the existing Baroness Hotel conditioned to 80 feet. Virginia Mason seeks a rezone for this expansion and height increase.

Among many observations related to the rezone request, DPD noted that the proposed height increase is not significantly higher than the underlying zoning and compatible with surrounding areas. The expansion of the MIO, via this rezone, is critical to the proposed MIMP, providing land on which to construct a replacement hospital before it can demolish the existing hospital and repurpose that space. Also, the expansion reduces the demand that would otherwise be borne by the land in the existing MIO, making possible building heights and bulk across the proposed MIO that are more acceptable to the CAC and the community.

MIO rezones are prohibited if a rezone results in either 1) a residential use changing to a non-residential Major Institution use or 2) causes the demolition of housing, unless “comparable replacement” is proposed to maintain “housing stock of the city”³. On the 1000 Madison block, the MIMP calls for demolition of the Chasselton Court Apartments and a small garage structure to allow construction of a replacement hospital.

The Chasselton is an 85-year-old, unreinforced masonry structure which has an assessed valuation of \$2.6 million and has not been upgraded to meet current seismic or construction code standards. A 2009 seismic evaluation of the building concluded that it has substantial deficiencies and that structurally upgrading it would cost between \$7.5 and \$12.5 million.

The 55 studio and seven one-bedroom apartments in the Chasselton are rented at market rates. However, as noted in the FEIS, they are considered affordable for those earning between 50 and 76 percent of the median income, and would be considered affordable to "low income" households under established HUD guidelines for the area. VM proposes to provide comparable replacement housing, and has agreed to a replacement housing condition recommended by the DPD Director. (DPD Director’s Report, page 70-73.)

4. Summary of the environmental review

A proposed MIMP must include an environmental determination related to the impacts of its proposed development. The Director began the environmental review process with publication of a SEPA determination of significance on January 6, 2011. Public scoping of the requisite environmental impact statement occurred from January 6, through February 3, 2011.

From public comments and CAC input, the Director determined the issues and alternatives to be analyzed in the draft environmental impact statement (DEIS) and final environmental impact statement (FEIS). The comments are summarized in the Director’s Report on pages 6-8. On March 7, 2013, DPD Director determined that the FEIS was adequate and the determination was not appealed.

5. The Citizen’s Advisory Committee (CAC)

A fundamental element in the MIMP process is the appointment, participation and recommendations of a CAC. SMC 23.69.032 provides specific details related to the CAC’s appointment and role.

³ SMC 23.34.124.B.7. Council addressed how this code section applies to MIO rezones in its approval of the Children’s Hospital MIMP, and applied the same approach to its approval of the Seattle University MIMP.

CAC members have individual voting rights. The Virginia Mason MIMP CAC consists of 12 members and four alternates, more of whom are neighbors. Three non-voting, ex-officio members were also appointed including representatives from VM, staff from DPD, and a representative from the Department of Neighborhoods who acted as staff to the CAC.

The CAC held a total of 23 meetings over two years to review various plans, reports, studies and technical information concerning VM's planned growth. A significant element of these meetings included the consideration of public comment on a variety of issues, both for and against the various alternative development proposals detailed in the MIMP.

The CAC received the draft Director's Report on January 23, 2013 and discussed the report at its final two meetings. The final CAC report was issued on March 26, 2013 and recommended adoption of the MIMP with conditions.

The CAC noted that SMC disallows the CAC's recommendation of less development than VM's stated need for 3 million square feet of development at build out.⁴ Therefore, the CAC chose from "alternative arrangements of the same bulk and scale" in its consideration of the MIMP. This led to their approval of the MIMP proposed alternative, with expansion of the MIP to include the 1000 Madison block.

Before the Hearing Examiner, the Chair of the CAC, Albert Shen, said that the DPD Director's report on the MIMP addressed almost all of the CAC's recommendations. He noted that the CAC preferred that VM make a greater commitment to affordable housing development than recommended by DPD. He also emphasized the CAC's recommendation for continued public involvement because the MIMP does not have an expiration date.

In its prehearing brief and during the hearing, VM opposed the CAC's recommendation that VM increase to 25% its voluntary goal of making 10% of replacement housing units affordable to persons making less than 80% of the median area income (low income under U.S. Department of Housing and Urban Development (HUD) Guidelines).

One CAC member, Dr. Sharon Sutton, abstained from voting on the approval of the MIMP and authored a minority report. In her report, she stated that she abstained because she disagreed with the Code provision that prevents the CAC from negotiating an institution's determination of its need for growth. The minority report also argues that the housing VM must construct or fund to replace housing units lost in the 1000 Madison block should be "equal in all respects" to the units demolished, and thus, affordable to those making 50% or less of the median income.

Attachment C is a copy of Section II of the CAC Report, *Committee Recommendations* and Attachment D is copy of Appendix I of the CAC Report *Minority Report of Dr. Sharon Sutton*.

6. DPD recommendation

Pursuant to SMC 23.69.032, DPD develops a recommendation to approve, approve with conditions or deny a proposed MIMP supported by an adopted Environmental Impact

⁴ SMC Chapter 23.69.032.D.1

Statement (EIS). DPD’s Director’s Report and Recommendations on VM’s proposal was issued on March 7, 2013.

DPD recommended approval of the MIMP and the MIO boundary expansions and height changes and the EIS. DPD’s recommendation included reference to 12 written comments provided during the EIS review periods. Four people provided oral comment at the EIS public hearing. The Final EIS includes documentation of significant public comment at all meetings.

DPD approval included 62 separate conditions to mitigate the impacts related to the rezone and height increases within the existing and proposed MIO and to implement mitigation measures outlined in the Final EIS.

7. The Hearing Examiner’s Review and Recommendation

The Hearing Examiner conducted a hearing on the proposed MIMP on April 22, 2013. During the hearing, representatives of VM and their experts provided testimony. Stephanie Haines, Senior Land Use Planner (DPD) and Albert Shen, CAC Chair, also provided testimony

As described above, Dr. Sharon Sutton wrote a minority report disagreeing with the CAC’s recommendation to approve the MIMP. She testified regarding her minority report before the Hearing Examiner.

Five members of the public testified at the Examiner's public hearing: two former VM patients, a housing advocate from Bellweather Housing, a businessman who is a member of the VM Board of Directors, and a member of the CAC who signed the majority report. All testimony was supportive of the proposed MIMP.

However, the CAC member, who lives in the neighborhood, made three related points in his testimony: 1) the First Hill Neighborhood Plan is greatly outdated and needs to be updated soon to address the issue of the combined neighborhood impacts of all four major institutions and the Yesler Terrence redevelopment; 2) successful retail in the NC3 zone along Madison Street has always been dependent upon on-street parking, which is to be eliminated; and 3) pedestrian safety at the intersection of Terry Avenue and Spring Street is an urgent problem that should be addressed before redevelopment of the 1000 Madison block is complete.

In addition to documenting the scope of the MIMP and its various components (development program, development standards, TMP, etc.) the Hearing Examiner provided conclusions leading to her recommendation, highlighting key issues. Attachment E is a copy of the Hearing Examiner’s findings and recommendation on the proposed MIMP.

Below is a summary of the Hearing Examiner’s conclusions.

DPD Analysis	Except as otherwise indicated, the Director's analyses are adopted. The DPD Director's report includes a detailed analysis of the proposed MIMP and the proposed rezones per SMC.
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Balance Major Institution and Neighborhood	The intent of the Comprehensive Plan's Major Institution Goals and Policies, and the Major Institution Code, Chapter 23.69 SMC, is to balance public benefits of a major institution's growth and change with the need to protect the livability and vitality of adjacent neighborhoods.
Need for growth	VM's assessment of its need for growth is reasonable.
Public benefits	The public benefits of VM's proposed growth and expansion include: increased employment opportunities; continued provision of uncompensated care, community health improvement services, subsidized health care services, a comprehensive environmental stewardship program; expanded facilities for medical research; continued support for medical education; an enhanced TMP; and enhanced open spaces, landscaping, and public pedestrian amenities
Drawbacks of proposed MIO expansion	The proposed boundary expansion to the 1000 Madison block has drawbacks: MIO expansion by 1.41 acres, demolition of 62 units of housing affordable to low-income individuals, impacting views of two landmarks, and bringing the VM campus to Madison Street, a key commercial corridor for the neighborhood, facing the Swedish Medical Center MIO.
Expansion better than increased height and bulk	VM's existing campus is relatively small and compact. The record shows that VM could achieve its institutional goals and development needs within its existing boundaries only through additional heights and bulk that were not acceptable to the CAC or the community.
Expansion of MIO necessary for redevelopment	VM needs space outside its existing campus on which to construct a replacement hospital before it can demolish the existing hospital and repurpose that space.
Approval of proposed rezones	The proposed rezones should be approved: correct the mapping error and expand the MIO to incorporate the 1000 Madison block and extend the MIO 240 height to that block, with the Baroness Hotel conditioned to 80 feet.
Comparable replacement housing	<p>SMC prohibits new or expanded MIO boundaries that would result in the demolition of residential structures unless comparable replacement housing is proposed. The Director's Report provides a condition addressing the issue.</p> <p>The CAC strongly preferred "affordable" replacement housing and asked for a voluntary goal that 15 units, or 25 percent of all housing constructed as replacement, would be affordable to those making less than 80% of the median area income (25/85 goal).</p> <p>As noted, the minority report expressed the opinion that all replacement housing should be as affordable as the existing units in the Chasselton Court Apartments.</p>

“Affordability” of Chasselton Court Apts.	The Chasselton Court units are market-rate apartments that are affordable to low-income individuals only because of their location in a privately owned, substandard building and the availability of similar housing in the neighborhood.
	Further, existing codes would not allow construction of units that were truly "comparable" to those in the Chasselton Court.
	Consequently, replacement units will inevitably exceed the existing units in structural integrity, quality of construction, desirability, and construction cost.
Recommended condition for replacement housing	The recommended housing condition accommodates the CAC's strong preference that all replacement housing be located on First Hill. The language also allows, but does not require, the CAC's 25/85 goal. The recommended condition is similar to those imposed on two recently approved master plans, and it represents an appropriate balance of the factors included in the concept of "comparable" replacement housing.
MIMP consistency with Comprehensive Plan	The MIMP is consistent with the Comprehensive Plan, and the proposed development is consistent with the Goals and Policies under the Education and Employability and Health in the Human Development Element
MIMP components comply with SMC	The MIMP components comply with the Code and should be approved subject to the recommended conditions.
All environmental issues addressed	All environmental issues have been adequately addressed in the MIMP and the Director's recommended conditions.

The Hearing Examiner recommended that the Council APPROVE the requested MIMP and rezones, subject to conditions. The Hearing Examiner adopted all of DPD’s recommended conditions, with some minor modifications and two substantive additions. Below, the Hearing Examiner’s substantive additions to the DPD conditions are shown with the differences underlined (numbering from Hearing Examiner).

The first addition dealt with development along Madison Street:

29. In the event that development occurs along Madison Street, all existing businesses facing termination of leases and relocation shall: 1) be provided assistance from both the City of Seattle Office of Economic Development and Virginia Mason to identify available spaces in the surrounding areas for permanent or interim relocation; and 2) receive advance notice of the availability of lease space in the completed development. Virginia Mason is encouraged to continue leasing the existing commercial structures on the 1000 Madison Block until they are demolished for new construction.” (The 2 is a correction of a typo in the DPD Report)

The DPD Report includes a detailed condition regarding the replacement of comparable housing. This condition provides that before VM “may receive a permit to demolish the

Chasselton or change the use of the Chasselton to a non-residential major institution use, DPD must find that Virginia Mason has performed either of the following two options:

- a) Virginia Mason has submitted or caused to be submitted a building permit application or applications for the construction of comparable housing to replace the housing in the Chasselton...
- b) Virginia Mason elects either 1) within two years of MIMP approval, to pay the City of Seattle \$4,460,000 to help fund the construction of comparable replacement housing; or 2) more than two years after final MIMP approval, to pay the City of Seattle 35% of the estimated cost of constructing the comparable replacement housing...

To the requirements of option b, the Hearing Examiner added this language, not found in the DPD condition:

All proposals for replacement housing shall be submitted by the Office of Housing and/or Virginia Mason for review and comment by the SAC. At the discretion of the City, the submittal may exclude financing details and related information.

The Hearing Examiner also incorporated aspects of the CAC's conditions, not found in the DPD conditions, into her conditions (numbering from Hearing Examiner):

13. No new surface parking lots are included in the MIMP. Any change of use within the MIO to surface parking for up to six months shall be considered a minor amendment to the MIMP. Such a change of use for a period greater than six months shall be considered a major amendment.

16. Five years after the effective date of the MIMP, and every five years thereafter, Virginia Mason shall hold a public meeting to review its annual report and other information intended to illustrate the status of MIMP implementation. The meeting shall be held in conjunction with a meeting of the SAC, and shall be widely advertised to the surrounding community and include the opportunity for public comment.

No one filed an appeal of the Hearing Examiner's MIMP recommendation. The Hearing Examiner issued her recommendation on May 20, 2013 and the appeal period closed 14 calendar days later, pursuant to SMC 23.76.054.

8. Planning Land Use and Sustainability (PLUS) Committee review

The agenda for the September 25, 2103 PLUS meeting includes thirty minutes for briefing and initial discussion of the proposed VM MIMP and rezone request. October 2, 2013 has been reserved for subsequent briefing and discussion.

I recommend that the Committee identify and prioritize which subjects you would like addressed in greater detail through subsequent staff reports or briefings. These issues may include:

1. Comparable replacement housing
2. Future applications for alley vacations and vacations to accommodate skybridges and pedestrians tunnels
3. Aspects of design guidelines and development standards

Attachments

- Attachment A: Existing and Proposed Major Institution Overlay Districts
Attachment B: Proposed Building Heights
Attachment C: Section II of the CAC Report, *Committee Recommendations*
Attachment D: Appendix I of the CAC Report *Minority Report of Dr. Sharon Sutton*
Attachment E: Findings and Recommendation of the Hearing Examiner