



**Legislative Department
Seattle City Council
Memorandum**

Date: September 30, 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)

Description of Application:

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 City Council approves the MIMP, it would authorize future development through the adoption of plans, use requirements and development standards applicable to property VM owns within its MIO zone. The MIO is also established by Council, designating the area in which the MIMP shall apply.

City Council authority concerning MIMPs

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.

The City Council's authority to approve a proposed MIMP derives from two City laws: the Land Use Code and SEPA ordinance. The Land Use Code gives the Council broad discretion to:

- Approve,
- Approve with conditions,
- Deny, or
- Remand a proposed MIMP

The Council’s decision must be “based on applicable law and substantial evidence in the record.” The Council may 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.

Similarly, the City’s SEPA¹ ordinance gives the Council the authority to:

- Approve,
- Approve with conditions, or
- Deny the MIMP

The Council’s decision is 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.

A PLUS recommendation to approve a MIMP and rezone for a MIO with height limits specified, subject to the conditions contained in Council's Findings, Conclusions and Decision, allows the Full Council to take action.

Purpose of this Memorandum:

PLUS posed questions at its September 25, 2013 meeting to be answered at the October 2, 2013 meeting. I have provided information below in preparation:

1. What are the requirements for replacement housing in the Seattle Municipal Code (SMC) that govern rezones for MIOs?
2. How do the replacement housing conditions of the VM MIMP compare to the SMC requirements?
3. What are the parking standards for Madison Street proposed in VM MIMP?
4. Where are the proposed skybridges and tunnels?
5. How may Council address skybridges and tunnels when considering approval of the VM MIMP?

¹ State Environmental Policy Act

Questions and Answers

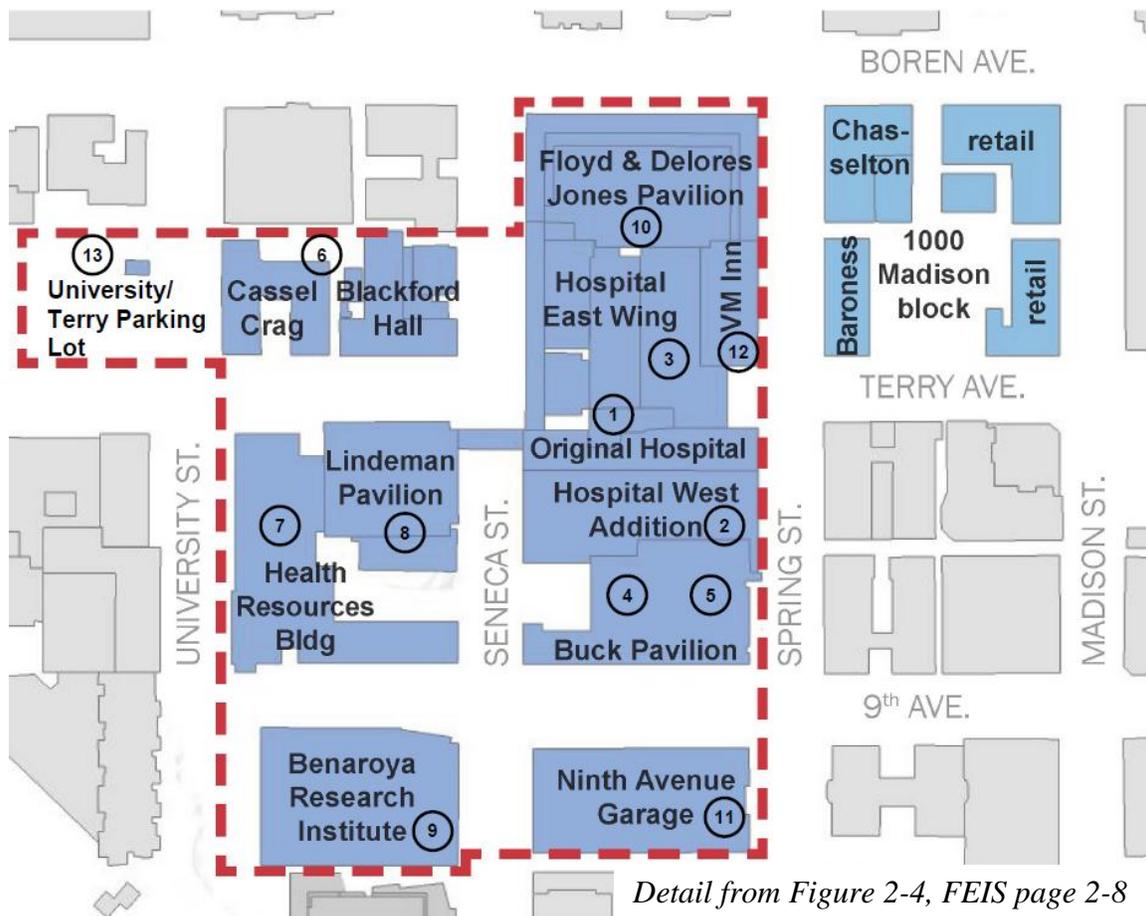
1. What are the requirements for replacement housing in the Seattle Municipal Code (SMC) that govern rezones for MIOs?

The SMC requirement regarding MIO boundaries states that:

New or expanded boundaries shall not be permitted where they would result in the demolition of structures with residential uses or change of use of those structures to non-residential major institution uses unless comparable replacement is proposed to maintain the housing stock of the city. (SMC 23.34.124 (B) (7))

The SMC does not define the elements of comparability for replacement housing. City Council has discretion to decide what these components should be.

Existing VM Campus Buildings and adjacent 1000 Madison block



The VM proposed expansion of the MIO would encompass 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. Please, refer to the map above.

The MIMP calls for the demolition of the Chasselton Court Apartments to allow the construction of a replacement hospital. The Chasselton apartment building is an 85-year-old, unreinforced masonry structure that has an assessed valuation of \$2.6 million. The Chasselton has not been upgraded to meet current seismic or construction code standards. It would cost between \$7.5 and \$12.5 million for structural upgrades to correct substantial deficiencies.

Of the buildings on the 1000 Madison block, the City's Landmarks Preservation Board approved Landmark status for the Baroness Hotel; denied Landmark status for the Chasselton and "(n)one of the remaining buildings within the proposed MIO boundary expansion area have been nominated and/or designated as City Landmarks, nor are they located within a historic district, nor are they listed in the NRHP or the Washington Heritage Register." (FEIS 3.8-5 and 6). The MIMP calls for the Baroness Hotel to be maintained.

Given that the demolition of the Chasselton will result in the loss of housing, 55 studio and 7 one-bedroom apartments rented at market rates, VM must propose comparable replacement housing.

General criteria for rezones, impact evaluation

Impact evaluation comprises one portion of the general criteria for rezones: "the evaluation of a proposed rezone shall consider the possible negative and positive impacts on the area proposed for rezone and its surroundings." One of the factors to be examined as part of impact evaluation is "housing, particularly low-income housing (SMC 23.34.008F).

The DPD Director's Report states that the "Chasselton Court Apartment rental rates are considered affordable to those earning between 50 and 76 percent of the median income, and would be considered affordable to 'low income' households, as established by HUD² guidelines for the Seattle-Bellevue HUD Metro Fair Market Rent Area." (page 64)

The conditions recommended for approval of the MIMP from the DPD Director and the Hearing Examiner included encouragement for the provision of affordable housing (see below).

Also note that VMMC's demolition of the Chasselton Court Apartments shall be subject to tenant notification and relocation assistance to qualifying tenants as required under SMC 22.210.120 and SMC 22.210.110, respectively.

2. How do the replacement housing conditions of the VM MIMP compare to the SMC requirements?

The DPD and Hearing Examiner both recommend housing conditions specifying the elements of comparability in a manner that is consistent with conditions of previous MIMPs. Regarding the means to provide replacement housing, the conditions require that before VM

² U.S. Department of Housing and Urban Development

“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 table below compares the recommended, replacement housing conditions with the requirements in the SMC.

element of comparability	SMC 23.34.124 (B) (7)	proposed conditions
physical characteristics	does not specify	same number of housing units same mix of housing types same or more square feet same or better quality
location	does not specify	same location (greater First Hill)
how replace?	does not specify	two options: build or pay
affordability	does not specify However, as part of the general rezone criteria, one of the factors to be examined is “housing, particularly low-income housing (SMC 23.34.008F).	build option: Encourage VM to contribute to housing replacement to assure 10% (7) of the units will be affordable to persons earning 80% median income for at least ten years AND design to compete effectively for public and private affordable housing grants and loans. VM may not receive replacement credit for any portion of the replacement cost financed by City funds. pay option: Office of Housing shall devote all funds from VM to project(s) in the same location (greater First Hill)

3. What standards does the proposed VM MIMP impose regarding parking along Madison Street?

The area along Madison Street is currently zoned Neighborhood Commercial 3 (NC3). The proposal calls for extending the MIO to include this area, with the standards of the MIMP to supersede those of the underlying zoning (NC3) when specified.

VM is not requesting any modifications to the underlying standards for parking as part of the proposal. The current NC3 parking standards would apply. The comparison of VM proposed standards in the MIMP to the underlying NC3 standards of the south half of the 1000 Madison block can be found on pages 85-88 of the MIMP, reproduced as Attachment A.

Seattle Department of Transportation (SDOT) regulates curb space throughout the city. SDOT's established priorities for curb space would continue to apply to Madison Street (FEIS, 3.9-21).

Residential priorities for curb space:

- Transit use
- Passenger and commercial vehicle loading
- Parking for local residents and shared vehicles
- Vehicular capacity

Business and commercial, including mixed-use, priorities for curb space:

- Transit use
- Passenger and commercial vehicle loading
- Short-term customer parking
- Parking for shared vehicles
- Vehicular capacity

4. Where are the proposed skybridges or tunnels?

In order to facilitate hospital-related pedestrian connections and create on-campus building cohesion, six new skybridges and eight tunnels could potentially be built that would cross public rights-of-way. For potential future skybridges or tunnels, VM offers two rationales: patient protection and neighborhood connections. The MIMP provides these criteria for initial screening of the necessity for a skybridge or a tunnel:

- Connecting patient services requiring controlled environments that are separated from each other by a city street
- If yes, which connections are most appropriate to facilitate planned movement? (Could be tunnel, skybridge or both)
- Increasing the porosity of the VM campus and ADA accessibility for the public
- Reducing or eliminating the need for multiple loading docks, thereby reducing traffic

VM is not seeking approval for specific skybridges or tunnels in the MIMP. The MIMP anticipates potential skybridges, and the FEIS includes visual simulations of them. A more detailed analysis of their visual impact would be part of each project level review.

The FEIS concludes that potential skybridges would alter identified view corridors. The FEIS also offers mitigating measures for the view corridors (FEIS 3.6.1-19):

- Construction with materials to contribute to the transparency of the skybridges
- Height and width of skybridges limited to accommodate the passage of people and supplies between buildings
- Approval of location and final design of any skybridges would occur through City’s Term Permit process, at time of project

The Final Design Guidelines of the MIMP (Appendix E) are consistent with the FEIS regarding skybridges: “(d)esign skybridges to be highly transparent, minimizing the visual impact on views toward downtown Seattle” (page7). Also, skybridges are discussed when relevant in the section on streets and listed in the design checklist for future review of projects.

The existing skybridge over Seneca Street just west of Terry Avenue would remain. Not all potential skybridges may be built, depending upon the actual development of the campus. VM has identified all potential locations where a future skybridge or tunnel may be constructed as part of future development, see below.

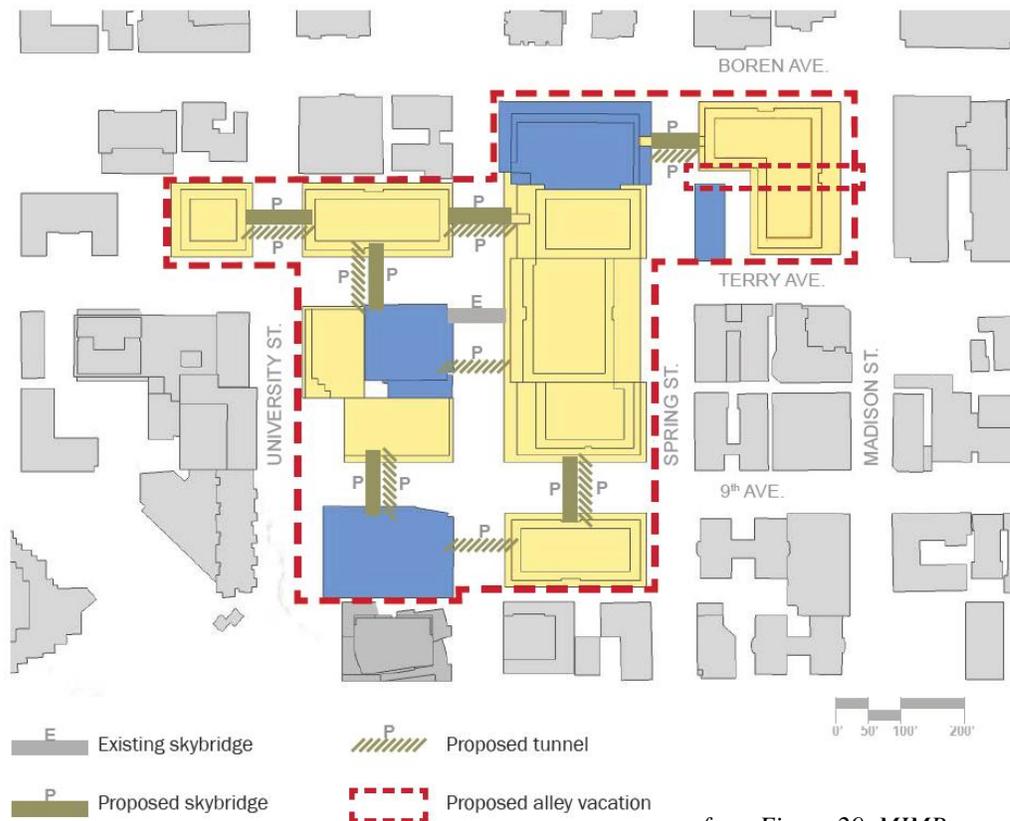
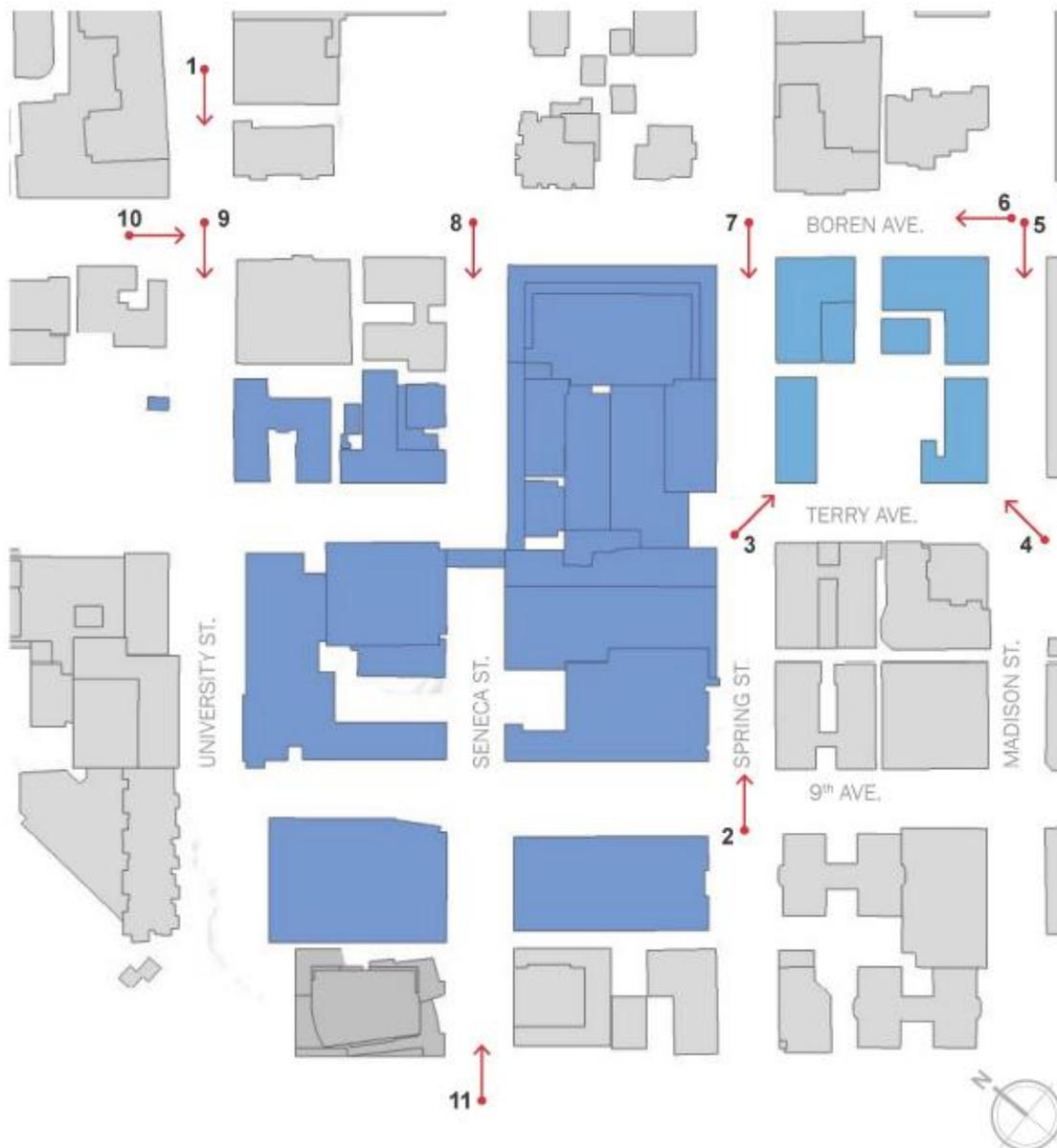


Figure 29 Street and Alley Vacations

The City of Seattle has adopted regulations (SMC 25.05.675) that protect views from specific viewpoints and scenic routes, and views of various landmarks, public places, the Space Needle, and skyline views. The planned and potential development of the VM campus under the proposed MIMP and MIO expansion, including skybridges, will have some impact on views, as mentioned above.

The map below shows the location and view direction of the viewpoints described in the FEIS in relation to the VM campus (FEIS Section 3.6.1.2). See Attachment B for copies of the figures from the FEIS showing existing conditions and photo-realistic simulations of future development under the MIMP.



From FEIS, Figure 3.6.1-1, *Viewpoint Location Map*

5. How may Council address skybridges and tunnels when considering approval of the VM MIMP?

The Council may condition approval of the VM MIMP, specifying details regarding skybridges and tunnels, among other factors. The Hearing Examiner recommended the same conditions as the DPD Director related to skybridges and tunnels:

The Standing Advisory Committee (SAC) will review and comment during the schematic and design stage of all proposed and potential projects intended for submission of applications to the City as follows: Any proposal for a new structure greater than 4,000 square feet or building addition greater than 4,000 square feet; **proposed alley vacation petitions; and proposed street use term permits for skybridges.** Design and schematics shall include future mechanical rooftop screening. **The SAC will use the Design Guidelines checklist (Appendix E) for evaluation of all planned and potential projects outlined in the MIMP.**

With each Master Use Permit application, **and each skybridge term permit application, Virginia Mason shall provide an updated view corridor analysis for that specific project.**

Potential skybridges will be designed and constructed with materials that would contribute to transparency of the skybridge to the extent possible in order to minimize potential impacts to view corridors on campus. Height and width of skybridges will be limited to accommodate the passage of people and supplies between buildings. Approval of the location and final design of any skybridges will occur through the City's Term Permit process.

Council's approval of the MIMP does not constitute approval of the potential skybridges and tunnels as described in the FEIS and the MIMP. The street vacation process and the approval for term permits are subject to separate procedures and policies, and would occur separately from the MIMP review and approval.

Next Steps

October 15, 2013 has been reserved for subsequent briefing and discussion. After the discussion at the October 2, 2013 meeting, I recommend two possible options for the next steps:

- I will prepare a draft Findings, Conclusions and Decision and a draft Council Bill regarding the VM MIMP and rezone for PLUS consideration, and possible action, at the next meeting on October 15; or
- I will prepare information from the record pertinent to unresolved issues related to the MIMP and rezone in advance of the next meeting for discussion.

Attachments

Attachment A: Selection from MIMP, *Table 15*, Consistency with Applicable Land Use Code Standards: NC zone

Attachment B: Existing conditions and simulations of proposed action