

# ***MEMORANDUM***

TO: Land Use Committee

FROM: Suzuki Task Force

DATE: October 31, 2008

RE: Report on the Disposition of the Suzuki Property

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**Due to its proximity to downtown, schools, transportation, and the fact that it is served by public water and sewer, the Suzuki property is a very unique and valuable resource. Given the City's goal to achieve close to fair market value for the property in order to facilitate the construction of a new police/court facility while at the same time balancing community values, the Suzuki Task Force has the following suggestions for your consideration:**

1. The City of Bainbridge Island should wait on selling the property until the Inclusive Housing Ordinance is in place.
2. The City should pursue rezoning the property to a higher density, not to exceed R-3.5.
3. The City should use a Request for Proposals (RFP) process for the sale of the property. This RFP should include a scoring system with suitable criteria to elicit innovative ideas that will meet the community's goals (see example at the end of the document).
4. The development of the Suzuki property should incorporate environmental aspects such as green construction, low impact development, clustering of housing, community gardens, permanent open space, preservation of natural features, and/or wildlife corridors.
5. The pond along the south boundary and a stand of mature trees at the SE corner should be incorporated into a natural-area buffer along the south boundary that would serve as a wildlife corridor and open space.
6. The development should include non-motorized trails for walking and biking with a safe route to school next to Sportsman Club Road.
7. Bonus points should be awarded in the RFP to each proposal that includes affordable housing above minimum requirements.

## **The Suzuki Task Force Process**

During the Land Use Committee meeting on August 19, 2008, the scope of work of the Suzuki Task Force was refined, existing zoning and City of Bainbridge Island Comprehensive Plan policies were reviewed, next steps were planned, the Suzuki Task Force was appointed, and local citizens made comments. The people on the Suzuki Task Force are John Green (local developer), Herb Hethcote (resident on Commodore Lane adjacent to Suzuki property), Jim Laws (local realtor), Karen Molinari (former director of Bainbridge Island Land Trust), and Bob Powers (affordable housing consultant). On August 22 there was a site visit to the Suzuki property by four members of the Suzuki Task Force and three City of Bainbridge Island staff members.

During the Land Use Committee meeting on September 2, 2008, City staff responded to questions raised earlier and distributed detailed answers. Suzuki Task Force members raised more questions and gave comments. There were also comments from local citizens. A two-hour meeting of the Suzuki Task Force and staff was held on September 9, 2008, to refine the proposed alternatives and develop task force guidance.

Staff met with the Land Use Committee on September 16, 2008 to brief them on the Task Force's progress thus far; the presentation included a brief overview of the Task Force's draft report. The Land Use Committee agreed with the direction the Task Force was taking, and set up a special LUC meeting on September 23, 2008 for a full discussion of the disposition of the Suzuki property. The Task Force met on September 18, 2008 to finalize their report for that LUC meeting.

### **Community Values**

Many of the goals in the City of Bainbridge Island Comprehensive Plan are relevant for the Suzuki property. For example, Goal 4 of the Environment Element encourages sustainable development, including the use of green building materials and meeting low impact development standards. Aquatic Resources (Goal 1) encourages the preservation of aquatic resources (such as the Suzuki pond) with vegetated buffers. Under the Housing Element, Goals 1 to 5 are related to providing affordable housing. It is relevant that North Town Woods, which is directly north of the Suzuki property, had 15 affordable housing units (see page 39 of Housing Appendix A), so there is precedence for affordable housing in the Suzuki area. In the Community Priorities Telephone Survey, residents were concerned about maintaining and adding bike lanes and walking paths along roads, preserving open spaces and natural areas, and providing affordable housing.

### **Environmental Issues**

The Suzuki Task Force supports development of the Suzuki property that is creative and consistent with Bainbridge Island community values. Creative aspects could include clustering of housing, preservation of existing natural features, and community gardens. Community values include the construction of green buildings that meet LEED or Washington Evergreen standards, and low impact development standards to achieve long-term durability, energy efficiency, water conservation, and low lifetime costs. Bainbridge Island community values also include the creation of an attractive development that is compatible with the surrounding residential neighborhoods of single family dwellings. Because of the proximity to five schools, this area may be particularly attractive to families with children and to teachers who could walk to work.

Bainbridge Island community values include providing multi-use trails and safe paths to schools. The Suzuki development should include non-motorized trails for walking and biking to schools, work, shopping, recreation, etc. More specifically, there should be a trail to schools along Sportsman Club Road on the west boundary of the Suzuki property (see Exhibit A for the Non-Motorized Transportation Committee's map of proposed trails).

The consensus of the Suzuki Task Force is that there are some environmental features on the Suzuki property that are worth preserving. Permanent open space in the Suzuki subdivision should include a natural area along the south edge of the property containing the pond and the mature trees at the SE corner. The Wildlife Network Corridor Map associated with City Council Resolution 2001-12 includes an East-West riparian wildlife corridor across the Suzuki property. A natural area along the south boundary would not only serve as the riparian wildlife corridor, but would also provide a buffer between the Suzuki development and the two Commodore subdivisions. There is already a natural area buffer along the south edge of the North Town woods subdivision, which is across New Brooklyn Road to the north of the Suzuki property.

### **Affordable Housing**

Providing more affordable housing appears to be a high community value among residents on Bainbridge Island. For example, in the Telephone Survey Report the gap analysis in Figure 5 showed that the gap between the mean priority score and the mean satisfaction score was 6th highest out of 30 for “Developing and implementing ordinances to increase affordable housing,” and 13th highest for “Supporting non-profit agencies in providing affordable housing.”

Given the current R-2 zoning and the approximate value of the property, it is probably not economically feasible to build affordable housing on the Suzuki property. However, this could be possible with an affordable housing ordinance and/or a rezone to a density higher than R-2.

There are several ways in which affordable ownership housing could be included in the development of the Suzuki property. For example, the Planning Commission is now considering an “Inclusive Housing Ordinance”, which would allow higher densities if affordable housing is included. We were told that if this ordinance is adopted, the 31 units now allowed under the current R-2 zoning could be increased to 41 units (5 affordable + 36 market-rate) or increased to 53 units (11 affordable + 42 market rate). In order to obtain affordable housing, the City of Bainbridge Island should delay selling the Suzuki property until this ordinance or the ordinance described in the paragraph below is passed.

Also under development is an “Innovative Housing Demonstration Projects Interim Ordinance,” which would be similar to ordinances in Redmond and Kirkland. These are based on the state legislation RCW 36.70A.540, which encourages the use of affordable housing incentives such as density bonuses and also encourages affordable units mixed into market-rate housing developments. We were not given estimates of the number of affordable units allowed under this proposed ordinance.

Another option suggested by a Suzuki Task Force member is to use a public/private partnership to do market rate housing with Accessory Dwelling Units (ADUs), so that there would be 62 units instead of the 31 units now allowed under the current R-2 zoning. This might provide affordable housing and deliver regular houses at about \$300K and ADUs for \$200K. It has the disadvantage that it would not involve a Community Land Trust (CLT) to provide long term affordable ownership.

### **Discussion of Other Alternatives Considered by the Task Force**

The Task Force was directed by the Land Use Committee to consider several alternatives for the Suzuki property. Through lengthy discussions of all of the alternatives, the Task Force was able to reach consensus on the guidance provided above, but wished to present the reasoning behind why the other alternatives were not chosen.

1. No Change – sell as is (could include selling at market rate with Accessory Dwelling Units)
  - a. This alternative will be considered by the Land Use Committee, however the Task Force is of the opinion that rezoning the property to a higher density (not to exceed R 3.5) will obtain a higher selling price for the property.
2. Rezone to higher density
  - a. This is already included in the Task Force guidance
3. Condition sale of land to develop per Inclusive Housing Ordinance
  - a. This is already included in the Task Force guidance
4. Condition sale of land to develop per Innovative Housing Demonstration Projects Interim Ordinance
  - a. This is already considered in the Task Force guidance and could be implemented through the Request for Proposal process
5. Subdivide with dedicated open space
  - a. The Task Force believes that open space is desirable, but is convinced that creative designs with open space can be achieved through points for open space in the RFP (see discussion on page 5 in the third paragraph under The Sale Process).
6. Land Swap
  - a. Mary Curtis, President of the BI School Board proposed to swap the Suzuki property for a few acres next to the Woodward/Sakai schools (that could be used for development) plus a fair market portion of school-district owned property on Mandus Olson Road for use as open space. For several reasons the proposed land swap does not meet the City's current needs. This land swap would not get the City any money to help pay for the new police/court facility. The land next to the Woodward/Sakai schools is smaller than and not as desirable as the Suzuki property. The property on Mandus Olson Road is most suitable for open space as part of Grand Forest.
7. Develop through flexible lot design subdivision process
  - a. Although this alternative is not part of the Task Force's specific guidance above, it is a possibility that the Land Use Committee could consider (see discussion on page 5, in the last paragraph of 'The Sale Process' section)
8. Mixed use/mix of housing types (single-family, multi-family, cottage housing)
  - a. A mix of housing types could be considered and encouraged through the RFP process.

### **The Sale Process**

We believe that the City of Bainbridge Island should develop a process involving a Request for Proposals (RFP) with a suitable scoring system to elicit innovative ideas to meet the community's goals as given in this report. The RFP process could include a Request for

Qualifications (RFQ) as a preliminary step to obtain information about interested organizations and their qualifications.

In order to consider all options and foster creativity, the RFP scoring should include goals on affordable housing without specifying which ordinance or approach should be used. Specifying the use of a specific ordinance or approach could limit the number of responses and could result in unacceptable responses or a lower price for the property. If there are no acceptable proposals, then City of Bainbridge Island may want to wait on selling the Suzuki property until the housing market improves and the demand for developable land increases.

We believe that designating specific parts of the Suzuki property as open space in the RFP might not allow maximal design creativity in the proposals and that it is adequate to include goals in the RFP scoring regarding environmental features such as green construction, clustering of housing, community gardens, open space, preservation of natural features, and wildlife corridors.

Another option considered by the Task force is to have a Flexible Lot Design subdivision using maximum density with two or three possible designs prepared and ready for permitting. The prepared plans would include the items identified in the goals, such as affordable housing, open space, buffers, and trails. At this stage of pre-development the land would be worth considerably more, since it would save the developer at least one year of permitting, plus all the associated carrying costs.

**Sample Request for Proposals (RFP).**

As a sample of an RFP that could be used in the sale process, we have modified the RFP developed by Barry Peters on 6/24/08 into the RFP on the next page. This scoring system serves as an example only, and could include different criteria or be weighted differently, based on the Land Use Committee's desires. We believe that the RFP process would generate creative responses that are consistent with the goals stated in this report.

**Goals and Scoring:** City of Bainbridge Island shall score proposals according to the following table.

Description of City of Bainbridge Island Goals for RFP Responses	Points
<b>Varied Housing Mix:</b> Development plan provides a mix of housing types, including market-based, and ownership and/or rental homes affordable to occupants at 50% to 120% of Kitsap Area Median Income (AMI)	10 points
<b>Eligibility for Financial Assistance:</b> The applicant is eligible, or is partnering with an entity that is eligible, for public funds and/or private contributions to assist the construction of affordable units.	5 points
<b>Permanent affordability:</b> Utilization of a community land trust or other mechanism to maintain affordability of applicable units.	5 points
<b>Green and sustainable construction:</b> Utilizing green building (e.g. LEED or WA Evergreen standards) and low impact development standards to achieve long-term durability, energy efficiency, water conservation, and low lifetime costs	10 points
<b>Open space, community gardens, buffers and trails:</b> The site plan permanently protects and preserves pond and wildlife areas, includes mature trees in open space, allows public access to open space, attractively buffers adjacent neighborhood to South, and provides non-motorized trails.	10 points
<b>Easement for Safe Route to Schools:</b> The plan dedicates to City of Bainbridge Island an easement for a safe walking trail along Sportsman Club Road.	5 points
<b>Attractively integrates with adjacent neighborhoods and character of island</b>	5 points
<b>Price:</b> The purchase price is high compared to the other RFP responses.	30 points
<b>Qualifications:</b> The applicant has demonstrated experience and excellence in prior development projects, and demonstrates financial capability to raise funds required for the purchase and development of the property	15 points
<b>Timeliness:</b> The proposal provides for a relatively prompt closing on the purchase of the property, with full purchase price deliverable to the City in cash at that time. (RFP responses should explain the proposed structure of purchase and financing if other than a purchase for 100% of cash to be delivered at closing.)	5 points
<b>Bonus points per affordable housing unit provided above minimum requirements</b>	2 points/unit