



Report to the Legislature

**Fircrest Excess Property Report -
Land Use Options and Recommendations**

ESHB 1092 Section 2037
(Chapter 520, Laws of 2007)

January 24, 2008

Department of Social & Health Services
Lands and Buildings Division
1115 Washington St
P.O. Box 45848
Olympia, Washington 98504-5848
(360) 902.8154
Fax: (360) 902.7889

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY 1

II. INTRODUCTION..... 5

 A. CAMPUS OVERVIEW 5

 B. CAMPUS MANAGEMENT, USE AND GOVERNING REGULATIONS..... 7

III. PLANNING PROCESS..... 9

 A. IDENTIFICATION OF EXCESS PROPERTY 9

 B. CITY PARTICIPATION 9

 C. SITE USER INTERVIEWS 10

 C. SITE USER INTERVIEWS 11

 D. CONSULTATION WITH OTHER STATE AGENCIES 12

 E. SUMMARY OF PUBLIC INVOLVEMENT AND COMMENTS 12

 F. PUBLIC AGENCY COMMENTS 14

IV. OPTIONS CONSIDERED 15

 A. PROJECT GOALS 15

 B. PROJECT ASSUMPTIONS 15

 C. OTHER ISSUES ADDRESSED IN OPTIONS..... 16

 D. OPERATIONS ISSUES NOT ADDRESSED IN OPTIONS 16

 E. REAL ESTATE MARKET POTENTIAL ASSESSMENT..... 17

 F. DEVELOPMENT OF OPTIONS FOR EXCESS PROPERTY 18

 G. ELEMENTS COMMON TO OPTIONS 1 THROUGH 3..... 19

 H. SUMMARY TABLE OF USES 20

 I. OPTION 1 – EMPHASIS: FINANCIAL RETURN TO THE STATE 25

 J. OPTION 2 – EMPHASIS: BENEFIT TO GOVERNMENTAL OPERATIONS 29

 K. OPTION 3 – EMPHASIS: BENEFIT TO LOCAL COMMUNITY 33

V. ANALYSIS OF OPTIONS 37

 A. ECONOMIC AND FISCAL ANALYSIS 37

 B. PROJECT BENEFITS ANALYSIS AND HOW OPTIONS MEET GOALS 39

VI. RECOMMENDATION AND DECISION ISSUES FOR THE LEGISLATURE..... 41

 A. RECOMMENDED HYBRID OPTION 41

 B. BASIS FOR RECOMMENDATION 46

 C. RECOMMENDED HYBRID OPTION ECONOMIC AND FISCAL ANALYSIS 46

 D. DECISION ISSUES FOR THE LEGISLATURE 48

VII. OVERVIEW OF CITY OF SHORELINE MASTER PLAN ADOPTION PROCESS ... 52

LIST OF FIGURES

1.1: Excess Property 3
1.2: Recommended Hybrid Option 4
2.1: Vicinity Map 6
2.2 Land Management 8
3.1: Excess Property 10
4.1: Elements Common to All Options..... 21
4.2: Photo Examples of Natural and Engineered Drainage..... 22
4.3: Option 1 – Emphasis: Financial Return to the State..... 26
4.4: Photo Examples of Duplex/Fourplexes and Townhomes..... 27
4.5: Photo Examples of Small Lot Detached Houses and Duplexes..... 27
4.6: Photo Examples of Multi-family Condominiums and Apartments..... 28
4.7: Photo Examples of Mixed Use – Residential, Retail and Services..... 28
4.8: Option 2 – Emphasis: Benefit to Governmental Operations..... 31
4.9: Photo Examples of Offices 32
4.10: Option 3 – Emphasis: Benefit to Local Community 35
4.11: Photo Examples of Public Services..... 36
4.12: Photo Examples of Park and Open Space 36
6.1: Recommended Hybrid Option 43

LIST OF TABLES

4.1: Summary of Potential Uses, Options 1-3 23
5.1: Economic and Fiscal Analysis Summary, Options 0-3 40
6.1: Summary of Potential Uses, Options 1-3 and
Recommended Hybrid Option 44
6.2: Economic and Fiscal Analysis Summary, All Options 51

APPENDICES

- A. Capital Budget Proviso
- B. Project Goals
- C. Market Potential for Fircrest Campus Excess Property
- D. Public Open House Advertisements and Flyers
- E. Public Comments
- F. Agency Comments
- G. Affordable Housing Definition
- H. Comparison of Benefits of Options
- I. Summary of Uses and Financial Analysis, All Options

I. EXECUTIVE SUMMARY

Chapter 520, Laws of 2007, Section 2037 (Capital Budget proviso), requires the Department of Social and Health Services (DSHS) to complete a master plan of the portion of the Fircrest campus not utilized by the Fircrest School or the Department of Health (DOH). In developing the master plan, DSHS is to consult with:

- The City of Shoreline;
- The Department of Natural Resources (DNR);
- The Department of Health (DOH);
- Representatives of institutions of higher education with whom DSHS has a partnership; and
- Representatives of the Shoreline community and neighboring communities.

DSHS is directed to include a plan for the future of the property, including recommendations for alternative uses such as affordable housing and smart growth options. DSHS is directed to report to the Legislature by January 1, 2008.

The purpose of this Report is to submit recommended land use options for the excess property to the Legislature for consideration and direction. The Report consists of:

- Identification of excess property;
- Analysis of potential uses with consideration for a balance of economic benefit, governmental operations, affordable housing, smart growth, educational partnerships, and local community benefit;
- Development of three "Highest and Best Use Options";
- Recommendations and decision issues.

The stakeholder process used to develop this Report included:

- An Advisory Committee to provide oversight at key points during the project. The Committee consisted of representatives from the Office of Financial Management (OFM) and State agencies (DNR, DOH, DSHS), legislative staff from the House Capital Budget Committee and Senate Ways and Means Committee, Senator Darlene Fairley, and Representatives Maralyn Chase and Ruth Kagi.
- Meetings with City of Shoreline, Fircrest School, DOH, DNR, existing tenants (Food Lifeline and Firland Sheltered Workshop), and Department of Community, Trade, and Economic Development.
- Two public open houses.
- A project website, open to the public, which allowed shared collection and dissemination of information.

Approximately 35.5 acres were identified as Excess Property (Figure 1.1 pg 3). Excess Property expands to 43.8 acres if the consolidation of the Fircrest School campus is considered.

Based on the direction in the Capital Budget proviso and public input, DSHS developed project goals that define the approach to developing options, including common elements. The project goals address:

- Maintaining site physical features,
- Improving circulation and access,
- Balancing priorities (financial, governmental, and community benefits)
- Maintaining a buffer and open space between Fircrest School and the Excess Property.

DSHS developed five options for review. Based on analysis of the options and public and agency comments, DSHS recommends the Hybrid Option shown in Figure 1.2 (pg 4) which includes a balance of the project goals. Uses included in the Hybrid Option are: governmental offices, mixed-use (commercial/residential), public services, open space and mixed-income housing.

If the Legislature directs specified uses of the excess property and provides funding, the next step is undertaking the City of Shoreline Master Plan process, which includes:

- Development of further detail sufficient to meet City requirements;
- Define development standards for identified uses;
- Infrastructure needs;
- Environmental analysis (State Environmental Policy Act requirements);
- Project phasing;
- Public involvement.

A completed Master Plan, approved by the City of Shoreline, is required for a City Comprehensive Plan Amendment and a re-zone of the excess property that allows for the proposed uses

Figure 1.1: Excess Property Map

**Fircrest Campus
Excess Property
Master Plan**



Figure 1.2 Recommended Hybrid Option



1/03/07



II. INTRODUCTION

A. Campus Overview

The Fircrest Campus is an approximately 90-acre property in State ownership located in the City of Shoreline. The Fircrest Campus is situated at the northeast corner of the intersection of 15th Avenue NE and NE 150th Street, approximately two-thirds of a mile east of Interstate-5, and several blocks north of State Highway 523 (NE 145th Street). Figure 2.1(pg 6) is a vicinity map.

The Campus has been the home of a US Navy Hospital (1942), a Tuberculosis Sanatorium (1949), and since 1959, the Fircrest School, a residential facility for clients with developmental disabilities operated by DSHS. Fircrest School is the major campus occupant today. A Washington State Department of Health (DOH) public health laboratory facility also occupies a portion of the Campus, along with two non-profit tenants.

Topographically, the Campus consists of two parallel north-south ridges bordering a relatively flat valley that broadens out toward the southern portion of the Campus. The western portion of the Campus consists of a series of plateaus that step down to relatively flat terrain in the southwestern portion of the Campus.

Adjacent land uses include Hamlin Park to the north, Shorecrest High School and the South Woods Opens Space to the east, single-family residences across NE 150th Street to the south, and mix of multi-family residences and offices across 15th Avenue NE to the west.

Significant amounts of vegetation, including stands of mature trees, exist along the northwestern boundary and in the north-central portion of the Campus. Significant stands of trees also occur just outside the Campus boundary, along the eastern slope and to the north.

The portion of Hamlin Creek that is located on the Campus consists of two tributaries, the first of which alternates between pipe and ditch sections along the eastern property boundary. The other tributary emerges as a swale near the north property boundary, and then runs underground in a pipe southward until it connects with the culverted eastern tributary on the Campus near the southern property line and continues off-site in a pipe. Neither tributary currently supports fish populations, and due to their physical characteristics (numerous extensive pipe sections, limited exposed channel, intermittent flow), they do not likely have this potential.

Figure 2.1: Vicinity Map

 Fircrest Campus
Excess Property
Master Plan

Campus and
Surrounding Area



B. Campus Management, Use and Governing Regulations

1. Management and Use

The Campus is currently managed by three State agencies: Department of Natural Resources (DNR), Department of Social and Health Services (DSHS), and Department of Health (DOH).

Approximately 53 acres of the Fircrest Campus are managed by DNR for the Charitable, Education, Penal and Reformatory Institutions (CEP&RI) Trust. Trust land must be managed for the Trust beneficiaries, although the land could be exchanged or sold under appropriate circumstances. The CEP&RI land is currently leased to DSHS for the Fircrest School.

DSHS manages approximately 30 additional acres (non CEP&RI Trust land) for Fircrest School operations. DSHS leases approximately two acres to two tenants: Firland Sheltered Workshop, a non-profit light manufacturing facility that provides employment to persons with a range of physical or developmental disabilities; and Food Lifeline, the largest hunger-relief organization in the State, which distributes food to food banks across Western Washington.

- The lease to Food Lifeline expires in 2017 and allows Food Lifeline to renew the lease for another 25 year term at their option. Food Lifeline does not pay ongoing rent. Under the lease, Food Lifeline paid approximately 25% of the cost of constructing the building they occupy and the State paid the remaining 75% construction cost. The State is liable for all utilities for the Food Lifeline building, including electricity, heat, gas, water, and sewer. The lease contains no provision allowing DSHS to terminate the lease without cause.
- The lease to Firland Sheltered Workshop expires in 2015. At the option of Firland, the lease may be renewed for another 25 year term at fair market value. Current rent is based on the assessed value. Firland is responsible for all utility costs. The lease contains no provision allowing DSHS to terminate the lease without cause.

DOH manages seven acres where its Public Health Laboratory is located. This is the only such facility operated by DOH in the State. Figure 2.2 – *Current Management of Campus Land* (pg 8) illustrates the land areas managed by the three agencies.

2. Governing Land Use Policies and Regulations

The City of Shoreline Comprehensive Plan and zoning code govern land use on the Campus. The Comprehensive Plan designates the Campus as Single-Family Institution, a designation applied to institutions serving a regional clientele on a large Campus, and the zoning regulations classify the Campus as Residential R6, which allows residential development with densities of up to six units per acre. The current zoning requires a special use permit, including review by the Shoreline City Council, be secured prior to modification of any structures currently on the Campus or desired to be added to the Fircrest School. Uses not associated with the Fircrest School and not allowed outright under the R-6 zoning would either be prohibited or subject to a special or conditional use permit.

Figure 2.2: Current Management of Campus Land

Fircrest Campus
Excess Property
Master Plan



III. PLANNING PROCESS

A. Identification of Excess Property

DSHS has an established method for identifying excess property which was used in the planning process. DSHS staff met with the Fircrest School identified Excess Property based on current and projected need. The Excess Property identified in this process includes six distinct areas, several of which are non-contiguous, and totals 35.5 acres. It is shown on Figure 3.1 – *Excess Property Map* (pg 10).

The Excess Property includes property currently under long-term lease to Food Lifeline and Firland Sheltered Workshop, two non-profit organizations that do not have a direct connection to the DSHS or Fircrest School missions. The recommendation presented in this report shows both of these tenants remaining in their current location, however the decision to maintain the leases ultimately lies with the State Legislature.

B. City Participation

DSHS worked with the City of Shoreline to define the planning process, develop a mutual understanding of the project purpose, and ensure that local community stakeholders were engaged in the process. Meetings were held with the City at key decision points. DSHS responded to the City's recommendations and planning goals while sharing its analyses and findings related to defining the options. The City also is hosting the project web page (<http://www.cityofshoreline.com/cityhall/projects/fircrest/index.cfm>).

Figure 3.1: Excess Property Map

**Fircrest Campus
Excess Property
Master Plan**



C. Site User Interviews

Interviews were conducted with each of the organizations that currently use the Campus (Fircrest School, DOH, Firland Sheltered Workshop, and Food Lifeline) to hear about their present and future facility needs, and any issues that could affect future development of the excess property.

Below are the primary needs and concerns identified by each of the interviewed organizations.

Fircrest School

- The Fircrest School currently consists of 50 buildings totaling over 428,000 square feet of gross floor area, and does not expect to need to expand its facilities.
- School population has grown somewhat in recent years to include 212 residents currently.
- A shift in demographics has included an aging client population and more school-age temporary and permanent residents resulting in an overall younger average age of residents.
- Recreation and education needs may increase with a younger, more active population.
- Better, more clearly defined walking areas are needed for pedestrian safety and wheelchair movement, particularly around Nursing Home (Y) buildings and between Y buildings and Adult Training Program and Activities Building.
- Safety and security of residents who lack pedestrian skills and require privacy.
- Age, location and design of Y buildings make for inefficient operations.

Department of Health Public Health Laboratory

- Fircrest Campus facility is the only facility in DOH's laboratory division
- DOH's Capital Plan includes expanding the existing 72,000 square foot facility by 30,000 square feet, and DOH will soon undertake a master planning process. Expansion to the west is preferred in order to avoid major reorganization of building and minimize disruption of ongoing activity.
- The nature of the materials being handled at this facility requires a 148 foot security buffer or an 82 foot buffer if it includes barriers to stop trucks (based on Federal standards); fence needed as a barrier for pedestrians.
- Controlled access and a separation from rest of Fircrest Campus are needed for security.
- Need to buffer laboratory functions from vibrations caused by delivery trucks going to other site users.
- More parking may be needed – could be located to the east of facility
- One-story building is preferable because of ventilation for laboratory functions, could consider multiple-story building in future; this is a matter of economics.

Food Lifeline

- Two facilities (Fircrest Campus and in the Seattle South Downtown Industrial Area) provide warehouse and distribution functions for all of Western Washington.
- Rapid recent and projected growth of food bank distribution operations

- Preference to consolidate operations onto the Fircrest Campus, which would require an expansion of the existing 27,000 sq. ft. facility to approximately 100,000 sq. ft.
- Ideal to have 9 acre site to accommodate building, , truck access and parking (both truck and volunteer), but could make a mixed use situation work
- Separate truck entrance would reduce conflicts with other site users and increase safety
- Need turnaround/parking area for large trucks

Firland Sheltered Workshop

- Firland draws its employees from the local area
- Projected need for doubling its size from 10,000 sq. ft. to 20,000 sq. ft.; new space would need to be adjacent to current facility
- In order to be accessible to its employees, the workshop needs to stay on flat land, preferably near transit stops, and with connecting sidewalks.
- Sidewalks connecting from the street to Firland facility are a need
- No specified need for parking, about 50% of its 29 employees drive to work

D. Consultation with Other State Agencies

The Capital Budget proviso directs DSHS to consult with DNR, DOH and institutions of higher education with whom DSHS has a partnership. DNR was consulted and served on the Advisory Committee. DOH was consulted as described above.

DSHS met with Department of Community, Trade, and Economic Development to obtain background information including the definition of affordable housing and the process for funding and developing affordable housing.

The needs of higher education partners that provide services to the Fircrest School, or otherwise use the Campus for internships and training opportunities, are primarily operations issues. These institutions were identified as stakeholders in the planning process and invited to provide input as part of public involvement activities.

E. Summary of Public Involvement and Comments

DSHS engaged the public in several ways, including mailings to nearby neighborhoods and stakeholders, two public open houses, and a project web page which was hosted by the City of Shoreline.

1. Stakeholder Identification and Notification

The project team received formal stakeholder lists from the City of Shoreline, DSHS, and Friends of Fircrest (a not-for-profit volunteer organization associated with the Fircrest School). The list of stakeholders included representatives of the Ridgecrest, North City, Briarcrest, and Parkwood neighborhood associations; the Shoreline Council of Neighborhoods, the Fircrest School educational partners (for example Shoreline Community College Dental Clinic, the University of Washington School of Pharmacy, and others), State representatives for the Campus area, property owners within 500 feet of the Campus, the Shoreline Chamber of Commerce, Shoreline Planning Commission, Shoreline City Council, local utility districts and service providers, King County Housing Authority, Washington Department of Ecology, Shoreline /Lake Forest Park Arts Council, City of Seattle, Thornton Creek Alliance,

Forward Shoreline, the Filipino-American Association of Shoreline, and the Shoreline/Lake Forest Park Senior Activity Center, and other interested parties. The list was updated during the planning process to include attendees at the open houses and persons/organizations who submitted comments via the project web page or by mail.

Stakeholders received notification of the two open houses. Notification occurred via the project web page. In addition, an ad was placed in the Shoreline edition of the Enterprise weekly newspaper for two weeks prior to the second open house. See Appendix D – *Open House Advertisements and Flyers*.

2. Project Web Page

The project web page included fact sheets, exhibits from the open houses (made available following the open houses), project contact information, and an email link for submitting comments. The City of Shoreline's home page included a link to the project web page. Additionally, fact sheets, meeting flyers, and other materials distributed by mail included the project web page address (<http://www.cityofshoreline.com/cityhall/projects/fircrest/index.cfm>).

3. First Open House

The first open house, held on October 10, 2007, provided an overview of the project through exhibits and verbal presentations. Over 50 people representing the surrounding community, interested agencies and organizations, Fircrest School, and others attended this open house. Attendees were asked to comment on what they felt was important to consider during the planning process, and about potential new uses for the Campus. Over 20 written comments were received at the first open house, and eight comments were received via the web following the first open house.

Comments cited provision of open space and public ownership as important aspects to consider during the planning process. Housing, community services, recreational facilities, education partnerships, neighborhood-serving retail, and health services were among the potential new uses that attendees hoped to see on the Campus. Appendix E – *Public Comments* includes both a summary of public comments, and each written comment received.

4. Second Open House

The second open house, held on November 8, 2007, gave an overview of the three draft use options for the Excess Property through exhibits and a presentation. Over 80 people attended. Attendees were asked to comment on each of the three options and what other features/uses they felt should be considered. Nineteen written comments were received at the open house and 24 comments were received via the project web page following the open house.

Comments cited the opportunity to develop housing and maximize financial return as positive aspects of Option 1, while voicing concerns about the intensity of development and decreased safety of Fircrest residents resulting from new development. For Option 2, comments cited improvements to the Fircrest School facilities and public/affordable housing as positive aspects, while voicing concern about encroachment on Fircrest School and the removal of the "Y" buildings. For Option 3, comments emphasized open space and affordable housing as positives, while voicing concern about Fircrest

School. Other features or uses people would like to see included keeping the Fircrest population safe and free from encroachment of other uses, providing community services and emergency housing as new uses, providing youth soccer facilities, and restoring Hamlin Creek. The options are shown in Section IV – *Options Considered*. For all of the public comments see Appendix E – *Public Comments*.

F. Public Agency Comments

The City of Shoreline Parks, Recreation and Cultural Services Department provided written comments emphasizing the need for a trail connection between Hamlin Park and the South Woods opens space, additional parking for events at Hamlin Park as well as a play area that could accommodate persons of all ages and abilities. The Shoreline Parks Department also mentioned the viability of sharing access on NE 160th St for the Fircrest School and Hamlin Park. See Appendix F.

DOH submitted a comment letter detailing its 10 Year Capital Plan for the Public Health Laboratories (PHL), which focuses on four goals: laboratory site security, a staging area outside of the lab building, enhanced specimen receiving and interior staging area, and space for the laboratory program staff. DOH's long-term land needs include protecting and preserving existing facilities and functions, and expanding existing facilities. To address these needs, DOH requires a "standoff" zone of 148 feet (determined by current Federal guidelines and regulations) between the facilities and areas of public access, a one-acre site set aside for demobilization of first responders, and space for the planned Laboratory Support Wing Addition, a 30,000 sq ft expansion of the existing PHL. The preferred location for this expansion is directly west of the existing PHL, since this would allow direct expansion of the existing wings and functional units without expensive relocation and remodeling costs. See Appendix F – *Agency Comments* for the Department of Health comment letter.

IV. OPTIONS CONSIDERED

A. Project Goals

Goals were developed based on the direction in the Capital Budget proviso and public input. The goals define the approach to developing options, including common elements. The Project Goals address:

- Maintaining site physical features,
- Improving circulation and access,
- Balancing of priorities (financial, governmental, and community benefits)
- Maintaining a buffer and open space between Fircrest School and the Excess Property.

Appendix B contains the complete Project Goals. Project Goals also respond to the greater State-wide and City of Shoreline goals of encouraging more sustainable, low-impact development. Project Goals were presented to the public via the project's web page and at the two public open houses, and the public was asked to comment on them. Public comments generally affirmed the goals.

B. Project Assumptions

A number of assumptions were used in defining the options. They include the following:

- Open space and tree buffers would be maintained between Fircrest School and Excess Property.
- Firland Sheltered Workshop and Food Lifeline are assumed to remain in their existing locations on the Campus, based on their existing leases. However, the continuation of their leases is ultimately a decision of the State Legislature.
- The Activities Building would remain in its current location, would remain under Fircrest School management and ownership, and would remain open to the public, but the primary entrance for Fircrest School use would shift to the east side of the building for improved Fircrest School access.
- The existing Fircrest School partnerships with higher educational institutions for training and/or internships would continue and potentially expand.
- Utilities for all new development within the Excess Property would be provided by that development.
- Land could be transferred out of or sold from the CEP&RI Trust based on Legislative approval.

C. Other Issues Addressed in Options

1. Circulation

Current Campus circulation dates back to the original layout developed when the Campus was a Naval hospital during World War II. Sidewalks are absent or in disrepair in many areas throughout the Campus causing unsafe pedestrian conditions for Fircrest School residents, employees and visitors. Campus access points are currently not ideally situated for each user, causing some conflicts between truck delivery traffic and operations at DOH, as well as safety issues for Fircrest residents. In addition, due to the evolution of uses on the Campus over time, there are redundant or unnecessary segments of roadway and parking areas, which cause confusion, make some uses hard to find, and add to the overall amount of impervious area on the Campus.

2. Drainage

Geotechnical analyses conducted in 2002 as part of a prior planning process identified that that poor soil infiltration results in standing water in many of the flat areas of the Campus, especially in low-lying areas, during storm events¹. Based on interviews with current Campus users this continues to be the case.

3. Hamlin Creek

Hamlin Creek consists of two tributaries, the first of which alternates between pipe and ditch sections along the eastern property boundary. The other tributary emerges as a swale near the north property boundary, and then runs underground in a pipe southward until it connects with the culverted eastern tributary on the Campus near the southern property line. Neither tributary currently supports fish populations, and due to their physical characteristics (numerous extended pipe sections, limited exposed channel, intermittent flow), they do not likely have this potential.

D. Operations Issues Not Addressed in Options

This report addresses future land uses, but does not specifically address operations issues at Fircrest School and DOH. Land use refers to the type of uses (i.e., residential, commercial, open space, etc.), but not the development and management of those uses. Land use planning responds to Project Goals, market issues, compatibility, community character, and environment, but does not resolve all existing or future operations issues for Fircrest School, DOH, or the Excess Property.

An overview of operations issues is shown below. Section VI – *Recommendation and Decision Issues for the Legislature*. Operations issues not related to land use include:

- The continuation, adjustment to market rate, or possible termination of the existing leases to Firland Sheltered Workshop and Food Lifeline. This could also include discontinuation of Fircrest School's no-cost provision of utilities to Food Lifeline.

¹ Preliminary Geotechnical Assessment, Golder Associates, Inc. April 11, 2002.

- The continuation or expansion of the higher education partnerships that exist at the Fircrest School to provide services to the School and/or to provide training and internships for students in health care and related fields.
- Provision of utilities on the Campus. This report assumes that utilities for new uses will be provided as part of new development; the steam plant and other aging systems are not considered appropriate for future new uses on the Campus.
- Cost of operating the Activities Building and allowing public use of the facility, which is currently supported by the Fircrest School budget. Under all of the options, the Fircrest School Activities Building could remain under DSHS ownership and management, or could potentially be transferred to another entity for management and operation.
- Ownership, development and management of future land uses identified in the options. For example:
 - Determination of whether the Excess Property would be leased or sold.
 - Determination of fund mechanism for changes to utilities, infrastructure, and related improvements (such as trails) needed for development of the Excess Property options.
 - Ownership and management of open space or other future public land uses within the Excess Property.
 - Transfer of land in and out of the CEP&RI Trust to allow development of the Excess Property.

E. Real Estate Market Potential Assessment

Market potential was assessed for the Excess Property to determine what potential land uses are in demand based on the current real estate market in the Campus vicinity. See Appendix C – *Market Potential for Fircrest Campus Excess Property* for the full report.

Uses for which there is a market demand are primarily residential, including single-family detached housing, small-lot single-family detached housing, townhouses or row houses, and multi-family housing. Of these, there is the highest market demand for townhouses/row houses. Therefore, townhouses/row houses present a lower risk than condominiums. However, the analysis indicated that focusing too heavily on one or two housing types particularly if they were to be developed at one time, without offering a range in types and affordability, could challenge absorption rates. Additionally, the market demand for condominiums may increase in the future.

There is also market demand for a small amount of local-serving retail uses, particularly in strip commercial or mixed use development with surface parking along 15th Ave NE. There is also demand for consumer and personal services offices such as banks and insurance offices.

There is also a local and regional need for public facilities and governmental service uses, which are not market-driven.

The market is not expected to provide much demand for private office uses or industrial uses, or commercial uses beyond the amount indicated above, due to the Campus location, residential context, size, access, and related issues.

Uses included in the options were identified based on the Campus location, market demand, community compatibility, compatibility with the existing site users, Campus access, relationship to governmental missions, and input from City, State and local agencies, and the public.

F. Development of Options for Excess Property

Highest and Best Use is a real estate concept that attempts to define the optimal land use for a specific parcel of land. The traditional definition of Highest and Best Use is the land use that would provide the most financial return to the land owner while also being physically, financially, and legally feasible. The most important aspects of Highest and Best Use are typically market demand and financial return. A true financial Highest and Best Use option would be development of townhouses and/or condominiums at intensities greater than depicted in options that meet project goals. In this Report, Option 0 depicts the traditional definition of Highest and Best Use.

Because the Capital Budget proviso calls for consideration of alternative uses such as affordable housing and smart growth options, the options in this report explore broader definitions of Highest and Best Use. This approach yielded options which range from placing an emphasis on obtaining financial return to the State while meeting project goals to those providing primarily public facilities and services, which would be developed at public/non-profit expense.

The options outlined in this report are:

- Option 0 represents a true financial Highest and Best Use. Option 0 meets none of the project goals.
- Option 0.5 emphasizes Highest and Best Use for financial return to the State by providing only market rate housing. Option 0.5 meets only two of the four project goals: it maintains site physical features and improves site circulation and access.
- Option 1 emphasizes a modified Highest and Best Use for financial return to the State by providing a spectrum of residential uses and meeting all four project goals.
- Option 2 emphasizes Highest and Best Use to primarily benefit governmental operations (i.e., providing zoning for buildings that could house services offered by governmental agencies), and secondarily provide some amount of public benefit housing. Re-use of the Excess Property to support governmental operations could provide substantial economic and other benefit to the State, even if the uses do not fit the traditional definition of Highest and Best Use by supplying a direct, immediate return. Option 2 meets all four project goals.
- Option 3 emphasizes Highest and Best Use based on benefit to the local community (i.e. the City of Shoreline and its residents, as well as the adjacent

neighborhoods) by providing a variety of local-level public facilities, governmental services, affordable housing, and open space. Uses that do not fit the traditional Highest and Best Use definition, but could provide considerable benefit to these communities are included. Option 3 meets all four project goals.

G. Elements Common to Options 1 through 3

To define options for consideration and analysis, the Project Goals (see Appendix B – *Project Goals*) were translated onto a base map of elements common to all options. This base map represents a skeleton or backbone for the different uses identified in the Options 0.5, 1, 2, and 3. These elements include certain physical features; functional features such as a circulation, access and drainage; and a common approach regarding land use compatibility, the existing site users, and balancing priorities.

The physical features and circulation plan common to all options including retaining hillsides and trees, improving natural and engineered drainage systems, reducing impervious surfaces, and improving pedestrian safety and connections with better sidewalks and trails, are shown in Figure 4.1 (pg 21). Below is a description of the Elements Common to All Options. Figure 4.2 (pg 22) includes photographs showing examples of potential natural and engineered drainage, an element common to all options. These elements take up approximately 12.3 acres of the 35.5 acres as Excess Property. With these elements, the amount of developable property on the Campus is approximately 23.2 acres or 1,010,592 square feet; however, this number does not account for land that would be needed for new roads and infrastructure to serve new uses. Based on standard planning practices, approximately 30% of these acres would be deducted for roads and infrastructure, leaving approximately 16.3 acres, or 710,028 square feet, of developable area.

1. Access and Circulation

Improved Campus access to support a wider mix of uses on the Campus and improve safety for Fircrest School residents would include increasing the number of access points, allowing more direct access to each use and minimizing cut-through traffic at the Fircrest School. Campus access points would include:

- Two entrances from NE 160th Street:
 - Re-establishment of an existing entrance in the northwest corner of the Campus.
 - Re-establishment of an existing entrance from NE 160th St to serve as the main entrance to the Fircrest School.
- Three entrances from 15th Ave NE:
 - Existing entrance at NE 155th St.
 - New entrance at NE 152nd St.
 - New entrance at NE 153rd St.
- Four entrances from NE 150th Street:
 - Re-establishment of an existing entrance just west of the DOH property.
 - Existing entrance within the DOH property that is used by Firland and Food Lifeline.

- New entrance just east of DOH property. This would provide a direct truck connection for delivery/service access to Fircrest School. The access route within the Campus would be designed as a boulevard to soften the effect on adjacent uses.
 - A re-establishment of existing entrance from NE 150th St in the far southeast corner of the Campus.
- To improve non-motorized access, access to transit, and livability, a network of trails, sidewalks and paths would provide pedestrian and bicycle connections across the Excess Property portions of the Campus and to Hamlin Park, Shorecrest High School, and the South Woods Open Space. The location of these trails and pathways responds to the topography. They include:
 - A north-south connection along 15th Ave NE.
 - A north-south connection at the eastern edge of the Campus.
 - An east-west connection across the Excess Property south of the Activities Building.
 - A second east-west connection across the Excess Property to South Woods and Shorecrest High School.
 - A northeast-southwest connection.
 - Connections into South Woods, a portion which would be located off-site.

2. Natural Features

- Retain mature specimen trees, significant stands of trees and vegetation, and natural land contours to provide amenity and ecological benefits.
- Day-light portions of Hamlin Creek in a swale-like design to improve Campus drainage and provide amenity.

H. Summary Table of Uses

Table 4.1 (pg 23) summarizes the types and quantity of potential uses proposed in each option and is followed by a more detailed description of each option. The quantities shown in this table are approximate, and are meant for planning purposes only. The proposed uses in all options would be located in areas that would have the least land use compatibility impact on the Fircrest School and the adjacent neighborhood.

Figure 4.1: Elements Common to All Options



-  Trails
-  Access Points



11/16/07



Figure 4.2: Photo Examples of Natural and Engineered Drainage Systems



Table 4.1: Potential Uses – Options 1 through 3

	Option 1 Financial Return Emphasis	Option 2 Benefit to Governmental Operations Emphasis	Option 3 Local Community Benefit Emphasis
Market-rate housing			
Duplexes / small-lot single-family homes	●		
Townhouses	●		
Mid-rise multi-family	●		
Mixed-use (Ground-level retail and professional offices with market-rate housing above)	●		●
Market Rate Units¹ Subtotal	464 (40,700 sq ft of retail and professional offices)		172 (40,700 sq ft of retail and professional offices)
Public-benefit housing			
Emergency/transitional and/or senior housing		●	●
Affordable and workforce housing ³		●	●
Public Benefit Units¹ Subtotal	0	326 ²	88 ²
Total housing units¹	464	326	260
Office			
Governmental offices		●	
Public service / non-profit offices		●	●
Total¹	0	265,000 sq ft	53,950 sq ft
Public Services Uses			
Local-level branch public services, i.e. Police station, Library			● (40, 000 sq ft)
Open Space			
Preservation of open spaces and trees	●	●	●
Additional programmed open space			● (adjacent to South Woods and on 15 th Ave NE)

Table 4.1: Potential Uses – Options 1 through 3 (continued)

	Option 1 Financial Return Emphasis	Option 2 Benefit to Governmental Operations Emphasis	Option 3 Local Community Benefit Emphasis
Expansion/ Upgrade to Existing Campus Uses			
New Fircrest School buildings: <ul style="list-style-type: none"> • Nursing home • Adult Training Program / Administrative offices 		<ul style="list-style-type: none"> • (102,000 sq ft) ⁴	
Expansion of Food Lifeline and Firland Sheltered Workshop			<ul style="list-style-type: none"> • (21,300 sq ft)
Expansion Area for DOH laboratories		<ul style="list-style-type: none"> • 	

¹ The quantities shown in this table are very approximate, and are meant for planning purposes only.

² Includes workforce/low market rate housing

³ A definition for affordable housing is included in Appendix G

⁴ This includes a minimum of 100 beds within the nursing home facility

I. Option 1 – Emphasis: Financial Return to the State

This option emphasizes financial return to the State while meeting project goals. It also addresses Smart Growth principles per the Capital Budget proviso, as well as open space and the features common to all options. While this option would yield financial return to the State, that return would be lower than a true financial Highest and Best Use Option 0, which does not include public benefit.

Option 1 would provide a mix of market-rate housing, including:

- Townhouses
- Condominiums/apartments
- Mixed use: street level retail with residential units above
- Duplexes / Small-lot single-family homes

The mixed-use would be provided along 15th Ave NE in the southwest portion of the Campus and include local-serving retail uses and residential.

Figure 4.3 illustrates Option 1 (pg 26). Table 4.1 (pg 23) shows the approximate amounts of these uses that could be accommodated with Option 1. Excluding land for new roads and infrastructure, the amount of developable land, all of which would be available for market-rate uses, would be 15.2 acres or 662,112 square feet.

The photographs in Figures 4.4 through 4.7 (pg 27-28) are examples of the potential uses in Option 1.

Option 1 is based on the following assumptions regarding the locations of uses:

- Mixed use development is shown in the southwest portion of the campus because retail uses would be visible from a major arterial street (15th Ave NE), close to existing commercial development south of the Campus. Based on the area's transportation network, retail in this location would be a convenient stop for commuters on their way home from work. Multi-family housing within this mixed use development would be close to existing multi-family housing along 15th Ave NE.
- Townhouse development is shown in the west central portion of the Campus as an extension of the existing scale of development in the surrounding neighborhood.
- Mid-rise multi-family residential use is shown in the western portion of the site, north of the Activities Building, because existing topography, trees and vegetation would provide a buffer, limiting visibility from 15th Avenue NE and the Fircrest School.
- Small-lot residential uses or duplexes are shown in the southeast portion of the Campus as an extension of the existing scale of development of the residential neighborhood to the south.

Figure 4.3: Option 1 - Emphasis: Financial Return to the State

**Fircrest Campus
Excess Property
Master Plan**

**Option 1
Emphasis: Financial Return to the State**

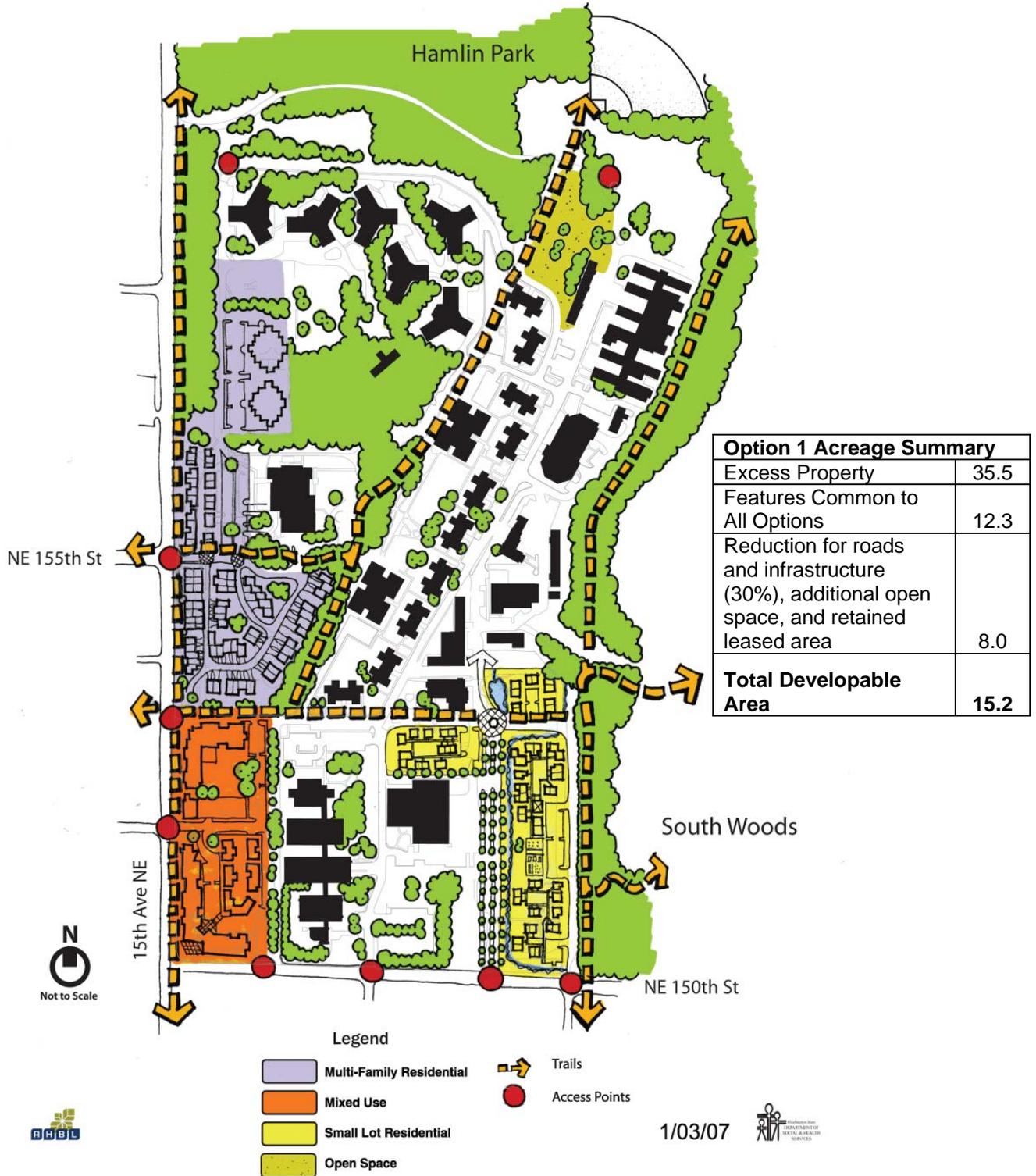


Figure 4.4: Photo Examples of Town Homes



Figure 4.5: Photo Examples of Small Lots Single-Family Detached House/Duplexes



Figure 4.6: Photo Examples of Multi-Family Condominiums/Apartments



Figure 4.7: Photo Examples of Mixed – Use-Residential, Retail and Service



J. Option 2 – Emphasis: Benefit to Governmental Operations

This option explores how governmental missions and operations could benefit from re-use of the Excess Property. It addresses affordable housing, Smart Growth principles, and explores support of government missions through public benefit housing such as transitional and emergency housing (i.e., providing zoning for buildings that could provide public services). Benefits also include cost savings from consolidation of government offices that are currently located in leased properties. This Option includes area for DOH to expand, consistent with their expressed need for larger laboratory facilities and efficiencies that DOH would achieve by expanding their current facilities to the west. Therefore, this option is not expected to yield direct financial return to the State. Rather, it yields operational and public benefits.

Unlike the other options, this option also explores the potential to improve Fircrest School operations by providing a smaller, more efficient and user-friendly site layout for delivery of services, with buildings that better serve residents needs regarding socialization, hygiene, and staff support, based upon comments from staff:

- The Fircrest School Nursing Home buildings (“Y” buildings), located in the northern portion of the Campus, were built in the 1960s with a dormitory-style layout. They have been identified by Fircrest staff as inefficient for the delivery of services due to their age, layout, and the topography of their setting (i.e. wheelchair movement can be difficult on the sloped areas surrounding these buildings).
- The existing Adult Training Program building is also an aging facility (built as part of a WWII Navy Hospital) that could be reconstructed for more efficient use of land and delivery of services.

The Excess Property Master Plan presents an opportunity to explore the costs, opportunities, and operational efficiencies of relocating these functions into new space- and operation-efficient facilities. Re-use of land currently occupied by the Nursing Home buildings could support uses such as mixed income, emergency, or transitional housing. This proposed consolidation and/or relocation should be preceded by a cost and operations feasibility study. The relocation of the “Y” buildings would result in 43.8 acres of Excess Property, compared to 35.5 acres originally identified and shown in Options 1 and 3.

Option 2 uses are summarized below:

Primary emphasis is governmental facilities:

- Opportunity to consolidate and relocate currently leased governmental office space to the Campus
- Opportunity to improve operations of existing on-site State facilities:
 - DOH expansion
 - Consolidation and relocation of Y buildings to new, more efficient facilities on the main Fircrest School campus
 - Replace Adult Training Program building with new, more efficient facility

Secondary emphasis on providing a variety of public benefit housing, which could include:

- Affordable housing (see Appendix G for the definition of affordable housing)
- Emergency/transitional housing
- Senior housing
- Non-profit housing for special populations

Third, a small amount of low market-rate/workforce housing

Figure 4.8 illustrates Option 2 (pg 31). Table 4.1 (pg 23) shows the approximate amounts of these uses that could be accommodated with Option 2. Excluding land for new roads and infrastructure and open space uses, the amount of developable land for new uses would be 17.1 acres or 744,876 square feet. Of this total, 3.2 acres would be for State offices, 1.3 acres for social services/ non-profit uses, 9.9 acres for affordable and/or workforce housing, and 2.7 acres for market-rate housing. There would be an additional 3.1 acres for redevelopment of the Fircrest School nursing home and Adult Training Program buildings.

The photographs in Figure 4.9 (pg 32) are examples of potential office uses for consolidation of governmental offices. The photos of townhouses, multi-family, and small lot/duplexes (Figures 4.4 – 4.6 as shown with Option 1 pg 27-28) are examples of residential buildings types which could include public benefit housing.

Option 2 is based on the following assumptions regarding the locations of uses:

- Public benefit housing is shown close to proposed social service uses along 15th Ave NE, and close to Fircrest School based on a nexus with governmental missions.
- Governmental offices and public service uses are located along 15th Ave NE to be easily accessible by this arterial roadway and its transit service, and close to the existing Activities Building.
- Similar to Option 1, small-lot residential uses or duplexes are shown in the southeast portion of the Campus as an extension of the existing scale of development of the residential neighborhood to the south.
- Multi-family housing is shown in southeast portion of the Campus, north of small lot residential/duplex uses and the leased property, to complete the array of housing types.

Figure 4.8: Option 2 - Emphasis: Benefit to Governmental Operations



Figure 4.9: Photo Examples of Class A Offices



K. Option 3 – Emphasis: Benefit to Local Community

Option 3 addresses Smart Growth principles and explores the potential for re-use of the Excess Property to primarily benefit the City of Shoreline and nearby communities. Option 3 is summarized below. It is not expected to yield financial return to the State, rather to return public benefit.

Primary emphasis is on public benefit uses

- Provides a variety of local-level branch public facilities.
 - For example, such facilities could include: Mini City Hall / Neighborhood Service Center, Walk-in Human Services Center, Police Sub-station, Branch Library, Post Office, etc.
- Provides a variety of social service offices and non-profit facilities in mixed-use buildings with public benefit housing units above
 - For example, such facilities could include: arts facilities, non-profit offices, etc.
 - Allows for expansion of Food Lifeline and Firland Sheltered Workshop
- Affordable, transitional, and market-rate housing (see Appendix G for the definition of affordable housing)
- Mixed use: street level retail with residential units above
- More open space than Options 1 and 2, including south of the Activities Building and in the southeast corner of the Campus adjacent to the South Woods Open Space.
- Sustainability demonstration project that could incorporate local energy production, natural drainage, local food production/market garden

Figure 4.10 illustrates Option 3 (pg 35). Table 4.1 (pg 23) shows the approximate amounts of these uses that could be accommodated with Option 2. Excluding land for new roads and infrastructure and open space uses, the amount of land available for development would be 8.9 acres or 387,684 square feet. Of this, 1.5 acres would be for affordable housing, 3.4 acres for social services uses, and 4.0 acres for market-rate development.

The photos in Figure 4.11 (pg 36) are examples of potential public service uses. The photos in Figure 4.12 (pg 36) are examples of potential open space uses and features. The photos of townhouses (Figure 4.4 pg 27) show residential building types which could include public benefit housing in Option 3. Photos of mixed use development are found in Figure 4.7 (pg 28).

Option 3 is based on the following assumptions regarding the locations of uses:

- As in Option 1, the southwest corner of the site is chosen for mixed use development with ground-floor retail because of its visibility from 15th Ave NE and its proximity to existing multi-family uses.

- Social and public services are located along 15th Ave NE to be easily accessible by this arterial roadway and its transit service, and close to the existing Activities Building.
- Open space is shown along 15th Ave NE near proposed social and public services to provide an easily accessible amenity. It would also provide an amenity for mixed use development to the south.
- Open space is shown in the southeast portion of the Campus because it would accentuate the Campus' natural features, provide amenity to residential neighborhoods to the south, and create a contiguous open space area with the existing South Woods Open Space, thus providing a legacy for future generations as the area urbanizes.
- A demonstration project for sustainable practices and technologies that could include a market garden, living machine², and clean energy production is shown in the southeast open space because such a project could tie into activities of Campus users including as Fircrest School and Food Lifeline, would fit with the City of Shoreline's sustainability strategy, and would highlight the State's commitment to sustainability.

² Living Machines are a form of biological wastewater treatment designed to mimic the cleansing functions of wetlands.

Figure 4.10: Option 3 - Emphasis: Benefit to Local Community

**Fircrest Campus
Excess Property
Master Plan**

**Option 3
Emphasis: Benefit to Local Community**



1/03/07

Figure 4.11: Photo Examples of Public Service Uses



Figure 4.12: Photo Examples of Parks and Upon Space Uses



V. ANALYSIS OF OPTIONS

A. Economic and Fiscal Analysis

Financial return was estimated with a gross, high-level analysis for the purposes of comparison and decision-making. Return was estimated in terms of potential land value if the land were sold or leased to develop the uses defined in the options. Fiscal revenue to the City of Shoreline was also estimated.

Table 5.1 (pg 40) shows the estimated return from the options. Returns to the State are shown as Expected Land Value, which is the amount that Campus land would likely sell for if it can be developed for a specified use; lease values, when figured in terms of present value, would be similar to sale values. Land value is shown both as a “per square foot” value, and a total value which accounts for infrastructure costs, as well as development of trails.

Costs associated with the trails and open space features common to Options 0.5, 1, 2 and 3 are estimated at approximately \$770,000 to \$1,000,000, and are included in Table 5.1 (pg 40) as part of Infrastructure Investments.

In addition to estimating the financial return from the options shown in this report, the potential return to the State if all of the Excess Property were developed with the true financial Highest and Best Use was also estimated. The true financial Highest and Best Use was determined to be market-rate townhouses (there is greater local demand for townhouses as opposed to condominiums), with no trails or consideration for retention of trees and vegetation. This use is labeled “Option 0 - Single Use - Townhouses” in Table 5.1 (pg 40) and shown in Exhibit 16 in Appendix C. Option 0 was used to gauge the relative return of developing the other options, and the opportunity cost of various public benefit uses and features in the other options.

Additionally, because the Project Goals and Options 1, 2 and 3 all call for developing trails and retaining trees and vegetation in certain areas, the return was estimated for developing townhouse uses on all parts of the Excess Property except those needed for trails and vegetation retention. This is labeled “Option 0.5 - Single Use – Townhouses with Features Common to All” in Table 5.1 (pg 40), and is shown in Exhibit 18 in Appendix C. Options 0 and 0.5 were not shown for public comment during the planning process, but are included here to illustrate the relative opportunity costs and benefits associated with Options 1 through 3 and the Hybrid Option.

Along with financial return and infrastructure costs, Table 5.1 (pg 40) also shows the amount of Excess Property, deductions for trails and vegetation retention, roads and infrastructure, as well as and additional open space, retained leased area, etc., and resulting net acreage would be used for new development under each option.

Options 1, 2 and 3 provide considerable public benefit, such as Smart Growth principles associated with mixed use development, open space, variety of housing, and a variety of public service and governmental uses.

Following Smart Growth principles, Option 1 include stacked condominium uses with structured parking; development of this type would likely require waiting a few years in order to achieve the expected returns for these uses. In the longer term, however,

these uses may prove to have a higher return than townhouses and surface parking. Additionally, market-rate rental housing, included in Option 1 to provide variety of housing options, currently has development costs that would require rents higher than many potential renters can afford. This contributes to the overall return from Option 1. Given current market conditions in Shoreline, a higher financial yield for market-driven uses could be obtained by selling or leasing the property in phases rather than selling or leasing at a single point in time in the immediate future.

Options 2 and 3 include a range of affordable housing. Under affordability guidelines set by the State Department of Community, Trade, and Economic Development, rents affordable to households earning 60% of area median income would be able to fund a maximum of 75% of development costs for a 1-bedroom apartment or 63% of a new 2-bedroom apartment. Rents affordable to those earning the lowest incomes could only cover between 32-38% of total development costs. For such projects to be financially feasible, these gaps would need to be subsidized by nonmarket sources. For example, a typical for-sale townhome or duplex unit would require financial support to cover half or more of the total development cost (depending on the affordability desired) to meet these objectives. For Options 2 and 3, negative land values in Table 5.1 (pg 40) demonstrate the order of magnitude of financial support required. Sources of financial support can include governmental program support, support from non-profits or any combination of outside financial help. For such public benefit uses, the State would expect to sell or lease land only to non-profit or government programs that would cover the gap shown.

Table 5.1 (pg 40) also shows fiscal benefit, which was estimated to reflect future tax revenues to the City of Shoreline from the options. The analysis of fiscal benefit did not include revenues to the County or State governments because any development activity at the Campus could likely occur somewhere else in the County or State; thus, the development on the Campus is not a driver of net new impacts to the County or State. Additionally, the fiscal benefit analysis did not estimate increases in municipal service costs; it provides an estimate of revenues only.

See Appendix C – *Market Potential for Fircrest Campus Excess Property* for the complete economic analysis.

Opportunities to Improve Financial Performance

If the Legislature prefers a stronger financial return, a number of variables can be revised, including:

- Increased amounts of market-rate housing.
- Decreased amounts or elimination of public amenities such as the “common to all” features (tree retention, public trails, etc.).
- Decreased amounts or elimination of public benefit uses (human services, public facilities, etc.).

B. Project Benefits Analysis and How Options Meet Goals

Each of the options has a number of benefits beyond economic benefits. These include benefits to:

- The local community,
- Fircrest School,
- DOH,
- Recreation,
- Public health,
- The natural environment,
- Smart growth and growth management,
- Circulation, access, and
- Environmental sustainability.

An “order of magnitude” comparison of the benefits of the three options is shown in Appendix H.

Table 5.1: Economic and Fiscal Analysis Summary, Options 0-3

	Option 0 - Single Use – Townhouses ^a	Option 0.5 - Single Use - Townhouses with Trails and Tree Preservation ^b	Option 1 - Emphasis: Financial Return to the State	Option 2 - Emphasis: Benefit to Governmental Operations	Option 3 - Emphasis: Benefit to Local Community
Developable Area (acres)					
Excess Property	35.5	35.5	35.5	43.8	35.5
Area for Elements Common to All	0.0	12.3	12.3	12.3	12.3
Roads and infrastructure (30%), additional open space, and retained lease area ^c	10.6	6.9	8.0	11.3	14.3
<i>Total Net Developable Area</i>	<i>24.9</i>	<i>16.3</i>	<i>15.2</i>	<i>20.2</i>	<i>8.9</i>
Financial Analysis					
Expected Land Value Per Square Foot ^d	\$41.00	\$41.00	\$11.46	(\$73.34)	(\$92.69)
Infrastructure cost (includes demolition costs and cost for development of Elements Common to All) ^{b,e,f}	\$1,800,000	\$1,500,000	\$1,520,000	\$2,110,000	\$1,120,000
Total Expected Land Value of Net Developable Area^f	\$63,200,000	\$41,100,000	\$7,590,000	(\$64,570,000)	(\$35,820,000)
Fiscal Analysis					
Fiscal Benefit to City of Shoreline ^g	\$12,100,000	\$8,700,000	\$10,100,000	\$6,400,000	\$5,200,000

a Does not include trails or retained trees/vegetation.

b Includes elements common to options 1, 2, 3 and Hybrid (trails and retained trees/vegetation). See 4.1 (pg 21)

c Leased area is retained in Options 1, 2, 3 and Hybrid.

d Weighted average for all net developable areas. Accounts for cost of infrastructure, demolition, and Elements Common to All; however, Elements Common to All is not included in Option 0. See Appendix C.

e Infrastructure costs are for infrastructure associated with developable land, although the amount of developable land shown and associated value excludes land needed for roads and utilities.

f Infrastructure costs and total expected land value are rounded to the nearest \$10,000.

g Present value of direct and gross benefits only (over a 30-year period), meaning no indirect impacts have been calculated, nor have increases in municipal service costs been calculated or weighed against the direct revenues shown.

VI. RECOMMENDATION AND DECISION ISSUES FOR THE LEGISLATURE

A. Recommended Hybrid Option

Based on analysis of the options, public and agency comments, DSHS recommends a Hybrid Option shown in Figure 1.2 (pg 4) which includes a compatible mix of uses that meet project goals. Potential uses identified in the Recommended Hybrid Option include governmental office, mixed-use, public services, open space, and mixed income housing. See Figure 6.1 (pg 43). Table 6.1 (pg 44) summarizes the types and quantity of potential uses proposed in the Recommended Hybrid Option in comparison to Options 1 through 3.

- Similar to Option 2, the Recommended Hybrid Option explores potential improvements to delivery of services that could be achieved at the Fircrest School through new, relocated facilities to replace the existing Nursing Home buildings ("Y" buildings), which were built in the 1960s with a dormitory-style layout, and Adult Training Program building, which was built as part of a WWII Navy Hospital. New facilities would provide a more efficient and user-friendly site layout to better serve residents needs regarding socialization, hygiene, and staff support. As with Option 2, this results in 43.8 acres of Excess Property, compared to 35.5 acres originally identified and shown in Options 1 and 3. This proposed consolidation and/or relocation should be preceded by a cost and operation feasibility study.
- The Recommended Hybrid Option Includes an open space area adjacent to Hamlin Park. This open space would serve both Fircrest School residents and the broader community.
- Excluding land for new roads and infrastructure and open space uses, the amount of developable land for new uses would be 20.3 acres or 884,268 square feet. Of this, 3.2 acres would be for state offices, 1.3 acres for social services/non-profit uses, 10.1 acres for affordable and/or workforce housing, and 5.7 acres for market-rate uses. As with Options 1 through 3, land for new trails and retention of trees/vegetation (elements common to all options) is excluded from the developable area.

Other uses include:

- Mixed income residential, including a variety of unit types for a variety of income levels.
- Mixed-use consisting of residential uses above neighborhood-serving retail, similar to Options 1 and 3.
- Market-rate townhouses, similar to Option 1 but in the southeast portion of the site rather than along 15th Ave NE.
- Governmental office, similar to Option 2.
- Public services.

- Open space, similar to Option 3, which could include a sustainability demonstration project that could incorporate local energy production, natural drainage, and/or local food production/market garden.

Additionally, similar to Options 1 through 3, the Recommended Hybrid Option would move the main Fircrest School entrance to NE 160th Street, while retaining a service/delivery entrance from NE 150th Street.

Benefits of the Recommended Hybrid Option include:

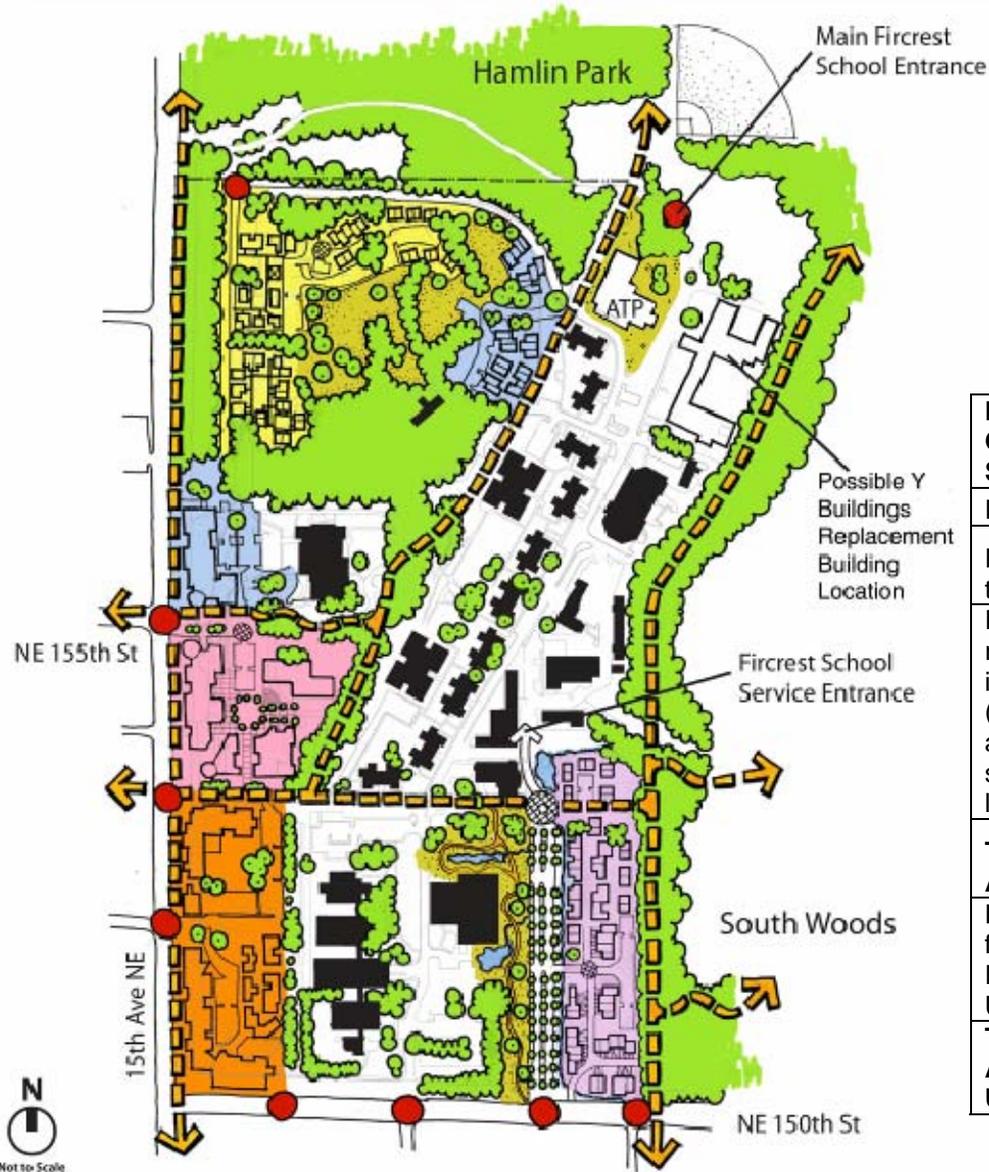
- Housing for a range of incomes,
- Public services serving the broader community,
- Open space,
- Environmental sustainability achieved through a sustainability demonstration project,
- Offices for governmental agencies, and
- Increased efficiencies.

DOH would not have room to expand westward in this Option; instead the southwest corner of the Campus would be mixed use development, which would provide housing and neighborhood-serving retail, uses that the surrounding neighborhood has voiced support for. The Recommended Hybrid Option includes less public benefit housing than Option 2, but a greater mix of housing for all income levels than any of the three options. Open space would be primarily configured in corridors. Appendix H – *Comparison of Benefits of Options* is a comparison of benefits of the options.

Figure 6.1 Recommended Hybrid Option

**Fircrest Campus
Excess Property
Master Plan**

Recommended Hybrid Option



Recommended Hybrid Option Acreage Summary	
Excess Property	43.8
Features Common to All Options	12.3
Reduction for roads and infrastructure (30%), and additional open space and retained leased area	8.1
Total Developable Area	23.4
Developable Area for Reconstructed Fircrest School Uses	3.1
Total Developable Area for New Uses	20.3

- Legend**
- Public Service Uses
 - Mixed-Use
 - Governmental Offices
 - Open Space
 - Mixed-Income Residential
 - Townhouses
 - Entry Points
 - Trails



1/03/07

Table 6.1: Summary of Uses, Options 1-3 and Recommended Hybrid Option

	Option 1 Financial Return Emphasis	Option 2 Benefit to Governmental Operations Emphasis	Option 3 Local Community Benefit Emphasis	Recommended Hybrid Option
Market-rate housing				
Duplexes / small-lot single-family homes	●			●
Townhouses	●			●
Mid-rise multi-family	●			
Mixed-use (Ground-level retail and professional offices with market-rate housing above)	●		●	●
Market Rate Units¹ Subtotal	464 (40,700 sq ft of retail and professional offices)		172 (40,700 sq ft of retail and professional offices)	217 (40,700 sq ft of retail and professional offices)
Public-benefit housing				
Emergency/transitional and/or senior housing		●	●	●
Affordable and workforce housing ³		●	●	●
Public Benefit Units¹ Subtotal	0	326 ²	88 ²	168 ²
Total housing units¹	464	326	260	385
Office				
Governmental offices		●		●
Public services / non-profit offices		●	●	●
Total¹	0	265,000 sq ft	53,950 sq ft	265,000 sq ft
Public Services Uses				
Local-level branch public services, i.e. Police station, Library			● (40,000 sq ft)	

	Option 1 Financial Return Emphasis	Option 2 Benefit to Governmental Operations Emphasis	Option 3 Local Community Benefit Emphasis	Recommended Hybrid Option
Open Space				
Preservation of open spaces and trees	●	●	●	●
Additional programmed open space			● (adjacent to South Woods and on 15 th Ave NE)	● (within mixed-income housing, and adjacent to Hamlin Park)
Expansion/ Upgrade to Existing Campus Uses				
New Fircrest School buildings: <ul style="list-style-type: none"> ● Nursing home ● Adult Training Program / Administrative offices 		● (102,000 sq ft) ⁴		● (102,000 sq ft) ⁴
Expansion of Food Lifeline and Firland Sheltered Workshop			● (21,300 sq ft)	
Expansion Area for DOH laboratories		●		

¹ The quantities shown in this table are approximate, and are meant for planning purposes only.

² Includes workforce/low market rate housing

³ A definition for affordable housing is included in Appendix G

⁴ This includes a minimum of 100 beds within the nursing home facility

B. Basis for Recommendation

- Mixed income residential use is included based on the Capital Budget proviso and numerous public comments on the need for affordable housing. This type of development is based on successful examples of mixed income residential developments in other parts of King County. It is shown in the northern portion of campus based on buffers and amenity provided topography and existing vegetation.
- Public benefit housing is important to the local community and supports governmental operations.
- Townhouse development is included based on its financial return and to provide a variety of housing, similar to Option 1. In the Recommended Hybrid Option, townhouses are shown in southeast portion of the Campus as an extension of the existing scale of development in the surrounding neighborhood.
- Governmental offices are included based on their benefit to overall operations, and are located along 15th Ave NE to be easily accessible by this arterial roadway and its transit service, similar to Option 2.
- Public service offices are included based on their benefit to the local community, and are located along 15th Ave NE to be easily accessible by this arterial roadway and its transit service, similar to Option 3.
- Mixed use is included based on benefit to the community associated with neighborhood-serving retail and smart growth principles. Its location in the southwest corner is based on 15th Ave NE being an arterial, and proximity to existing multi-family uses, similar to Options 1 and 3.
- The open space area adjacent to Hamlin Park provides a nexus with, and access from, both Fircrest School and Hamlin Park.

C. Recommended Hybrid Option Economic and Fiscal Analysis

Financial return was estimated with a gross, high-level analysis for the purposes of comparison and decision-making. Return was estimated in terms of potential land value if the land were sold or leased to develop the uses defined in the options. Fiscal revenue to the City of Shoreline was also estimated.

Table 6.2 (pg 51) shows the estimated return from all of the options. As discussed in Section V – *Analysis of Options*, returns to the State are shown as Expected Land Value, which is the amount that Campus land would likely sell for if it can be developed for a specified use; lease values, when figured in terms of present value, would be similar to sale values. Land value is shown both as a “per square foot” value, and a total value which accounts for infrastructure costs, as well as development of trails. Costs associated with the trails and open space features common to options 0.5, 1, 2, 3 and the Recommended Hybrid Option, are estimated at approximately \$770,000 to

\$1,000,000, and are included in Table 6.2 (pg 51) as part of Infrastructure Investments.

Table 6.2 (pg 51) shows Options 0 and 0.5, based on the true financial Highest and Best Use, as discussed in Section V – *Analysis of Options*.

Along with financial return and infrastructure costs, Table 6.2 (pg 51) also shows the amount of Excess Property, deductions for trails and vegetation retention, roads and infrastructure, as well as and additional open space, retained leased area, etc., and resulting net acreage the would be used for new development under each option.

Similar to Options 1, 2 and 3, the Recommended Hybrid Option provides considerable public benefit, such as Smart Growth principles associated with mixed use development, open space, variety of housing, and a variety of public service and governmental uses.

Following Smart Growth principles and similar to Option 1, the Recommended Hybrid Option includes stacked condominium uses with structured parking; development of this type would likely require waiting a few years in order to achieve the expected returns for these uses. In the longer term, however, these uses may prove to have a higher return than townhouses and surface parking. Given current market conditions in Shoreline, a higher financial yield for market-driven uses could be obtained by selling or leasing the property in phases rather than selling or leasing at a single point in time in the immediate future.

Similar to Options 2 and 3, the Recommended Hybrid Option includes a range of affordable housing. However, a typical for-sale townhome or duplex unit would require financial support to cover half or more of the total development cost (depending on the affordability desired) to meet these objectives. For these options, negative land values demonstrate the order of magnitude of financial support required. Sources of financial support can include governmental program support, support from non-profits or any combination of outside financial help. For such public benefit uses, the State would expect to sell or lease land only to non-profit or government programs that would cover the gap shown. Because the Recommended Hybrid Option includes a combination of uses from Options 1, 2 and 3, it includes some uses that would generate positive returns, along with considerable public benefit uses. Overall, this option would require less financial support than Options 2 and 3.

Table 6.2 (pg 51) also shows fiscal benefit, which was estimated to reflect future tax revenues to the City of Shoreline from the options. The analysis of fiscal benefit did not include revenues to the County or State governments because any development activity at the Campus could likely occur somewhere else in the County or State; thus, the development on the Campus is not a driver of net new impacts to the County or State. Additionally, the fiscal benefit analysis did not estimate increases in municipal service costs; it provides an estimate of revenues only.

Appendix I – *Summary of Uses and Financial Analysis, All Options* is a table showing more detail for each option, including affordable and market-rate housing units, square feet of other uses, Excess Property acreage, land deductions for infrastructure, trails, etc., net developable area for market-rate and non-market rate uses, and the

economic analysis. See Appendix C – *Market Potential for Fircrest Campus Excess Property* for the complete economic analysis.

D. Decision Issues for the Legislature

Direction and funding is needed from the Legislature to continue planning for re-use of the Excess Property. Issues identified by the Department and the Department's recommendations are set-forth below. .

1. The preferred mix of new land uses for the Excess Property.

Issue: The final mix of land uses will reflect the Legislature's preference for use of the Excess Property.

Recommendation: The Recommended Hybrid Option would provide a broad range of benefit to the most parties and entities, and includes preservation of unique site features, provision of mixed income and public benefit housing, relocated "Y" (nursing home) buildings and a consolidated nursing home on the Fircrest School Campus, operational efficiencies with new governmental offices, and inclusion of social services, and mixed-use development. The bulk of the uses are public benefit uses which would be built at public and/or non-profit expense.

2. The balance of revenue-generating uses with those developed at public and/or non-profit expense.

Issue: To what extent does the Legislature prefer an emphasis on for-profit uses with financial return to the State, or on provision of social benefit uses?

Recommendation: The Hybrid Recommendation as identified in Issue 1 above. Fircrest Campus provides an unusual opportunity to provide for public uses on a unique site and to provide for increased public benefit.

3. The continuation, renegotiation, or termination of existing leases.

Issue: Whether Food Lifeline and Firland Sheltered Workshop are appropriate long-term uses for the Campus. Both organizations have expressed a desire to expand their facilities on the Campus. These uses provide public benefit not directly related to Fircrest School and are currently leased at lower than market rates. Food Lifeline's lease rate is \$1.00/year with utilities and building maintenance provided by DSHS through the Fircrest School.

Recommendation: The State should pursue appropriate methods to resolve this issue by either requiring fair market value or moving the tenants off the property. Since the contracts with Food Lifeline and Firland Sheltered Workshop do not allow DSHS to terminate the leases without cause, the state may need to consider a buy-out of the leases or incentives to reach joint agreements to terminate or renegotiate the contracts. If the tenants remain on the Fircrest Campus, DSHS recommends that the uses be limited to their existing footprint (no expansion).

4. Whether Excess Property should be leased or sold for development.

Issue: Continued ownership of the Fircrest Campus land can be considered a valuable asset to the State both now and in the future. Lease of the land for development may reduce the potential pool of interested developers, however it also allows for greater control of the future use of the land.

Recommendation: Maintain land in public ownership.

5. Whether Excess Property managed by the CEP&RI Trust should be exchanged, sold, or retained in the Trust.

Issue: Options for development and management of new land uses include development and management by the CEP&RI Trust, by private developers, or other entities such as other government agencies or non-profit developers.

Recommendation: Retain in the CEP&RI Trust or other State ownership.

6. Who would be responsible for developing and managing new land uses?

Issue: Similar to Issue 5. Options for development and management of new land uses includes development and management by the CEP&RI Trust, by private developers, or other entities such as other government agencies or non-profit developers.

Recommendation: The Recommended Hybrid Option identifies a number of for-profit, State and local agency uses, mixed income housing, and non-profit uses. As supported by the financial analysis, the development of the different Excess Property areas and uses would best benefit the State if they are undertaken in a phased manner. This approach would imply that the different areas of Excess Property would be developed by different public and private entities, or potential public-private partnerships.

7. The amount of affordable housing that should be provided.

Issue: Similar to Issues 1 and 2 above, what balance of for profit versus public and non-profit uses should be selected?

Recommendation: Mixed income residential development to meet the spectrum of community needs identified in the Recommended Hybrid Option.

8. Whether the Master Plan should provide land for DOH expansion.

Issue: DOH prefers expansion of the Public Health Laboratory facility to the west of the current location. This expansion would reduce the amount of Excess Property available for other uses.

Recommendation: Do not expand the DOH facility to the west. Retain Excess Property to the west of the DOH lab for development. That particular area offers potential for retail/mixed-use development, including local-serving retail uses. This approach supports the Capital Budget proviso direction for consideration of Smart Growth principles.

9. Whether the Master Plan should call for more efficient use of the land by the Fircrest School.

Issue: Whether the operations and resident quality of life can be improved by consolidating the “Y” buildings (nursing home) into new buildings on the main Fircrest School Campus.

Recommendation: Relocate the nursing home function to a new nursing home facility on the main Fircrest School Campus.

10. Whether the Master Plan should include uses such as emergency, transitional, or senior housing

Issue: The opportunity exists to support the public request for more public benefit housing.

Recommendation: Use of Excess Property for a broader spectrum of housing types to support a range of individuals needing housing options.

Table 6.2: Economic and Fiscal Analysis Summary, All Options

	Option 0 - Single Use – Townhouses ^a	Option 0.5 - Single Use - Townhouses with Trails and Tree Preservation ^b	Option 1 - Emphasis: Financial Return to the State	Option 2 - Emphasis: Benefit to Governmental Operations	Option 3 - Emphasis: Benefit to Local Community	Recommended Hybrid Option
Developable Area (acres)						
Excess Property	35.5	35.5	35.5	43.8	35.5	43.8
Area for Elements Common to All	0.0	12.3	12.3	12.3	12.3	12.3
Roads and infrastructure (30%), additional open space, and retained lease area ^c	10.6	6.9	8.0	11.3	14.3	8.1
<i>Total Net Developable Area</i>	<i>24.9</i>	<i>16.3</i>	<i>15.2</i>	<i>20.2</i>	<i>8.9</i>	<i>23.4</i>
Financial Analysis						
Expected Land Value Per Square Foot ^d	\$41.00	\$41.00	\$11.46	(\$73.34)	(\$92.69)	(\$28.59)
Infrastructure cost (includes demolition costs and cost for development of Elements Common to All) ^{b,e,f}	\$1,800,000	\$1,500,000	\$1,520,000	\$2,110,000	\$1,120,000	\$2,110,000
Total Expected Land Value of Net Developable Area^f	\$63,200,000	\$41,100,000	\$7,590,000	(\$64,570,000)	(\$35,820,000)	(\$29,100,000)
Fiscal Analysis						
Fiscal Benefit to City of Shoreline ^g	\$12,100,000	\$8,700,000	\$10,100,000	\$6,400,000	\$5,200,000	\$5,600,000

a Does not include trails or retained trees/vegetation.

b Includes elements common to options 1, 2, 3 and Hybrid (trails and retained trees/vegetation). See Figure 4.1 (pg 21)

c Leased area is retained in Options 1, 2, 3 and Hybrid.

d Weighted average for all net developable areas. Accounts for cost of infrastructure, demolition, and Elements Common to All; however, Elements Common to All is not included in Option 0. See Appendix C.

e Infrastructure costs are for infrastructure associated with developable land, although the amount of developable land shown and associated value excludes land needed for roads and utilities.

f Infrastructure costs and total expected land value are rounded to the nearest \$10,000.

g Present value of direct and gross benefits only (over a 30-year period), meaning no indirect impacts have been calculated, nor have increases in municipal service costs been calculated or weighed against the direct revenues shown.

VII. OVERVIEW OF CITY OF SHORELINE MASTER PLAN ADOPTION PROCESS

The City of Shoreline requires a Master Plan for large properties before changes can be made to the City of Shoreline's Comprehensive Plan and zoning regulations. The City of Shoreline Comprehensive Plan Amendment process requires:

- The recommended Excess Property option (or hybrid of options) would be developed to a level of detail to include the location, bulk and scale of proposed uses, as well as a conceptual architectural design of proposed structures, conceptual landscaping, conceptual proposed access, parking, buffers as appropriate between on-site uses and between the site and surrounding properties, a utility plan, and a storm drainage plan.
- Draft development standards for building height, setback, and other standards to define scale and character would be written.
- Environmental review under the State Environmental Policy Act would be performed.
- The Master Plan would be reviewed by the Shoreline Planning Commission who would make a recommendation to forward the Master Plan to the City Council, with the goal of adoption by the Council.
- Public participation would be conducted.

The City of Shoreline process requires 12 to 18 months for completion, depending on the level of environmental review required.

An adopted Comprehensive Plan Amendment and associated zoning changes would allow for development of the Excess Property with specified uses, and would shorten the approval process for new development. Neither an adopted Master Plan nor the Comprehensive Plan Amendment represent a commitment by the State or other party to develop these new uses or guarantee that such development would occur.