

## **Director's Report and Recommendation Non-profit Medical Use Exception**

### **Background**

Medical services are limited to 10,000 square feet (sf) in size in Neighborhood Commercial (NC)1 zones. This limits the ability of new or existing uses to provide a broad range of health care to a larger number of clients, which can be an appropriate fit in certain circumstances. Neighborhood scale non-profit clinics provide a needed community service that can activate a neighborhood business district by creating walk-in/foot traffic that supports adjacent businesses and creates the vitality that many neighborhoods seek. If these services are not allowed to expand they would be forced to relocate, which would be in conflict with comprehensive plan goals and policies for mixed use areas as this neighborhood-serving use may no longer be within walking distance or accessible via frequent transit service, for their clientele.

The current approach to community health services focuses on offering comprehensive medical services, including dentistry and case management, in order to address the community's overall medical needs. This may require additional space than previously thought based on the necessary equipment and associated health and safety requirements. Economies of scale can be used to facilitate the operation of a multi-faceted health care facility in an efficient and cost effective manner by consolidating and centralizing administrative functions. However, this centralization can generate the need for slightly larger facilities in these unique situations, beyond what is currently allowed in NC1 zones. The ability to expand non-residential development up to 20,000sf would allow such non-profit medical providers to remain within neighborhood business districts, thereby complementing adjacent businesses while continuing to serve members of the community that experience challenges in meeting their health care needs.

Given the small number of such operations within the city the impact associated with increasing their use limit will not be significant with respect to a NC1 zoned neighborhood's form and function.

### **Analysis**

NC1 zones currently make up approximately five percent (247 acres) of the city's land. These zones exist both in and out of urban centers/urban villages in order to provide a modicum of neighborhood-serving retail. Typically the goods and services housed within NC1 zones consist of coffee shops, dry cleaners, restaurants, and various boutiques/specialty shops. Medical and dental services also fall within the allowed uses for these zones, although the size of such facilities are limited to 10,000 sf.

Non-profit community health care providers rely on outside funding in order to continue operations as opposed to a market-rate business model, restricting their ability to operate

numerous facilities with separate administrative functions. Expanding at their existing sites can offer the ability to maintain their current cost structure while providing additional health care options, such as dental services, within their allotted budget. Allowing non-profit community health care providers to expand operations at their existing locations within NC1 zones would allow greater access to medical and dental services by those who are most vulnerable within the community.

At present only four medical uses operate offices within NC1 zones within Seattle's urban centers or villages. Expansion of existing medical uses within these areas will allow these facilities to continue serving as anchors of these neighborhood business districts while serving a larger segment of the community. These businesses currently fulfill the intended role of neighborhood-serving commercial uses. Relocating to a different zone that allows the necessary amount of non-residential square footage to accommodate their interest in providing broader health care options would likely force them from their current locations, separating them from their existing client base, potentially creating a hardship for those lower-income individuals and families who rely on their existing access for their health care needs.

Non-profit community health care providers that serve low-income individuals and families currently do not have the same potential impacts such as overall level of human activity and traffic as most services are provided on an appointment basis and low-income individuals and families are more likely to rely on transit for their trips than cars, placing less demand on existing parking and traffic congestion. Urban centers and villages currently provide a high-level of background human activity and transit service. In addition, for these types of reasons, medical uses that are within 1,320 feet of frequent transit are currently exempt from providing parking.

Given the small number of existing medical uses in urban centers/urban villages within NC1 zones allowing non-profit community healthcare providers currently in existence to increase their operations by an additional 10,000 sf would not negatively impacts existing NC1 zoned business areas. The total allowed area for the use would be limited to 20,000 sf. This increase in size would allow for expansion of services into related areas of health care, such as adding a dental clinic to an existing medical clinic with case management activities, would be in keeping with the intent of the zone to create and foster business districts at a neighborhood scale, while providing the opportunity for businesses to evolve and respond to community needs over time.

### **Comprehensive Plan Consistency**

The following Comprehensive Plan goals and policies are directly applicable to this proposal:

*LUG17:* Create strong and successful commercial and mixed-use areas that encourage business creation, expansion and vitality by allowing for a mix of business activities, while maintaining compatibility with the neighborhood-serving character of business districts, and the character of surrounding areas.

*LUG18:* Support the development and maintenance of areas with a wide range of characters and functions that provide for the employment, service, retail and housing needs of Seattle's existing and future population.

*LUG20:* Encourage diverse uses that contribute to the city's total employment base and provide the goods and services needed by the city's residents and businesses to locate and remain in the city's commercial areas.

*LU103:* Prioritize the preservation, improvement and expansion of existing commercial areas over the creation of new business districts.

*LU104:* Consistent with the urban village strategy, prefer the development of compact concentrated commercial areas, or nodes, in which many businesses can be easily accessed by pedestrians, to the designation of diffuse, sprawling commercial areas along arterials, which often require driving from one business to another.

*LU105:* Designate as mixed-use commercial areas, existing areas that provide locations for accommodating the employment, service, retail and housing needs of Seattle's existing and future population. Allow for a wide range in the character and function of individual areas consistent with the urban village strategy.

*LU106:* Provide a range of commercial zone classifications, which provide different mixes and intensities of activity, varying scales of development, varying degrees of residential or commercial orientation, and varying degrees of pedestrian or auto orientation and relationship to surrounding areas depending on their role in the urban village strategy and community goals as voiced in adopted neighborhood plans.

*LU107:* Distinguish between pedestrian-oriented commercial zones which are compatible with and easily accessible to their surrounding neighborhoods, and general commercial zones which are intended to accommodate commercial uses dependent on automobile or truck access.

*LU108:* Provide for a wide range of uses in commercial areas. Allow, prohibit or allow under specified conditions uses according to the intended pedestrian, automobile or residential orientation of the area, the area's role in the urban village strategy and the impacts the uses can be expected to have on the commercial area and surrounding areas.

## **Recommendation**

DPD recommends adoption of an exception to the existing limitations on non-residential development in NC1 zones that would allow expansion of existing health care providers currently located in urban centers and urban villages, and that are not currently subject to a major institution master plan (MIMP).