

**DIRECTOR'S REPORT AND RECOMMENDATIONS TO ADD A PERMIT  
PROCESS CALLED MAJOR DEVELOPMENT PLANS TO THE INDUSTRIAL  
CHAPTER OF THE LAND USE CODE**

**June 18, 2014**

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## **Introduction**

The Department of Planning and Development (DPD) is proposing to add a new subsection, 23.50.017 Major Development Plan, to the Industrial Section of the Land Use Code, to create a new process applicable to large, phased projects within the Industrial Commercial (IC) zone within the Ballard-Interbay-Northend Manufacturing/Industrial Center (BINMIC). The Industrial Commercial (IC) zone was established to promote the siting technology businesses, particularly bio-pharmaceutical and computer software. It can accommodate a wide range of permitted uses and the standards allow for large scale operations that may be permitted and occupied over a long period of time or phasing. Bio-pharmaceutical and computer software businesses often seek to develop in campus-like complexes where they can change and grow over time. Existing phased development processes work well to allow development over an extended period of time, but do not provide much flexibility. The proposed Major Development Plan will create a permitting process that ensures coordination and consistency with land use and environmental reviews, yet allows flexibility sometimes needed for large, phased projects. Thus creating a new subsection within the IC zone meets the goals of the zone and the development needs of the types of businesses the City hopes to attract to that zone.

## **Executive Summary**

### **Objectives**

The Land Use Code currently allows Major Phased Developments in Commercial (23.47A.007) and Industrial (23.50.015) zoned areas. It is important that Seattle's entitlement processes and requirements remain up to date with current business needs as well as community interests. As nearly 20 years have passed since the initial adoption of the Major Phased Development process with very limited use, DPD felt that it was time to revisit this tool. Since the adoption of the Major Phased Development provisions in the Land Use Code over fifteen years ago, only two projects have used the process. One such project was for Immunex, later purchased by Amgen, in the Interbay area near Terminals 90 and 91, and the other was the Gates Foundation campus on lower Queen Anne. While the Phased Development process is still appropriate for certain types of projects, it has not worked well for others. This proposal is intended to recognize the challenges that large research and technology companies face when operating in today's global economy.

DPD developed the objectives for the amendments based on a review of the Immunex/Amgen project, as well as a review of other Seattle and national experiences with “phased development” permit processes. The new section is intended to provide a mechanism for permitting large developments that:

- Promotes coordinated planning and permitting of large, phased development projects in the Industrial Commercial zone that might otherwise occur in a piecemeal manner.

- Requires appropriate levels of submittals and corresponding reviews at the development plan and specific building proposal stages.
- Completes a coordinated environmental review for the entire project, and may provide additional opportunities to use existing SEPA tools (ability to use existing SEPA documents) when appropriate; and
- Provides flexibility to the property owner during the long-term investment and implementation of a functionally interrelated development in order to allow the developer to respond to market needs.

### **Key Recommendations**

Establish a permit process that identifies applicability, submittal and review requirements for an optional permitting process for large complexes in the IC zone. This new code section will also provide a flexible but predictable process for securing subsequent MUPs for individual buildings.

The core components of the legislation are as follows:

- Create a new voluntary permitting process called Major Development Plan
- Adopt criteria for Major Development including a minimum 5 acres site and 200,000 square feet of development.
- Limit use of the new process to IC zones within the Ballard-Interbay-Northend Manufacturing/Industrial Center.
- New development must meet IC standards.

Include standards that allow coordinated development and comprehensive environmental review:

- Require a site plan, development program and other submittals that establish a well-integrated development proposal and conformance with Land Use and Environmental Codes.
- Require a Transportation Management Program.
- Provide design objectives that guide site development to address circulation and transition to adjacent less-intensive zones.
- Conduct coordinated, up-front environmental review of the entire proposed development scenario.
- Allow for a public process to identify public benefits, such as open space.

Enable flexibility for securing subsequent MUPs for individual buildings:

- Vest the project with the initial Major Development Plan approval, using a Type 2 MUP process, which allows for public notice and the ability to appeal the permit decision.
- Use a Type 1 MUP process for subsequent development if the project is consistent with the approved Major Development Plan and its associated environmental review.
- Include the potential to extend the permit from 15 to 25 years with Director's review and compliance with criteria.

The legislation fits well with existing SEPA tools that provide many options for ensuring appropriate environmental review at the Major Development Plan and individual project development stages. At the project level, options include a SEPA addendum that could address minor changes, or a supplemental EIS when more significant changes have been identified.

## **Public Involvement**

Prior to completing the legislation, environmental review, and Director's report, DPD conducted outreach to industrial associations and community organizations. DPD focused outreach to stakeholders and constituencies whose membership may have had some familiarity with projects that used the existing Major Phased Development process. During the spring and fall of 2013 DPD staff met with the following:

- Queen Anne Community Council
- Uptown Alliance
- Magnolia Community Club
- Magnolia/Queen Anne District Council
- North Seattle Industrial Association
- Manufacturing Industrial Council

Representatives from these groups expressed support for the objectives of the proposed legislation. Community members saw the value in promoting coordinated planning and more flexibility when permitting some large, phased development in the IC zones. They recognize that large employers need regulatory flexibility to phase implementation of a functionally interrelated complex. They saw the benefits of coordinated environmental review that addresses the cumulative impacts of this type of proposal. Some raised concerns that if a permit is extended from 15 to 25 years, conditions might change in a manner that may result in insufficient impact mitigation. Another concern raised by members of the North Seattle Industrial Association was the potential for this process to make IC zoned sites more attractive to non-industrial uses and increased land costs, thereby creating further pressure on industrial uses.

DPD considered whether the Director's review and the laws and practices for using existing environmental documents provided sufficient means to address the concern about environmental review. The proposal allows the Director to extend the permit from 15 to 25 years after determining that no significant changes have occurred that would cause the Director to change the conclusions reached during the initial permit review. This would include the conclusion that the environmental impacts could still be adequately addressed through the existing mitigation plan and the permit conditions. It also allows DPD to consider significant changes to policies or regulations. If the Director found the need for additional information about potential environmental impacts of minor changes, the proponent could prepare additional analysis as provided for in SEPA. These SEPA processes are used by similar phased developments to address project changes. When there are significant changes to the project proposal or, the applicant may choose or DPD may require a revised application and/or new environmental review. Together these mechanisms provide tools to address potential changes that might occur over an extended permit timeline. Regarding the potential effect of increasing competition for IC zoned land, the proposal will not allow any new uses within the zone. Further, DPD's review of the availability of large parcels in the IC zone suggests that there is unlikely to be a significant number of proposals using this new process.

## Background

### Permitting Processes for Large Building Complexes

Seattle has several processes for permitting large-scale development including hospitals, educational campuses, corporate offices, research and development, and housing. These include:

Type	Applicability/Size	Term	Allows Phasing	Examples
Master Use Permit (MUP)	Can be used by any size of project with multiple reviews.	3 yrs. with option to renew once	No	Most development permits
Planned Community Development	Min. 100,000 sf site, in many Downtown zones	3 yrs. for first phase, with expiration of subsequent phases determined by the Director up to 15 years	Yes	Amazon and North Lot (King St.)
Major Institution Master Plan	Designated by Council	The plan has no expiration; individual MUPs have a 3 yr. term	Yes	Seattle Central Community College
Master Planned Community	Yesler Terrace area	20 yrs. established in the Planned Action ordinance.	Yes	Yesler Terrace
Major Phased Development	Minimum of 5 acre site. Minimum of 200,000 s.f. building area, and at least 2 buildings. Applicable in Commercial and Industrial zones	3 yrs. for first phase, with expiration of subsequent phases determined by the Director up to 15 years	Yes	Amgen, Gates Foundation

### History and Use of Major Phased Development

DPD developed the concept of phased development in 1995 (Ordinance 117598) which created a new Sections 23.47.007 and 23.50.015 in order to create a new phasing process for very large projects in Industrial and Commercial zones. Since that time, two developments have used the process. The first was the Immunex site (later purchased by Amgen) in Interbay and the second is the Bill and Melinda Gates Foundation headquarters in Uptown. The Amgen site is located in an IC zoned area.

In 1998 Immunex received MUPs for 16 buildings that were identified as a phased development. Immunex (subsequently acquired by Amgen) constructed six buildings and a parking garage, and contributed to the construction of a pedestrian overpass (Helix Bridge) at W Prospect Street. In 2006, Amgen let the Major Phased Development permits expire (which included approvals for the remaining 10 buildings). That same year, Amgen acquired additional land and received MUP approvals for six buildings totaling 619,747 square feet of development. In 2011 Amgen allowed these MUPs to expire without constructing any of these six buildings. Currently Amgen has no building permits, but has indicated a desire to pursue long-term growth in Seattle.

In 2006, the Gates Foundation received a Major Phased Development permit to allow construction of 1,000,000 square feet of office space within three buildings. Since that time, the Gates Foundation constructed two of the three office buildings that were approved. These experiences provide three lessons that informed the proposed new code section. First, phased development approval processes can work well for companies like Immunex and the Gate

Foundation. Second, there is a range in the level of certainty that these companies have about their future development plans. The Gates Foundation knew that they were going to develop their campus over a period longer than allowed under traditional MUP, and they knew exactly what they wanted to build. They were able to complete all discretionary reviews, including design review with the Major Phased Development process. Immunex knew that they wanted to phase development of a large complex of buildings, and they could provide a level of detail sufficient for determining consistency with the Land Use Code and environmental review. However Immunex/Amgen realized that the specific floor plans, elevations and other details included in the individual building MUPs that are bundled into the Major Phased Development permit did not over time meet their future needs. Over the course of 15 years, some companies may be impacted by economic cycles such as the recession, or changes in technology. A third lesson, gleaned from discussions with Amgen and DPD staff was that, in zones where design review is not required, it was possible to create a process and associated submittals that divided the permit into a plan level approval where all discretionary reviews could be completed, and building level approvals that could be relatively straightforward.

The first lesson led DPD to retain the existing Major Phase Development process. It works well when there is a high degree of certainty about future development plans, and for phased development in commercial and industrial zones where design review or other discretionary reviews are an integral part of the approval process. The second and third lessons led DPD to develop the proposed Major Development Permit. It requires appropriate levels of detail, review and mitigation at the plan level, and simple review of individual building proposals for consistency with the plan conditions and required mitigation.

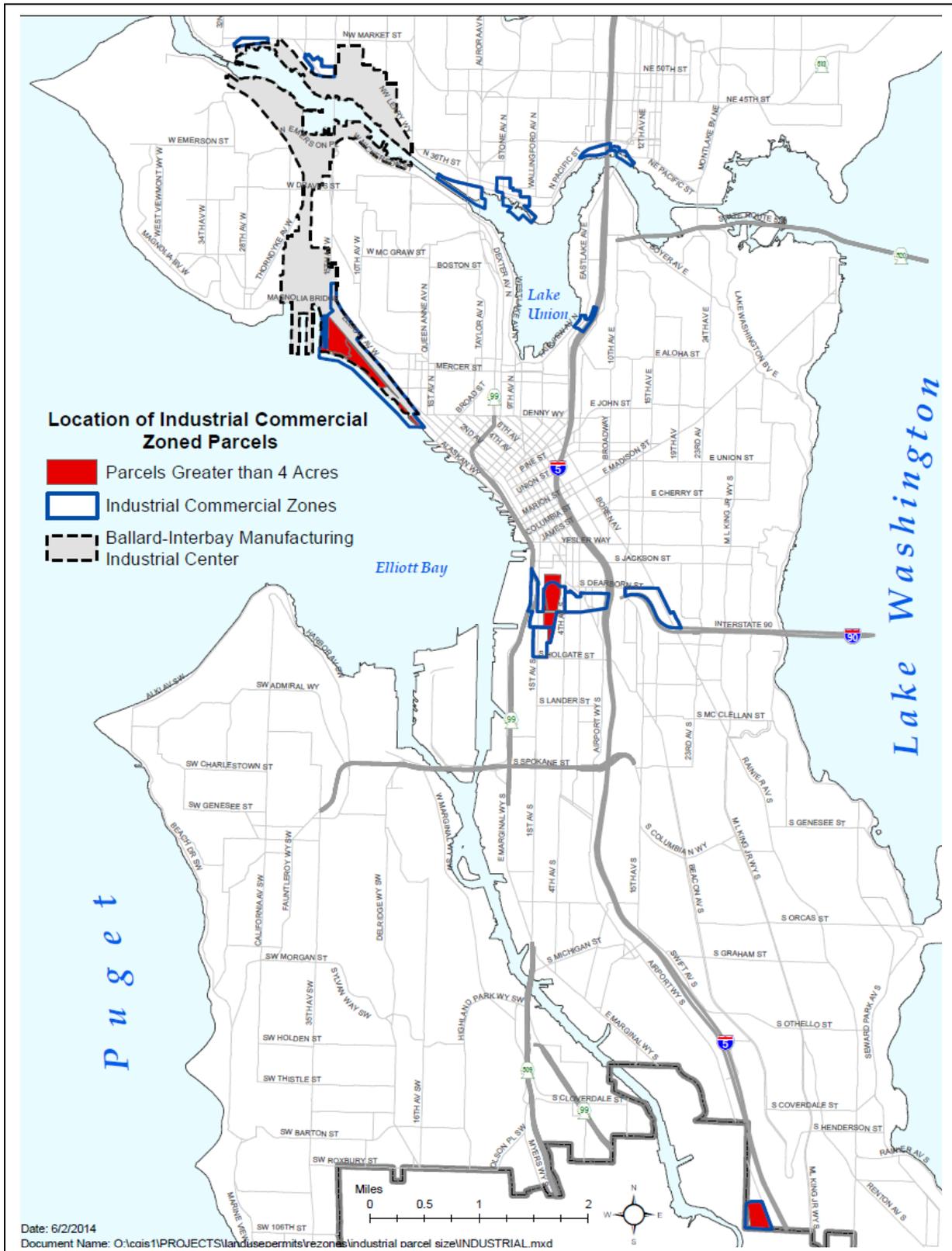
### **Industrial Commercial Zones in BINMIC**

The City wants to attract and retain technology-oriented industrial and commercial development and that development market often occurs in a large campus environment, with the need for flexibility to respond to state of the art operations and changing market conditions. The Industrial Commercial (IC) zone is intended to promote development of a mix of industrial and commercial activities, including light manufacturing and research and development, while accommodating a wide range of other employment activities. The Code states that the IC zone is appropriate in:

- Areas with amenities such as shoreline views, proximity to downtown, or access to open spaces that could attract new businesses, particularly research and technology developments;
- Areas close to major institutions capable of providing support for new technology-oriented and research and development businesses;
- Former industrial areas that are transitioning to commercial or mixed commercial and industrial activity;
- Areas where there is an existing concentration of technology-oriented and research and development uses that may be subject to displacement by commercial development; and
- Areas that are underused and could provide the type of campus-like environment attractive for technology-oriented industrial and commercial development.

IC zoned parcels are located throughout the city as shown on the map on page 6. It includes 339 acres (11 acres in City ownership) in parcel area, comprising 0.9% of the city's gross acreage.

### Location of Industrial Commercial Parcels Greater than 4 Acre and the BINMIC Boundaries



GIS analysis shows that there is a minimum of five acres all IC zoned areas. Most parcels are relatively small. The average parcel size in IC zones is 39,434 square feet and the median is 13,161 square feet. DPD also mapped the location of IC zoned parcels 4 acres or larger in order to understand where it would be relatively easy to aggregate multiple parcels across right-of-ways to meet the size threshold of 5 acres. There are only three that met this criterion. The first site that is over 4 acres is the Amgen site. A second site is in the stadium area and third is located at the edge of Seattle, both locations where the type of development envisioned that will use MDP is not compatible with future development envisioned for the area. The IC zoned sites in the northern portions of the City have characteristics that are likely to attract the types of technology and research institutions that are envisioned to use the MDP provisions including, proximity to urban neighborhoods and universities, an existing mix of technology-oriented uses and other amenities. Consequently DPD’s proposal limits the applicability of the MDP to IC zones within the BINMIC.

## Analysis

### Why Add a New Subsection to the Land Use Code?

While the Phased Development process is still appropriate for certain types of projects, it has not worked well for others. The experience of Amgen illustrates that it is difficult for some applicants, who wish to use a phased development approval process, to fully anticipate specific development needs over an extended period, and respond to market forces. Rather than simply modify the Major Phased Development code, DPD elected to add a new section that provides the flexibility needed for certain uses including biotechnology and research and development while better coordinating multi-building campus-like development. As discussed previously, the new process is particularly well-suited to certain types of development desired in the IC zone.

Therefore DPD retained Major Phased Development so it continues to be available to those applicants with more defined building plans and more certain phasing. DPD is proposing to create a new alternative permitting process as an option that may be more appropriate for large-scale biotechnology companies in the IC zone.

This chart compares the existing Major Phased Development to the proposed Major Phased Development.

Existing Master Phased Development	Proposed Major Development Plan
<b>Applicability</b>	<b>Applicability</b>
<u>Existing Zoning Applies:</u> A Major Phased Development is subject to existing zoning, and must meet the following thresholds:	<u>Existing Zoning Applies:</u> Only to Industrial Commercial zone within the BINMIC. No changes to underlying zoning.
<u>Minimum Size:</u> A minimum site size of 5 acres.	<u>Minimum Size:</u> Same as Major Phased Development
<u>Functionally Related:</u> The project is a functionally interrelated campus, with more than one building, and a minimum floor area of 200,000 square feet.	<u>Functionally Related:</u> Same as Major Phased Development.
<u>First Phase:</u> The first phase of the development	<u>First Phase:</u> Same as Major Phased Development.

<b>Existing Master Phased Development</b> consists of at least 100,000 square feet.	<b>Proposed Major Development Plan</b> <i>May be waived for a Major Phased Development that has already constructed 100,000 sf.</i>
<b>Major Phased Development Review Process</b>	<b>Major Development Review Process</b>
Application is evaluated according to the following: <ul style="list-style-type: none"> <li>• Sufficient detail to assess anticipated impacts.</li> <li>• The Director concludes that environmental impacts are not significant or can be mitigated. (they could be significant but then an EIS is required, see below)</li> </ul> <u>Type 2 Decision</u> : public notice & comment period, environmental review, optional public meetings, a notice of the Director’s decision, and ability to appeal decision.	Similar to Major Phased Development with more details about plan contents and permit processing.  Public Benefit elements and site-specific design guidelines may be required
An EIS is typically prepared to address impacts of total project.	Same as Major Phased Development
<b>Development Plan Contents</b>	<b>Development Plan Contents</b>
<b>None</b>	The proposal must include and be reviewed for:
	<u>Conformance with Development Standards</u>
	<u>Design</u> : Conformance with urban design objectives.
	<u>Site Plan and Development Program</u> : Location, type and amount of development, including open space, access and infrastructure.
	<u>Public Benefit Priorities</u> : Conformance with priorities identified by DPD.
	<u>Transportation Management Program</u> : Projects and programs to minimize transportation impacts.
	<u>Consistency Checklist</u> : For future use to determine consistency of individual projects with Major Development Plan permit conditions.
<b>Term</b>	<b>Term</b>
The Major Phased Development expires fifteen (15) years from the date of issuance.	Same as Major Phased Development. An additional 10 years may be approved by the Director as a Type 1 decision <sup>1</sup> when: <ul style="list-style-type: none"> <li>• The Major Development Plan is consistent with the Comprehensive Plan.</li> <li>• Continued development would not result in significant impacts beyond those identified in the Major Development Plan environmental review.</li> <li>• The site is still functionally interrelated.</li> </ul>
<b>Individual Building Development</b>	<b>Individual Building Development</b>
Each building Type II MUP processed at the time of the Major Phased Development application.	Allow flexibility in the uses in and design of buildings, as long as they conform to permit conditions and environmental documents.

<sup>1</sup> Type I and II decisions are made by the Director and are consolidated in Master Use Permits. Type I decisions are decisions made by the Director that are not appealable to the Hearing Examiner. Type II decisions are discretionary decisions made by the Director that are subject to an administrative open record appeal hearing to the Hearing Examiner; provided that Type II decisions enumerated in subsections [23.76.006.C.2.c, d, f, and g](#), and SEPA decisions integrated with them as set forth in subsection [23.76.006.C.2.m](#), shall be made by the Council when associated with a Council land use decision and are not subject to administrative appeal. Type III decisions are made by the Hearing Examiner after conducting an open record hearing and not subject to administrative appeal. Type I, II or III decisions may be subject to land use interpretation pursuant to Section [23.88.020](#)

Existing Master Phased Development	Proposed Major Development Plan
	Individual buildings would generally receive Type I MUP decision at time of development.
Environmental review of each building occurs as part of the Major Phased Development review.	Environmental review occurs as part of the Major Development Plan. Subsequent projects are reviewed for consistency to ensure impacts are addressed in Major Development Plan. If additional information is needed, DPD could use existing SEPA tools, including an Addenda, a Supplemental EIS, or a new EIS to ensure adequate review.
There is no design review in most Industrial zones. Design review is required in IC within Urban Villages and Centers and the Stadium Overlay District.	Same as Major Phased Development

**Potential Use of the Major Development Plan**

Subsets of the intended uses for the IC zone – biotech and technology companies – have a historical preference for “corporate park” development patterns where a large number of employees are located in multiple adjacent buildings. The proximity can encourage people within companies or between companies to communicate and collaborate. High-tech and biotech companies, notably Amgen, Microsoft and Amazon, have made long-term commitments to grow in focused, campus-like environments. The proposed Major Development Plan responds to these needs by creating a new mechanism for planned growth and providing the flexibility that some companies need to respond to changing market dynamics or different phases of growth, such as a move from research and development into manufacturing.

It is not possible to identify all development sites that could use the Major Development Plan process. While it is possible to aggregate multiple parcels to meet the size threshold of 5 acres, the map on page 7 demonstrates that there are only a few parcels where such aggregation would be easy to achieve. A few IC parcels are within Shoreline Zone. Because these parcels would need to obtain shoreline substantial development permits that have substantially shorter permit time limits<sup>2</sup>, it is less likely that they would use the Major Development Plan.

Given the applicability requirements and the up-front investment in planning and environmental review, we anticipate that few applicants will make use of these provisions. However as the Amgen and Gates Foundation projects demonstrate, any project would likely make a substantial contribution to employment opportunities and Seattle’s economy. The proposed Major Development Plan provides a permitting process that could be attractive to Amgen and similar companies wishing to expand or locate in Seattle.

**Effectiveness of Legislation at Achieving Objectives**

The proposal creates a balance of coordination and flexibility. The new process would increase the City’s ability to work with the applicant toward creating a planned development by:

- including requirements for a site plan that identifies the development program, potential phasing, and needed site and infrastructure improvements;

<sup>2</sup> 23.60.074 Effective date of substantial development permits and time limits for permit validity.

- including urban design objectives that the site plan and development program must consider to help ensure design compatibility and address issues not otherwise covered in the development regulations;
- incorporating a transportation management plan to include physical and programmatic tools that reduce transportation impacts; and
- conducting the environmental review for the entire development to avoid piecemeal review, facilitate review of cumulative impacts, and produce a coordinated mitigation strategy.

This combination of planning and design, transportation management and environmental analysis and mitigation establishes a foundation that also supports flexibility so that developers who seek phased construction of a functionally interrelated complex of buildings have the ability to respond to market changes when determining the specific set of uses in a building and its final design. Adjustments to the specific uses or design of a building can be accommodated and addressed, if needed, during the permitting by:

- using the development guidelines to ensure compatible design;
- applying elements of mitigation plan identified during the environmental review;
- adjusting development elsewhere on the site; or
- adjusting transportation demand management program.

It is possible that the new provisions will be more attractive to companies who will use the Major Development Plan to allow them to invest in and grow in Seattle's IC zones within the BINMIC. The existing Major Phased development will continue to provide an effective permitting process for the phased construction of other projects within the Industrial and Commercial zones that have more specific plans and/or are subject to discretionary reviews such as design review.

## **Recommendation**

DPD recommends adoption of the proposal. The new subsection creates a balance of coordination and flexibility. The Major Development Plan process would increase the City's ability to work with the applicant toward creating a coordinated development. It establishes a foundation that also supports flexibility needed by the high-tech businesses that the Industrial Commercial in the BINMIC is intended to accommodate.