

SUMMARY and FISCAL NOTE

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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to land use and zoning, amending Sections 23.30.010, 23.45.502, 23.45.510, 23.45.512, 23.45.514, 23.47A.002, 23.47A.009, 23.47A.012, 23.47A.013, 23.48.002, 23.48.005, 23.48.020, 23.48.021, 23.48.025, 23.48.040, 23.48.045, 23.48.055, 23.48.085, 23.48.240, 23.48.250, 23.58A.040, 23.58A.042, 23.58B.040, 23.58B.050, 23.58C.030, 23.58C.035, 23.58C.040, 23.58C.050, 23.61.008, 23.61.014, 23.84A.004, 23.84A.025, 23.84A.028, 23.84A.038, 23.84A.042, and 23.84A.048 of the Seattle Municipal Code (SMC), adding new SMC Sections 23.45.517, 23.47A.017, 23.48.602, 23.48.605, 23.48.615, 23.48.620, 23.48.621, 23.48.622, 23.48.623, 23.48.624, 23.48.627, 23.48.630, 23.48.635, 23.48.640, 23.48.645, 23.48.646, 23.48.650, 23.48.680, 23.48.685, and 23.48.690, and amending the Official Land Use Map at pages 60, 61, 78, and 79 to rezone areas and remove the University District Station Area Overlay District.

Summary of the Legislation:

The proposed legislation will allow additional height and density through an incentive zoning program in a portion of the University Community Urban Center west of 15th Avenue NE and a limited number of adjacent areas located just north of the urban center boundaries. The proposal would also implement the City's mandatory housing affordability (MHA) requirements for new development in the rezoned area, as well as establish new development standards to achieve design and development objectives expressed in the U District Urban Design Framework (June 20, 2013). In general, the goal of this proposal is to help shape the growth anticipated to occur in this portion of the University District, subject to requirements that will mitigate the related impacts of that growth.

Key recommendations include:

1. Rezoning various NC3 65 and NC3 85 zoned properties to a new Seattle Mixed-University (SM-U) designation, with height limits ranging from 85 feet to 320 feet;
2. Rezoning a limited number of single family parcels to a Lowrise 1 multifamily (LR1) designation and Neighborhood Commercial (NC2P-30) designation; a Lowrise 3 (LR3) multifamily zone area to a Midrise (MR) multifamily zone designation; a LR3 area to an NC3 55 commercial zone designation.
3. Applying Mandatory Housing Affordability requirements in the rezoned areas.
4. Repealing the existing University District Station Area Overlay District;

5. Revising development standards to address design issues with current development and accommodate new building types in the neighborhood.
6. Apply incentive zoning provisions for new commercial and residential projects in SM-U zones, including programs to permit the transfer of development potential from designated Landmark structures, public open space sites, and historic vulnerable masonry structures and floor area bonuses for green street improvements and onsite open space amenities;
7. Amend pedestrian-oriented development standards;
8. Establish provisions for mandatory housing affordability (MHA) in multifamily and neighborhood commercial zones rezoned in this proposal; and
9. Amend other sections of the Land Use Code as they relate to rezoned areas in the University District for consistency among the standards of the various SM zone designated areas and to make administrative revisions and correct references.

Background:

This legislation is the result of a multi-year process that included participation by a diverse and engaged set of community stakeholders working to define a clear vision for the future of the University District and how future growth should be accommodated in the neighborhood. In 2011, the City of Seattle began a collaborative process with the University District community to provide a coordinated response to changing conditions in the neighborhood, including rapid growth and development and the addition of a new light rail station. Designated in Seattle's Comprehensive Plan as an Urban Center, the U District plays a regionally significant role in accommodating job and housing growth. City planners worked with the community to develop a land use planning and urban design strategy directed at achieving Comprehensive Plan goals.

People participating in the process include residents, business owners, the University of Washington, social service providers, and the faith community. In 2013, the U District Urban Design Framework identified guiding principles and recommendations. Subsequently, several possible zoning scenarios were analyzed through an environmental review process, with a Final EIS published in 2015. After further discussion and analysis, OPCD recommended changes to zoning and development standards, as well as new policies regarding housing and other community priorities, resulting in the proposed legislation. The proposed rezone legislation, presented at an open house in May, 2016, recommends a set of development regulations that include increases in height and floor area as an incentive to provide important neighborhood amenities to ensure that as growth continues, it contributes to the livability and sustainability of the area.

Key components of this legislation include:

- 1. Rezones to increase height and density in the core of the U District.** Increase building height and density in areas close to the light rail station, central campus, and existing highrise buildings.

- Allow a limited number of new towers, up to 240 and 320 feet in some cases, at locations where there are already tall buildings close to the light rail station, contributing to the walkability in the area.
 - Maintain the scale and character of the Ave. by keeping heights relatively low; exclude highrise development to help maintain the scale and character.
- 2. Link increased building height and floor area to expanding the City’s incentive zoning program to create opportunities for affordable housing and community infrastructure.** Include requirements for affordable housing, open space, child care, and amenities.
- For consistency with the City’s Housing Affordability and Livability Agenda (HALA), include mandatory housing affordability requirements for new development in rezone areas.
 - Use incentive zoning to require larger buildings to contribute to one or more of the following: preserving landmark properties, providing public open spaces, retaining vulnerable masonry buildings of historic value, improving green streets, and/or contributing to childcare facilities.
- 3. Apply new development standards to respond to community concerns about how new development should fit with neighborhood context.** Priorities include:
- Setting the stage for architectural variety and active street frontages. Apply standards that will result in a mix of heights and building forms rather than uniform midrise buildings. Make sure buildings meet the sidewalk with pedestrian friendly frontage. Limit building width, and use setbacks in key locations to control massing.
 - Reducing the bulk of development to ensure that tall structures are well-spaced and floor sizes are limited to preserve openness to the sky and public views through the neighborhood;
 - Ensuring active public spaces through well-designed ground floor retail along key streets, façade transparency and parking location standards, and mid-block connections for pedestrians on large, through-blocks sites; and
 - Providing thoughtful transitions by stepping height limits and density down from the core to the surroundings.

A program for mitigating development-related affordable housing impacts is a key strategy outlined in the Mayor’s Action Plan to Address Seattle’s Affordability Crisis. The mitigation requirements would go into effect concurrent with future rezones and/or Land Use Code amendments that increase development capacity, to be approved by City Council separately in 2016-2017. The related up-zones are in accordance with the terms of the “Statement of Intent for Basic Framework for Mandatory Inclusionary Housing and Commercial Linkage Fee” signed in July 2015 by the Mayor, Councilmember O’Brien, the Co-Chairs of the HALA Advisory Committee, and representatives of the non-profit and for-profit development communities.

2. CAPITAL IMPROVEMENT PROGRAM

_____ **This legislation creates, funds, or amends a CIP Project.**

3. SUMMARY OF FINANCIAL IMPLICATIONS

X This legislation does not have direct financial implications.

4. OTHER IMPLICATIONS

- a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

The proposed legislation will provide additional development capacity in the affected portion of the University Community Urban Center to accommodate the 5,000 additional households and 4,800 new jobs expected in the area over the next 20 years. This growth could result in an increase in demand for municipal services to be provided by the full range of city departments. The increase in the need for additional services is expected to be balanced by the corresponding incremental increase in property tax revenues sales tax revenues and other revenues associated with increased development. In sum, the increased development will be balanced by increased revenue at existing rates.

The more direct and immediate cost of implementing the legislation is the impact on the Seattle Department of Construction and Inspections (SDCI) to process future development under the legislative rezone.

IT Costs

Following a legislative rezone, the Seattle Department of Construction and Inspection's (SDCI) IT division must update all GIS maps and zoning records in SDCI's permit systems for each parcel within the rezone boundaries. This work will be covered by existing resources in SDCI's IT division.

SDCI training and implementation

The new code standards are anticipated to affect permit review staff at SDCI. Training is needed to ensure that reviewers are aware of the new provisions, and that the policy intent is clear for implementation. This training will be incorporated within the existing training and coordination schedule.

MHA requirements

As rezones or code changes go into effect, new development projects will be subject to MHA requirements. OH and SDCI have already addressed anticipated needs for additional staff to administer the mandatory housing affordability (MHA) requirements, which ultimately will apply to zones citywide. During permit review, each permit application subject to the program will require a calculation of affordable housing mitigation to be provided.

- b) Is there financial cost or other impacts of not implementing the legislation?

None

- c) Does this legislation affect any departments besides the originating department?

If adopted, it is likely the proposed legislation will impact staff time in OH, Parks, SPU, City Light, and SDOT although impacts can be absorbed through existing permit fees and/or utility rates without any new FTEs.

d) Is a public hearing required for this legislation?

Yes. The City Council will hold a public hearing.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Publication is required in the Daily Journal of Commerce.

f) Does this legislation affect a piece of property?

The legislation would apply to new development in rezoned areas located in a portion of the University Community Urban Center west of 15th Avenue NE.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This legislation will help ensure that future development in the U District will produce affordable housing, helping to offset the increasing cost of housing in this neighborhood and throughout the City. Over half of the households served by providers of City-funded low-income housing are households of color.

The proposed zoning changes promote the concentration of future employment activity at a location that is highly accessible by transit, including light rail, thereby increasing accessibility to future job opportunities for transit dependent residents throughout the city and region.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

The mandatory affordable housing requirements that would be implemented through the rezone are expected to yield between 600-900 affordable housing units over a 20 year timeframe for households with income at or below 60% of AMI.

i) Other Issues: None.

List attachments below: None.