

Director's Report and Recommendation

South Lake Union Open Space Incentive

June x, 2019

This legislation modifies an existing provision of the Seattle Municipal Code that establishes an incentive to preserve existing privately held open space in the South Lake Union Urban Center (SMC 23.48.220.A.3).

In 2013 the City Council approved a rezone of the South Lake Union Urban Center. A central feature of this legislation was application of an incentive zoning system to allow increases in height and floor area greater than the existing zoning allowed in exchange for public benefits (see incentive zoning discussion, below). Most of these public benefits take the form of affordable housing contributions and purchase of regional development credits. A few incentives, however, have the intent of providing public benefits that are specific priorities of the South Lake Union community as expressed in the South Lake Union Urban Design Framework (UDF). These include Landmark preservation, incentives to provide space for a public school, and preservation of existing open space.

Currently, the open space incentive reduces the amount of other public benefits required of a development project using extra floor area in exchange for preservation of existing open space. Implementation of Mandatory Housing Affordability however has reduced the value of this incentive to prospective developers. This legislation provides an update to the incentive that restores its value as an incentive to preserve existing open space, extends the incentive to potential residential projects, and modifies some development standards as part of a project using this incentive.

Background

In 2013, the City Council approved legislation making substantial changes to zoning in the South Lake Urban Center. One goal of this legislation was to increase development capacity and advance the community vision for development of the neighborhood set out in the UDF. One recommendation of the UDF was that as property redevelops it contribute to a network of publicly and privately held open spaces throughout the neighborhood. The South Lake Union rezone legislation advanced this goal through the following development standards and incentives:

- Requirements for cross block pedestrian passages for large blocks and as a condition for two non-residential towers on one block;
- Usable ground-level open space for development projects with 30,000 sf of lot area or more;

- Incentives to setback buildings along green streets to widen the pedestrian right of way;
- Incentives to preserve privately held open spaces that existed at the time the legislation was adopted – most notably the open space referred to as the Seattle Times Park at the southwest corner of Fairview Avenue North and John Street.

The Seattle Times park was developed in 1939 by the Seattle Times for use by their employees and others living or working in the area. The site is approximately 18,000 square feet and is located on a block that is approximately 108,000 square feet in size. This block is larger than the average block in South Lake Union and preservation of the park leaves substantial development capacity. Although this incentive was developed with the goal of preserving the Seattle Times park as open space there were other qualifying open spaces that could also have been preserved through this incentive.

The incentive did not anticipate any specific development proposal on the block with the park but did anticipate that that site would redevelop in the future because its owner (the Seattle Times Company) was in the process of marketing the property. At the time of adoption, the principal land use on the block where the park is located was parking for the Seattle Times.

Currently the block is being redeveloped with two residential towers and ground level retail. The developer of this site is preserving the park and its significant trees but retains the right to redevelop or sell the site in the future. The developer is also planning to redevelop the block immediately north of the park (the former site of the Seattle Times) and would like to transfer floor area from the park to this block to build taller buildings than zoning otherwise permits and would preserve the Seattle Times Park as publicly accessible open space. Figure 1 and 2, below, show the proposed project with additional height for floor area transferred from the park.

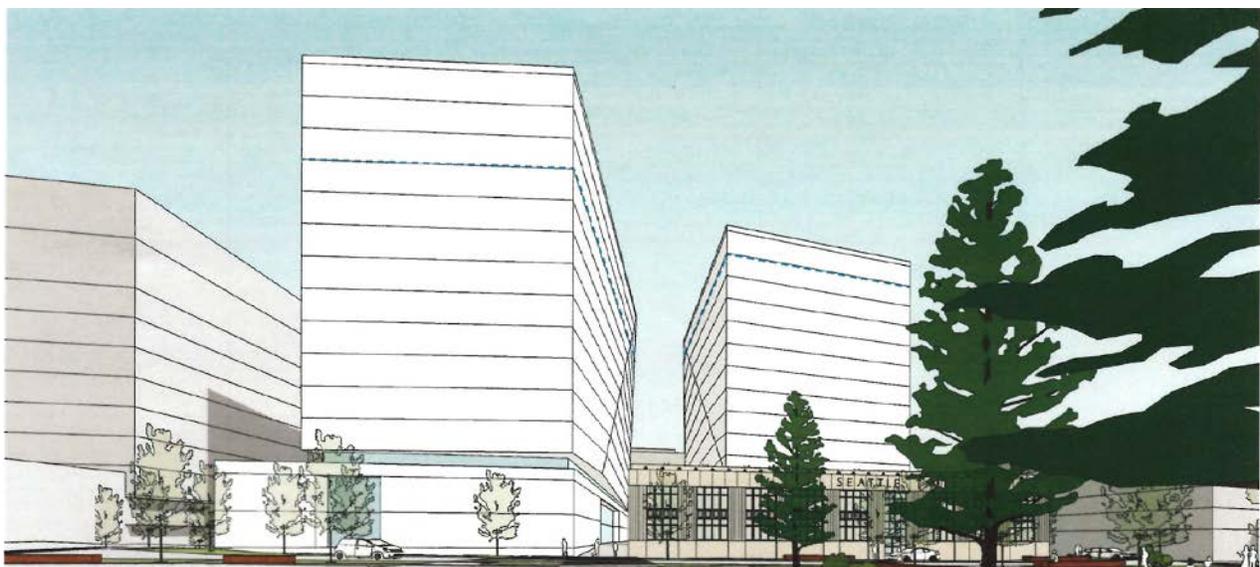


Figure 1: Proposed commercial development project. The tower on the west side of the block shows 3 floor of extra height and the tower on the east shows 1 floor of extra height.

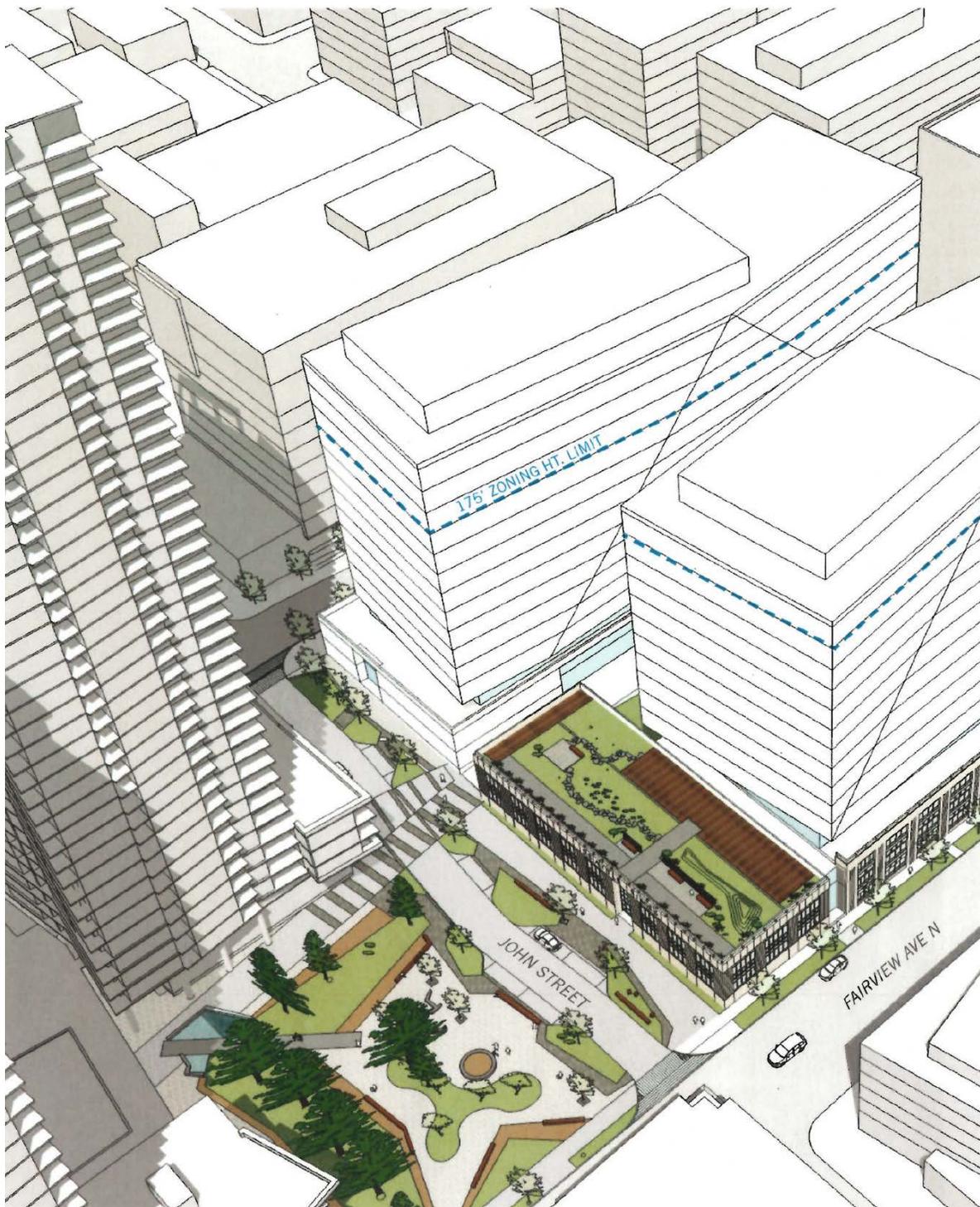


Figure 2. This diagram shows the 'Seattle Times Park' at the northwest corner of John Street and Fairview Avenue N. The buildings across John Street from the park are proposed commercial towers with floor area transferred from the park.

Incentive Zoning in South Lake Union

The 2013 rezone established an incentive zoning structure wherein new projects in South Lake Union could develop extra floor area (all floor area above what previous zoning allowed) if they provide public benefits commensurate to the amount of extra floor area developed. Under this scenario the developer was to provide public benefits for each square foot of extra floor area above 85 feet in height for residential projects or above a base Floor Area Ratio (FAR) of 4.5 to a maximum of 7 for non-residential projects. Projects were to achieve sixty percent of extra floor area by providing affordable housing and forty percent through purchase of regional development rights (TDR). As a receiving site for a regional TDR program established by the State and the County, South Lake Union receives the county's share of property tax revenue from projects transferring development rights from rural forest and farmland. This revenue is used for infrastructures priorities set out in the UDF.

The current incentive to preserve the open space increases the base FAR for non-residential projects from 4.5 to 5 thereby reducing the amount of extra floor area subject to public benefits. There is not currently a residential incentive. A developer using this incentive must provide long-term maintenance and provide public access to the qualifying open space as a condition for the reduction in public benefit obligations. Qualifying open space is open space that is at least 10,000 square feet in size and in existence as of November 8, 2015. This incentive is only available for non-residential projects. Projects preserving the park were exempt from the TDR requirement. The rationale for this exemption being that preservation of the open space was a public benefit.

Adoption of Mandatory Housing Affordability in South Lake Union, however, changed this incentive zoning structure reducing the value of the open space incentive to preserve the open space. MHA applies affordable housing requirements to all floor area of a project not just the floor area above the base FAR or height. This meant that the increase in base FAR from 4.5 to 5 only applied to floor area that was to be achieved through transfer of regional development credits which the incentive specifically exempts.

Incentive Update

Specific provisions of this legislation include allowing the transfer of a portion of the floor area that could otherwise be developed on the open space to a project(s) on the same block or on a block within 1,500 feet of the qualifying open space. This floor area is subject to MHA but exempt from requirements to purchase regional development credits that other projects in South Lake Union are subject to. Associated modifications to development standards include adjustments to tower height limit, tower spacing requirements and allowances for aerial connections for projects receiving the floor area from the open space.

Under the revised incentive, owners of existing open space may transfer of up to 126,000 sf of floor area from the park to a development project on site or on an adjacent block. Four key development standards, however, limit the ability of a project to use this floor area, particularly

regarding the Seattle Times block to the north of the open space. These development standards implement the community's vision embodied by the 2013 rezone and regulate height, bulk, and scale throughout the neighborhood to accommodate substantial growth while being less intensely developed than downtown. Specifically:

- **Floor Area Limits.** This standard places a limit the size of any one floor in a tower. For the block with the Seattle Times building this limit is 30,000 sf.
- **Upper Level Setbacks.** Through the planning process several view corridors were identified by the community for protection. Upper level setbacks help achieve this. The block with the Seattle Times building has an upper level setback of 10 feet along Fairview Avenue and 15 feet on Thomas Avenue. The Fairview Avenue setback is to preserve openness to Lake Union and the Thomas Street setback is to preserve neighborhood views of the Space Needle.
- **Tower Spacing.** Commercial towers on a block must be separated by 60 feet.

These standards combined with the setback from the Seattle Times Building effectively constrain the amount of floor area on each floor below what would otherwise be permitted. The legislation seeks to remedy this by allowing a departure from the tower spacing standard only to the extent necessary to achieve the permitted floor area per floor if the departure is necessary to satisfy a requirement of the Landmarks Preservation Board. This departure is subject to design review and may or may not be recommended by the Design Review Board.

The final revision to development standards proposed in this legislation is to allow up to 1100 square feet of floor area transferred from the open space to be used for aerial connections between two towers provided they do not cross public rights of way. Aerial connections would only be allowed as part of a project using floor are from the preservation of existing open space.

RECOMMENDATION

OPCD recommends approval of the South Lake Union and the University District Neighborhood Design Guidelines. This action will provide the Design Review Program with clearer direction to implement the community's vision for the built and natural environments. The design guidelines reflect the community's values for design excellence for multi-family and commercial buildings. In making the proposed recommendations to adopt updated design guidelines, OPCD has considered comments from citizens, affected departments, and other agencies and interests. These comments, as well as all environmental documentation that was prepared relevant to the proposed amendments, are available upon request.